



遠東國際商業銀行
Far Eastern Int'l Bank



2013 Annual Report



Annual Report 2013

誠 Sincerity
勤 Diligence
樸 Thrift
慎 Prudence
創新 Innovation



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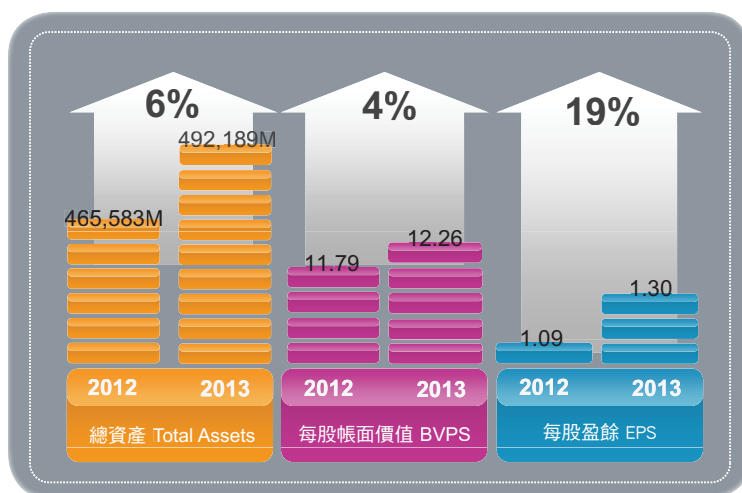
80 壹拾貳 合併財務報表 **Consolidated Financial Report**



營運績效 Consolidated Financial Highlights

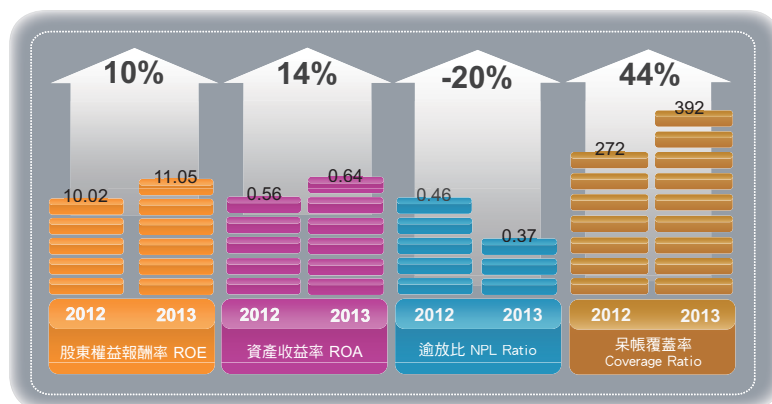
重要財務項目 Key Financial Items (新臺幣 /NT\$)

YEAR	2012	2013
Total Assets(總資產)	465,583M	492,189M
BVPS(每股帳面價值)	\$11.79	\$12.26
ESP(每股盈餘)	\$1.09	\$1.30

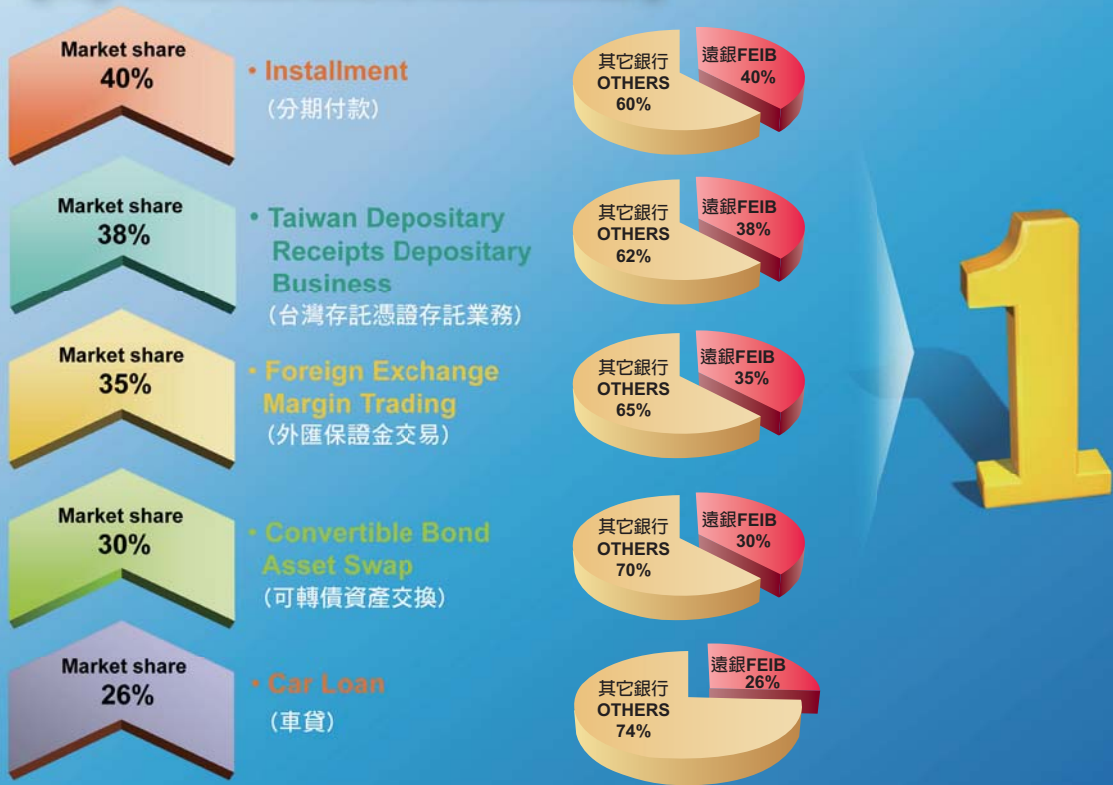


重要財務比率 Key Financial Ratios(%)

YEAR	2012	2013
ROE(股東權益報酬率)	10.02	11.05
ROA(資產收益率)	0.56	0.64
NPL Ratio(逾放比)	0.46	0.37
Coverage Ratio(呆帳覆蓋率)	272	392



市佔率第一之業務 (Top 1 market Share Businesses)



Best Potential Award of
Wealth Management



Best Confidence Award of
Wealth Management



Best Bank Service Image
Award



貳、董事長嘉言

Chairperson's Message

Our Vision

Become right-sized and specialized financial company in the greater China area.



董事長 侯金英
Chairperson Ms. Ching-Ing Hou

回顧 2013 年，全球經濟邁入緩慢復甦的歷程，美國預算僵局紓解及失業率降低經濟動能日趨轉強，日本安倍三箭政策刺激景氣回升，中國大陸調整結構放緩經濟成長，歐元區財務困境亦逐步改善；反觀我國對外貿 動能減弱及國內需求低迷，經濟成長率不斷向下修正。展望 2014 年，全球景氣預測將優於 2013 年，我國經濟成長動能亦溫和加速，兩岸金融待服貿協議通過後將迎向開放新紀元，締造銀行業新獲利契機。

本行 2013 年整體經營績效，在全體同仁齊心兢業努力之下，展現優質獲利領先同業。2013 年稅後淨利 30.61 億元，較 2012 年度積極成長 20.01%，每股盈餘 (EPS) 1.30 元，較 2012 年度亦成長 19.27%，總資產報酬率 (ROA) 0.64%，股東權益報酬率 (ROE) 11.05%，連續四年均超過 10%，長期展現穩定成長之營運績效；逾期放款比率 0.37%，備抵呆帳覆蓋率 391.62%，均優於同業符合高優質銀行之標準。

In retrospective of year 2013, while the world economy showed signs of slow recoveries on resolving feud over budget, lower unemployment and stronger economic momentum incurred in the US, Abe' s Three Arrows spurring recovery in Japan, slow growth in China as a result of economic restructuring, as well as Eurozone gradually climbing out of recession, in Taiwan continuous downward adjustments of GDP growth were caused by the economic slowdown in trade and domestic consumption. Looking into 2014, more optimistic outlook of global recovery than 2013 with moderate growth of Taiwan economy, Taiwan' s banking industry is expected to embrace a new era with tremendous profitable opportunities after the signing of the Service Trade Pact for the financial sector.

In 2013, thanks to joint efforts of all colleagues, Far Eastern International Bank (FEIB) managed to deliver an outstanding performance ahead of its peers. The fiscal year net profit was NT\$ 3.061 billion with a significant year-over-year growth of 20.01% and earnings per share (EPS) was NT\$ 1.30 with an increase of 19.27%. The total return on assets (ROA) was 0.64%. The return on equity (ROE) was 11.05%, exceeding over 10% in four consecutive years which demonstrates steady performance. In addition, the asset quality of FEIB has surpassed industry standards with the provision for bad debt coverage ratio at 391.62% and NPL ratio at 0.37%.



Our Mission Statement

Provide financial solutions to both individual and institutional customers within greater China. Create maximum value for customers, shareholders, and employees.



副董事長 徐旭東
Vice Chairman Mr. Douglas Tong Hsu

本行透過雙文化經營團隊導入最佳典範實務，持續推出優質創新的利基商品屢獲肯定。在財富管理方面獲頒卓越雜誌「最佳銀行服務形象獎」及「最佳財富管理信任獎」，並新設台北 101 分行結合遠智證券，提供私人銀行高端理財服務；在信用卡方面，開辦 NFC 手機信用卡、inControl 網路防盜刷、大紅利平台「i 兌換」APP 之 e 化與 M 化服務；在消金方面，消費分期、汽機車貸款之庶民經濟商品市佔持續第一；在法人金融方面，透過兩岸三地國際金融團隊，提供資本市場及結構型融資之企業理財商品，完成多筆指標性專案深獲業界矚目，海外與跨境獲利佔比已達三成。在金融市場方面推出可轉債資產交換及外匯保證金網路交易平台，鞏固利基商品優勢地位。

本行長期致力於推動各項公益活動，善盡企業社會責任。贊助伊甸基金會開發「幼兒發展檢測 APP」，獲衛生福利部頒發「健康促進雲端加值應用評選優質獎」；贊助太陽劇團「OVO 蟲林森巴」，推廣國際級表演藝術；與台大地理環境資源系及林務局合作以「台灣自然地景保育」為主題，推出 2014 年「台灣山海經」月曆，傳達環境保護之理念；持續培育人才成效卓越，連續十一年獲勞委會職訓局補助肯定。

The Bank's bi-cultural management team with best practices continued to launch innovative and niche products. The Wealth Management Department was awarded the "Best Bank Service Image Award" and "Best Wealth Management Confidence Award" from the Excellence Magazine. Additionally, the newly set up branch which combined Far Eastern International Securities Company Ltd. and FEIB at Taipei 101, aims to provide private banking services to high net worth clients. In terms of credit card business, NFC mobile payment, inControl anti-fraud MasterCard and i-bonus exchange app/platform were launched to offer e-banking and mobile-banking services. In the consumer banking business, installment, and automobile & motorcycle loans continued its lead position in market share. The international financial teams across Taiwan, Hong Kong and China under corporate banking not only provided capital market and structural finance products, but also completed many landmark projects that accounts for 30% of the Bank's overall profit attributed by overseas and cross-border businesses. Furthermore, the internet platform of convertible bond asset swap and FX margin trading were also developed in order to strengthen its niche position of financial market.

The Bank has long been committed to promoting various philanthropic activities and fulfilling the corporate social responsibilities (CSR). FEIB continued to fund Eden Welfare Foundation's App development of "Children's First Mile" which received "Health Promotion Cloud Value-Added Application Excellence Award" from the Ministry of Health and Welfare, sponsored the world-class performance of "OVO" by Cirque du Soleil, and published jointly with Department of Geography, National Taiwan University and the Forestry Bureau the aesthetic 2014 calendar titled "Taiwan Classic of Rivers and



Our Competitive Strengths

- Streamlined corporate structure with dedicated SBUs
- Steady growth of assets, high market share in strategic financial products
- Highly independent and well-developed risk management mechanism
- Bi-cultural professional management team
- Leverage “Virtual” FHC platform for group synergy



總經理 洪信德
President Mr. Eli Hong

展望未來，本行將延續優質成長動能，持續推動「穩增長、固利基、優資產、開新局」策略。四大核心事業群均衡發展，以總資產成長至 6,000 億元為目標；持續鞏固利基產品優勢地位，發展庶民經濟商品；提高資本適足率，改善資金成本結構。運用 Big Data 與資料倉儲發掘行銷商機，聚焦經營高資產客群。實施接班人計畫，優化經營體質；開創 e 化與 M 化藍海商機，積極發展行動支付、第三方支付服務、金融網路化商品；同時為掌握兩岸金融開放契機，積極發展人民幣商品，尋求相互參股及策略聯盟伙伴，並因應服貿協議通過成立大陸據點，以積極佈局大陸市場。希冀透過領先的創新策略，有效推升成長的動能，強化市場競爭力，為客戶、股東及員工創造最大價值！

Mountains” with the theme of “Taiwan natural landscape reserve” to promote eco-friendly concept. In 11 consecutive years, we have been receiving grants from Training Center Bureau of Employment and Vocational Training Council of Labor Affairs in recognition of the Bank's efforts in continuous talent cultivation.

In future, FEIB will continue its growth momentum to further develop its four pillar strategies: “steady growth, niche market, portfolio management, and new initiatives”. Aimed to grow total asset to its target of NT\$600 billion, the Bank will also strive to maintain leadership positions of its niche products, develop affordable products for the general public, increase capital adequacy ratio, and improve capital cost structure. Through the application of Big Data and Data Warehouse, FEIB is committed to explore marketing opportunities for high net worth clients. We will implement Succession Plan to cultivate management talents, strengthen operations, and initiate niche market with “Blue Ocean Strategy” in e-banking and mobile banking by developing mobile payment, third-party payment, and on-line financial instruments. Furthermore, to seize opportunities from the opening of cross-strait financial sector, the Bank is actively developing RMB products, seeking joint-venture and strategic partners, opening new branches in China after the passing of Service Trade Pact to enter the Greater China market. With leading innovative strategies, the Bank is determined to effectively push for growth, strengthen market competitiveness, and create maximum value for our customers, shareholders, and employees.

未來經營方針

2014 年業務推展，重點計畫如下：

一、預期營業目標

本行 2014 年度重要營業目標如下：

- (一) 總資產：5,159 億元
- (二) 存款總額：4,236 億元
- (三) 放款總額：3,390 億元

二、經營方針與重要經營政策

(一) 個人金融業務：

財富管理業務持續深耕併購慶豐銀行所擴增的分行通路，新設 101 分行，並結合遠智證券，專注經營高資產客群，積極發展 FE Direct、Mobile Banking、第三方支付金流服務、全國首創的基金「觸觸發」功能等 e 化與 M 化創新服務。中小企業服務部業務持續擴編與培育業務團隊，增加服務據點，提供中小企業融資與理財之多元需求。台灣存託憑證 (TDR) 存託業務維持市佔率第一，積極推展新種信託商品及擴展手續費收入。

(二) 消金及信用卡業務：

1. 消費金融方面

持續擴展通路多元性與效益，強調整體性服務，一次滿足客戶在資金與理財規劃需求，輔以優化風險管理機制，兼顧資產規模成長與良好品質；面對市場競爭及法令調整，提升服務流程效率及品質，以穩固利基產品及市場領先地位；積極開發新產品、新通路、持續發展 e 化及 M 化商業模式，開創新商機。



101 分行提供高端理財服務

Taipei 101 Branch Offers High-end Private Banking Services

遠東商銀擁有接軌國際金融集團業務的豐富經驗，包括 2010 年受讓 AIG 友邦信用卡業務、2011 年投資購買 ING 集團旗下安智證券，更名為遠智證券等。去年成立的 101 分行，為結合遠智證券的服務，提供投資金額 100 萬美元以上之高端客戶理財服務。其所架構的投資平台可直接與全球 37 個國家、50 多個交易所下單，堪稱目前國內投資涵蓋區域最廣。

FEIB has extensive experiences in working with international financial groups, which include acquiring AIG's credit card business in 2010 and acquiring ING securities in 2011 to rename as Far Eastern International Securities. The newly established Taipei 101 Branch combined with Far Eastern International Securities provides premier private banking services to high-end customers with more than US\$1 million worth of assets. Its investment platform is directly connected with 37 nations and 50 plus exchange houses around the world, covering the widest area of investments among local banks.

Operating Goals

Operating Outlook for 2014 is summarized as follows:

1. Operating Targets:

Operating Targets for 2014 are summarized as follows:

- (1) Total asset: NT\$515.9 billion
- (2) Total deposit: NT\$423.6 billion
- (3) Total loan: NT\$339 billion

2. Operating Highlights:

(1) Individual Banking Business

The Wealth Management business continues to cultivate customers from the acquired Chinfon Bank, as well as the newly set up Taipei 101 Branch that combined with Far Eastern International Securities Company Ltd. to focus on high net worth customers. FEIB has been aggressively developing FE Direct, Mobile banking, third-party payment service, and Taiwan's first online "Smart buy & sell" function for mutual fund investments that offer clients the most innovative e-banking and m-banking services. The Bank's SME Service Department is also expanding service locations to meet SME customers' various needs. The Bank not only maintains its number one position in Taiwan's TDR market, but also proactively promotes new trust products to generate service fees.

(2) Consumer Banking and Credit Card Business

A. Consumer Banking Business

FEIB continues to expand the diversity and efficiency of its branch channels, focus on comprehensive services, and satisfy customers' financing and wealth management needs; elevated asset scale and quality with enhanced risk management. Facing market competition and in compliance with regulation adjustments, the Bank aims to improve service efficiency and quality so as to develop niche products and maintain market leadership. FEIB also dedicates to developing new products, new channels, continuously developing e-commerce and M-commerce business models for new opportunities.



2. 信用卡方面

整合多元化之集團企業服務，以發揮跨業商品綜效。運用跨業集點優勢結合集團企業相關通路，強化 **HAPPY GO** 信用卡的形象；深耕遠銀 **HAPPY GO** 大紅利的價值，多元應用 **HAPPY GO** 點數，強化信用卡使用忠誠度。連結台塑聯名卡、**HAPPY GO eTag** 聯名卡，擴大交通類的消費族群；推出各項 **e** 化與 **M** 化創新方案，持續經營既有客戶，更藉由精進風險管理技術及 **Database Management** 分群經營客群，提升客戶用卡便利及高獲利產品競爭力以增加收入。

（三）法人金融業務

聚焦目標客群，掌握產業價值鏈之整體成長態勢，持續開發新客戶及新市場；深耕優質客戶，掌握客戶營運規劃資訊，尋找業務機會。建立風險性資產收益門檻，優化資產規模及組合。多元產品行銷，推展 **e-commerce**，強化客戶往來深度，以建立穩定的資金來源及存款結構。深化 **Corporate Finance** 業務，將機會財轉化為基本財、長久財；開辦財務顧問新種業務，提高附加價值及差異化服務。掌握人民幣業務，以多元化布局，開發大中華區商機。

（四）金融市場業務

提供客戶高度專業化之金融商品與服務，並專注於利基產品，鞏固可轉債資產交換、外匯保證金交易核心商品領導地位；發展 **Capital Market** 商品，加強深耕 **TMU** 及 **ACH** 業務，增加 **Non-bank** 收益來源；建構穩健財務結構，強化資產負債管理；嚴控風險，優化資產品質，獲利與風險管理兼顧，充分發揮高度競爭優勢之金融交易商品。積極研發創新服務，藉由外匯保證金及可轉債資產交換網路交易平台領先市場，深耕現有客戶關係擴大新客群。

董事長

侯金英



謹啟

B. Credit Card Business

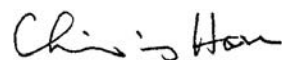
FEIB continues to integrate the Group's diversified enterprise resources for synergy of cross-industry products. Taking advantage of the bonus point program through "HAPPY GO" across various business sectors, FEIB is able to establish unique image and fortify loyalty in its "HAPPY GO INSIDE" credit cards. Cooperating with Formosa Group to launch Formosa co-branded card and Far Eastern Toll Collection to launch eTag co-branded card, the Bank expands its customer base in the transportation sector. The implementations of various innovative e-commerce and M-commerce plans shall serve existing customers. Furthermore, with enhanced risk management and Database Management for segmentation of customer groups, cardholder convenience is improved and high-profit products become more competitive to increase revenues for the Bank.

(3) Corporate Banking Business

FEIB continues to focus on target customers, seize overall growth momentum of the industrial value chain to develop new customers and new markets. Cultivate in depth the quality clients and understand their operational plans to seek business opportunities. Establish risk asset ceiling to optimize asset scale and composition. The Bank adopts multi-products marketing, promotes e-commerce, strengthens customer relations, and builds up steady funding and deposit structure. Deepen Corporate Finance business, transfer opportunity wealth into basic and long-term wealth, initiate new financial consulting business, and engage in value-added and differentiating services. The Bank endeavors to develop RMB businesses with diversified deployment to seek opportunities in the Greater China region.

(4) Financial Markets Business

FEIB provides highly professional financial products and services to customers, focuses on its niche products, and consolidates the leading positions of core products such as convertible bond asset swaps and FX margin trading. Additionally, the Bank develops Capital Market products, strengthens TMU and ACH businesses, and increases Non-bank revenues. The Bank also has a solid financial structure with excellent asset and liability management. FEIB enhances its asset quality by managing both profitability and risk management, thus, developing highly competitive financial transaction products. The Bank is also actively creating innovative services and cultivating existing customer relations to expand new client group through leading online platform of FX margin trading and convertible bond asset swaps.



Chairperson

參、本行簡介

Corporate Profile

一、基本資料

Dec 31,2013

基本資料	
銀行設立日期	1992 年 01 月 11 日
股票上市日期	1998 年 11 月 27 日
實收股本 (仟元)(每股面額 10 元)	23,621,182
員工人數	2,481
營業據點	56
簽證會計師	勤業眾信聯合會計師事務所
惠譽國際信評公司 國際長期評等 國內長期評等	BBB- A (twn)

二、銀行簡介

本行由實業家徐有庠先生創辦，徐有庠先生一生創立諸多事業，包括遠東新世紀、遠東百貨、亞洲水泥等知名企業，對國家經濟發展貢獻斐然。

1989 年，政府修正銀行法，開放民間設立銀行。徐有庠先生響應政府金融事業現代化、自由化、國際化之政策，於同年 1 月 19 日成立本行籌備小組，秉持「誠、勤、樸、慎」的實業精神與服務理念，積極運籌規劃。5 月 14 日發起人會議召開，議定資本額為新臺幣 100 億元，並於 10 月向財政部提出申請。

1991 年 8 月 1 日，本行獲准設立。於募足公開股款後，12 月 9 日召開創立會，會中通過公司章程，並選出 9 位董事及 3 位監察人。次年元月 11 日，經濟部通過本行之設立登記，並發予公司執照；4 月 9 日再獲財政部發給營業執照。隨即於 4 月 11 日，總行營業部、儲蓄部及台北逸仙分行正式對外營業。



(1)General Corporate Data

Dec 31,2013

General Corporate Data	
Date of Establishment	January 11, 1992
Date of Listing on Taiwan Stock Exchange	November 27, 1998
Paid-in Capital (Thousands) (Par Value NT\$10)	23,621,182
Number of Employees	2,481
Operating Units	56
Auditor	Deloitte & Touche
Fitch Ratings Limited Foreign Currency Long-term Rating IDR National Long-term Rating	BBB- A (twn)

(2)Introduction

The Far Eastern International Bank (FEIB) was established by entrepreneur Mr. Y. Z. Hsu, Founder of many renowned enterprises including Far Eastern New Century Corporation, Far Eastern Department Stores, Asia Cement Corporation, etc. who had contributed much to the nation' s economic developments.

In 1989, to comply with the Government' s amendment of the Banking Act to establish private banks and policy to liberalize, modernize and globalize Taiwan' s financial sector, Far Eastern Group Founder Y. Z. Hsu formed a bank organizing task force with founding motto and service guidelines of "Sincerity, Diligence, Thrift and Prudence" , the Promoters' Meeting was held on May 14, 1990 and then application was made to the Ministry of Finance in October for approval to establish bank with capital of NT\$10 billion.

On August 1, 1991, the Ministry of Finance approved the establishment of FEIB. After conducting public offer shares, the Founding Meeting was held on December 9 which passed the articles of corporation and elected 9 Directors and 3 Supervisors for the Board. On January 11, 1992, the Ministry of Economic Affairs approved FEIB' s registration and issued the company license, thereafter on April 9 the Ministry of Finance issued the operating license. Soon on April 11, 1992, the Business Department, Savings Department and Taipei Yisen Branch of FEIB began operations.



開業之初，本行取得一般銀行及儲蓄銀行業務等開辦許可；之後陸續獲准開設信託部與國外部，辦理信託、投資、資產管理、理財諮詢與國外匯兌等業務。經營項目不斷擴充，得以為客戶提供嶄新且多元化的金融服務。同期間並選擇北中南具發展潛力地區，設立分行，建置全台服務通路網。

1995 年 11 月本行股票於櫃檯買賣中心掛牌，1998 年 11 月正式掛牌上市，並接受國際知名信評公司評等，歷年所獲評等等級皆符合主管機關投資等級之評等規定。此外為支應持續擴大的外幣資產，亦考量資金募集多元化與國際化之必要，本行於 2003 年 7 月獲財政部核准發行海外無擔保轉換金融債券，隨即發行零利率之海外無擔保轉換金融債券 1 億 1 千萬美元。

本行面對業務成長與快速變化的市場環境，組織歷經多次變革。1999 年本行率先本國同業，確立事業群分立的組織，由行政管理群、企業金融群及消費金融群等三部分立開始，至 2006 年整合為法人金融、金融市場、個人金融、消金及信用卡等四大事業群，並加入行政支援群、風險管理處、資訊管理處等三大總行管理單位。接著又於法人金融與個人金融事業群設立電子金融專責部門，提供交易無遠弗屆且資訊即時、密集的網路銀行服務，逐步建立專業分工的金融服務團隊。事業群在各自運作之下，商品與服務得以持續創新，專業水平得以精實發展，業務動能亦不斷提升，多項業務名列國內領導品牌之一。

於追求業務成長與專業服務的同時，為兼顧作業的嚴謹與效率，本行於 2008 年成立作業及資訊服務中心，為前台金融服務提供高效的作業支援體系，不僅成本因作業集中化而降低，更設立各項產能與效益指標，持續精進相關流程。

近年來本行接軌多項國際級金融集團業務，於 2008 年完成與德意志銀行結盟成立德銀遠東投信（股）公司；2009 年受讓友邦國際（AIG）信用卡（股）公司之信用卡業務及應收帳款資產；2011 年投資購買 ING 集團在台成立安智證券（股）公司，同年完成交割後更名為遠智證券。

通路擴張由實體分行與數位通路雙向並進，2010 年初推出 FE Direct 網銀帳戶，同年 4 月正式承受慶豐銀行 19 家國內營業據點；同年 5 月個人金融事業群成立「中小企業服務部」，落實大分行計畫，以深耕中小企業客群之財富管理與融資業務。2011 年推出行動銀行 iPhone 版與 Android 版，逐步架構 e 化與 M 化的服務平台，並達兼顧通路效益與精緻服務品質的最適規模。本行與時俱進發展至今，共設有 55 處國內分行（含營業部）及香港分行，踏實發揮社會資本供需的金融功能，讓資本更有效率流通、交易，為經濟與市場注入活力。

In the early start, FEIB was authorized to operate general banking and saving businesses, then the trust and international banking department were inaugurated to offer trust, investment, asset management, finance consulting and foreign exchange services. With continuous operating expansion, the Bank is able to provide clients with new and diversified financial services. At the same time, new branches from north to south of Taiwan were set up at the selected areas with growth potential to build up an island-wide network of service channel.

In November 1995, FEIB went public by listing on the Over-the-counter trading of securities in Taiwan. In November 1998, the Bank was listed on the Taiwan Stock Exchange. FEIB's investment grade ratings were assessed by world renowned ratings companies and the Bank has been considered a stable financial institution of investment grade. To cope with its enlarging foreign exchange asset and the need for diversified and international portfolio, FEIB was approved by the Ministry of Finance to issue in July 2003 US\$110 million worth of Unsecured Convertible Bonds overseas.

Responding to the growing businesses and quickly changing market, FEIB underwent several restructurings. In 1999, it was the first bank in Taiwan to set up three major independent Business Groups - Administration, Consumer Banking and Corporate Banking. Till 2006, FEIB integrated its business units into four Banking Groups – Corporate Banking, Financial Markets, Individual Banking, and Consumer Banking & Credit Card, and added three management units – Administration & Support Group, Risk Management and IT Management. Then e-Banking Business Units were formed under Corporate Banking and Individual Banking Groups specifically responsible for offering borderless, real-time and 24 hour online banking services. Operating separately and independently, the Bank's respective business groups continue to bring innovative products and services, enhance their expertise, and elevate their efficiency as a leading brand in many business fields.

While seeking business growth and professional services, in order to enhance operating efficiency FEIB established in 2008 “Operations & Technology (O&T) Service Center” as the high-efficiency support to the Bank's front desk financial services, which not only saved costs with centralized operations, but also streamlined processes by setting up various efficiency and productivity indexes.

Recently, FEIB has engaged in many financial services cooperating with world-class financial institutions. In 2008 FEIB formed alliance with Deutsche Bank AG to establish Deutsche Far Eastern Asset Management Company Limited, in 2009 acquired AIG's credit card and accounts receivable business, and in 2011 acquired 100% ING Securities Company Limited from ING Insurance International B.V. which was renamed in the same year as Far Eastern International Securities Company Ltd. after completion of the transaction.

To expand both physical branches and virtual channels, FEIB launched FE Direct internet banking service in early 2010, completed the acquisition of Chin-Fon Bank with 19 domestic operating units in April, established in May 2010 the “Small- and Medium-sized Enterprise Banking Dept.” to implement Big Branch Project and cultivate wealth management and small business finance business of this target segment. The Bank launched fully integrated mobile banking App (Android + iPhone) in 2011 to form e-banking and M-banking service platform so as to achieve optimal scale of channel efficiency and best-quality service. With 55 domestic branches (Business Dept. included) plus Hong Kong Branch, FEIB is confident to better meet customers' needs, create more efficient capital circulation, currency movement and transactions, and therefore inject mobility into the nation's economy and financial market.



三、本行沿革

- 1990 ◆ 召開發起人會議，正式成立籌備處，議定資本額為新台幣 100 億元，並向財政部提出設立許可申請。
- 1990 ◆ 召開發起人會議，議定資本額為新臺幣 100 億元，並向財政部提出設立許可申請。
- 1991 ◆ 財政部核准本行設立。
- 1992 ◆ 總行營業部、儲蓄部及台北逸仙分行正式對外營業。
- 1995 ◆ 本行股票於櫃檯買賣中心正式掛牌。
- 1996 ◆ 總經理張學林榮退，由洪信德先生接任。
- 1997 ◆ 開啟與伊甸基金會的長期夥伴關係。
- 1998 ◆ 11 月 27 日本行股票正式掛牌上市。
 - ◆ 國內第一家協助企業發行台灣存託憑證的保管銀行。
- 1999 ◆ 率先新銀行開辦海外存託憑證保管銀行業務。
 - ◆ 獲財政部許可設立香港代表人辦事處。
 - ◆ 轉投資設立遠銀人身保險代理人股份有限公司及遠銀租賃股份有限公司。
- 2000 ◆ 創辦人徐有庠先生辭世，由徐旭東先生繼任董事長。
 - ◆ 遠銀 New Century 信用卡上市，整合運用集團資源與優惠。
 - ◆ 獲中華民國全國商業總會評鑑為「2000 年企業職業訓練績優單位」。
- 2001 ◆ 國內非金控商業銀行中，第一家獲財政部核准發行金融債券。
 - ◆ 與 1999 年全美排名第一之上市資產管理公司美國大聯合作，成立子公司遠東大聯資產管理公司。
- 2002 ◆ 信用卡發卡量破百萬張，循環餘額破百億元。
- 2003 ◆ 發行美金 1 億元之海外無擔保轉換金融債券 (ECB)，為國內非金控之商業銀行中第 1 家。
- 2004 ◆ 開辦 FX Margin Trading 業務，配合匯率市場開放 24 小時交易。
 - ◆ 消金貸款餘額突破 1,000 億元規模。
 - ◆ 轉投資之遠銀資產管理公司成立。
- 2005 ◆ 發行 ETC (高速公路電子收費) 聯名卡
- 2006 ◆ 推出遠銀 HGI 信用卡 (HAPPY GO INSIDE) 與遠東台塑聯名卡。
 - ◆ 資訊處與信用卡部通過 ISO27001 安控認證，為全國第一家獲此項認證的銀行。

(3) Milestones

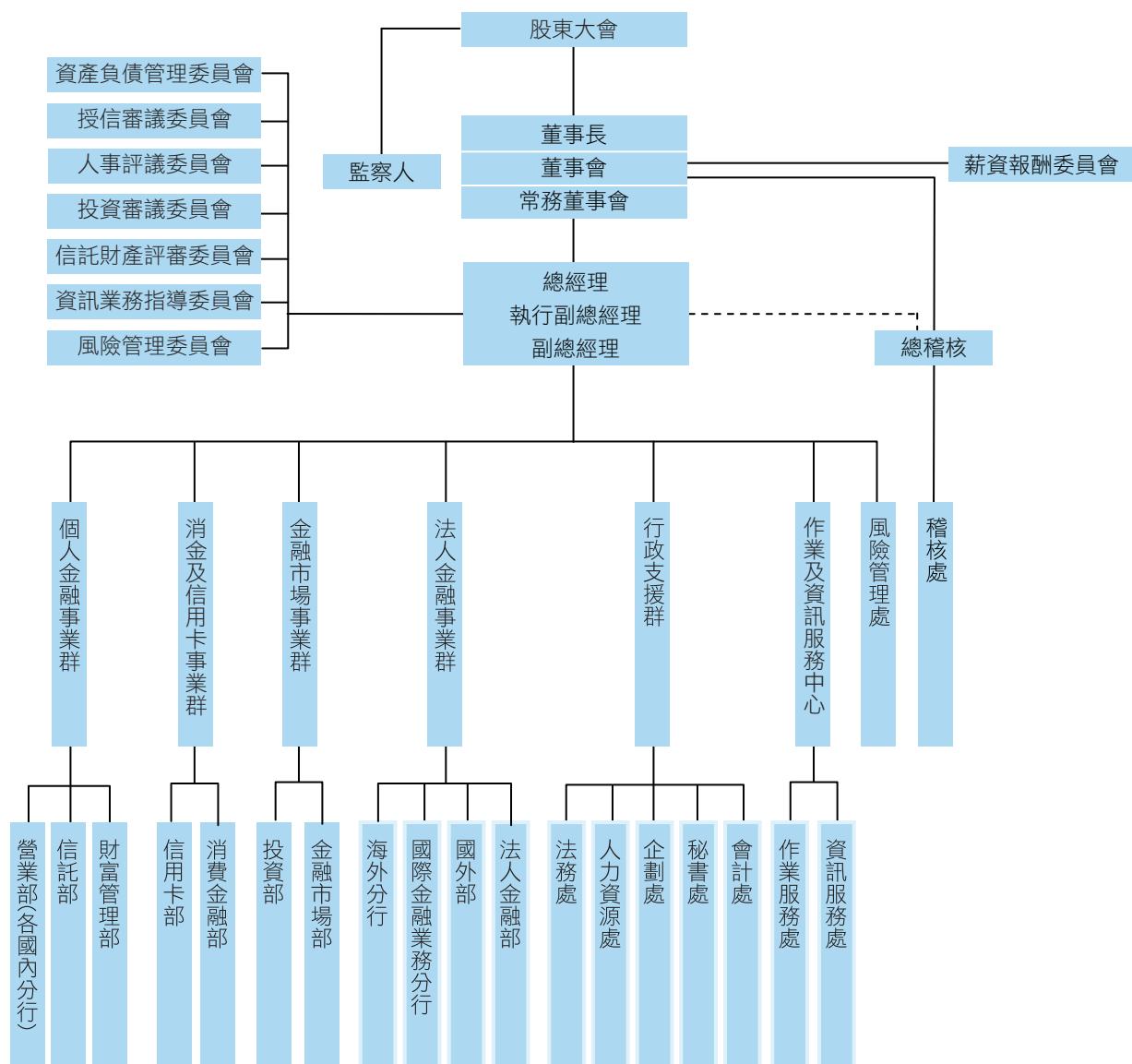
- 1990 ◆ Held the Promoters' Meeting, and applied to the Ministry of Finance for approval to establish bank with capital of NT\$10 billion.
- 1991 ◆ The Ministry of Finance approved the establishment of FEIB.
- 1992 ◆ Business Department, Savings Department and Taipei Yishen Branch of FEIB began operations.
- 1995 ◆ Stock listed on the Over-the-counter trading of securities in Taiwan.
- 1996 ◆ President Howard L. Chang retired. Mr. Eli Hong assumed presidency.
- 1997 ◆ Started long-term partnership with Eden Foundation.
- 1998 ◆ Stock listed on the Taiwan Stock Exchange on November 27.
◆ Became the first bank in Taiwan to assist corporations for issuance of Global Depositary Receipts (GDRs) as a trust bank.
- 1999 ◆ Became Taiwan's first private bank to launch GDR trust banking business.
◆ Set up representative office in Hong Kong.
◆ Established Far Eastern Life Insurance Agency Co., Ltd. and Far Eastern International Leasing Corp.
- 2000 ◆ Former Chairman Y. Z. Hsu passed away, succeeded by Mr. Douglas Tong Hsu.
◆ Launched FEIB New Century Credit Card to integrate FEG resources.
◆ Awarded the title of "Outstanding Vocational Training Enterprise" by The General Chamber of Commerce in 2000."
- 2001 ◆ Taiwan's first non-financial-holding commercial bank to issue debentures.
◆ Opened Far Eastern Alliance Asset Management Co., Ltd. with Alliance Capital Management, ranked in 1999 the largest listed asset management company in the U.S.
- 2002 ◆ Credit card issuance exceeded 1 million cards; total credit card revolving balance surpassed NT\$10 billion.
- 2003 ◆ Taiwan's first non-financial-holding bank to issue US\$100 million worth of Euro Convertible Bonds (ECBs).
- 2004 ◆ Began Foreign Exchange (FX) Margin Trading business with 24-hour transactions.
◆ Consumer banking loan outstanding exceeded NT\$100 billion at year end.
◆ Set up Far Eastern Asset Management Co., Ltd.
- 2005 ◆ Launched ETC (Electronic Toll Collection) Card.
- 2006 ◆ Launched HAPPY GO INSIDE (HGI) credit card and the Far Eastern & Formosa co-branded credit .
◆ FEIB became Taiwan's first bank to receive ISO27001 certification.



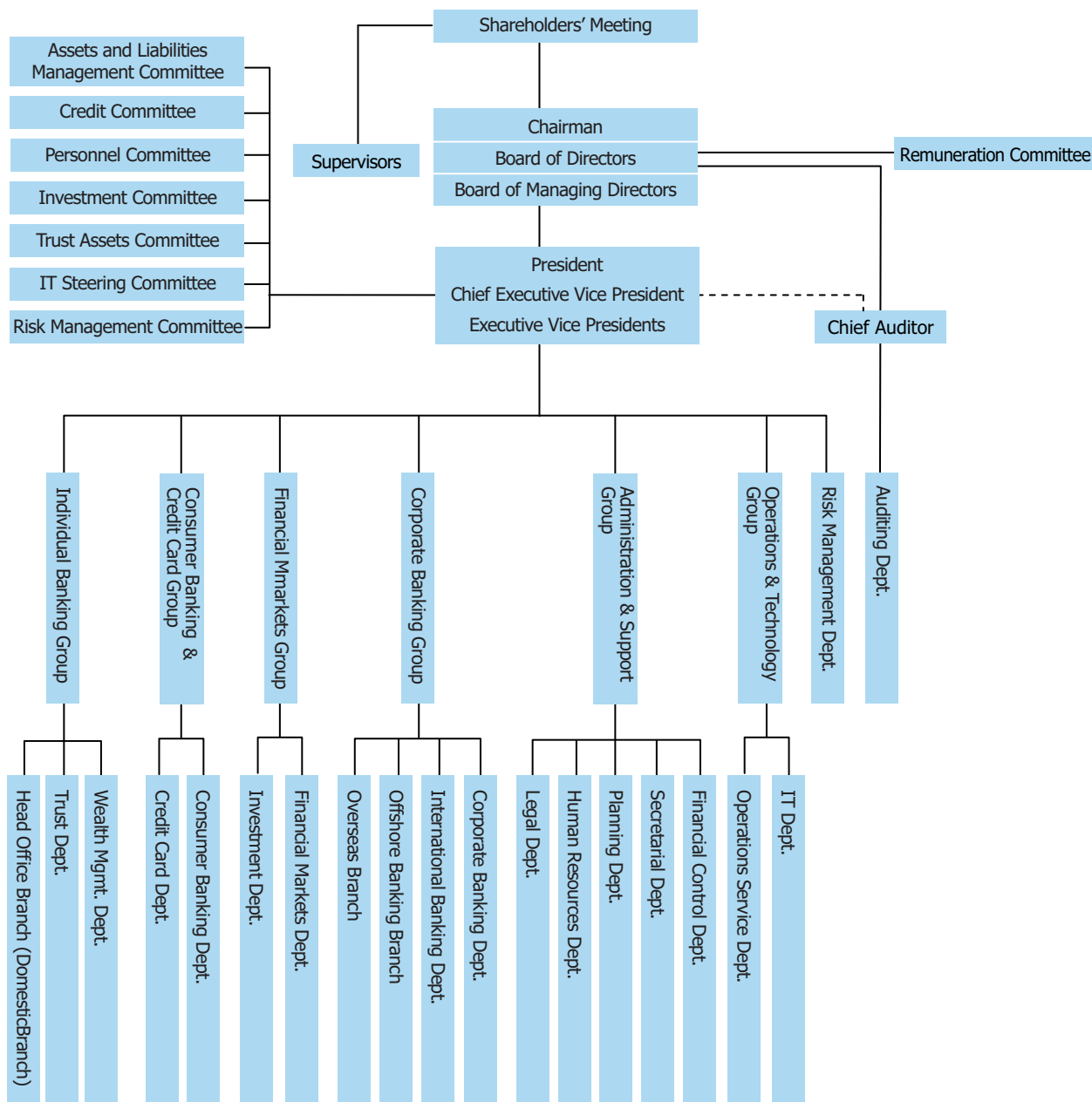
- 2007 ◆ 香港分行正式開業，並取得香港金融局核發的「全功能業務」分行執照。
- ◆ 獲行政院勞委會職訓局評等為「金級」企業單位。
- 2008 ◆ 徐旭東先生請辭董事長並任副董事長，董事長由侯金英女士接任。
- ◆ 與德意志銀行集團結盟，成立德銀遠東證券投資信託股份有限公司。
- 2009 ◆ 購買友邦國際 (AIG) 信用卡 (股) 公司之信用卡業務及應收帳款資產。
- ◆ 經由公開標售程序，取得慶豐銀行 19 家國內營業據點。
 - ◆ 與南山人壽合作推出「遠東商銀南山認同卡」。
- 2010 ◆ 推出「FE Direct」純網銀帳戶服務。
- ◆ 正式概括承受慶豐銀行 19 家國內營業據點。
 - ◆ 個人金融事業群成立「中小企業服務部」，深耕中小企業客群之財富管理與融資業務。
 - ◆ 獲經濟部與行政院勞工委員會頒發「創造就業貢獻獎」。
- 2011 ◆ 開辦人民幣業務。
- ◆ 榮獲今週刊第 5 屆財管銀行評鑑「卓越成長獎」
 - ◆ 投資購買 ING 集團旗下在台所成立的安智證券股份有限公司 100% 股權。
 - ◆ 贊助美國 MBL 球員於台灣進行明星賽。
 - ◆ 行動銀行上線 (Android+iPhone)。
- 2012 ◆ 提升全行客服中心系統。
- ◆ 信用卡帳單新增 QR Code 功能，方便客戶使用智慧型手機繳款。
 - ◆ 推出 eTag 存款帳戶及信用卡自動儲值服務。
 - ◆ 宣佈將與萬事達卡國際組織於台灣首推「inControl」創新支付，提供更便利及安全的信用卡支付服務。

- 2007 ◆ Officially inaugurated Hong Kong Branch.
 - ◆ Rated as a “Golden Grade” enterprise by the Bureau of Employment and Vocational Training.
- 2008 ◆ Mr. Douglas Tong Hsu resigned from Chairmanship, succeeded by Ms. Ching-Ing Hou.
 - ◆ Partnership with Deutsche Bank AG to establish Deutsche Far Eastern Asset Management Company Limited in Taiwan focused on retail and institutional asset management.
- 2009 ◆ Acquired AIG’ s credit card and accounts receivable businesses.
 - ◆ Acquired Chin-Fon Commercial Bank’ s 19 domestic operating units.
 - ◆ Launched “Far Eastern Nan Shan Co-branded card” with Nan Shan Life Insurance Company, Ltd.
- 2010 ◆ Launched “FE Direct” internet banking account.
 - ◆ Completed the conversion of 19 domestic operating units from Chin-Fon bank.
 - ◆ Established “Small and Medium-sized Enterprise Banking Unit” to cultivate this target market segment.
 - ◆ Received the “Employment Contribution Award” from the Council of Labor Affairs.
- 2011 ◆ Initiated RMB businesses.
 - ◆ Received “Outstanding Growth Award” of the 5th Wealth Management Bank Review by Business Today Magazine.
 - ◆ Acquired 100% stake in ING Securities Company Limited from ING Insurance International B.V.
 - ◆ Sponsored U. S. MLB to play the all-star game in Taiwan.
 - ◆ Launched fully integrated mobile banking App (Android+iPhone).
- 2012 ◆ Enhanced the Bank’ s Customer Satisfaction Representative system.
 - ◆ Implemented the QR Code billing application for cardholders’ payment via smart phones.
 - ◆ Launched eTag deposit accounts and auto payment by credit cards.
 - ◆ Announced Taiwan’ s innovative “inControl” service, a secured payment solution, partnered with MasterCard.

四、本行組織系統簡圖



(4) FEIB Organization Chart





肆、公司治理

Corporate Governance

一、公司治理守則

本行依銀行業公司治理實務守則，落實公司治理制度，透過健全的管理制度與監控機制，達成營運目標，進而提升競爭力，確保股東、員工及其他利益相關者的權益，為其創造最大價值並善盡社會責任。茲將本行遵循的公司治理原則條述如下：

1. 建置有效的公司治理架構
2. 遵循法令並健全內部管理
3. 保障股東權益
4. 強化董事會職能
5. 發揮監察人功能
6. 尊重利益相關者權益
7. 提升資訊透明度

本行遵循遵守法令主管制度，建立完備的內部控制制度，並按部就班執行；董事會下設稽核處，以獨立超然的精神執行內部稽核任務，定期向董事、監察人報告；本行依法召開股東會，透過公開資訊觀測站公告重要訊息，與利害關係人及關係企業的業務往來均依規定辦理，以確保股東權益。

董事會成員均具備執行職務能力且符合法定資格條件，定期召開董事會，負責銀行經營策略與重大決策，監督管理階層以對股東負責，此外設置各類功能性政策委員會，協助推行各項重大政策，並選定專業獨立的勤業眾信會計師事務所，定期查核財務狀況及內部控制實施。

此外，依法定選任程序，選任符合法定資格條件的監察人，獨立行使監察權，有效監督業務執行，降低經營風險；同時具備完善妥適的處理機制與溝通管道，尊重與維護員工、消費者及其它利益相關者的合法權益；設有發言人與代理發言人、建置專屬網站、召開法人說明會及揭露公司治理相關資訊，以提高對外資訊的透明度。



(1) Corporate Governance Principles

To pursue corporate governance excellence, FEIB is dedicated to achieving its operating goals through a sound management system and an effective auditing mechanism to strengthen the bank's competitive advantage in the market and ensure all the benefits available to shareholders, employees and other related parties. Our mission is to create maximum shareholder value and be a good corporate citizen. The Bank's corporate governance principles are:

1. Establish an effective corporate governance structure
2. Comply with relevant laws and regulations and enhance internal management
3. Protect shareholders' rights and interests
4. Strengthen the power of the Board of Directors
5. Ensure the viability of the Supervisors' function
6. Respect the rights of related parties
7. Enhance information transparency

Far Eastern International Bank, strictly abided by supervising laws, has established and effectively implemented a thorough internal control system, and set up an Audit Department under the Board of Directors to execute independently the internal auditing mission and report regularly to the Bank's Board Members and Supervisors. Furthermore, FEIB holds regular shareholders' meetings, publicly posts important bank messages on Taiwan's public information watch station, and handles businesses among interested parties and group affiliated companies totally conforming to regulations to ensure shareholders' equity.

FEIB board members are all equipped with professional knowhow and conform with legal qualifications. They convoke regular board meetings to decide on the operating strategies and important policies, supervise the Bank's management and protect shareholders' interests. Also various functional committees are set up to assist in the promotion of each major policy. The Bank has selected Deloitte & Touche to conduct regular independent audits and check and report on the Bank's financial situation and internal controls.

Supervisors are also appointed in accordance with rules and regulations to effectively and independently supervise the execution of bank operations and to lower its risk. FEIB respects and safeguards the legal rights of employees, consumers, and other interested parties. The Bank has appointed a spokesperson and acting spokesperson, set up an exclusive website, organized investors' forums and disclosed corporate governance related information to enhance the transparency of bank information.



董監事成員 Board of Directors and Supervisors

前排由左至右 (Seated From Left to Right)、董事 洪信德 Director Mr. Eli Hong、副董事長 徐旭東 Vice Chairman Mr. Douglas Tong Hsu、董事長 侯金英 Chairperson Ms. Ching-Ing Hou、執行董事 王孝一 Executive Director Mr. Shaw Y. Wang、監察人 戴立寧 Supervisor Mr. Linin Day

後排由左至右 (Standing From Left to Right)、董事 周添財 Director Mr. Thomas Chou、獨立董事兼常務董事 張忠本 Independent Director, Managing Director Mr. Ben C. B. Chang、執行董事 鍾聰明 Executive Director Mr. Tsung-Ming Chung、獨立董事 沈平 Independent Director Mr. Bing Shen、常駐監察人 鄭澄宇 Resident Supervisor Mr. Humphrey Cheng、監察人 許士軍 Supervisor Dr. Shi-Chun Hsu、董事 俞明德 Director Dr. Min-The Yu

二、董監事成員 Board of Directors and Supervisors

May 15, 2014

職稱 Title	姓名 Name	主要經（學）歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
董事長 Chairperson	侯金英 Ms. Ching-Ing Hou	- 美國范德堡大學經濟學碩士 - 台灣大學經濟系及研究所畢業 - 政治大學銀行學系主任及教授、財稅系教授 - 台灣金融研訓院董事長 - 遠東新世紀股份有限公司監察人	南台科技大學董事
副董事長 Vice Chairman	徐旭東 Mr. Douglas Tong Hsu	- 美國聖母大學碩士及學士 - 遠東新世紀股份有限公司董事長	- 遠東新世紀股份有限公司董事長 - 亞洲水泥股份有限公司董事長 - 裕民航運股份有限公司董事長 - 遠東百貨股份有限公司董事長 - 東聯化學股份有限公司董事長 - 遠傳電信股份有限公司董事長 - 宏遠興業股份有限公司董事
執行董事 Executive Director	王孝一 Mr. Shaw Y. Wang	- 中興大學工商管理系畢業 - 遠東新世紀股份有限公司董事、首席資深副總經理	- 遠東新世紀股份有限公司公益事業執行長 - 遠東新世紀股份有限公司董事 - 遠銀資產管理股份有限公司董事 - 元智大學董事 - 亞洲水泥股份有限公司監察人
執行董事 Executive Director	鍾聰明 Mr. Tsung-Ming Chung	- 政治大學企業管理碩士 - 勤業會計師事務所會計師	- 順達科技股份有限公司董事長 - 台灣大哥大股份有限公司獨立董事 - 致茂電子股份有限公司獨立董事 - 東貝光電科技股份有限公司董事 - 建國工程股份有限公司監察人
執行董事 Executive Director	Mr. Tsung-Ming Chung	- MBA, National Chengchi University - CPA, Deloitte & Touche	- Chairman, DynaPack Corp. - Independent Director, Taiwan Mobile Co., Ltd. - Independent Director, Chroma Ate Inc. - Director, Unity Opto Technology Co., Ltd. - Supervisor, Chien Kuo Construction Co., Ltd.



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職稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
董事	洪信德	◆ 中興大學經濟系畢業 ◆ 美商花旗銀行副總裁 ◆ 台北區中小企銀副總經理	◆ 遠東國際商業銀行總經理 ◆ 遠銀資產管理股份有限公司董事 ◆ 德銀遠東證券投資信託股份有限公司董事 ◆ 遠傳電信股份有限公司監察人
Director	Mr. Eli Hong	◆ BA, Dept. of Economics, National Chung Hsing University ◆ Former Vice President, Citibank, N.A., Taipei Branch ◆ Former Executive Vice President, International Bank of Taipei	◆ President, Far Eastern International Bank ◆ Director, Far Eastern Asset Management Corp. ◆ Director, Deutsche Far Eastern Asset Management Company Limited ◆ Supervisor, Far EasTone Telecommunications Co., Ltd.
董事	周添財	◆ 政治大學銀行學系畢業 ◆ 美國大陸銀行副總裁 ◆ 荷蘭銀行東北亞區信貸經理、台灣區副總裁兼高雄分行經理	◆ 遠東國際商業銀行執行副總經理 ◆ 遠銀人身及財產保險代理人股份有限公司董事長 ◆ 遠銀資產管理股份有限公司董事 ◆ 遠智證券股份有限公司董事 ◆ 大中票券金融股份有限公司董事 ◆ 鼎鼎聯合行銷股份有限公司董事 ◆ 元太外匯經紀股份有限公司董事
Director	Mr. Thomas Chou	◆ BA, Dept. of Banking, National Chengchi University ◆ Former Vice President, Taipei Branch, Continental Bank ◆ Former Regional Credit Control Officer For North East Asia, ABN AMRO Bank ◆ Former Vice President & Kaohsiung Branch Manager, ABN AMRO Bank, Taiwan	◆ Chief Executive Vice President, Far Eastern International Bank ◆ Chairman, Far Eastern Life and Property Insurance Agency Co. ◆ Director, Far Eastern Asset Management Corp. ◆ Director, Far Eastern International Securities Company Ltd. ◆ Director, Da Chung Bills Finance Corps. ◆ Director, Ding Ding Integrated Marketing Service Co. ◆ Director, Yuan Tai Foreign Exchange Agency Co., Ltd.
董事	俞明德	◆ 美國俄亥俄州立大學經濟博士 ◆ 中央大學財務金融學系主任 ◆ 亞洲開發銀行顧問 ◆ 靜宜大學校長 ◆ 台灣大學財務金融學系教授	◆ 交通大學財務金融研究所教授 ◆ 智微科技股份有限公司獨立董事
Director	Dr. Min-Teh Yu	◆ Ph.D., Ohio State University, U.S.A. ◆ Former Dept. Chairman of Finance, National Central University ◆ Former Advisor, Asian Development Bank ◆ Former President, Providence University ◆ Former Professor, Dept. of Finance, National Taiwan University	◆ Professor, Graduate School of Finance, National Chiao Tung University ◆ Independent Director, JMicon Technology Corporation

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職稱 Title	姓名 Name	主要經（學）歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
獨立董事兼常務董事	張忠本	◆ 政治大學統計研究所畢業 ◆ 政治大學兼任講師 ◆ 輔仁大學兼任講師 ◆ 和通投資控股有限公司執行董事 ◆ 和通國際股份有限公司總經理 ◆ 中華開發工業銀行副總經理	◆ 和碩聯合科技股份有限公司獨立董事 ◆ 瑞鼎科技股份有限公司獨立董事 ◆ 辛耘企業股份有限公司獨立董事 ◆ 聚鼎科技股份有限公司董事 ◆ 拓璞科技股份有限公司董事 ◆ 順達科技股份有限公司監察人
Independent Director, Managing Director	Mr. Ben C. B. Chang	◆ Master's degree in Statistics, National Chengchi University ◆ Former Lecturer, National Chengchi University ◆ Former Lecturer, Fu Jen Catholic University ◆ Former Executive Director, Hotung Investment Holdings Limited ◆ Former General Manager, Hotung International Co., Ltd. ◆ Former Executive Vice President, China Development Industrial Bank	◆ Independent Director, Pegatron Corp. ◆ Independent Director, Kinsus Interconnect Technology Corp. ◆ Independent Director of Scientech Corporation ◆ Director, Polytronics Technology Corp. ◆ Director, Topology Research Inc. ◆ Supervisor, Dynapack Corp.
獨立董事	沈平	◆ 美國哈佛大學商學院企管碩士 ◆ 摩根士丹利公司副總經理兼執行董事 ◆ 中華開發工業銀行副總經理 ◆ 開發國際投資股份有限公司總經理	◆ 遠東新世紀股份有限公司獨立董事 ◆ 中鼎工程股份有限公司監察人兼董事會稽核委員會召集人 ◆ 英屬蓋曼群島商達創科技股份有限公司獨立董事兼董事會審核委員會主席 ◆ The Taiwan Fund, Inc. 獨立董事
Independent Director	Mr. Bing Shen	◆ MBA, Harvard Business School, U.S.A. ◆ Former Vice President and Executive Director, Morgan Stanley ◆ Former Executive Vice President, China Development Industrial Bank ◆ Former President of CDIB & Partners Investment Holding	◆ Independent Director of Far Eastern New Century Corporation ◆ Supervisor and Chairman of the Audit Committee of CTCI Corporation ◆ Independent Non-executive Director and Chairman of the Audit Committee, Delta Networks (Cayman) Inc. ◆ Independent Director, The Taiwan Fund, Inc.
常駐監察人	鄭澄宇	◆ 台灣大學國際企業研究所碩士 ◆ 遠東新世紀股份有限公司副總經理	◆ 遠東新世紀股份有限公司總經理 ◆ 德銀遠東證券投資信託股份有限公司董事長 ◆ 東聯化學股份有限公司董事 ◆ 遠銀資產管理股份有限公司監察人 ◆ 鼎鼎聯合行銷股份有限公司董事
Resident Supervisor	Mr. Humphrey Cheng	◆ EMBA, Graduate Institute of International Business, National Taiwan University ◆ Former Executive Vice President, Far Eastern New Century Corporation	◆ President, Far Eastern New Century Corporation ◆ Chairman, Deutsche Far Eastern Asset Management Company Limited ◆ Director, Oriental Union Chemical Corporation ◆ Supervisor, Far Eastern Asset Management Corp. ◆ Director, Ding Ding Integrated Marketing Service Co.



經營團隊 Management Team

前排由左至右 (Seated From Left to Right)

總稽核 黃志偉 Chief Auditor Mr. Chih-Wei Huang、執行副總經理 周添財 Chief Executive Vice President Mr. Thomas Chou、總經理 洪信德 President Mr. Eli Hong、副總經理 楊瑞芬 Executive Vice President Ms. Joanna Yang

後排由左至右 (Standing From Left to Right)

副總經理 黃璟章 Executive Vice President Mr. G. C. Huang、副總經理 廖呂斌 Executive Vice President Mr. Ben Liao-Ru、副總經理 林建忠 Executive Vice President Mr. Jiann-Jong Lin、副總經理 李銘博 Executive Vice President Mr. Alan Lee、副總經理 劉龍光 Executive Vice President Mr. Lonnie Liu

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職稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
監察人	許士軍	- 美國密西根大學企業管理博士 - 臺灣大學首任管理學院院長 - 高雄銀行董事長	- 元智大學教授 - 聯華電子股份有限公司獨立董事 - 昱晶能源股份有限公司獨立董事 - 智原科技股份有限公司董事
Supervisor	Dr. Shi-Chun Hsu	- Ph.D., University of Michigan, U.S.A. - Founding Dean, College of Management, National Taiwan University - Former Chairman, Bank of Kaohsiung	- Chair Professor of Management, Yuan Ze University. - Independent Director, United Microelectronics Corp. - Independent Director, Gintech Energy Corp. - Director, Faraday Technology Corp.
監察人	戴立寧	- 美國哈佛大學法學碩士 - 財政部常務次長 - 華僑銀行董事長	- 元智大學董事 - 環能海運股份有限公司監察人 - 伍豐科技股份有限公司董事
Supervisor	Mr. Linin Day	- Master's degree in Law, Harvard University, U.S.A. - Former Vice Minister, Ministry of Finance, R.O.C. - Former Chairman, Bank of Overseas Chinese	- Director, Yuan Ze University - Supervisor, Global Energy Maritime Co., Ltd. - Director, Firich Enterprises Co., Ltd.

三、經營團隊 Management Team

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職稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任其他公司之職務 Other Current Positions
總經理	洪信德	- 中興大學經濟系畢業 - 美商花旗銀行副總裁 - 台北區中小企業銀行副總經理	- 遠銀資產管理股份有限公司董事 - 德銀遠東證券投資信託股份有限公司董事 - 遠傳電信股份有限公司監察人
President	Mr. Eli Hong	- BA, Dept. of Economics, National Chung Hsing University - Former Vice President, Citibank, N.A., Taipei Branch - Former Executive Vice President, International Bank of Taipei	- Director, Far Eastern Asset Management Corp. - Director, Deutsche Far Eastern Asset Management Company Limited - Supervisor, Far EasTone Telecommunications Ltd.
執行副總經理	周添財	- 政治大學銀行系畢業 - 美國大陸銀行副總裁 - 荷蘭銀行東北亞區信貸經理、台灣區副總裁兼高雄分行經理	- 遠銀人身及財產保險代理人股份有限公司董事長 - 遠銀資產管理股份有限公司董事 - 遠智證券股份有限公司董事 - 大中票券金融股份有限公司董事 - 鼎鼎聯合行銷股份有限公司董事 - 元太外匯經紀股份有限公司董事
Chief Executive Vice President	Mr. Thomas Chou	- BA, Dept. of Banking, National Chengchi University - Former Vice President, Taipei Branch, Continental Bank - Former Regional Credit Control Officer For North East Asia, ABN AMRO Bank - Former Vice President & Kaohsiung Branch Manager, ABN AMRO Bank, Taiwan	- Chairman, Far Eastern Life and Property Insurance Agency Co. - Director, Far Eastern Asset Management Corp. - Director, Far Eastern International Securities Company Ltd. - Director, Dah Chung Bills Finance Corps. - Director, Ding Ding Integrated Marketing Service Co. - Director, Yuan Tai Foreign Exchange Agency Co., Ltd.



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職稱 Title	姓名 Name	主要經 (學) 歷 Major Educational (Professional) Background	目前兼任其他公司之職務 Other Current Positions
副總經理兼法人金融事業群主管	林建忠	◆ 美國路易斯安那州立大學財務管理碩士 ◆ 美商花旗銀行副理 ◆ 美商第一聯美銀行助理副總裁 ◆ 台北區中小企業銀行經理、財務處處長	◆ 遠銀財產保險代理人股份有限公司董事
Executive Vice President, Head of Corporate Banking Group	Mr. Jiann-Jong Lin	◆ M.S., Louisiana State University, U.S.A. ◆ Former Assistant Manager of Citibank, N.A., Taipei Branch ◆ Former AVP of First Interstate Bank of California, Taipei Branch ◆ Former Senior VP & Head of Finance Dept., International Bank of Taipei	◆ Director, Far Eastern Property Insurance Agency Co.
副總經理兼金融市場事業群主管	廖呂斌	◆ 美國國際管理學院國際管理碩士 ◆ 中國輸出入銀行副科長 ◆ 道明銀行台北分行副總經理 ◆ 比利時聯合銀行台北分行副總經理	◆ 無
Executive Vice President, Head of Financial Markets Group	Mr. Ben Liao-Ru	◆ MIM, Thunderbird, American Graduate School of International Management, U.S.A. ◆ Former Assistant Division Chief, Export-Import Bank of the Republic of China ◆ Former VP, Toronto Dominion Bank, Taipei Branch ◆ Former EVP, Kredietbank N.V., Taipei Branch	◆ None
副總經理兼消費及信用卡事業群主管	李銘博	◆ 政治大學企業管理碩士 ◆ 美商花旗銀行助理副總裁 ◆ 香港上海匯豐銀行副總裁 ◆ 南山人壽副總經理	◆ 遠銀人身及財產保險代理人股份有限公司董事
Executive Vice President, Head of Consumer Banking and Credit Card Group	Mr. Alan Lee	◆ MBA, National Chengchi. University ◆ Former AVP, Citibank, N.A., Taipei Branch ◆ Former VP, The Hongkong and Shanghai Banking Corporation ◆ Former EVP, Nan Shan Life Insurance Company, Ltd.	◆ Director, Far Eastern Life and Property Insurance Agency Co.
副總經理兼個人金融事業群主管	楊瑞芬	◆ 美國西北大學整合行銷傳播碩士 ◆ 美商花旗銀行經理 ◆ 中國信託商業銀行資深協理 ◆ 香港上海匯豐銀行資深副總裁	◆ 遠銀人身及財產保險代理人股份有限公司董事 ◆ 遠智證券股份有限公司董事
Executive Vice President, Head of Individual Banking Group	Ms. Joanna Yang	◆ Master's degree, Integrated Marketing Communications, Northwestern University, U.S. A. ◆ Former Manager, Citibank, N.A., Taipei Branch ◆ Former Deputy Executive Vice President, Chinatrust Commercial Bank ◆ Former Senior Vice President, The Hongkong and Shanghai Banking Corporation	◆ Director, Far Eastern Life and Property Insurance Agency Co. ◆ Director, Far Eastern International Securities Company Ltd.

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職稱 Title	姓名 Name	主要經 (學) 歷 Major Educational (Professional) Background	目前兼任其他公司之職務 Other Current Positions
總稽核	黃志偉	◆ 美國北德州立大學資訊管理碩士 ◆ 中央銀行副科長 ◆ 台新銀行經理 ◆ 台新金控協理 ◆ 匯豐銀行資深副總裁	◆ 無
Chief Auditor	Mr. Chih-wei Huang	◆ Master of Information Management, North Texas University, U. S. A. ◆ Former Deputy Section Chief, Central Bank ◆ Former Manager, Taishn Bank ◆ Former Assistant Vice President, Taishin Financial Holdings ◆ Former Senior Vice President, HSBC	◆ None
副總經理兼作業及資訊服務中心主管、作業服務處單位主管	劉龍光	◆ 美國紐約大學資訊管理碩士 ◆ 美國信孚銀行專案經理 ◆ 美國紐約銀行經理 ◆ KPMG 顧問公司亞太區經理 ◆ 南山人壽副總經理	◆ 無
Executive Vice President, Head of O&T Group and Head of Operation Service Dept.	Mr. Lonnie Liu	◆ Master's degree in Information Systems, New York University, U.S.A. ◆ Former Project Manager, Bankers Trust ◆ Former Manager, New York Bank ◆ Former Manager, KPMG Consulting, Asia Pacific ◆ Former Executive Vice President, Nan Shan Life Insurance Company, Ltd.	◆ None
副總經理	黃璟章	◆ 台灣大學商學系畢業 ◆ 美商花旗銀行副理 ◆ 慶豐銀行專委兼副理	◆ 遠銀資產管理股份有限公司董事長
Executive Vice President	Mr. G. C. Huang	◆ BA, Dept. of Business, National Taiwan University ◆ Former Assistant Manager, Citi Bank ◆ Former Assistant Manager, Chin-Fon Bank	◆ Chairman, Far Eastern Asset Management Corp



四、政策委員會

(一) 資產負債管理委員會

本行為強化資產負債管理，健全資產負債結構，特設置資產負債管理委員會，負責擬定本行資產負債政策及流動性風險管理方針，並研討利率政策，作成結論呈董事會核定後辦理。

(二) 授信審議委員會

本行為拓展業務，提升授信品質及增進工作效能，特設置授信審議委員會，負責審議全行超過授權經理核定範圍之授信案件，作成結論呈總經理、常務董事會或董事會核定後辦理。

(三) 人事評議委員會

本行為建立職員管理之升遷獎懲制度，拔擢優秀人才，增進工作效率，特設置人事評議委員會，負責審議全行人力資源規劃、人事規章、升遷、獎懲情事，作成結論呈總經理、常務董事會或董事會核定後辦理。

(四) 投資審議委員會

本行為訂定投資決策，掌握投資效益，特設置投資審議委員會，定期開會，審議短期有價證券投資策略交由金融市場部執行；並負責審理各項中長期專案投資計劃，作成結論提董事會核定後辦理。

(五) 信託財產評審委員會

本行為拓展信託業務，特設置信託財產評審委員會，於每季營業終了後一個月內召開會議，審查每一信託戶之信託財產並作成記錄，由全體出席委員簽署並送總經理及董事長核可後呈報董事會核備。

(六) 資訊業務指導委員會

本行為建構全方位金融服務需求，特設置資訊業務指導委員會，負責研判資訊系統發展趨勢，審議全行資訊系統架構建置，並配合業務發展，提議、監督資訊業務系統開發，作成結論呈董事會核定後辦理。

(七) 風險管理委員會

本行為建立獨立有效之風險管理機制，提升風險管理品質，特設置風險管理委員會，負責風險管理政策之擬定，風險管理執行成效、曝險狀況、風險決策之審議與監督，做成結論呈報董事會核備。

(八) 薪資報酬委員會

本行為強化公司治理與健全公司董事、監察人及經理人薪資報酬制度，特依「股票上市或於證券商營業處所買賣公司薪資報酬委員會設置及行使權辦法」設立薪資報酬委員會，協助訂定並定期檢討董事監察人及經理人有關薪資報酬之政策、制度、標準與結構，並向董事會提出建議。

(4) Policy Committees

A. Asset and Liabilities Management Committee

To strengthen its assets and liabilities management and structure, FEIB established the Assets and Liabilities Management Committee to draft the Bank's assets and liabilities policy and floating risk management guidelines, and study interest rate policy to present proposals to the Board of Directors for approval and execution.

B. Credit Committee

To expand business, improve credit quality and working efficiency, FEIB has established the Credit Committee to handle and review credit cases with amounts exceeding a manager's authorization. Conclusions reached by this Committee are presented to the Bank's President, Board of Managing Directors or Board of Directors for approval and execution.

C. Personnel Committee

To set up a proper staff feedback and incentive system, identify and promote outstanding talent, enhance working efficiency and improve communication and leadership skills, FEIB established the Personnel Committee. The Committee is responsible for the review of the Bank's human resource planning, personnel regulations, promotions, rewards and reprimands, and making proposals to the Bank's President, Board of Managing Directors or Board of Directors for approval and execution.

D. Investment Committee

FEIB formed the Investment Committee to formulate investment policy and target superior risk-adjusted returns with regular meetings. The Committee also reviews the investment policy of short-term bills to be executed by the Financial Markets Department and reviews diverse mid- and long-term investment projects for proposal to the Board of Directors for review, potential approval and execution.

E. Trust Assets Committee

To expand the trust assets business, FEIB established the Trust Assets Committee. With one Vice President serving as its Committee Chief, this Committee holds meetings in the last month of each quarter to review trust assets of each client and to prepare status reports signed by all attending committee members to be presented to the Bank President and Chairman for approval and final reporting to the Board of Directors.

F. IT Steering Committee

To meet the Bank's need for diversified and multi-faceted financial services, FEIB formed an IT Steering Committee to study IT system development trends and review and improve the Bank's IT operating system. To meet FEIB's business development needs, the Committee makes IT proposals, supervises IT system development, and presents conclusions and recommendations to the Board of Directors for approval and execution.

G. Risk Management Committee

To establish an independent and efficient risk management mechanism and improve risk management, FEIB formed the Risk Management Committee to take the responsibility of drafting risk management policies, monitoring/reviewing risk management, risk exposures, risk policy, and reporting conclusions to the Board of Directors.

H. Remuneration Committee

According to 「Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter」, we established the Salary Committee to assist the Board of Directors to achieve further transparency for revising the remuneration policies, and advise the Board of Directors.



伍、經營概況

Business Overview

一、關鍵績效成果

(一) 預算執行情形

本行 2013 年總資產 4,921 億元，預算達成率 103%，存款餘額 (含同業存款) 3,990 億元，預算達成率 101%，放款餘額 2,968 億元，預算達成率 99%。

(二) 財務獲利能力分析

2013 年度營業淨收益 92.05 億元，較 2012 年度增加 12.61%。其中淨利息收入 48.85 億元，較 2012 年度增加 18.67%，淨手續費收入 24.61 億元，較 2012 年度增加 23.40%，及其他淨收益 18.59 億元，較 2012 年度減少 9.92%。

2013 年度稅後淨利 30.61 億元，較 2012 年度增加 20.01%，每股盈餘 1.30 元，較 2012 年度增加 19.27%。

二、核心事業

(一) 個人金融業務

個人金融業務主要為客戶提供最佳的資產管理服務，並提供優質且即時的 e / M 化金融交易平台。

1. 財富管理業務

截至 2013 年度信託資產餘額為 557 億元，較 2012 年度成長 11.18%；信託類業務淨手續費收入成長 35.36%；財富管理收入成長 18%。

2. 中小企業服務部

2013 年度放款餘額較 2012 年度成長 97%。

(二) 消金及信用卡業務

1. 消費金融業務

本行持續致力深耕與擴大消費金融服務，積極發展 e/M 化即時便利的服務並精進作業流程，2013 年消費金融授信餘額較 2012 年度成長 9%。其中房貸餘額為 1,348 億元，較 2012 年度成長 5%；信貸餘額為 148 億元，較 2012 年度成長 7%，車貸業務位居同業領先地位，餘額為 270 億元，較 2012 年度成長 43%。

2. 信用卡業務

2013 年度流通卡數達 141.7 萬卡，簽帳金額為 639 億元，較 2012 年度成長 6%。

(三) 法人金融業務

法人金融業務係以企業客戶需求為導向，提供財務整合性解決方案，以滿足兩岸三地不同產業客戶之融資、資金管理、避險等需求。主要業務包括存款、放款、外匯業務 (匯兌、進、出口)、應收帳款、電子金融、供應鏈融資、財務避險及結構性產品等金融服務。整體而言，年淨利息收入成長 21%；手續費收入大幅成長 59%；整體營業利益達成長 13%。



(1) Key Performance Results

A. Target Achievement

FEIB's total assets stood at NT\$492.1 billion, achieved 103% of target; deposits amounted to NT\$399 billion, achieved 101% of target; and loan outstanding amounted to NT\$296.8 billion, achieved 99% of target.

B. Analysis of Profitability

FEIB's net operating income in 2013 grew 12.61% (YoY) to NT\$9.205 billion; net interest income increased 18.67% (YoY) to NT\$4.885 billion; net fee income stood at NT\$2.461 billion, jumped 23.40% than that of 2012; other net profit was NT\$1.859 billion, dropped 9.92% than 2012.

The Bank's net income after tax was NT\$3.061 billion, up 20.01% than that of 2012; and earnings per share was NT\$1.30, grew 19.27% (YoY).

(2) Core Businesses

A. Individual Banking

Individual Banking aims to provide customers with the best asset management service, and also offers quality and real-time e/M transaction platforms.

1. Wealth Management

Trust assets were NT\$55.7 billion in 2013, grew 11.18% comparing to that of 2012. Trust business revenue grew 35.36% (YoY). Wealth management income grew 18% (YoY).

2. Small- and Medium-sized Enterprise Dept.

Loan outstanding for 2013 surged 97% than that of 2012.

B. Consumer Banking and Credit Card

1. Consumer Banking

Committed to cultivating and expanding consumer banking services, proactively developing e/M real-time convenient services, and improving process efficiency, FEIB's consumer loan outstanding in 2013 grew 9% (YoY), among which mortgage outstanding was NT\$134.8 billion with 5% (YoY); personal loan outstanding was NT\$14.8 billion with 7% (YoY); car loan outstanding was NT\$27 billion with Top 1 market share surged 43% than that of 2012.

2. Credit Card

Credit cards in circulation stood at 1.417 million and spending volume totaled NT\$63.9 billion with an increase of 6% (YoY).

C. Corporate Banking

FEIB offers customer-oriented & integrated financial solutions to satisfy different customers' needs for financing, fund management and hedge in the Greater China region. Major businesses include deposits, loans, foreign exchange (remittance, import & export), factoring, e-banking, supply chain financing, hedging, and structured financial products. As a whole, net interest income grew 21% (YoY), fee income surged 59% (YoY) and overall operational revenue grew 13% (YoY).



榮獲最佳銀行服務形象獎 Granted Best Bank Service Image Award

遠東商銀榮獲「卓越雜誌」2013 台灣卓越最佳銀行服務暨財富管理評比「最佳銀行服務形象獎」及「最佳財富管理信任獎」兩大獎，台灣經濟研究院院長洪德生、台灣大學經濟系教授林建甫親赴遠東商銀頒發獎項。

FEIB's wealth management business received the 2013 "Best Bank Service Image Award" and "Best Wealth Management Confidence Award" from Excellence Magazine. Dr. David S. Hong, President of Taiwan Institute of Economic Research, and Professor Chien-fu Jeff Lin of economics, National Taiwan University presented the awards at the Far Eastern International Bank.

1. 授信業務：2013 年法人金融追求優資產之授信政策，年底授信餘額達 1,273 億元，較 2012 年度微幅下降 1%。
2. 存款業務：2013 年底存款餘額較 2012 年度微幅成長 0.25%。
3. 交易型業務：2013 年底應收帳款業務較 2012 年度成長 6%。

(四) 金融市場業務

金融市場事業群業務核心在於銀行資產負債管理、金融商品之交易與服務提供、有價證券投資、信用衍生品承作、金融同業授信暨前項業務之管理，其中可轉換公司債資產交換 / 選擇權及外匯保證金業務持續創造佳績執同業之牛耳，秉持創造利潤、嚴控風險、恪遵法規，優化資產品質之基礎上，繼續業務之拓展，相關工作重點如下：

1. 產品創新，提供客戶多元化商品與服務。
2. 鞏固核心商品品牌與領導地位，精緻深耕現有客源。
3. 建構穩健財務結構，強化資產負債管理。
4. 推動業務 e 化、強化經營資訊分析管理，提升經營效率。
5. 培育優秀金融人才，擴大經營規模與業務穩健成長。
6. 掌握兩岸大中華商機，提供最佳金融服務平台。

2013 年買賣股票及受益憑證利益及評價，成長 18.01%；以遠匯、換匯、選擇權及換匯換利為主之衍生性金融商品承作量成長率逾 100%。承作可轉換公司債業務、買入債券餘額及資產交換全年利益及評價，成長 6.35%。

1. Credit Line Business: Outstanding was NT\$127.3 billion, slightly dropped 1% (YoY).
2. Deposit Business: Deposits for 2013 were up slightly with 0.25% growth (YoY).
3. Factoring Business: The Bank's factoring business for 2013 grew 6% (YoY).

D. Financial Markets

The core values of financial markets include managing financial assets and liabilities, as well as financial instruments such as investments in bonds & securities and hedge with derivatives. Among which the Bank's convertible asset swaps and FX margin trading continuing to lead in the industry, the Bank creates profit and growth conforming to laws and regulations via strengthening risk control and improving asset quality.

Highlights as follows:

1. Product innovation, provide clients with diversified products and services.
2. Consolidate brand value and leading position of the Bank's core financial products and cultivate in-depth the existing customer base.
3. Fortify comprehensive financial structure and strengthen the management of assets and liabilities.
4. Promote e-banking, enhance data analysis and management to improve operating efficiency.
5. Cultivate outstanding talents to expand operating scale and pursue steady growth.
6. Provide best financial service platform to seize the business opportunities in the Greater China market.

The revenues and valuations from stock trading and beneficiary certificate grew 18.01% (YoY). The transaction volume of derivatives grew over 100% (YoY). The revenues and valuations of convertible bond business, buying bonds, asset swaps grew 6.35% (YoY).



法金獲前瞻創新優等獎殊榮 Corporate Banking Awarded Innovation Merit Prize

遠東商銀致力為企業客戶提供專業且精緻的金融服務，近年積極創新轉型朝 **Corporate Finance** 之路邁進，其中領先國內同業的標竿案例「中租控股新加坡下市回台上市案」，得到遠東精神獎前瞻創新類優等獎的殊榮。該案為客戶圓滿完成轉上市之目標，為公司則締造單一個案整體收益約新台幣 1 億元之記錄，並導入後續商機，建立全面性的業務往來關係，成為客戶、股東與銀行三贏的最佳範例。

FEIB dedicates to proving professional and exquisite financial services for its corporate banking customers and has focused on innovation and restructuring toward Corporate Finance business. The leading landmark case of "Chailease Holding Co. Delisted from the Singapore Stock Exchange and Listed in the Taiwan Stock Exchange" received the Innovation Merit Prize of the Far Eastern Spirit Award. After accomplishing the delisting and re-listing for the client, this single case registered nearly NT\$100 million profit with subsequent business opportunities to follow and established a comprehensive business relationship, as a best example of win-win situation among client, shareholders and the bank.



三、本年度經營計劃

(一) 個人金融業務

1. 新產品開發

- (1) 開辦國內首次海外企業台籍員工福儲信託業務，以創造銀行信託新收益。
- (2) 開創金融商品團購服務功能 (基金商品 & 人民幣)。
- (3) 全國首創的基金「觸發」功能上線，為市場唯一能為客戶依價格自動管理停利停損。
- (4) 承作人民幣存款業務，提供客戶多元外幣理財服務。
- (5) 中小企業放款產品多元化，擴大產品服務，以符合客戶需求。以不動產抵押貸款，及信保基金保證貸款為基礎，進而增加股票融資、進出口融資、衍生性金融商品等，並導入企業理財產品。

2. 增加金融服務通路

- (1) 新增「台北 101 分行」，擴大台北市金融服務網絡，增加私人銀行金融服務。
- (2) 新增 15 家分行成為外匯指定銀行，提升既有營業單位外匯業務服務範疇，促進外匯業務量成長。
- (3) 行動銀行增加外匯換匯及基金交易功能，增加 e 通路服務範疇。

3. 提升服務品質

- (1) 每季對本行營業單位交易客戶進行服務滿意度調查，瞭解客戶滿意度及建議，以提升服務品質及維護客戶權益。
- (2) 舉辦財富管理 VIP 客戶活動，並設計不同客戶族群之專屬服務，提昇本行財富管理品牌價值。
- (3) 使用集保基金下單自動化資訊傳輸服務，為台灣第一家國內外基金同時自動化下單業者。

4. 客戶分層經營

- (1) 提供本行優質房貸戶之財富管理資金運用方案。
- (2) 推廣「美利佳人」、「美澳雙利」、「美利再現」及「非常利 High」等定存商品專案，開創新客戶，深耕既有客群。
- (3) 深耕電子通路客戶，增加客戶 e 通路互動服務品質。
- (4) 以團銷方式推廣財富管理業務，整合本行資源共同行銷。針對績優大型公司員工，集中資源服務理財型客戶。
- (5) 重新分析分行潛力客戶，指派新理專深耕財富管理業務。

(3) Business Plans for 2014

A. Individual Banking

a. Development of New Products

1. Launched Taiwan's first stock trust business for Taiwanese employees working overseas to generate revenues from this new business.
2. Initiated group-buying of financial products (Mutual Funds and RMB)
3. Launched Taiwan's first fund "Smart Buy & Sell" online service, which is the only profit & loss management function in the market.
4. Initiated RMB savings, provide customers with diversified foreign currency products.
5. Diversified loan products for SME customers, and expand product service to meet customer needs. To introduce stock-financing, trade-financing, derivatives, and other enterprise financing products on the basis real estate loan with credit life insurance and credit guarantee fund loan.

b. Increase Service Channels

1. Opened "Taipei 101 Branch" to expand financial service network in the metropolitan Taipei area, and focus on private banking services.
2. Elevated existing FX businesses through 15 new FX branches.
3. Offered FX services on mobile devices.

c. Improve Service Quality

1. To conduct quarterly service satisfaction survey to elevate service quality.
2. To organize wealth management events for VIP customers to elevate overall WM brand image.
3. Taiwan's first Bank to use TDCC order system for domestic and offshore funds for better order transmission.

d. Management of Customer Segmentation

1. To promote wealth management for the Bank's prime mortgage customers.
2. Launched certificate of deposit products with high interests to attract new customers and cultivate existing customers.
3. To cultivate customers through e-channels and enhance interactive e-channel service quality.
4. To promote wealth management business through Group Selling, and integrate resources for joint marketing. To focus on employees of major large corporations, and centralize resources to serve the Bank's wealth management customers.
5. To reanalyze each branch's potential customers, and assign new financial advisors to cultivate wealth management business.



(二) 消金及信用卡業務

1. 消金業務

- (1) 追求積極的穩健成長，兼顧資產規模與品質，有效管控成本，擴大財富管理客群，藉由交叉銷售，提升整體產能與非風險收入，增進整體營業獲利。
- (2) 房貸：資產規模穩定成長，提升高資產與高利差客群佔比，優化資產結構、提高利差。
- (3) 信貸：運用風險管理系統區隔客群，提供差異化之產品及價格，發揮授信作業標準化功能，提升作業效率與資產品質管理機制，同步擴大資產規模與獲利。
- (4) 分期付款：集中資源鞏固重點通路，並擴大中小型補教通路金流佔比；多元申貸模式並提供 e 化、M 化進件流程；持續開發新通路，強化通路風險管理，審慎因應法令及客訴議題，優化資產保障收益。
- (5) 汽機車貸：維持資產規模與提升品質，優化作業流程，建立競爭者進入障礙，開發新合作通路，維持策盟車貸業界領導地位。

2. 信用卡業務

發卡面：繼續拓展發卡業務，結合遠通電收、鼎鼎行銷聯合打造唯一有HAPPY GO的「eTag聯名卡」，擴及交通類之消費族群；持續發揮集團綜效，與遠東飯店合作，推出以FEG Life Style頂級優惠的「遠東HAPPY GO頂級卡」；持續推廣以女性客群為主軸的「C'est Moi我的卡」；並強化「遠東台塑聯名卡」加油便利性，及擴展其他非油品消費的使用率；遠銀與壽險業領導品牌及鼎鼎行銷共同合作，在符合個人資料保護法之規定下，經營資料庫行銷，發展多元募卡通路，持續經營「南山人壽認同卡」，提供持卡保戶獨特的保費優惠與促銷活動。

簽帳面：主要經營策略為穩定成長，鞏固利基。在刷卡簽帳之業務經營上，以「HAPPY GO」點數，結合遠東關係企業相關通路，提升遠銀HAPPY GO大紅利的價值與兌換便利性，深耕信用卡客戶忠誠度。



創新 e/M 雙平台服務

Innovative e/M Dual Platform Services

遠東 HAPPY GO 信用卡推出「i 兌換」大紅利平台 App，方便卡友藉由智慧手機因時因地接收即時優惠訊息，隨時兌換，使點數盡其用，充分發揮集點效益。網路銀行亦持續創新，推出全台首創的基金雙方觸價下單【觸觸發】理財功能，協助無暇緊盯淨值變化的基金投資人，貫徹執行停損停利。遠東 e/M 雙平台服務使客戶享有即時、便利與高效率的金融服務，不論理財或消費都愈來愈 smart，愈來愈 easy。

FEIB HAPPY GO credit cards launched "iBonus Redemption" App to facilitate cardholders' accessing real-time benefit messages on their smart phones, making redemptions of their reward points any time to their maximum effect. Continuous innovation in the Internet banking, the Bank introduced Taiwan's first two-way "Smart sell & buy" order to help busy investors to executive stop loss and stop profit orders for their mutual funds investments. The Far Eastern e/m dual platform offers clients the real-time, most convenient and highly efficient financial services, making their wealth management and consumption more and more smart, and much more easier.

B.Consumer Banking and Credit Card Businesses

a.Consumer Banking

Proactively seek steady growth while maintaining asset scale and quality, effectively control costs, expand wealth management customer base, elevate overall revenues and non-risk incomes through cross-sell to increase overall operating profits.

- 1.Mortgage Loan: Achieve steady growth of asset scale, elevate product penetration of high asset and high interest margin clients, strengthen asset structure, and heighten interest spread.
- 2.Personal Loan: Employ risk management system for customer segmentation, provide differentiated products and prices, standardize credit operations, elevate operating efficiency and asset management mechanism, and simultaneously expand asset scale and profit earnings.
- 3.Installments: Utilize major channels for growth, especially enlarge cooperation with SME educational institutes; employ multiple loan application, and provide e & M application process; continue to develop new channels, strengthen risk management, comply with laws and regulations, optimize asset, and secure profit.
- 4.Car and Motorcycle Loan: Maintain asset scale and elevate quality, optimize operating process, establish entry barrier from competitors, develop new cooperation channels, and sustain leading position in strategic alliance of car loan industry.

b.Credit Card Business

- 1.Card Issuance: Continue to expand card issuance, combine Far Eastern Toll Collection and Ding Ding Integrated Marketing Service (DDIM) to launch the one and only HAPPY GO and "eTag Co-brand Card" to serve consumers in the transportation category. To enhance Group synergy, FEIB works with Shangri-La's Far Eastern Plaza Hotel to launch "FEIB HAPPY GO Delux Card" to offer FEG Life Style premium benefits, keep promoting the female-oriented "C'est Moi My Card"; also strengthen the convenience of "Far Eastern Formosa Co-brand Card" at Formosa gas stations, and expand other usages of non-gasoline consumptions. Conforming to the Information Protection Act, FEIB jointly promote products with leading life insurance companies and DDIM to operate database marketing, develop diversified credit card channels, and continue to operate "Nan Shan Life Insurance Co-brand Card" with exclusive premium discounts and promotions to Nan Shan Life Insurance clients.
- 2.Spending Volume: Main operating strategy is to achieve steady growth and consolidate niche market. Based on bonus points collection via "HAPPY GO", combined with Group related channels to elevate the value and convenience of FEIB HAPPY GO iBonus and cultivate loyalty of the Bank's credit cardholders.



(三) 法人金融業務

1. 執行目標市場，掌握產業上、中、下游整體成長態勢，持續開發新客戶及新市場；深耕優質客戶，掌握客戶營運規劃資訊，把握業務機會。
2. 建立風險性資產收益門檻，優化資產規模及組合。
3. 多產品行銷，推展 e-commerce，強化客戶往來深度，以建立穩定的資金來源及存款結構。
4. 深化 Corporate Finance 業務，開辦財務顧問新種業務，提高附加價值及差異化服務。
5. 培育優質人力，提昇競爭優勢。
6. 掌握人民幣業務，以多元化佈局，開發大中華區商機。

(四) 金融市場業務

1. 金融交易業務：

適度承擔風險，為銀行創造利潤。外匯交易期能掌握匯率波動以波段行情操作獲利。債券市場因受美國 QE 退場的影響，公債殖利率於歷史低點往上彈升，投資以保守應對，謹慎操作。股市交易擬強化總經及產業基本面分析能力，以掌握投資趨勢。靈活資金配置及交易技巧，以提高獲利機會。

2. 金融行銷：

加強 TMU 服務客戶廣度與深度，一方面擴大客戶基礎，另一方面開發多樣性金融商品以滿足客戶需求，提高獲利。外匯保證金交易與可轉債拆解業務均為本行重要利基產品，市佔率領先同業。為加強服務客戶，增加本行競爭力，計畫開辦「網際網路交易」以擴展業務範圍，提升獲利。

3. 金融同業存款授信業務：

- (1) 配合總行資金有效運用，適時調節存款結構暨穩定存款規模。
- (2) 掌握景氣復甦，積極擴大放款規模，增加收益。
- (3) 精耕既有客戶，強化服務品質，增加多元化商機。

4. 信用市場業務：

- (1) 審慎篩選信用連結標的公司及交易對手。
- (2) 著重單純、基本的交易類型，避免承作過於複雜、組合式的產品。
- (3) 順應開放投資大陸地區法人發行之有價證券，開發相關新商機。

C. Corporate Banking Business

- a. Focus on the target market, seize growth momentum of upper, middle and lower stream of the industry, continue to develop new customers and new market; maintain good clients, grasp operational plans of customers and business opportunities.
- b. Set up limits for risk assets, and optimize asset scale and portfolio.
- c. Execute multi-product marketing, promote e-commerce, enhance customer relation so as to establish steady capital source and savings structure.
- d. Deepen Corporate Finance businesses, initiate new financial consulting business, increases value-added and differentiated services.
- e. Cultivate HR talents and improve competitiveness.
- f. Engage in the RMB businesses and develop opportunities in the Greater China region.

D. Financial Markets Business

a. Financial Transactions:

Create profit for the Bank upon appropriate risk. The bond market was under the impact of QE pullback in the U. S., and government bond yield rebounded from historical low, investors should act prudently. Trading of stocks should be made with strong analytical ability of the macro economy and fundamentals of the industry so as to grasp investment trend. Maintain flexible portfolio and transaction technique to heighten profit.

b. Treasury Marketing Unit (TMU):

Broaden TMU service, to not only expand customer base, but develop diversified financial products to satisfy customer needs and improve profits. FX margin trading and convertible bond asset swap are both important niche products for the Bank with leading market share. To strengthen services and increase competitiveness, FEIB plans to open "On-line Trading" to expand business scope and elevate profit.

c. Financial Institute Deposits and Loans:

- 1. Adjusting funds and deposit structure timely for effective usage.
- 2. Taking advantage of recovery to expand loan scale and increase profit.
- 3. Cultivate existing clients, strengthen service quality, and increase diversified business opportunities.

d. Credit Derivatives

- 1. Carefully select target companies and counterparties.
- 2. Focus on simple and basic products, and avoid undertaking too complicated structured products.
- 3. Develop new investment opportunities in bonds and securities issued in China.



5. 可轉債資產交換業務：

針對不同客群，持續擴展 **Asset Swap** 業務，並加強推廣法人與金融同業之賣出資產交換業務，提供客戶更多樣化之可轉債選擇權標的，進而增進市場競爭力。提升選擇權客戶關係，積極推廣至外資法人客戶，持續提昇可轉債選擇權之市佔率。大力推動可轉債選擇權網路下單業務，吸引不同客群並以優惠報價及優質服務滿足客戶需求。

6. 外匯保證金交易業務：

外匯保證金交易為本行重要利基產品，市佔率領先同業。為加強服務客戶，增加本行競爭力，已開辦「網際網路交易」以擴展業務範圍，提升獲利。



佈局跨兩岸三地之企金服務平台

Deployment of Cross-Strait Corporate Finance Service Platform

遠東商銀有計劃佈局跨兩岸三地之企金平台，所組成的跨境服務菁英團隊頻繁出入當今世界第二大經濟體，走訪茁壯中的大陸企業、深耕中的台商企業及眾多逐鹿大中華區市場的國際企業，以充分掌握企金服務商機及企業財務需求，海外獲利逐年成長。去年 8 月主辦中國三江化工集團壹億美元聯貸案、10 月主辦桑德國際聯貸案，接連兩件大陸企業聯貸案也預告下一個獲利成長的新動能。

FEIB has deployed a strategic cross-strait corporate finance platform, and formed a cross-border elite service team to travel frequently in and out of the world's second largest economy, visit the growing Chinese enterprises, and cultivate Taiwanese as well as international corporations operating in the Greater China market to fully understand their corporate finance opportunities and financial needs and thus achieved increasing profits overseas. In August 2013, as Lead Manager to the US\$100 million syndicated loan China Sanjiang Fine Chemical Company Ltd., and then the syndication loan agreement with Sound Global (HK) Ltd. in October 2013, the two major syndicated loan cases with Chinese enterprises also mark the next growth momentum for the Bank.

e. Convertible bond Asset Swap:

Catering to different customer segments, continue to expand Asset Swap business so as to enhance market competitiveness. Elevate customer relations in options, actively promote options to foreign investors, continue to heighten market share of convertible bond options, engage in online business of convertible bond options to attract different customer, and satisfy customer needs with competitive price and excellent service.

f. FX Margin Trading:

FX Margin Trading is the Bank's important niche product with leading market share. To strengthen customer service, enhance competitiveness, FEIB has already launched "Internet Trading" to expand business and elevate profits.



財富管理獲頒最佳潛力獎

Wealth Management Received Best Potential Award

遠東商銀獲頒第七屆「財富管理銀行評鑑」最佳潛力獎，該獎由〈今周刊〉主辦，世新大學財務金融研究所負責評比。此次評比著重財富管理的未來發展，其中一個構面強調理財為客戶帶來幸福感，而以樂活理財為經營理念的遠東商銀財富管理因契合此一趨勢，贏得財經學者與專業媒體的一致肯定。

FEIB received "Best Potential Award" of the 7th Wealth Management Bank Review organized by the Business Today magazine and evaluated by the Graduate School of Finance, Shih Hsin University. Focusing on future development of wealth management, this evaluation stressed the sense of happiness brought to the customers through wealth management. The Bank's LOHAS personal finance ideology was well received by both economic scholars and press media.

陸、財務狀況

Finanal Information

一、合併簡明資產負債表 Consolidated Simplified Balance Sheet

新臺幣仟元 (NT\$ thousand)

項 目 Items	年度 Year	2012	2013
現金及約當現金、存放央行及拆借銀行同業 Cash, Cash Equivalents, Due from Central Bank and Due from Banks		88,415,159	93,224,900
透過損益按公允價值衡量之金融資產 Financial Assets at Fair Value Through Profit or Loss		16,110,835	18,795,444
備供出售金融資產 Available-for-Sale Financial Assets		11,865,864	21,735,693
避險之衍生金融資產 Derivative Financial Assets for Hedging		180,242	111,034
附賣回票券及債券投資 Securities Purchased under Resale Agreements		23,741,992	23,006,325
應收款項 - 淨額 Net Receivables		20,781,182	20,672,272
貼現及放款 - 淨額 Net Loans and Discounts		280,219,426	292,517,032
持有至到期日金融資產 Hold-to-Maturity Financial Assets		2,224,301	3,105,972
採用權益法之投資 - 淨額 Net Investments in Equity		2,368,548	2,365,826
其他金融資產 - 淨額 Net Other Financial Assets		13,773,339	11,226,390
不動產及設備 - 淨額 Net Properties and Equipment		2,879,693	2,814,164
無形資產 - 淨額 Net Intangible Assets		1,868,048	1,830,904
遞延所得稅資產 - 淨額 Net Deferred Tax Assets		928,575	576,972
其他資產 Other Assets		226,072	206,250
資產總額 Total Assets		465,583,276	492,189,178
央行及銀行同業存款 Due to Central Bank and Other Banks		11,674,958	13,782,129
透過損益按公允價值衡量之金融負債 Financial Liabilities at Fair Value Through Profit or Loss		3,745,032	7,288,065
避險之衍生金融負債 Derivative Financial Liabilities for Hedging		12,819	12,631
附買回票券及債券負債 Bonds Sold under Repurchase Agreements		-	1,299,471
應付款項 Payables		5,560,371	13,502,992



(承上頁)

新臺幣仟元 (NT\$ thousand)

項 目 Items		年度 Year	2012	2013
當期所得稅負債 Current Tax Liabilities			113,131	10,870
存款及匯款 Deposits Accepted and Remittances Payable			391,933,266	398,305,940
應付債券 Bank Debentures			23,072,123	27,103,885
其他金融負債 Other Financial Liabilities			1,908,070	761,020
負債準備 Provisions			697,845	754,125
其他負債 Other Liabilities			432,374	414,966
負債總額 Total Liabilities	分配前 Before Distribution		439,149,989	463,236,094
	分配後 (註) After Distribution*		439,665,709	-
歸屬於母公司業主之權益 Equity Attributable to Owners of The Bank			26,433,287	28,953,084
股 本 Share Capital			22,422,596	23,621,182
資本公積 Capital Surplus			22,348	34,923
保留盈餘 Retained Earnings	分配前 Before Distribution		4,153,012	5,595,176
	分配後 (註) After Distribution*		2,531,858	-
其他權益 Other Equity			(164,669)	(298,197)
權益總額 Total Equity	分配前 Before Distribution		26,433,287	28,953,084
	分配後 (註) After Distribution*		25,917,567	-
會計師查核意見 Independent Auditors' Report			無保留意見 Unqualified Opinion	無保留意見 Unqualified Opinion
會計師姓名 Names of Auditors			陳俊宏、楊承修	陳俊宏、楊承修

註：分配後數字，依據次年度股東會決議之情形填列。

*Total Liabilities, Retained Earnings and Total Equity after distribution will be confirmed at general shareholders' meeting.



二、合併簡明損益表 Consolidated Simplified Statements of Income

單位：新臺幣仟元 (NT\$ thousand)

項 目 Items	年 度 Year	2012	2013
利息收入 Interest Income		9,644,265	11,263,921
利息費用 Interest Cost		5,499,120	6,379,554
利息淨收益 Net Interest Income		4,145,145	4,884,367
利息以外淨收益 Noninterest Income and Gains, Net		4,362,762	4,603,262
淨收益 Net Profit		8,507,907	9,487,629
呆帳費用及保證責任準備提存 (迴轉利益) Provision (Reversal of Provision) for Possible Losses and Guarantee Obligations Reserve		(257,746)	(68,604)
營業費用 Operating Expense		5,850,696	5,993,126
繼續營業單位稅前淨利 Pre-Tax Income from Continued Operations		2,914,957	3,563,107
所得稅 (費用) 利益 Income Tax (Expense) Benefit		(364,192)	(501,837)
繼續營業單位本期淨利 After-Tax Income from Continued Operations		2,550,765	3,061,270
停業單位損益 After-Tax Income from Discontinued Operations		-	-
本期淨利 Net Income		2,550,765	3,061,270
本期其他綜合損益 (稅後淨額) Other Comprehensive Income (Loss) for The Year, Net of Tax		(188,134)	(132,848)
本期綜合損益總額 Total Comprehensive Income		2,362,631	2,928,422
淨利歸屬於母公司業主 Net Income Attributable to Owners of The Bank		2,550,765	3,061,270
淨利歸屬於非控制權益 Net Income Attributable to Non-Controlling Interests		-	-
綜合損益總額淨利歸屬於母公司業主 Total Comprehensive Income Attributable to Owners of The Bank		2,362,631	2,928,422
綜合損益總額歸屬於非控制權益 Total Comprehensive Income Attributable to Non-controlling Interests		-	-
每股盈餘 EPS (NT\$)		1.09	1.30

三、合併資本適足性 Consolidated Capital Adequacy

單位：新臺幣仟元 (NT\$ thousand)

分析項目 Analysis Items			年度 Year	2013
自有資本 Net Capital	普通股權益 Common Equity Tier I		26,238,006	
	非普通股權益之其他第一類資本 Additional Tier 1 Capital		-	
	第二類資本 Tier II Capital		13,676,786	
	自有資本 Net Capital		39,914,792	
加權風險性 資產額 Total Risk- Weighted Assets	信用風險 Credit Risk	標準法 Standardized Approach	291,547,743	
		內部評等法 Internal Rating Based Approach		
		資產證券化 Asset Securitization		
	作業風險 Operating Risk	基本指標法 Basic Indicator Approach	12,714,700	
		標準法 / 選擇性標準法 Standardized Approach/Alternative Standardized Approach		
		進階衡量法 Advanced Measurement Approach		
	市場風險 Market Risk	標準法 Standardized Approach	10,309,788	
		內部模型法 Internal Models Approach		
	加權風險性資產總額 Total Risk-Weighted Assets		314,572,231	
資本適足率 Capital Adequacy Ratio			12.69%	
第一類資本佔風險性資產之比率 Ratio of Tier I Capital to Risk Assets			8.34%	
普通股權益佔風險性資產之比率 Ratio of Common Equity to Risk Assets			8.34%	
槓桿比率 Leverage Ratio			4.68%	



(承上頁)

單位：新臺幣仟元 (NT\$ thousand)

分析項目 Analysis Items			年度 Year	2012
自有資本 Net Capital	第一類資本 Tier I Capital	普通股 Common Shares		22,422,596
		永續非累積特別股 Non-Cumulative Perpetual Preferred Stocks		
		無到期日非累積次順位債券 Non-Cumulative Subordinated Debts without Maturity Dates		
		預收股本 Advanced Receipts for Capital Stocks		
		資本公積 (固定資產增值公積除外) Capital Surplus (apart from Fixed Asset Appreciation Surplus)		31,650
		法定盈餘公積 Legal Reserves		1,742,672
		特別盈餘公積 Special Reserves		4,554
		累積盈虧 Retained Earnings		2,564,542
		少數股權 Minority Interests		
		股東權益其他項目 Other Shareholders' Equity		-241,549
		減：商譽 Minus: Goodwill		
		減：出售不良債權未攤銷損失 Minus: Non-Amortization of Non-Performing Loan (NPL) Disposal Loss		
		減：資本扣除項目 Minus: Capital Allowance		812,113
		第一類資本合計 Total Tier I Capital		25,712,352
	第二類資本 Tier II Capital	永續累積特別股 Perpetual Cumulative Preferred Stocks		
		無到期日累積次順位債券 Cumulative Subordinated Debt without Maturity Date		
		固定資產增值公積 Fixed Asset Appreciation Surplus		
		累積盈虧 Retained Earnings		
		備供出售金融資產未實現利益之 45% 45% of Unrealized Gain on Financial Assets in Available-for-Sale		34,596
		可轉換債券 Convertible Bonds		
		營業準備及備抵呆帳 Operating Reserve and Loan Loss Provisions		1,267,784
		長期次順位債券 Long-Term Subordinated Debts		11,260,000

(承上頁)

單位：新臺幣仟元 (NT\$ thousand)

分析項目 Analysis Items			年度 Year	2012
		非永續特別股 Non-Perpetual Preferred Stocks		
		永續非累積特別股及無到期日非累積次順位債券合計超出第一類資本總額15% 者 Aggregate Non-Cumulative Perpetual Preferred Stocks and Non-Cumulative Subordinated Debts without Maturity Date Exceeding 15% of Total Tier I Capital		
		減：資本扣除項目 Minus: Capital Allowance	812,114	
		第二類資本合計 Total Tier II Capital	11,750,266	
	第三類資本 Tier III Capital	短期次順位債券 Short-Term Subordinated Debts		
		非永續特別股 Non-Perpetual Preferred Stocks		
		第三類資本合計 Total Tier III Capital		
	自有資本 Net Capital		37,462,618	
加權風險性資產額 Total Risk-Weighted Assets	信用風險 Credit Risk	標準法 Standardized Approach	272,198,189	
		內部評等法 Internal Rating Based Approach		
		資產證券化 Securitization		
	作業風險 Operating Risk	基本指標法 Basic Indicator Approach	11,876,975	
		標準法 / 選擇性標準法 Standardized Approach/Alternative Standardized Approach		
		進階衡量法 Advanced Measurement Approach		
	市場風險 Market Risk	標準法 Standardized Approach	10,578,788	
		內部模型法 Internal Model Approach		
	加權風險性資產總額 Total Risk-Weighted Assets		294,653,952	
	資本適足率 Capital Adequacy Ratio			12.71%
第一類資本佔風險性資產之比率 Ratio of Tier I Capital to Risk Assets			8.72%	
第二類資本佔風險性資產之比率 Ratio of Tier II Capital to Risk Assets			3.99%	
第三類資本佔風險性資產之比率 Ratio of Tier III Capital to Risk Assets			-	



四、轉投資公司概况及未來計畫

(一) 遠銀資產

1. 獲利原因：

本公司獲利之原因主要為處分不良債權，另外，長期投資項下之遠龍不銹鋼公司當年度亦為獲利，故全年度為獲利。

2. 未來計畫：

- (1) 與資產管理公司合作，向其購入新的 NPL 或合作購入不動產；
- (2) 與會計師事務所或律師事務所合作，洽詢可能合作商机；
- (3) 藉由各項管道於市場上購入新的法拍不動產，並加以處分，以增加收益。

(二) 遠銀人身、遠銀財產保險代理人股份有限公司

1. 獲利原因：

遠銀保代精選市場優質保險公司為合作對象，加強對銀行各事業群客戶的保險需求，提供最適切風險控管的保險商品以強化銀行保險的功能。針對財富管理客戶提供具市場競爭性的銀行保險商品，並以房屋貸款壽險保障房屋貸款客戶的人身風險，並顧及企業金融法人壞帳風險控管的應收帳款保障保險。因而持續每年得以達成並超越原訂年度稅前盈餘目標，為遠東商銀轉投資獲利績效。

2. 未來計畫：

保險銷售市場通路「銀行保險」佔比已過半。遠銀保代除了持續執行以客戶保障需求為引進保險商品的策略外，提升銀行同仁對銀行保險商品的熟悉度，加深客戶對銀行保險商品的持有數，並以專業保險顧問協助銷售，加強售後服務品質與深耕客戶關係；積極擴展與其他可行通路間異業策略聯盟，增加多元行銷契機以達強本培源的目標。藉由集團員工優惠專案、集團關企團體保險，持續開發集團內部客戶，進一步發揮集團綜效，成為遠東集團內的專業保險服務團隊；並提供符合遠東集團內外、個人、法人之全方位風險控管之保險方案。

(4) Reinvestment Policies and Plans

A. Far Eastern Asset Management Corp.

1. Reasons for Profit:

Far Eastern Asset Management disposed of non-performing loans, in addition, its long-term investment Yuan Lung Stainless Steel Corporation also gained profit, therefore reported profit for the year.

2. Future Plans:

- (1) Join forces with other asset management companies, purchase their NPL or co-acquire real estates.
- (2) Seek cooperation with accounting firms or law firms to consult possible business opportunities.
- (3) Continue to purchase through various market channels new court auction real estates, and dispose of these assets to increase revenues.

B. Far Eastern Life and Property Insurance Agency Co., Ltd.

1. Reasons for Profit:

Far Eastern Life and Property Insurance Agency carefully selects and works with good insurance companies to meet the insurance needs of the Bank's different business units, offers insurance products with the best risk control to strengthen its bancassurance. FEIB provides price-competitive bancassurance products to its wealth management customers, adopts credit life insurance against the risk of its mortgage clients, and applies trade credit insurance to control the risk control of corporate finance bad debt. Thus, the Bank continues to exceed pre-tax earning target every year.

2. Future Plans:

"Bancassurance" already accounts for more than 50% of FEIB's insurance sales channel. Aside from continuing to introduce new insurance products in compliance with customer needs, educating the Bank staffs to be more familiar with the bank insurance products, and deepens clients' holdings of the bank insurance products, the Bank will also employ professional consultants to assist in insurance sales, strengthen after-sales quality and fortify customer relations. It will focus on forming cross-industry strategic alliances with other distributing channels to increase multiple sales opportunities and expand businesses. Through providing special discounts to Group employees and group-insurance packages among affiliated companies, the Bank will further develop clients within the Far Eastern Group to achieve synergy and become the Group's insurance expert to offer comprehensive insurance policies to fulfill customers' needs.



(三) 遠智證券

1. 年虧損主要原因：

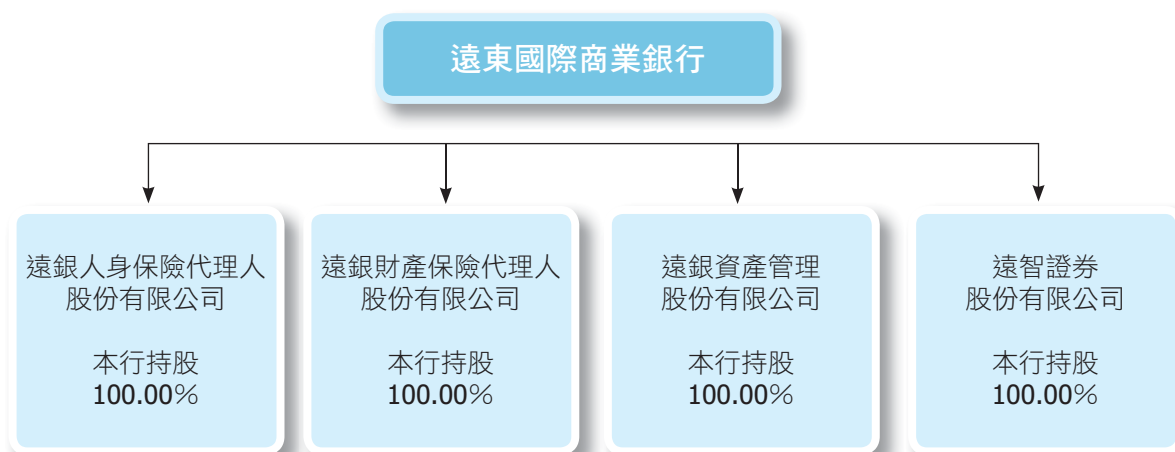
本公司 2013 年度虧損 NTD 10,783 仟元，主係下半年景氣雖逐漸復甦，但投資人因擔憂 QE 縮減，態度觀望未積極進場，影響公司整體收入，收益數為 NTD 183,921 仟元與 2012 年度相較無太大差異，相關營運成本及營業費用與 2012 年相較雖減少 NTD 14,167 仟元，因前述因素，2013 年度仍呈現虧，較前期虧損減少 NTD 9,993 仟元。

2. 改善計畫：

2014 年除延續 2013 年所擬定之改善計畫外，自 2013 年第 3 季起將陸續調整相關執行策略，其重點說明如下：

- (1) 以客戶整體資產及投資組合最佳化為目的，並衡觀總體經濟市場之發展逐步擴大商品線。
- (2) 考量獎酬成本控制及業務人員激勵效果，重新調整業務人員獎勵及考核辦法。
- (3) 簡化業務單位組織層級，取消業務分組及分組主管職位，扁平化管理層級以降低固定成本。
- (4) 積極調整改善內部作業流程，朝有效支援業務發展為改善目標。

(四) 關係企業相關資料



註：本行各關係企業間並未相互持股

C. Far Eastern International Securities Company Ltd.

1. Reasons for Loss:

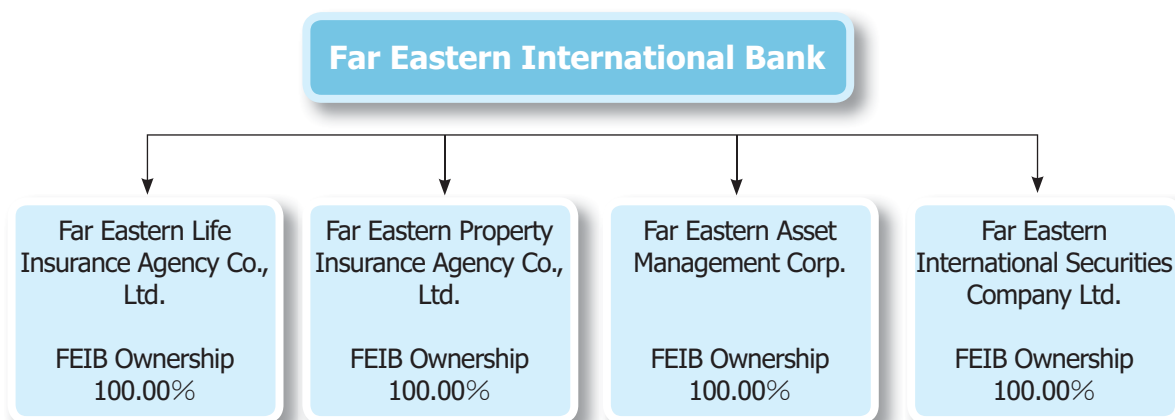
The Company registered NT\$10.783 million loss in 2013. Even with gradual recovery in the second half of the year, investors became hesitant due to concerns on QE cuts which affected overall revenues. While revenue stood at NT\$183.921 million, about the same as that of 2012, relative operating costs and expenses also decreased by NTD14.167 million. However the Company still reported loss of NT\$10.783 million in 2013, yet already much improved NT\$9.993 million less than that of the previous year.

2. Improvement Plans:

During 2014, the Company will continue to pursue the improvement plan set up in 2013. Since 3Q 2013, Far Eastern International Securities Company has been adjusting and executing the following major strategies:

- (1) To achieve optimal overall assets and portfolio for the clients, and gradually expand product line in accordance with macro economic market developments.
- (2) To readjust the reward and review methods for sales staffs after evaluating reward cost control and incentive effectiveness.
- (3) To simplify organization of the sales unit, cancel sales groups divisions and the positions of division heads, streamline management level, and thus lower fixed income.
- (4) To adjust and improve inner operation process toward effective support system as the improvement goal.

D. Affiliated Companies



Note: There is no cross holding among FEIB affiliated companies.

柒、風險管理

Risk Management

一、風險管理組織架構及政策

(一) 政策

1. 塑造本行注重風險管理之專業組織文化，並運用內外部風險管理規範之質化（如各項作業辦法等）、量化指標（如資產品質比率等），作為本行營運策略參考。
2. 設置獨立之風險控管專責單位，有效監控及落實風險管理制度。
3. 有效辨識、衡量、監督與控制各項既有及潛在風險於本行可承受範圍內，並兼顧風險與合理利潤，達到盈餘目標。

(二) 組織架構

1. 董事會：

董事會為本行風險管理之最高決策單位，負責核定全行風險管理政策，建立全行風險管理文化，對整體風險管理擔負最終責任。

2. 風險管理委員會：

由總經理為風險管理委員會召集人，並指定相關主管擔任委員，定期開會，掌理及審議全行風險管理執行狀況、評估資本適足性與風險承擔情形。

3. 風險管理處：

下設法金組、消金組及中小企業組，分別對法人金融與金融市場、消金及信用卡等事業群及中小企業金融之風險管理採直接管理。各事業群有關授信準則、程序、辦法、新產品開發、人員授權等，均先經由風險管理處審查，再行呈核，使本銀行風險管理具集中控制效果。

- ① 風險管理處法金組分為審查組、應收帳款徵審組、金融市場中台組、授信組、覆審追蹤組等五個單位，分別負責授信案件事前審核、貸放後管理、交易部位之每日市價評估與限額控管、授信規範之擬訂與控管及督導法金授信覆審追蹤作業。
- ② 風險管理處消金組分為消金授信、信用卡授信、債權管理、資訊 / 服務等四個單位，分別負責制定消金與信用卡產品授信政策、資產品質管理、徵審與貸後管理、交易管理、中途授信管理、逾期放款回收、債權管理、消債案件處理及資料倉儲運用與風險分析。
- ③ 風險管理處中小企業組分為中小企業授信、債權管理、資訊 / 服務等三單位，分別負責制定中小企業產品授信政策、資產品質管理、徵審、逾期放款回收、債權管理、消債案件處理及資料倉儲運用與風險分析。

4. 稽核處：

定期查核全行風險管理有關業務，包括風險管理架構、風險管理運作程序等相關作業之實際執行狀況，並適時提供改進建議。

(1) Risk Management Structure and Policy

A. Policy

- 1.To foster a risk management-oriented culture, the Bank has employed a qualitative index of internal and external risk management regulations (such as diverse operating procedures) and quantitative index (such as ratio of asset quality) as a reference for operating strategy.
- 2.FEIB has set up an independent risk control unit to effectively supervise and implement the Bank's risk management system.
- 3.To effectively recognize, evaluate, monitor and control all existing and potential risks within acceptable limits to achieve target revenues.

B. Organization Structure

1.Board of Directors

The Board of Directors steers FEIB's risk management, and is responsible for reviewing the whole Bank's risk management policies, reinforcing a risk management culture and taking ultimate responsibility for overall risk management.

2.Risk Management Committee

The Bank President presides over the Risk Management Committee, appoints relevant bank heads as Committee Members and calls regular meetings to execute and review the Bank's capital adequacy, risk bearing capacity and entire risk management system.

3.Risk Management Department

Under the Management Risk Department, the Corporate Banking, Consumer Banking and Small- and Medium-sized Enterprise Teams directly manage risk with regard to Corporate Banking, Financial Markets, Consumer Banking, Credit Card as well as Small- and Medium-sized Enterprise Business Groups. The Risk Management Department reviews and gives quantitative and qualitative feedback on each business group's lending guidelines, processes, product development, and authorization criteria, etc. before consideration for approval in an effort to centralize control and improve quality.

- (a)The Corporate Banking Team under Risk Management Department is further divided into 5 Sections including: Risk Review, AR Factoring, Financial Market Middle Office, Credit Control, and Second Review & Trace which handle respectively the pre-evaluation of lending cases, after loan management, daily assessment of each position's market value and limit control, the drawing of lending guidelines and risk control, and monitor Corporate Banking's second review and trace operations.
- (b)The Consumer Banking Team under Risk Management Department is further divided into 4 Sections including: Consumer Banking Credit Control, Credit Card Control, Debt Management, and Information/Service which handle respectively drawing of the lending policies of consumer banking and credit card products, management of asset quality, evaluation and after-loan management, transaction management, mid-way lending management, overdue loan recovery, debt write-off, data storage & processing, and risk analysis.
- (C)The Small- and Medium-sized Enterprise Team under Risk Management Team is further divided into 3 Sections including: Small- & Medium-sized Enterprise Lending Control, Debt Management, and Information/Service which handle respectively the drawing of lending policies to small- and medium-sized enterprises, asset quality management, evaluation, overdue loan recovery, debt management, debt write-off cases, data storage & processing, and risk analysis.

4.Auditing Department

Regularly check the Bank's risk management related businesses including the execution of risk management structure and risk management operating processes, and then provide constructive suggestions for improvement.



二、各項風險管理策略

(一) 信用風險

1. 法人金融業務

訂定穩健及明確之法人金融徵授信及貸後管理程序，掌控資產品質。控管授信行業別之適當比重、集團企業授信風險之集中管理，並定期或視必要性依據經濟走勢、產業趨勢及本行經營政策調整上述行業或集團比重。

2. 消金及信用卡業務

訂定明確之授信規範及貸放程序，達成消金授信資產品質穩定及穩健獲利之營運目標。管理資產結構確保各資產組合適當配置，追蹤放款品質，檢討經濟景氣、經營環境變化，動態調整授信政策。

3. 中小企業金融業務

訂定明確中小企業徵授信規範、作業程序及貸後管理機制，達成授信資產品質優化及規模成長目標。規範授信產品類別、進行資產結構管理，確保債權擔保性及資產組合適當性。定期檢視經濟景氣變化，動態調整授信政策及策略目標。

(二) 作業風險

以有效且具獨立運作之內部稽核，檢視作業風險管理狀況，除就應改善事項設立追蹤機制外，並適時呈報查核結果予董事會。為加強內部控制藉以防止弊端之發生，建立各單位「自行查核」制度，並由稽核處定期至各單位辦理「一般查核」與「專案查核」；同時本行設有「遵守法令主管」制度，督導全行確實遵循法令。

依日常營業活動及管理流程可能發生之各項風險，綜合評估其發生頻率及影響嚴重性，採取將部份或全部之作業風險利用保險、委外等措施，移轉或沖抵事件發生之損失與衝擊。落實 KYC (認識客戶, Know Your Customer) 及防制洗錢、內部控制制度、法規遵循、員工道德規範與教育訓練等措施，以降低風險發生之機率。本行建置符合國際標準規範 (ISO27001) 的資訊安全控管規範，包含制定本行資訊安全政策、相關資訊安全之實施程序、監督風險與資訊安全稽核能力、宣導資安教育訓練。

(三) 市場風險

依本行「金融市場自營交易業務授權準則」針對不同業務設有交易員、交易室部位限額及停損限額，每日由專人於日中及日終進行檢視，損失達限額即應立即結清部位，避免市場風險，並每日按市價評估交易性部位損益。新產品、業務及系統推展或運作前，適當評估市場風險並考量其對本行之影響。

依金融產品訂定交易室部位總額及個別交易員部位限額以控制市場風險於合理範圍。交易性部位採即時或依每日市價評估為原則，並應每日評估一次，若為銀行本身業務需要辦理之避險交易，至少每月評估二次，且由風險管理處獨立評估，執行部位控管及停損限制。

(2) Risk Management Strategy

A. Credit Risk

1. Corporate Banking

To engage in stipulating stable and precise corporate banking lending and after-loan management processes, control asset quality; maintain an adequate ratio of lending industries, centralize management of corporate lending risk, and regularly adjust when necessary the above-said industry or corporate ratios in accordance with economic performance, industry trend, and the Bank's operating policy to diversify and reduce risk.

2. Consumer Banking and Credit Card Business

To Define precise lending guidelines and processes so as to achieve the steady and organic growth target; manage asset structure to ensure the proper allocation of portfolios, trace lending quality, review economic recovery, monitor changes of operating environment, and proactively adjust lending policies.

3. Small- and Medium-sized Enterprise Banking Business

To stipulate clearly the lending guidelines, operation process and after-loan management mechanism to small- and medium-sized enterprise clients to improve lending asset quality and achieve growth in scale; regulate lending product categories, implement asset structure management, ensure debt guarantee and proper portfolios; regularly monitor the changes in economic scenario, and proactively adjust lending policies and strategic objective.

B. Operational Risk

With effective and independent internal auditing, the Bank examines execution of its operational risk management. Aside from setting up follow-up mechanism for areas that require improvement, it also presents verification checking results in a timely manner to the Board of Directors. To strengthen the Bank's internal controls and prevent defaults, each bank business unit has established its own "self-auditing" system and the Auditing Dept. shall implement "general auditing" and "special auditing." The Bank also employs a "Compliance Officer" system to ensure that the Bank strictly abides by all regulations.

FEIB evaluates the frequency and seriousness of operational risks with regard to its daily operations and management process, and strives to transfer or write-off the loss and impact by way of insurance, outsourcing, and etc. With measures such as the implement of KYC (Know Your Customer), anti-laundry, internal control system, regulations, employee morale buildup and educational trainings, the Bank aims to lower the possibility of risk occurrence. The Bank has also set up information safety control guidelines conforming to the requirements of "ISO27001 Information Security Management System" including IT safety policies, process, supervision, audit and educational training to mitigate information risk.

C. Market Risk

The Bank controls trading risk held by every trading unit around various financial instruments and even whole trading room risk by setting up certain positions from specific clerk, stop-loss limits for all positions to different financial instruments and products to control market risk within a reasonable range. Special staff and teams check twice daily at noontime and end of day to review results, immediately squaring positions when reaching limits, and evaluating each day's gains or losses of un-squared positions. Before launching, promoting or operating new product, business or system, adequate evaluation of market risk should be performed to check its affect on the Bank.

In accordance with trading positions volumes of financial products and individual clerk's trading limit to control market risk within reasonable range. Trading positions will go through real time evaluations with reference to their daily market values, and should be evaluated once daily. As to hedge businesses deemed necessary by the Bank itself, should be evaluated at least twice per month and monitored independently by the Risk Management Department to execute position control and stop-loss limit.

捌、股東資訊

Shareholder Information

一、股份及股利 Shares and Dividends

(一) 股本來源 Sources of Capital

May 15, 2014

股 份 類 Types of Shares	核 定 股 本 Authorized Capital			備註 Note
	流通在外股份 Outstanding Shares	未 發 行 股 份 Non-issued Shares	合 計 Total	
普通股 Common Shares	2,727,118,264 股 shares	1,772,881,736 股 shares	4,500,000,000 股 shares	上市股票 Listed on the Taiwan Stock Exchange (TSE)

(二) 股東結構 Shareholder Structure

單位：股 Unit: per share

May 15, 2014

股 東 結 構 Shareholder Structure 數量 Quantity	政府機構 Government Institutions	金融機構 Financial Institutions	其他法人 Other Legal Persons	個人 Individuals	外國機構及 外人 Foreign Institutions and Foreigners	合計 Total
人 數 Number of People	4	26	202	68,326	154	68,712
持有股數(股) Number of Shares	18,155,307	61,947,778	1,420,215,612	957,724,894	269,074,673	2,727,118,264
持 股 比 例 (%) Percentage	0.66	2.27	52.08	35.12	9.87	100.00

(三) 股權分散情形 Shares Diversification

每股面額十元 Par Value NT\$10

May 15, 2014

持 股 分 級 Number of Share Range	股 東 人 數 (人) Number of Shareholders	持 有 股 數 (股) Number of Shares	持 股 比 例 (%) Percentage
1 至 999 股 shares	26,677	7,628,058	0.28
1,000 至 5,000 股 shares	20,470	47,449,989	1.74
5,001 至 10,000 股 shares	7,347	54,181,679	1.99
10,001 至 15,000 股 shares	5,417	68,251,986	2.50
15,001 至 20,000 股 shares	1,803	32,567,346	1.19
20,001 至 30,000 股 shares	2,167	53,820,561	1.97
30,001 至 50,000 股 shares	1,671	66,078,995	2.42
50,001 至 100,000 股 shares	1,471	106,038,368	3.89
100,001 至 200,000 股 shares	843	117,268,462	4.30
200,001 至 400,000 股 shares	416	116,941,070	4.29
400,001 至 600,000 股 shares	163	81,054,841	2.97
600,001 至 800,000 股 shares	55	38,394,034	1.41
800,001 至 1,000,000 股 shares	42	38,091,482	1.40
1,000,001 股以上 shares plus	170	1,899,351,393	69.65
合 計 Total	68,712	2,727,118,264	100.00

(四) 主要股東名單 Major Shareholders

單位：股 Unit: shares

May 15, 2014

主要股東名稱 Major Shareholders	股 份 Shares	持有股數(股) Number of Shares	持 股 比 例 (%) Percentage
裕元投資股份有限公司 Yu Yuan Investment Co., Ltd.		137,206,683	5.03
裕利投資股份有限公司 Yue-li Investment Company		121,516,290	4.46
亞洲投資股份有限公司 Asia Investment Corp.		111,576,837	4.09
德勤投資股份有限公司 Der Ching Investment Corp.		111,563,413	4.09
裕通投資股份有限公司 Yue-Tung Investment Corp.		107,800,242	3.95
遠鼎投資股份有限公司 Yuan Ding Investment Corp.		98,577,104	3.61
開元國際投資股份有限公司 Kai Yuan International Investment Corp.		88,929,067	3.26
鼎元國際投資股份有限公司 Ding Yuan International Investment Corp.		73,250,389	2.69
遠東新世紀股份有限公司 Far Eastern New Century Corporation		72,458,863	2.66
亞洲水泥股份有限公司 Asia Cement Corporation		65,120,828	2.39

註：係列明股權比例佔前十名之股東。

Note: Listed above are the Bank's top ten major shareholders.

二、信用評等 Ratings

在信用評等方面，經惠譽國際信評公司 (Fitch Ratings) 評等，本行評等為國內評等分別為長期評等 A(twn)、短期評等 F1(twn)，國際外幣評等之長期評等 BBB-、短期評等 F3，長期評等展望為穩定 (Stable)，屬投資等級穩健之金融機構。

The Bank's investment grade ratings were assessed by Fitch Ratings Limited to read as follows: National Rating Long-term A (twn), National Rating Short-term F1 (twn), Foreign Currency Rating Long-term BBB-, Foreign Currency Rating Short-term F3, and Foreign Currency Rating Outlook Stable. FEIB is considered a stable financial institution of investment grade.

評等項目 (Ratings)		2009/3/13	2010/9/27	2011/10/14	2012/10/09	2013/10/11
國際評等 Foreign Currency Rating	短期 Short-term	F3	F3	F3	F3	F3
	長期 Long-term	BBB-	BBB-	BBB-	BBB-	BBB-
	展望 Outlook	Negative	Stable	Stable	Stable	Negative
國內評等 National Rating	短期 Short-term	F1(twn)	F1(twn)	F1(twn)	F1(twn)	F1(twn)
	長期 Long-term	A (twn)	A(twn)	A (twn)	A (twn)	A (twn)
支援評等 Support Rating		4	4	4	4	4

玖、企業社會責任

Corporate Social Responsibility

本行自成立以來，除致力於提供客戶完善的金融相關服務，更不忘實踐企業公民之社會責任，長年投身各項公益活動，近幾年更大力推廣人文美學，期盼台灣社會不僅享有財富的豐饒，亦能領會藝術所帶來的心靈之美。以下為 2013 年本行主辦或參與的公益與人文美學活動。

一、關懷社會公益

1. 本行為伊甸社會福利基金會之長期公益夥伴，雙方自 1997 年聯名發行伊甸愛心卡、愛心存摺並開辦關懷遲緩兒公益希望存款，多年來除了活動專案贊助，本行更有計劃透過伊甸愛心卡刷卡金回饋，持續穩定捐款伊甸，至 2013 年底累計捐款金額突破 3,695 萬元；加計愛心卡、愛心存摺平台之大眾小額捐款金額則突破 6,100 萬元。此外本行贊助伊甸基金會所開發之「幼兒發展檢測」App，提供新生兒父母免費下載，藉由詳實的記錄與手機上的檢測，及早發現孩子的遲緩狀況，以掌握 6 歲前之黃金發展期，及早進行療育。該 App 於 2013 年 4 月推出，至年底用戶數突破三萬人次，並獲衛生福利部國民健康署肯定，頒發健康促進雲端加值應用評選優質獎。
2. 贊助「2013 新北歡樂耶誕城」活動，邀請本行客戶及眷屬參與各主題活動。

二、提昇生活品質

1. 本行與遠東集團關係企業共同贊助新北市政府耶誕歡樂城活動，於 2013 年 12 月假新北市府廣場舉辦耶誕點燈、音樂會與園遊會等，散播溫馨、感恩的佳節氣氛。
2. 本行第十屆信用卡 & 財富管理高爾夫邀請賽於 2013 年 6 月假大溪高爾夫俱樂部舉辦，延續往年以球會友的傳統，帶給遠銀客戶及好友們一個樂趣與驚喜交織的美好夏日。
3. 本行持續以行動支持台灣棒球運動，繼 2013 年 3 月合作世界棒球經典賽首輪賽，提供卡友購票優惠，與全國球迷共同集氣將中華隊推進東京八強賽。2013 年 11 月更舉辦中日經典棒球對抗賽，展現活力動能，召喚球迷重回球場為台灣棒球加油。
4. 本行 2013 年年底推出跨年煙火派對活動，邀請信用卡年度高額消費戶於跨年當晚假台北遠東國際大飯店享用精緻套餐與欣賞 2012 璀璨煙火，歡樂迎接新年到來。



持續投資人力發展

Continues Investments in Talent Developments

遠東商銀建構以職能導向的訓練體系，強化高階主管的策略規劃力，提升中階主管的創新領導力，培育初階主管的管理力，同時根植基層同仁的執行力，並持續儲備主管培訓計劃，也因投入員工培訓有成，連續 11 年獲勞動部補助肯定。

FEIB has designed competence-oriented trainings to strengthen senior management's strategic planning capability, elevate mid-level managers' innovative leadership, cultivate junior officers' management ability, enhance grass roots staffs' execution, and continues to engage in cultivating reserve managers. The Bank's consistent efforts in talent cultivation have been recognized with subsidies for 11 years in a row by the Minister of Labor.



FEIB has been a good corporate citizen since its establishment in 1992. Besides offering comprehensive financial services, the Bank is committed to exceeding its corporate social responsibilities. The Bank has long dedicated itself to sponsoring various social events and promoting arts in particular during recent years with the hope not only to enrich Taiwan's society, but also to understand the appreciation of the artistry beauty. The Bank's sponsorships for social welfare and aesthetic art events in 2013 are as follows:

(I) Caring for Social Welfare

1. The Bank has long partnered with the Eden Social Welfare Foundation to jointly issue the Eden Honor Card and Caring Deposit Book and opened Hope Deposit accounts to help children with development challenges since 1997. In addition to sponsoring charitable events over the years, through cash back program of cardholders' expenditure, donations have been made steadily to the Eden Social Welfare Foundation. Accumulated funds collected amounted to more than NT\$36.95 million at the end of 2013, combined with small amount donations from Honor Card and Caring Deposit Book, accumulated funds exceeded NT\$61 million. Furthermore, FEIB also sponsored "Early Detection of Children's Delayed Developments" App developed by the Eden Social Welfare Foundation allowing free download for parents of newborn babies to have early detection of any delayed development of toddlers through detailed record and simple test on mobile phones and therefore enabling them to start intervention early before children reaching 6 years of age. This App was launched in April 2013, until end of the year users exceeded 30,000 and this App received award from the Health Promotion Administration, Ministry of Health and Welfare as an excellent cloud value-added application.
2. Sponsored "2013 New Taipei Merry Christmas City" celebration and invited the Bank's customers and families of the staffs to attend various theme activities.

(II) Enriching Lively Events

1. In December 2013, the Bank joined with the Far Eastern Group to co-sponsor "2013 New Taipei Merry Christmas City" at New Taipei City Hall with festive features such as Christmas lighting, concerts, garden parties etc. to mark the holiday season.
2. The 10th "FEIB Credit Card and Wealth Management Golf Tournament" was held in June 2013 at Ta Shee Golf & Country Club, as a traditional sports gathering to bring a fun summer day for the Bank's customers and friends.
3. FEIB continued to support Taiwan's baseball games. After sponsoring the U. S. Major League Baseball (MLB) players and MLB All Star Games in Taiwan, the Bank also sponsored in March 2013 the first round matchup of 2013 World Baseball Classic (WBC) series, offered discount tickets for its cardholders. With the collaboration of devoted fans, Taiwan National Baseball Team advanced among the top 8 teams to participate in the second round of WBC matchup in Tokyo. In November 2013, the Bank sponsored the energetic Taiwan Japan Baseball Challenges, recalled baseball fans to return to the field and cheer for Taiwan's baseball games.
4. At the end of 2013, FEIB launched the count down fireworks party to invite high-spending credit card holders to enjoy exquisite banquet dinners at Shangri-La's Far Eastern Plaza Hotel, Taipei to watch the Taipei 101's New Year Fireworks Show and welcome arrival of the Happy New Year.



三、致力環境保護

1. 為降低紙張使用，持續提倡電子帳單，並推出 **ATM 無紙化**，2013 年第四季上線。
2. 本行打造節能減碳之綠色職場環境，於 2012 年啟動「e 極棒！」分行作業流程 e 化改造專案，已完成之項目包括客戶支票存款不足之通知、ATM 交易紀錄、ATM 系統流量及服務運作等監控機制等。「e 極棒」專案至 2013 年底所創造之有形節省效益為 15,345,330 元。此成果將無限延伸為往後之例行性效益，有效降低分行作業成本並達到節能減碳之目的。

四、推廣藝文美學

1. 本行於 2007 年發行之「921 重建校園之美」月曆，開啟本行月曆的人文美學風格。遠東集團成立 60 周年時，評選集團一甲子以來的 60 個影響力，本行月曆亦名列其中之一項影響力，代表遠東集團與遠東商銀善盡傳達生活美學的企業責任。2014 年月曆「台灣山海經」以台灣大學地理環境資源學系與行政院農委會林務局所共同推動的「台灣自然地景保育」為題材，持續藉由月曆，為客戶的居家生活增添知識的趣味與保育的觀念。

2. 本行推廣國際級表演藝術不餘遺力，與遠傳電信、遠東百貨、太平洋 SOGO 百貨等遠東集團關係企業共同贊助太陽劇團「OVO 蟲林森巴」台北演出，除提供客戶購票優惠與發行紀念贈品，更邀請表演團體學子觀摩世界級的演出。



贊助伊甸「幼兒發展檢測 App」獲獎
Awarded for Funding Eden's "Children's Development Test App"

遠東商銀贊助伊甸基金會開發「幼兒發展檢測 App」，提供新生兒及六歲以下幼兒父母免費下載，以早期發現幼兒成長遲緩現象，把握發育的黃金治療期。該 App 自去年四月推出以來，用戶數突破三萬人次，並榮獲衛生福利部國民健康署頒發「健康促進雲端加值應用評選優質獎」。

FEIB sponsored Eden Welfare Foundation's developing of "Children's Development Test App" to provide free download for parents of new borne babies and children under 6 years of age. Since being launched in April 2013, until end of the year users exceeded 30,000 and this App received award from the Health Promotion Administration, Ministry of Health and Welfare as an "Excellent cloud value-added application for health promotion".

(III) Dedicated to Environmental Protection

1. To cut down the usage of paper, FEIB continues to promote e-billings and launched in 4Q 2013 the paperless ATM.
2. To create eco-friendly green working environment, FEIB initiated "echiban!" branch process reform project since 2012. Already completed cases include e-notice of insufficient checking account balance, ATM transactions records, monitoring mechanism of ATM system flows and service operations, etc. Till end 2013, the "echiban" project has created tangible savings amounting to NT\$15,345,330 which can be further extended into routine benefits to effectively cut down bank branch's operating costs while achieving energy saving and low carbon emission.

(IV) Promoting Aesthetic Arts

1. "The Beauty of Reconstructed Campus after September 21st Earthquake" calendar published by FEIB in 2007 initiated the aesthetic style of the Bank's calendar design. During the Far Eastern Group's 60th anniversary celebration, a special edition was published to introduce the 60 major influential factors/images, the Bank calendar was chosen to represent FEG's and the Bank's commitment to promoting arts. The 2014 FEIB wall calendar titled "Taiwan Classic of Mountain and Sea" with the theme of "Preserving Taiwan's natural landscape" was jointly promoted by the Department of Geography, National Taiwan University, and the Forestry Bureau, Council of Agriculture, Executive Yuan.
2. FEIB has been committed to promoting world-class performances and co-sponsored with the Group's Far EasTone Telecommunications, Far Eastern Department Stores, and Pacific SOGO Department Stores Cirque du Soleil's big top production of "OVO" in Taipei. Aside from providing customers with discount on ticket purchase and issuing souvenirs, the Bank also invited students of performing arts to enjoy this world-renowned performance.



一路力挺台灣棒球 Consistently Supporting Taiwan's Baseball Games

遠東商銀一路為台灣棒球加油，連續四年行銷結合國際棒球賽事在台舉行。其中 2013 世界棒球經典賽臺中首輪賽，力挺中華隊前進東京八強賽，與國人共同見證台灣棒球風雲再起。年底再行銷結合中日經典棒球對抗賽，逐步建立力挺國球且國際化之企業形象。

FEIB has always been supporting Taiwan's baseball and has sponsored international games in Taipei for four consecutive years. In the first round matchup of the 2013 World Baseball Classic (WBC) held in Taichung, the Bank and fans witnessed Taiwan National Baseball Team to advance among the top 8 teams for the second round of WBC matchup in Tokyo. At yearend, FEIB sponsored again games of the Taiwan Japan Baseball Challenges to establish the Bank's global corporate image of supporting this national sport.

壹拾、集團綜效

Group Synergy



遠東銀行由實業家徐有庠先生創辦，為遠東集團金融服務事業版圖之知名企業，遠東企業集團由紡織業崛起，經歷 60 餘年持續投資拓展，遂行產業垂直與水平整合，目前集團經營領域涵蓋石化能源、聚酯化纖、水泥建材、百貨零售、海陸運輸、金融服務、通訊網路、營造建築、觀光旅館、社會公益等 10 大領域，事業體系橫跨製造業、服務業與高科技產業，2013 年資產總額超過 697 億美元，並與全球知名廠商策略聯盟，營運觸角遍及全世界，近年來持續深耕台灣，佈局大陸，營業額突破 222 億美元，目前共有 9 家上市企業，為台灣國際化及創新企業的標竿。

不斷為顧客、為股東創造新的價值，是遠東集團始終堅持的目標，致力經營旗下每一個事業體，都成為該產業第一流的公司，秉持一貫的經營宗旨，遠東集團分佈在台灣、大陸、加拿大、香港、新加坡、馬來西亞、泰國、越南、日本等十餘個國家及地區，為數 5 萬 7 千餘名訓練嚴謹、熱忱敬業的高素質員工，結合先進的科技知識、技術、設備與管理，產銷高品質的能源、化纖原料、紡織服飾、水泥建材等商品，並提供百貨零

售、金融、運輸、通訊、醫療、教育等全方位、多元化的服務。

在追求卓越的同時，遠東集團致力於提升員工福利與環境保護，以促進人與環境的和諧與平衡。遠東集團所有經營活動皆以保護環境品質及有效運用地球資源為中心，不但提供員工完整的訓練，良好的工作環境，並鼓勵終身學習以吸收新知，提升技能；配合研發創新，以不傷害環境的生產模式，製造最佳的產品，提供貼心的服務。

從企業經營的角度來看，外部環境的變化我們或許無法改變，但我們可以調整自己，對環境作出「應變」。回顧 60 餘年前，遠東集團橫跨海峽來到台灣建立事業，爾後數十年的發展，歷經二次石油危機、亞洲金融風暴、網路泡沫、911 恐怖攻擊、SARS 危機及金融海嘯，遠東關係企業無不回歸基本，秉持「誠勤樸慎」及「創新」的立業精神，結合員工、顧客及供應商突破難關，轉「危」為「機」。擁有豐富的集團關係企業資源，一直是本行在激烈競爭的金融環境中較同業享有之優勢，本行除持續朝關係企業資源整合的既定目標努力，亦積極開發其他新種產品，如推出遠東 New Century 信用卡、Happy Go Inside 信用卡，整合集團的服務和資源，滿足顧客最大的需求，為國內集團資源整合的績優典範。

遠東集團結合食、衣、住、行、育、樂等生活所需，是國內唯一橫跨各項消費領域的企業集團，其中金融服務事業包含遠東商銀、亞東證券、遠銀租賃、亞東投顧、德銀遠東投信、遠銀資產管理、遠銀保代、遠智證券等公司。本行擁有如此多元及豐富的集團資源，未來更將發揮遠東集團橫跨兩岸之廣大客戶基礎優勢，掌握趨勢、創造契機，開拓兩岸三地金融業務契機，成為大中華區首屈一指的專業銀行。

誠 勤 樸 慎 創新

Sincerity Diligence Thrift Prudence Innovation

Established by the Group Founder Mr. Y. Z. Hsu, Far Eastern International Bank (FEIB) is the flagship company of Far Eastern Group's financial services. Starting from textiles and after more than 60 years of vertical and horizontal integration and expansion, FEG has developed into a leading diversified business conglomerate. With total assets exceeding US\$69.7 billion in 2013, the Group's global operations cover ten major industries including polyester fibers, petrochemicals, cement and construction, retail, transportation, financial services, telecommunications & internet, hotel and philanthropies. FEG has also formed strategic alliances and joint ventures with many world-renowned corporations and organizations. Based in Taiwan and extending well into mainland China, the Group with 9 listed companies has generated revenues surpassing US\$22.2 billion in 2013 and served as top performer in terms of globalization and innovation.

Far Eastern Group has always been committed to creating new value for its customers and shareholders. The Group's affiliated companies are in lead of their respective fields. With the majority of operations located in Taiwan, China, Canada, Hong Kong, Singapore, Malaysia, Thailand, Vietnam, Japan the Group's 57,000 well-trained and dedicated staffs, coupled with advanced technology, state-of-the-art facilities and management, manufacture and sell high-quality products ranging from power, chemical fibers, textiles/apparel, cement and construction, and offer comprehensive, diversified services in the fields of retail, finance, transportation, telecom, medical care, and higher education, etc.

While seeking excellence, FEG also focuses on improving employee benefits and environmental protection to draw the balance between people and the planet earth. All the Group's operations aim to make effective use of global resources. Staffs benefit from extensive training programs and enjoy a good working environment. Additionally, lifelong learning is encouraged for them to absorb new knowledge and enhance skills. With continuous R&D and innovation, the Group manufactures excellent products and delivers value-added services in an environment-friendly way.

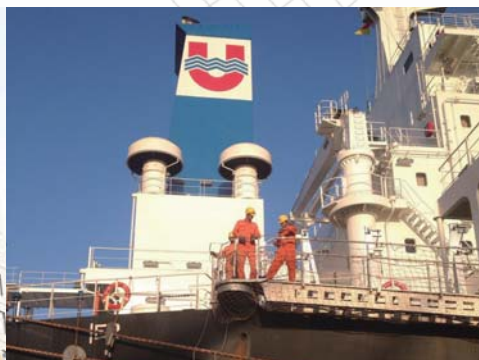
From operation perspective, FEIB may not be able to change external environment but the Bank can certainly respond and adapt to changes. More than 60 years ago, FEG moved from mainland China to Taiwan and established its businesses. During the following decades of economic developments, the Group had encountered two oil crises, the Asian financial crisis, Internet bubble, September 11th terrorist attacks, the outbreak of SARS, and financial tsunami. The Group has always been committed to its founding motto of "Sincerity, Diligence, Thrift, Prudence and Innovation" to join forces with its staff, customers and suppliers to overcome adversity and transform challenges into opportunities. FEIB's competitive edge has long been its abundant resources under the Group as compared to other financial institutions facing intense competition. The Bank has been actively developing services and products such as Far Eastern New Century Card and Happy Go Inside Card to fully integrate the Group's services and resources to satisfy our clients' comprehensive needs that exemplify as a role model of a conglomerate in Taiwan.

FEG is Taiwan's only conglomerate that spans all walks in life, such as food, apparel, housing, transportation, education and recreation. The Group's financial business comprises Far Eastern International Bank, Oriental Securities, Far Eastern International Leasing, Oriental Securities Investment Advisory, Deutsche Far Eastern Asset Management, Far Eastern Insurance Agency and Far Eastern International Securities, etc. Taking advantage of the Group's diverse and abundant resources and ample cross-strait customer base, FEIB aims to seize business opportunities and explore financial businesses in Taiwan, Hong Kong and China to become an outstanding bank in the Greater China region.



遠東集團事業關聯圖

Business Structure of Far Eastern Group





金融服務事業 Financial Services Bus.

遠東國際商業銀行 (FEIB)

遠智證券 (FEIS)
亞東證券 (OSC)
亞東證券投顧 (OSIA)
德銀遠東投信 (DWS)
遠銀租賃 (FEIL)
遠銀資產管理 (FEAMC)
遠銀保險代理人 (FEINS)

社會公益事業 Philanthropic Organizations

徐元智先生紀念基金會 (FEMF)
徐元智先生醫藥基金會 (FEMDF)
徐有庠先生紀念基金會 (YZHMF)
亞東紀念醫院 (FEMH)
遠東聯合診所 (FEUCC)
元智大學 (YZU)
亞東技術學院 (OIT)
豫章工商 (YCVS)

營造建築事業 Construction Bus.

遠揚建設 (FECC)
遠揚營造 (FEGCI)
遠鼎公司 (YDC)
遠東資源開發 (FERD)
遠東建經 (FETC)

觀光旅館事業 Hotel Bus

香格里拉遠東國際大飯店 (台北)
(Shangri-La's FEPH, Taipei)
香格里拉遠東國際大飯店 (台南)
(Shangri-La's FEPH, Tainan)

通訊網路事業 Communication & Internet Bus.

遠傳電信 (Far EasTone)
和宇寬頻網路 (KGEX)
全虹企業 (ARCOA)
遠通電收 (FETC)
安源通訊 (Qware)

註：遠東集團目前轄下經營領域涵蓋十大產業。

Note: The Far Eastern Group now operates in 10 different industry sectors



壹拾壹、其他資訊

2013 年度大事記要

1
月

★贊助 2013 世界棒球經典賽台中首輪賽，力挺中華隊前進東京八強賽，並推出預購門票、購票優惠及門票抽獎等行銷活動。

2
月

★開辦國內銀行 DBU 人民幣業務，同時新增預約人民幣換匯業務。

★發行 1.5 億美元海外可轉換金融債券（ECB）。

3
月

★新增「企業網路銀行線上開發信用狀」申請服務，以數位簽章放行取代實體用印，免除紙本傳真作業。

4
月

★獲中華民國國際演講協會 (Toastmasters International) 頒發「總會長獎」(District Governor Award)，為台灣區唯一獲獎銀行，肯定本行對於國際演講協會宗旨的認同與推動。

5
月

★使用集保基金下單自動化資訊傳輸服務，為台灣首家國內外基金同時自動化下單且基金公司上線家數最多之銀行。

6
月

★假台北市國軍英雄館召開 2013 年股東常會。

★假桃園大溪球場舉辦「第十屆遠東商銀信用卡&財富管理高爾夫邀請賽」，邀請 VIP 客戶參與。

7
月

★結合遠傳電信共推「遠東 HAPPY GO NFC 手機信用卡」試辦服務。

★榮獲今週刊第七屆財富管理銀行評鑑「最佳潛力獎」。

8
月

★推出「遠銀 i 兌換」App，客戶透過此手機 App 隨時獲得 HAPPY GO 兌點情報並立即兌換。

★發展跨境企金平台，主辦與中國三江化工集團旗下佳都國際有限公司總授信額度美金 1 億元之兩年期聯貸案。

9
月

★與台灣地區萬事達卡組織合推台灣首創 inControl 虛擬卡號網路防盜刷服務。

★推出全國首創「觸觸發」基金觸價下單服務，提供客戶申購及贖回雙向基金觸價下單之新功能。

★因應國道於 2013 年底全面轉換實施計程電子收費方式，推出唯一具 HAPPY GO 集點功能的 eTag 聯名卡。

10
月

★假台北遠東飯店召開 2013 年第 1 次股東臨時會，通過新臺幣 50 億元之現金增資案。

★領先同業推出「FETP 外匯保證金網際網路交易平台」，方便客戶使用網路下單交易。

★於 101 大樓設立台北 101 分行，提供私人銀行級的高端理財服務。

★與桑德國際有限公司完成總授信額度美金 1 億 1 千萬之五年期聯貸簽約案，佈局跨兩岸三地之企金平台再躍進。

11
月

★行銷結合 2013 中日經典棒球對抗賽共 3 場，回饋卡友獨家優先購票，再享卡友全程購票優惠，強化本行力挺國球之國際企業形象。

★與遠傳電信、遠東百貨等遠東集團關係企業共同協辦太陽劇團「OVO 蟲林森巴」台北演出。

12
月

★與遠東百貨、遠傳電信等遠東集團關係企業二度贊助新北市政府耶誕歡樂城活動。

★以台大地理環境資源系與農委會林務局所推動之「台灣自然地景保育」為主題，推出 2014 年月曆「台灣山海經」。

★贊助伊甸基金會開發之「幼兒發展檢測 App」獲衛生福利部國民健康署頒發健康促進雲端加值應用評選優質獎。該 App 於 5 月推出，提供 6 歲幼兒之父母免費下載。

★「中租控股新加坡下市回台上市案」因開創企業金融成功模式，獲遠東集團「遠東精神獎」前瞻創性類優等獎。

Other Information

Significant FEIB Events in 2012

Jan	★ Sponsored the first round match of 2013 World Baseball Classic in Taichung, supported Taiwan National Baseball Team to advance among the top 8 teams, offered promotions on ticket discount and free ticket draw.
Feb	★ Launched Domestic Banking Unit (DBU) RMB business, and added pre-set currency swap of RMB. ★ Issued US\$150 million worth of Euro Convertible Bonds (ECB) overseas.
Mar	★ Launched the application for "Issuing Letters of Credit via Internet Banking", adopted digital signatures to replace physical stamps and waived faxing papers.
Apr	★ Taiwan's only bank to receive the "District Governor Award" by Toastmasters International Club in recognition of FEIB's support of this international association's promoting speech in English.
May	★ Employed automatic data transmission service of mutual funds transaction, FEIB is Taiwan's first bank to launch simultaneously the auto transactions of domestic and overseas mutual funds, and offered highest numbers of mutual funds online.
Jun	★ The Bank's 2013 Shareholders' Meeting was held in Taipei. ★ The 10th "FEIB Credit Card and Wealth Management Golf Tournament" was held at Ta Shee Golf & Country Club for the Bank's VIP customers to attend.
July	★ Combined with Far EasTone Telecommunications to launch the "FEIB HAPPY GO NFC credit card" mobile payment trial service. ★ FEIB received "Best Potential Award" of the 7th Wealth Management Bank Review made by the Business Today magazine.
Aug	★ Launched "FEIB iBonus Redemption" App, customers may check any time on this handset App to inquire about HAPPY GO reward points and make instant redemption. ★ To develop platform of cross-border corporate banking, FEIB served as lead manager in the US\$100 million syndicated loan for the duration of two years with China Sanjiang Fine Chemical Company Ltd.
Sep	★ Partnering with MasterCard Taiwan to launch Taiwan's first innovative "inControl" virtual card number online service as a secured payment solution. ★ Launched Taiwan's first innovative "Market-if-Touched" (觸觸發) order for the new service of purchasing and redeeming mutual fund investments. ★ To comply with the distance-based toll charging system started at end 2013, FEIB launched the eTag credit card, the only co-brand card to be integrated with the HAPPY GO cross industry points earning system.
Oct	★ Held the 2013 first Extraordinary Shareholders' Meeting at Shangri-La's Far Eastern Plaza Hotel, Taipei, and approved issuance of common stocks for cash in the amount of NT\$5 billion. ★ Lead in launching "FETP Foreign Exchange Margin Trading Online Platform" to facilitate customers to place online orders. ★ Opened Taipei 101 Branch to provide high-end private banking services. ★ FEIB successfully led a \$110 million five-year syndication loan agreement with Sound Global (HK) Ltd., another big achievement of the Bank's deployment in the cross-border corporate finance business.
Nov	★ Marketing bond with three games of Taiwan Japan Baseball Challenges, allowing FEIB cardholders to purchase tickets with exclusive priority and discount, strengthening the Bank's international enterprise image to support the nation's baseball games. ★ Co-sponsored with the Group's Far EasTone Telecommunications, Far Eastern Department Stores, etc. the performance of "OVO" by Cirque du Soleil in Taipei.
Dec	★ Co-sponsored for the second time with the Group's Far Eastern Department Stores and Far EasTone Telecommunications "New Taipei Merry Christmas City" event organized by New Taipei City Government. ★ Published 2014 "Taiwan Classic Mountain and Sea" calendar with the theme of "preserving Taiwan's natural landscape" promoted by the Department of Geography, National Taiwan University, and Forestry Bureau, Council of Agriculture, Executive Yuan. ★ Funded Eden Welfare Foundation's App development of "Children's First Mile" which received "Health Promotion Cloud Value-Added Application Excellence Award" from the Ministry of Health and Welfare. This App was launched in May to provide free download for parents with children under six years of age. ★ The leading landmark case of "Chailease Holding Co. Delisted from the Singapore Stock Exchange and Listed in the Taiwan Stock Exchange" received the Innovation Merit Prize of the Far Eastern Spirit Award.



本行各營業單位地址及電話表

單位名稱	地 址	電 話
總行	106 台北市大安區敦化南路二段 207 號 27 樓	(02) 2378-6868
營業部	106 台北市大安區敦化南路二段 207 號 1 樓	(02) 2378-6868
國外部	103 台北市大同區重慶北路一段 30 號 2 樓	(02) 2550-8811
信託部	100 台北市中正區襄陽路 1 號 5 樓	(02) 2312-3636
信用卡部	220 新北市板橋區文化路二段 182 巷 3 弄 33 號	(02) 8073-1166
台北襄陽分行	100 台北市中正區襄陽路 1 號	(02) 2381-4567
台北南門分行	100 台北市中正區羅斯福路一段 40 號	(02) 2392-6955
台北忠孝分行	100 台北市中正區忠孝東路一段 112 號	(02) 2327-8898
台北東門分行	100 台北市中正區信義路二段 135 號	(02) 2356-7711
台北重慶分行	103 台北市大同區重慶北路一段 30 號	(02) 2550-6600
台北松江分行	104 台北市中山區松江路 59 號	(02) 2505-5533
台北松山分行	105 台北市松山區南京東路五段 171 號	(02) 8787-6668
台北逸仙分行	110 台北市信義區基隆路一段 200 之 3 號	(02) 2722-9558
台北永吉分行	110 台北市信義區中坡北路 7 號	(02) 8785-5788
台北中山分行	104 台北市中山區民生東路一段 70 號	(02) 2523-8899
台北古亭分行	100 台北市中正區羅斯福路三段 50 號	(02) 2369-5600
台北信義分行	110 台北市信義區光復南路 505 號	(02) 2720-7755
台北南京東路分行	104 台北市中山區南京東路三段 101 號	(02) 7702-9766
台北大稻埕分行	103 台北市大同區延平北路二段 86 號	(02) 2558-6186
台北 101 分行	110 台北市信義路五段 7 號台北 101 大樓 51-1	(02) 8101-0168
板橋南雅分行	220 新北市板橋區南雅南路二段 172 號	(02) 8966-3339
板橋文化分行	220 新北市板橋區文化路二段 1 號	(02) 2255-6499
板橋中正分行	220 新北市板橋區中正路 226、228 號	(02) 2272-6088
蘆洲分行	247 新北市蘆洲區三民路 38 號 1 樓	(02) 7730-6978
新店分行	231 新北市新店區北新路三段 98 號	(02) 2910-6060
永和分行	234 新北市永和區福和路 222 號	(02) 2232-6500
中和分行	235 新北市中和區中正路 748 號	(02) 8226-9000
雙和分行	234 新北市永和區中和路 535 號 1、2 樓	(02) 7717-6668
三重分行	241 新北市三重區福德北路 46 號	(02) 8973-1133
台北新莊分行	242 新北市新莊區復興路一段 209 號	(02) 8991-3366
新莊富國分行	242 新北市新莊區富國路 6 號	(02) 2901-6868
林口分行	333 桃園縣龜山鄉復興一路 227 號	(03) 397-3888

Operation Locations

Operating Unit	Address	Telephone Number
Head Office	27F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(02) 2378-6868
Business Department	1F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(02) 2378-6868
International Banking Department	2F, No. 30, Chongqing N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(02) 2550-8811
Trust Department	5F, No. 1, Shiangyang Rd., Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2312-3636
Credit Card Department	No. 33, Ally. 3, Lane 182, Wenhua Rd., Sec. 2, Banqiao City, New Taipei City 220, Taiwan	(02) 8073-1166
Taipei Shiangyang Branch	No. 1, Shiangyang Rd., Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2381-4567
Taipei Nanmen Branch	No. 40, Roosevelt Rd., Sec. 1, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2392-6955
Taipei Junghsiau Branch	No. 112, Junghsiau E. Rd., Sec. 1, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2327-8898
Taipei Tungmen Branch	No. 135, Sinyi Rd., Sec. 2, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2356-7711
Taipei Chungching Branch	No. 30, Chungching N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(02) 2550-6600
Taipei Sungjiang Branch	No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	(02) 2505-5533
Taipei Sungshan Branch	No. 171, Nanjing E. Rd., Sec. 5, Sungshan Dist., Taipei City 105, Taiwan	(02) 8787-6668
Taipei Yisen Branch	No. 200-3, Keelung Rd., Sec. 1, Sinyi Dist., Taipei City 110, Taiwan	(02) 2722-9558
Taipei Yungi Branch	No. 7, Jhongpo N. Rd., Sinyi Dist., Taipei City 110, Taiwan	(02) 8785-5788
Taipei Zhongshan Branch	No. 70, Minsheng E. Rd., Sec. 1, Zhongshan Dist., Taipei City 104, Taiwan	(02) 2523-8899
Taipei Guting Branch	No. 50, Roosevelt Rd., Sec. 3, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2369-5600
Taipei ShingYi Branch	No. 505, Guangfu S. Rd., Shinyi Dist., Taipei City 106, Taiwan	(02) 2720-7755
Taipei Nanjing East Road Branch	No. 101, Nanjing E. Rd., Sec. 3, Zhongshan Dist., Taipei City 104, Taiwan	(02) 7702-9766
Taipei Dadaocheng Branch	No. 86, Yenping North Road, Sec. 2, Tatung Dist., Taipei City 103, Taiwan	(02) 2558-6186
Taipei 101 Branch	51F-1, Taipei 101 Building, No. 7, Hsin Yi Rd., Sec. 5, Taipei 110, Taiwan	(02) 8101-0168
Banqiao Nanya Branch	No. 172, Nanya S. Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(02) 8966-3339
Banqiao Wenhua Branch	No. 1, Wenhua Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(02) 2255-6499
Banqiao Zhongjeng Branch	No. 226 & 228, Zhongjheng Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(02) 2272-6088
Luzhou Branch	No. 1, Sanming Rd., Luzhou Dist. New Taipei City 247, Taiwan	(02) 7730-6978
Sindian Branch	No. 98, Beixin Rd., Sec. 3, Sindian Dist., New Taipei City 231, Taiwan	(02) 2910-6060
Yunghe Branch	No. 222, Fuhe Rd., Yunghe Dist., New Taipei City 234, Taiwan	(02) 2232-6500
Zhunghe Branch	No. 748, Zhongjheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan	(02) 8226-9000
Shuanghe Branch	1F & 2F, No. 535, Zhonghe Rd., Yunghe Dist., New Taipei City 234, Taiwan	(02) 7717-6668
Sanchung Branch	No. 46, Fude N. Rd., Sanchung Dist., New Taipei City 241, Taiwan	(02) 8973-1133
Taipei Shinjuang Branch	No. 209, Fusing Rd., Sec. 1, Shinjuang Dist., New Taipei City 242, Taiwan	(02) 8991-3366
Shingjuang Fuguo Branch	No. 6, Fuguo Rd., Shingjuang Dist., New Taipei City 242, Taiwan	(02) 2901-6868
Lin Ko Branch	No. 227, Fushing 1 st Rd., Gueishan Township, Taoyuan County 333, Taiwan	(03) 397-3888



單位名稱	地 址	電 話
桃園分行	330 桃園縣桃園市南華街 78 號	(03) 339-6339
桃園大興分行	330 桃園縣桃園市大興西路二段 6 號	(03) 301-8966
中壢分行	320 桃園縣中壢市延平路 372 號	(03) 427-9696
新竹巨城分行	300 新竹市中央路 243 號	(03) 533-8168
新竹科園分行	300 新竹市科學園區園區二路 11 號 3 樓	(03) 579-8833
新竹經國分行	300 新竹市經國路二段 100 號	(03) 533-3131
竹北分行	302 新竹縣竹北市光明六路 39-41 號	(03) 553-6699
台中自由分行	400 台中市市區自由路二段 131 號	(04) 2225-2008
台中公益分行	403 台中市西區公益路 367 號	(04) 2328-8666
台中文心分行	406 台中市北屯區文心路四段 698 號	(04) 2230-6689
台中大雅分行	404 台中市北區文心路四段 180 號	(04) 2297-3266
大里分行	412 台中市大里區益民路二段 121 號	(04) 2482-3899
彰化分行	500 彰化縣彰化市民生路 233 號	(04) 728-9188
南投分行	540 南投縣南投市三和二路 11 號	(049) 222-3311
嘉義分行	600 嘉義市文化路 272 號	(05) 278-5911
台南分行	701 台南市東區東門路二段 2 號	(06) 208-9898
永康分行	710 台南市永康區中正北路 37 號	(06) 253-0400
崇德分行	710 台南市東區崇道路 87 號	(06) 290-7290
高雄中正分行	800 高雄市新興區中正四路 49 號	(07) 251-8199
高雄文化中心分行	802 高雄市苓雅區四維二路 96 號	(07) 715-5678
高雄五福分行	803 高雄市鹽埕區大勇路 106 號	(07) 533-3820
高雄苓雅分行	802 高雄市苓雅區青年一路 191 號	(07) 336-9066
鳳山分行	830 高雄市鳳山區青年路二段 201 號	(07) 777-8600
台北農安簡易型分行	104 台北市中山區農安街 12 之 1 號	(02) 2592-2255
台北金湖簡易型分行	114 台北市內湖區民權東路六段 495 號	(02) 2630-5788
三重重陽簡易型分行	241 新北市三重區重陽路四段 39 號 1、2 樓	(02) 8983-8366
桃園大有簡易型分行	330 桃園縣桃園市大有路 480、482 號	(03) 346-9688
香港分行	香港中環皇后大道中 8 號 20 樓	(852) 2167-8183
板橋中本分行	220 新北市板橋區新站路 18 號	(02) 7729-0616

註：板橋中本分行預計 2014 年第 3 季開幕

Operating Unit	Address	Telephone Number
Taoyuan Branch	No. 78, Nanhua St., Taoyuan City, Taoyuan County 330, Taiwan	(03) 339-6339
Taoyuan Tashin Branch	No. 6, Tashin W. Rd., Sec. 2, Taoyuan City, Taoyuan County 330, Taiwan	(03) 301-8966
Jhongli Branch	No. 372, Yanping Rd., Zhongli City, Taoyuan County 320, Taiwan	(03) 427-9696
Hsinchu BigCity Branch	No. 243, Zhong Yang Road, Hsinchu City 300, Taiwan	(03) 533-8168
Hsinchu Science Based Industrial Park Branch	3F, No. 11, Yuanchiu 2 nd Rd., Hsinchu City 300, Taiwan	(03) 579-8833
Hsinchu Jinguo Branch	No. 100, Jinguo Rd., Sec. 2, Hsinchu City 300, Taiwan	(03) 533-3131
Jubei Branch	No. 39-41, Guangming 6 th Rd., Jubei City, Hsinchu County 302, Taiwan	(03) 553-6699
Taichung Tzyou Branch	No. 131, Tzyou Rd., Sec. 2, Central Dist., Taichung City 400, Taiwan	(04) 2225-2008
Taichung Gungyi Branch	No. 367, Gongyi Rd., West Dist., Taichung City 403, Taiwan	(04) 2328-8666
Taichung Wenshin Branch	No. 698, Wenshin Rd., Sec. 4, Beitun Dist., Taichung City 406, Taiwan	(04) 2230-6689
Taichung Taya Branch	No. 180, Wunsin Rd., Sec. 4, North Dist., Taichung City 404, Taiwan	(04) 2297-3266
Tali Branch	No. 121, Yimin Rd., Sec. 2, Dali Dist., Taichung City 412, Taiwan	(04) 2482-3899
Changhua Branch	No. 233, Minsheng Rd., Changhua City, Changhua County 500, Taiwan	(04) 728-9188
Nantou Branch	No. 11, Sanhe 2 nd Rd., Nantou City, Nantou County 540, Taiwan	(049) 222-3311
Chiayi Branch	No. 272, Wunhua Rd., Chiayi City 600, Taiwan	(05) 278-5911
Tainan Branch	No. 2, Dongmen Rd., Sec. 2, East Dist., Tainan City 701, Taiwan	(06) 208-9898
Yung Kang Branch	No. 37, Zhongshan N. Rd., Yungkuang Dist., Tainan City 710, Taiwan	(06) 253-0400
Jhongte Branch	No. 87, Zhongdao Rd., East Dist., Tainan City 701, Taiwan	(06) 290-7290
Kaohsiung Jungjeng Branch	No. 49, Zhongzheng 4 th Rd., Xinxing Dist., Kaohsiung City 800, Taiwan	(07) 251-8199
Kaohsiung Cultural Center Branch	No. 96, Sihwei 2 nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan	(07) 715-5678
Kaohsiung Wufu Branch	No. 106, Dayong Rd., Yancheng Dist., Kaohsiung City 803, Taiwan	(07) 533-3820
Kaohsiung Lingya Branch	No. 191, Cingnian 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan	(07) 336-9066
Fengshan Branch	No. 201, Cingnian Rd., Sec. 2, Fengshan Dist., Kaohsiung City 830, Taiwan	(07) 777-8600
Taipei Nun-An Branch	No. 12-1, Nun-An St., Zhongshan Dist., Taipei City 104, Taiwan	(02) 2592-2255
Taipei Jinhua Branch	No. 495, Minchuan E. Rd., Sec. 6, Neihu Dist., Taipei City 114, Taiwan	(02) 2630-5788
Sanchung Chungyang Branch	1F & 2F, No. 39, Chungyang Rd., Sec. 4, Sanchung Dist. New Taipei City 241, Taiwan	(02) 8983-8366
Taoyuan Tayu Branch	No. 480-482, Tayu Rd., Taoyuan City, Taoyuan County 330, Taiwan	(03) 346-9688
Hong Kong Branch	20/F, No. 8, Queen's Road, Central, Hong Kong	(852) 2167-8183
Banqiao Chonben Branch	No. 18, Xinzan Rd., Banqiao Dist., New Taipei City 220, Taiwan	(02) 7729-0616

*Banqiao Chonben Branch is expected to open in Q3, 2014.



壹拾貳 合併財務報表

Consolidated Financial Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern International Bank Ltd.

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

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

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

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

Deloitte & Touche

March 4, 2014

Notice to Readers

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

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 4,397,645	1	\$ 5,596,551	1	\$ 6,002,314	1
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Notes 7, 40 and 41)	88,827,255	18	82,818,608	18	86,739,190	20
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 8, 40 and 46)	18,795,444	4	16,110,835	3	13,806,866	3
DERIVATIVE FINANCIAL ASSETS FOR HEDGING (Notes 4, 9, 24 and 46)	111,034	-	180,242	-	252,233	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Notes 4, 10 and 40)	23,006,325	5	23,741,992	5	850,505	-
RECEIVABLES, NET (Notes 4, 5, 11, 12 and 46)	20,672,272	4	20,781,182	4	21,950,813	5
DISCOUNTS AND LOANS, NET (Notes 4, 5, 12, 40 and 46)	292,517,032	59	280,219,426	60	269,460,381	61
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 13, 29, 41 and 46)	21,735,693	4	11,865,864	3	14,945,412	3
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 5, 14 and 46)	3,105,972	1	2,224,301	1	3,927,905	1
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4, 15 and 29)	2,365,826	-	2,368,548	1	2,472,387	1
DEBT INVESTMENTS WITH NO ACTIVE MARKET (Notes 4, 16 and 46)	8,477,868	2	10,713,828	2	9,293,780	2
OTHER FINANCIAL ASSETS, NET (Notes 4, 12, 17 and 46)	2,748,522	1	3,059,511	1	2,634,750	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	2,814,164	1	2,879,693	1	2,943,673	1
INTANGIBLE ASSETS, NET (Notes 4, 5 and 19)	1,830,904	-	1,868,048	-	1,905,193	1
DEFERRED TAX ASSETS (Notes 4, 5 and 38)	576,972	-	928,575	-	1,115,762	-
OTHER ASSETS, NET (Notes 4 and 20)	206,250	-	226,072	-	552,761	-
TOTAL	\$ 492,189,178	100	\$ 465,583,276	100	\$ 438,853,925	100
LIABILITIES AND EQUITY						
LIABILITIES						
Due to the Central Bank and other banks (Note 21)	\$ 13,782,129	3	\$ 11,674,958	3	\$ 11,785,731	3
Financial liabilities at fair value through profit or loss (Notes 4, 5, 8, 24, 40 and 46)	7,288,065	1	3,745,032	1	4,384,840	1
Derivative financial liabilities for hedging (Notes 4, 9, 24 and 46)	12,631	-	12,819	-	13,093	-
Payables (Notes 22 and 27)	13,502,992	3	5,560,371	1	4,495,320	1
Current tax liabilities (Notes 4 and 38)	10,870	-	113,131	-	124,723	-
Deposits and remittances (Notes 23, 40 and 46)	398,305,940	81	391,933,266	84	369,998,562	84
Bank debentures (Notes 4, 8, 9, 24 and 26)	27,103,885	6	23,072,123	5	20,230,280	5
Other financial liabilities (Notes 8, 13, 25, 40 and 46)	2,060,491	-	1,908,070	-	2,211,286	-
Provisions (Notes 4, 5, 12, 26 and 27)	754,125	-	697,845	-	690,680	-
Other liabilities (Note 28)	414,966	-	432,374	-	427,437	-
Total liabilities	463,236,094	94	439,149,989	94	414,361,952	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 4, 13, 15, 29 and 45)						
Share capital	23,621,182	5	22,422,596	5	21,185,604	5
Capital surplus	34,923	-	22,348	-	19,706	-
Retained earnings						
Legal reserve	2,511,684	-	1,742,672	-	1,030,702	-
Special reserve	179,722	-	4,554	-	4,554	-
Unappropriated earnings	2,903,770	1	2,405,786	1	2,228,393	1
Total retained earnings	5,595,176	1	4,153,012	1	3,263,649	1
Other equity						
Exchange differences on translating foreign operations	16,264	-	9,131	-	12,762	-
Unrealized gain (loss) on available-for-sale financial assets	(314,461)	-	(173,800)	-	10,252	-
Total other equity	(298,197)	-	(164,669)	-	23,014	-
Total equity	28,953,084	6	26,433,287	6	24,491,973	6
TOTAL	\$ 492,189,178	100	\$ 465,583,276	100	\$ 438,853,925	100

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31				Percentage Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 4, 30 and 40)	\$ 11,263,921	118	\$ 9,644,265	113	17
INTEREST COST (Notes 30 and 40)	<u>6,379,554</u>	<u>67</u>	<u>5,499,120</u>	<u>64</u>	16
NET INTEREST INCOME	<u>4,884,367</u>	<u>51</u>	<u>4,145,145</u>	<u>49</u>	18
NONINTEREST INCOME AND GAINS, NET					
Net service fee income (Notes 4 and 31)	2,896,139	30	2,571,922	30	13
Net gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 8, 9, 32, 40 and 46)	1,097,798	12	1,070,616	13	3
Net gain on available-for-sale financial assets (Notes 4, 29 and 33)	47,402	-	303,111	4	(84)
Net foreign exchange gain (Note 4)	199,908	2	21,830	-	816
Net gain on reversal of provision for asset impairment loss (Notes 4, 16, 17 and 40)	780	-	44,803	-	(98)
Share of profit (loss) of associates (Notes 4 and 15)	61,148	1	(89,375)	(1)	168
Gain on nonperforming receivables acquired	242,560	3	289,342	3	(16)
Others (Notes 16, 34 and 40)	<u>57,527</u>	<u>1</u>	<u>150,513</u>	<u>2</u>	(62)
Total noninterest income and gains, net	<u>4,603,262</u>	<u>49</u>	<u>4,362,762</u>	<u>51</u>	6
NET PROFIT	<u>9,487,629</u>	<u>100</u>	<u>8,507,907</u>	<u>100</u>	12
REVERSAL OF PROVISION FOR POSSIBLE LOSSES AND GUARANTEE OBLIGATIONS RESERVE (Notes 4 and 12)	<u>68,604</u>	<u>-</u>	<u>257,746</u>	<u>3</u>	(73)
OPERATING EXPENSES					
Employee benefits expense (Notes 4, 27, 29 and 35)	3,544,628	37	3,415,377	40	4

(Continued)

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FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31				Percentage Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	%
Depreciation and amortization (Notes 4 and 36)	\$ 230,519	3	\$ 253,351	3	(9)
Other general and administrative expenses (Notes 37 and 40)	<u>2,217,979</u>	<u>23</u>	<u>2,181,968</u>	<u>26</u>	2
Total operating expenses	<u>5,993,126</u>	<u>63</u>	<u>5,850,696</u>	<u>69</u>	2
INCOME BEFORE INCOME TAX	3,563,107	37	2,914,957	34	22
INCOME TAX EXPENSE (Notes 4 and 38)	<u>501,837</u>	<u>5</u>	<u>364,192</u>	<u>4</u>	38
NET INCOME FOR THE YEAR	<u>3,061,270</u>	<u>32</u>	<u>2,550,765</u>	<u>30</u>	20
OTHER COMPREHENSIVE LOSS					
Exchange differences on translating foreign operations (Note 4)	7,133	-	(3,631)	-	296
Unrealized loss on available-for-sale financial assets (Notes 4 and 29)	(125,353)	(1)	(172,637)	(2)	(27)
Share of other comprehensive loss of associates (Notes 4 and 29)	<u>(14,628)</u>	<u>-</u>	<u>(11,866)</u>	<u>-</u>	23
Other comprehensive loss for the year	<u>(132,848)</u>	<u>(1)</u>	<u>(188,134)</u>	<u>(2)</u>	(29)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,928,422</u>	<u>31</u>	<u>\$ 2,362,631</u>	<u>28</u>	24
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 3,061,270</u>	<u>32</u>	<u>\$ 2,550,765</u>	<u>30</u>	20
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 2,928,422</u>	<u>31</u>	<u>\$ 2,362,631</u>	<u>28</u>	24
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE (Note 39)					
Basic	<u>\$1.30</u>		<u>\$1.09</u>		
Diluted	<u>\$1.20</u>		<u>\$1.08</u>		

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank						Other Equity		Total Equity
	Share Capital (Notes 29 and 45)	Capital Surplus (Notes 29 and 45)	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations (Note 4)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4, 13, 15 and 29)		
			Legal Reserve	Special Reserve					
BALANCE, JANUARY 1, 2012	\$ 21,185,604	\$ 19,706	\$ 1,030,702	\$ 4,554	\$ 2,228,393	\$ 12,762	\$ 10,252	\$ 24,491,973	
Appropriation of the 2011 earnings									
Legal reserve	-	-	711,970	-	(711,970)	-	-	-	
Cash dividends - NTS 0.250 per share	-	-	-	-	(529,640)	-	-	(529,640)	
Stock dividends - NTS 0.534 per share	1,131,311	-	-	-	(1,131,311)	-	-	-	
	1,131,311	-	711,970	-	(2,372,921)	-	-	(529,640)	
Net income for the year ended December 31, 2012	-	-	-	-	2,550,765	-	-	2,550,765	
Other comprehensive loss for the year ended December 31, 2012	-	-	-	-	(451)	(3,631)	(184,052)	(188,134)	
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	2,550,314	(3,631)	(184,052)	2,362,631	
Employees' bonus - stock	105,681	2,642	-	-	-	-	-	108,323	
BALANCE, DECEMBER 31, 2012	22,422,596	22,348	1,742,672	4,554	2,405,786	9,131	(173,800)	26,433,287	
Share of special reserve of an associate	-	-	-	1,368	-	-	-	1,368	
Appropriation of the 2012 earnings									
Legal reserve	-	-	769,012	-	(769,012)	-	-	-	
Special reserve	-	-	-	173,800	(173,800)	-	-	-	
Cash dividends - NTS 0.230 per share	-	-	-	-	(515,720)	-	-	(515,720)	
Stock dividends - NTS 0.493 per share	1,105,434	-	-	-	(1,105,434)	-	-	-	
	1,105,434	-	769,012	173,800	(2,563,966)	-	-	(515,720)	
Net income for the year ended December 31, 2013	-	-	-	-	3,061,270	-	-	3,061,270	
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	680	7,133	(140,661)	(132,848)	
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	3,061,950	7,133	(140,661)	2,928,422	
Employees' bonus - stock	93,152	12,575	-	-	-	-	-	105,727	
BALANCE, DECEMBER 31, 2013	\$ 23,621,182	\$ 34,923	\$ 2,511,684	\$ 179,722	\$ 2,903,770	\$ 16,264	\$ (314,461)	\$ 28,953,084	

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

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,563,107	\$ 2,914,957
Adjustments for:		
Depreciation	189,220	212,395
Amortization	41,299	40,956
Reversal of provision for possible losses and guarantee obligations reserve	(68,604)	(257,746)
Net valuation loss on financial assets and liabilities at fair value through profit or loss	927,647	254,491
Interest cost	6,379,554	5,499,120
Interest income	(11,263,921)	(9,644,265)
Dividend income	(75,482)	(86,040)
Shares of loss (profit) of associates	(61,148)	89,375
Net gain on reversal of provision for asset impairment loss	(780)	(44,803)
Recovery of written-off credits	1,380,855	1,207,993
Others	(28,545)	(181,117)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and other banks	(1,741,893)	(726,600)
Increase in financial assets at fair value through profit or loss	(3,612,256)	(2,558,402)
Decrease (increase) in receivables	107,630	(217,637)
Increase in discounts and loans	(13,392,924)	(11,108,906)
Decrease (increase) in available-for-sale financial assets	(10,047,589)	3,554,394
Decrease (increase) in held-to-maturity financial assets	(894,829)	1,711,719
Decrease (increase) in debt investments with no active market	2,236,740	(1,370,505)
Increase (decrease) in due to the Central Bank and other banks	2,107,171	(110,773)
Increase (decrease) in financial liabilities at fair value through profit or loss	3,108,608	(336,061)
Increase in payables	8,367,347	915,161
Increase in deposits and remittances	6,372,674	21,934,704
Interest received	11,265,053	9,673,900
Dividends received	75,482	86,040
Interest paid	(6,482,692)	(5,365,610)
Income tax paid	(233,167)	(198,304)
Net cash generated from (used in) operating activities	(1,781,443)	15,888,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of buildings and land held for sale	18,140	373,213
Acquisition of property and equipment	(123,497)	(149,895)
Proceeds from disposal of property and equipment	80	709
Decrease (increase) in other financial assets	92,578	(426,965)
Increase in other assets	(2,473)	(61,554)
Increase in an investment accounted for using equity method	-	(55,652)
Net cash used in the acquisition of subsidiaries	-	(9,819)

(Continued)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Dividends received from associates	\$ 50,611	\$ 58,250
Capital return from liquidation of financial assets measured at cost	<u>-</u>	<u>1,408</u>
Net cash generated from (used in) investing activities	<u>35,439</u>	<u>(270,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issuance of Euro convertible bonds	4,481,250	-
Proceeds of the issuance of bank debentures	4,000,000	3,000,000
Redemption of bank debentures	(4,000,500)	(86,440)
Increase (decrease) in other financial liabilities	152,421	(303,216)
Increase (decrease) in other liabilities	(14,151)	142,510
Cash dividends	<u>(515,720)</u>	<u>(529,640)</u>
Net cash generated from financing activities	<u>4,103,300</u>	<u>2,223,214</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(25,115)</u>	<u>(2,803)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,332,181	17,838,542
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>100,225,182</u>	<u>82,386,640</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 102,557,363</u>	<u>\$ 100,225,182</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents in consolidated balance sheets	\$ 4,397,645	\$ 5,596,551	\$ 6,002,314
Due from the Central Bank and other banks in accordance with the definition of "cash and cash equivalents" in IAS 7 "Statement of Cash Flows"	75,153,393	70,886,639	75,533,821
Securities purchased under resale agreements in accordance with the definition of "cash and cash equivalents" in IAS 7 "Statement of Cash Flows"	<u>23,006,325</u>	<u>23,741,992</u>	<u>850,505</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 102,557,363</u>	<u>\$ 100,225,182</u>	<u>\$ 82,386,640</u>

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Far Eastern International Bank Ltd. (the “Bank”) obtained its license on January 11, 1992 and started its business on April 11, 1992. The Bank (a) accepts deposits and extends loans and guarantees; (b) issues letters of credit, handles domestic and foreign remittances, and accepts commercial drafts; (c) invests in securities and acts as an agent for trading government bonds, corporate bonds and bank debentures; and (d) conducts relevant businesses that are authorized by the relevant authorities.

The operations of the Bank’s Trust Department include pecuniary trust, securities trust, real estate trust, creditor’s right of money or guarantee, movable property trust and ground right trust and related operations. These operations are regulated under the Banking Act and Trust Enterprise Act.

As of December 31, 2013, the Bank’s operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 54 domestic branches, as well as an overseas branch in Hong Kong.

The functional currency of the Bank and its subsidiaries is New Taiwan dollars.

The Bank’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 4, 2014.

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

a. New, amended and revised standards and interpretations in issue but not yet effective

The Bank and its subsidiaries applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB and endorsed by the Financial Supervisory Commission (the “FSC”) (the 2010 IFRSs version).

On January 28, 2014, the FSC announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the 2013 IFRSs version (without IFRS 9).

As of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB included in the 2013 IFRSs version or has not announced the effective dates of the following new, amended and revised standards and interpretations issued by the IASB not included in 2013 IFRSs version.

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
<u>Included in the 2013 IFRSs Version</u>	
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013
<u>Not Included in the 2013 IFRSs Version</u>	
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	Effective date not determined
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	Effective date not determined
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014

(Continued)

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014
	(Concluded)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual periods beginning on or after the respective effective dates.

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

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

Except for the following, the initial application of the above new, amended and revised standards and interpretations has not had any material impact on the Bank and its subsidiaries’ accounting policies:

- 1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

Recognition and measurement of financial liabilities

The main changes in the measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability, is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the company presents all gains or losses on that liability in profit or loss.

Hedge accounting

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

Effective date

The amendments to IFRS 9 issued by the IASB included the introduction of the new hedge accounting model and the cancellation of the original mandatory effective date of January 1, 2015. IASB will add the appropriate effective date once the standard is complete with a new impairment model and the finalization of any limited amendments to classification and measurement.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The company considers whether it has control over other entities for consolidation. The company has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) IFRS 13 "Fair Value Measurement"

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

4) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

5) Revision to IAS 19 “Employee Benefits”

The amendments eliminate the “corridor approach” permitted under the previous version of IAS 19 and accelerate the recognition of past service costs.

6) Amendments to IAS 36 “Impairment of Assets”

The IASB made some amendments to the disclosure requirements of recoverable amount for non-financial assets in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that the disclosure of such recoverable amount is required during the period when an impairment loss has been recognized or reversed. Furthermore, the discount rate used in current and previous measurements of the recoverable amount based on fair value less costs of disposal measured by a present value technique are required to disclose.

7) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 8 “Operating Segments”, IFRS 13 “Fair Value Measurement” and IFRS 24 “Related Party Disclosures” were amended in this annual improvement.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the company is a related party of the company. Consequently, the company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

8) Annual Improvements to IFRSs: 2011-2013 Cycle

The standard IFRS 13 “Fair Value Measurement” was amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

- c. Material impact on consolidated financial statements resulted from new, amended and revised standards and interpretations and the Regulations Governing the Preparation of Financial Reports by Public Banks in issue but not yet effective

As of the date the consolidated financial statements were authorized for issue, the Bank and its subsidiaries were still assessing the impact of the initial application of the new, amended and revised standards and interpretations on their financial position and financial performance. Disclosures will be provided when the Bank completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Taiwan-IFRSs as endorsed by the FSC.

The Bank and its subsidiaries’ consolidated financial statements for the year ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to Taiwan-IFRSs was January 1, 2012. Refer to Note 50 for the impact of Taiwan-IFRSs conversion on the Bank and its subsidiaries’ consolidated financial statements.

Basis of Preparation

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

The opening consolidated balance sheet as of the date of transition to Taiwan-IFRSs was prepared in accordance with IFRS 1 “First-time Adoption of International Financial Reporting Standards”. The applicable Taiwan-IFRSs have been applied retrospectively by the Bank and its subsidiaries except for some aspects where IFRS 1 prohibits retrospective application or grant optional exemptions to this general principle. For the exemptions that the Bank and its subsidiaries elected to use, please refer to Note 50.

Current and Noncurrent Assets and Liabilities

Accounts included in the consolidated balance sheets are not classified as current or noncurrent since the major components of the consolidated financial statements are from the banking sector, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Please refer to Note 47 for the maturity analysis of assets and liabilities.

Basis of Consolidation

a. Principles of preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries.

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

Intercompany transactions, balances, income and expenses between the Bank and its subsidiaries have been eliminated upon consolidation.

b Subsidiaries included in consolidated financial statements

Subsidiaries included in consolidated financial statements were as follows:

Investor Company	Investee Company	Nature of Businesses	% of Ownership		
			December 31, 2013	December 31, 2012	January 1, 2012
The Bank	Far Eastern Asset Management Co., Ltd. ("FEAMC")	Purchase, evaluation, auction and management of rights of financial institution creditors	100	100	100
	Far Eastern Life Insurance Agency Co., Ltd. ("FELIA")	Insurance agent	100	100	100
	Far Eastern Property Insurance Agency Co., Ltd. ("FEPIA")	Insurance agent	100	100	100
	Far Eastern International Securities Co., Ltd. ("FEIS")	Foreign securities broker, wealth management and offshore fund consulting	100	100	100
Far Eastern International Securities Co., Ltd.	Far Eastern Insurance Brokerage Co., Ltd. ("FEI Brokerage")	Insurance brokers	100	100	100

Acquisition of Another Financial Institution's Business

Acquisitions of another financial institution are accounted for using the purchase method if acquisitions comply with business combination. The consideration transferred in acquisitions of another financial institution is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Bank, liabilities incurred by the Bank to the former owners of the acquiree and the equity interests issued by the Bank in exchange for control of the acquiree.

Foreign Currency

Foreign-currency assets and liabilities are recorded in a currency other than the entity's functional currency. Foreign-currency items in comprehensive income of domestic operating units are translated into New Taiwan dollars at prevailing exchange rates at the dates of the transactions. For overseas branches (including the OBU), foreign-currency items in comprehensive income from transactions settled in currencies other than the entity's functional currency are translated into the entity's functional currency at prevailing exchange rates at the dates of the transactions.

At the balance sheet date, foreign-currency monetary assets and liabilities are translated at prevailing exchange rates, and the exchange differences are recognized as gain or loss.

At the balance sheet date, foreign-currency nonmonetary assets and liabilities (such as equity instruments) that are measured at fair value are translated at prevailing exchange rates, with the exchange differences treated as follows:

- Recognized in comprehensive income if the changes in fair value are recognized in comprehensive income;
- Recognized as gain or loss if the changes in fair value are recognized in gain or loss.

Foreign-currency nonmonetary assets and liabilities that are measured at cost continue to be stated at the exchange rates of the trade dates.

When foreign-currency assets and liabilities are settled, exchange differences arising from the application of different exchange rates are recognized as gain or loss for the current year.

The financial statements of foreign branches (including the OBU) are translated into New Taiwan dollars at the following exchange rates:

- Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- The beginning balance of current year's earnings not yet remitted to the head office - the same as the ending balance of the prior years' earnings; and

c. Income and expenses - at average exchange rates for the period.

Exchange differences arising from the translation of the financial statements of foreign branches are recognized as exchange differences on translating foreign operations.

Investment in Associates

An associate is an entity over which the Bank and its subsidiaries has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

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

Property and Equipment

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

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Bank expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

Buildings and Land Held for Sale

Buildings and land held for sale are carried at cost, and their recoverable amount is assessed at the end of each reporting period. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is recognized immediately in profit or loss. A reversal of an impairment loss is recognized in profit or loss when an impairment loss subsequently is reduced.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Bank and its subsidiaries review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Bank and its subsidiaries estimate the recoverable amount of the cash-generating

unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units under a reasonable and consistent basis.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions.

Financial Instruments

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

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

Financial assets

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

a. Measurement category

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

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss. A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

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

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

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

2) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank and its subsidiaries have the positive intent and ability to hold to maturity.

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

3) Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Interest income of available-for-sale bond investments calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

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

4) Loans and receivables

Loans and receivables (including receivables, discounts and loans, nonaccrual loans other than discounts and loans, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment.

b. Impairment of financial assets

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

For all financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will undergo bankruptcy or financial reorganization; or
- Disappearance of an active market for that financial asset because of financial difficulties.

1) Financial assets carried at amortized cost

For discounts and loans and receivables, assets are assessed for impairment on a collective basis even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of loans and receivables could include the Bank's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on loans and receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2) Available-for-sale financial assets

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

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

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

3) Financial assets measured at cost

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of discounts and loans, receivables and nonaccrual loans other than discounts and loans, where the carrying amount is reduced through an allowance account.

The Bank evaluates possible losses on specific loans on the basis of the borrowers' financial situation, their ability to repay principals and interests, and the values of collaterals in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations"). The Regulations require that loans should be categorized by collectability and specify the minimum allowance for possible losses and reserve for guarantee obligations using prescribed percentages.

When a loan or receivable is considered uncollectible, it may be written off on the approval of the Bank's Board of Directors or Managing Directors. The subsequent collections of written-off loans are credited against provision for possible losses.

c. Derecognition of financial assets

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

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

Equity instruments

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

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading. Any gains or losses arising on remeasurement, including any dividend or interest paid on the financial liability, are recognized in profit or loss.

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Euro convertible bonds

Euro convertible bonds that contain both liability and conversion option derivative components are classified separately into respective items on initial recognition. The conversion option that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Bank's own equity instruments is classified as a conversion option derivative. At the date of issue, both the liability and conversion option derivative components are recognized at fair value.

In subsequent periods, the liability component of the Euro Convertible Bonds is measured at amortized cost using the effective interest method. The conversion option derivative is measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs related to the issuance of Euro Convertible Bonds are included in the carrying amount of the liability component and are amortized over the lives of Euro Convertible Bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

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

Hedge Accounting

The Bank engages non-trading derivatives primarily as a tool for hedging against risks of financial assets and liabilities due to adverse market changes in interest rates, exchange rates and credit. The Bank's hedge accounting qualifies as a fair value hedge. The fair value hedge is mainly used to avoid the risk of adverse changes in fair value of interest-earning assets and interest-bearing liabilities due to fluctuations of interest rates or exchange rates.

Once the hedge is determined as a fair value hedge, the effect of changes in fair value of the hedged items will be offset by the gain or loss recognized from remeasuring the derivative hedging instrument at fair value. Gains and losses measured at fair value of hedging instruments are recognized in profit or loss. The carrying amount of the hedged item is adjusted through the corresponding gain or loss on the hedging instrument.

Provisions

Provisions are recognized when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that the Bank and its subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Income Recognition

Interest income from discounts and loans is recorded on the accrual basis. For nonaccrual loans, interest income is recognized only when collections on these obligations are made. Under the regulations of the Banking Bureau under the Financial Supervisory Commission, the interest income on credits covered by agreements that extend their maturity is recorded as deferred income and recognized upon collection.

Service fee income is recognized as loans are provided or services have been completed.

The gain or loss on the disposal or recovery of acquired receivables is accounted for by the effective interest method. The administration revenue from managing acquired loans is recognized monthly on an accrual basis. The advance administration revenue is amortized on a straight-line method over the estimated recovery period.

Retirement Benefit Costs

The Bank's contributions to defined contribution plans are recognized as expenses when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is measured using the projected unit credit method. Actuarial gains and losses that exceed 10% of the greater of the present value of the Bank's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets.

Income Tax

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

a. Current tax expense

An additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax expense

Deferred tax expense represents adjustments to deferred tax assets and liabilities.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards, and unused tax credits for research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Held-to-maturity financial assets

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

b. Estimated impairment of discounts and loans and receivables

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

c. Estimated impairment of operation rights

Determining whether operation rights are impaired requires an estimation of the value in use of the cash-generating units to which operation rights have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

d. Fair value of financial instruments

The Bank's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted equity instruments was based on assumptions supported by unobservable market prices or rates. Note 46 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments. The Bank's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

e. Income tax

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are materially different from expected, an adjustment to deferred tax assets and income tax expense may arise.

f. Recognition and measurement of defined benefit plans

Provision for employee benefits and the resulting post-employment benefits under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	\$ 2,645,252	\$ 2,727,134	\$ 2,448,923
Deposits due from other banks	1,391,925	1,110,865	2,540,823
Notes and checks for clearing	312,914	1,671,862	817,187
Balance with other banks	<u>47,554</u>	<u>86,690</u>	<u>195,381</u>
	<u>\$ 4,397,645</u>	<u>\$ 5,596,551</u>	<u>\$ 6,002,314</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Due from the Central Bank - certificates of deposit (Note 41)	\$ 60,630,000	\$ 63,190,000	\$ 69,400,000
Loans to other banks	10,254,670	4,819,462	3,570,480
New Taiwan dollar reserve deposits - Type A	8,217,629	5,835,631	5,019,759
New Taiwan dollar reserve deposits - Type B	9,673,862	8,931,969	8,705,369
Foreign-currency reserve deposits	<u>51,094</u>	<u>41,546</u>	<u>43,582</u>
	<u>\$ 88,827,255</u>	<u>\$ 82,818,608</u>	<u>\$ 86,739,190</u>

The reserve deposits are required by law and determined at a prescribed percentage of the monthly average balances. The Type B reserve deposits can be withdrawn only when the balances are adjusted monthly. The Type A and foreign-currency reserve deposits can be withdrawn on demand but bear no interest.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the due from the Central Bank and other banks that were in accordance with the definition of IAS 7 “cash and cash equivalents” in IAS 7 “Statement of Cash Flows” were short-term, highly liquid investments that were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value; these investments amounted to NT\$75,153,393 thousand, NT\$70,886,639 thousand and NT\$75,533,821 thousand, respectively, and were included in cash and cash equivalents in the consolidated statements of cash flows.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
<u>Financial assets held for trading</u>			
Convertible bond asset swap contracts	\$ 2,746,609	\$ 1,421,828	\$ 26,918
Government bonds	1,617,257	1,334,349	1,722,733
Foreign-currency swap contracts	882,925	304,672	460,509
Listed and OTC stocks	332,666	130,962	36,819
Interest rate swap contracts	309,544	351,567	358,907
Currency option contracts	268,332	187,732	49,016
Cross-currency swap contracts	198,031	184,828	4,801
Beneficiary certificates	149,162	107,521	57,286
Forward exchange contracts	84,486	59,995	51,235
Credit default swap contracts	73,067	145,330	32,090
Convertible bond option contracts	72,196	163,187	317,057
Others	21,865	39,306	32,985
	<u>6,756,140</u>	<u>4,431,277</u>	<u>3,150,356</u>
<u>Financial assets designated as at fair value through profit or loss</u>			
Convertible bonds	<u>12,039,304</u>	<u>11,679,558</u>	<u>10,656,510</u>
Total financial assets at fair value through profit or loss	<u>\$ 18,795,444</u>	<u>\$ 16,110,835</u>	<u>\$ 13,806,866</u>
<u>Financial liabilities held for trading</u>			
Convertible bond option contracts	\$ 5,104,453	\$ 2,109,083	\$ 1,971,854
Foreign-currency swap contracts	732,643	465,775	260,861
Conversion option derivative of Euro convertible bonds (Note 24)	443,859	-	-
Currency option contracts	267,657	184,378	48,384
Cross-currency swap contracts	261,269	140,767	719,979
Interest rate swap contracts	244,551	203,635	182,081
Forward exchange contracts	121,926	32,030	67,853
Convertible bond asset swap contracts	80,818	541,149	127,769
Credit default swap contracts	8,121	27,798	35,221
Short sale of bonds payable	-	-	953,357
Others	22,768	40,417	17,481
Total financial liabilities at fair value through profit or loss	<u>\$ 7,288,065</u>	<u>\$ 3,745,032</u>	<u>\$ 4,384,840</u>

The Bank engages in derivative transactions mainly to trade, to accommodate customers' needs and to manage exposures due to exchange rate and interest rate fluctuations. The Bank's financial risk management strategy is to hedge most of its exposure to market risk.

Outstanding derivative contract (nominal) amounts were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign-currency swap contracts	\$ 153,416,684	\$ 103,946,913	\$ 47,007,582
Interest rate swap contracts	136,533,414	87,925,783	44,438,500
Currency option contracts	94,772,462	23,028,114	4,665,684
Cross-currency swap contracts	31,862,475	27,471,165	17,706,190
Convertible bond option contracts	25,498,215	30,852,021	33,499,262
Convertible bond asset swap contracts	20,136,950	26,963,297	28,113,195
Credit default swap contracts	20,062,578	18,608,724	14,496,297
Forward exchange contracts	10,438,487	7,886,180	7,583,875
Non-deliverable forward contracts	2,247,545	11,036,127	8,036,471
Commodity forward contracts	554,681	45,219	-

The net gain on financial instruments at fair value through profit or loss was as follows:

	<u>For the Year Ended December 31</u>	
	2013	2012
Net gain (loss) on financial instruments held for trading	\$ (485,820)	\$ 1,241,637
Net gain (loss) on financial assets designated as at fair value through profit or loss	<u>1,583,618</u>	<u>(171,021)</u>
	<u>\$ 1,097,798</u>	<u>\$ 1,070,616</u>

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2013	December 31, 2012	January 1, 2012
<u>Derivative financial assets</u>			
Fair value hedging - interest rate swap contracts	<u>\$ 111,034</u>	<u>\$ 180,242</u>	<u>\$ 252,233</u>
<u>Derivative financial liabilities</u>			
Fair value hedging - interest rate swap contracts	<u>\$ 12,631</u>	<u>\$ 12,819</u>	<u>\$ 13,093</u>

The Bank uses interest rate swap contracts to hedge against the risk of changes in fair value of domestic bank debentures arising from interest rate fluctuations. The nominal amount of interest rate swap contracts for hedging was NT\$4,600,000 thousand all as of December 31, 2013, December 31, 2012 and January 1, 2012.

The net gain (loss) on hedging financial instruments and hedged items was as follows:

	For the Year Ended December 31	
	2013	2012
Net loss on hedging financial instruments	<u>\$ 69,020</u>	<u>\$ 71,717</u>
Net gain on hedged items	<u>\$ 69,020</u>	<u>\$ 71,717</u>

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	\$ 19,375,114	\$ 15,166,522	\$ 850,505
Negotiable certificates of deposit	2,124,136	4,206,422	-
Commercial paper	1,507,075	1,008,383	-
Treasury securities	<u>-</u>	<u>3,360,665</u>	<u>-</u>
	<u>\$ 23,006,325</u>	<u>\$ 23,741,992</u>	<u>\$ 850,505</u>
Resale date	2014.01.02- 2014.03.26	2013.01.02- 2013.02.19	2012.01.02
Resale price	\$ 23,012,026	\$ 23,749,718	\$ 850,565

11. RECEIVABLES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Credit card	\$ 15,688,762	\$ 15,521,385	\$ 15,523,234
Factoring	2,161,061	2,830,761	3,412,000
Proceeds from disposal of securities	1,434,927	415,243	1,103,970
Interest	696,221	640,301	603,691
Spot exchange transactions	457,605	481,948	595,616
Acceptances	384,110	503,574	332,333
Acquired receivables	190,983	200,229	809,486
Proceeds from disposal of acquired receivables	-	602,540	-
Others	<u>343,677</u>	<u>338,913</u>	<u>389,198</u>
	21,357,346	21,534,894	22,769,528
Less: Allowance for possible losses (Note 12)	<u>685,074</u>	<u>753,712</u>	<u>818,715</u>
	<u>\$ 20,672,272</u>	<u>\$ 20,781,182</u>	<u>\$ 21,950,813</u>

Far Eastern Asset Management Co., Ltd. disposed of its acquired receivables in December 2012, and the related proceeds from disposal of acquired receivables and compensation for early settlement amounting to NT\$602,540 thousand were collected in January 2013.

12. DISCOUNTS AND LOANS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Negotiations, discounts and overdraft	\$ 159,359	\$ 211,493	\$ 176,576
Short-term loans	48,538,897	62,306,524	67,654,241
Medium-term loans	114,720,520	92,298,012	84,002,593
Long-term loans	132,602,309	128,002,420	122,135,928
Nonaccrual loans	<u>759,427</u>	<u>982,983</u>	<u>264,778</u>
	296,780,512	283,801,432	274,234,116
Less: Allowance for possible losses	<u>4,263,480</u>	<u>3,582,006</u>	<u>4,773,735</u>
	<u>\$ 292,517,032</u>	<u>\$ 280,219,426</u>	<u>\$ 269,460,381</u>

Movements of allowance for possible losses on discounts and loans and others (including receivables and other financial assets) were as follows:

	Discounts and Loans	Others	Total
<u>For the year ended December 31, 2013</u>			
Balance, January 1, 2013	\$ 3,582,006	\$ 1,180,101	\$ 4,762,107
Provision (reversal of provision) for possible losses	88,033	(220,599)	(132,566)
Amounts written-off	(413,844)	(219,480)	(633,324)
Amounts recovered	1,005,458	375,397	1,380,855
Effects of exchange rate changes	<u>1,827</u>	<u>(689)</u>	<u>1,138</u>
Balance, December 31, 2013	<u>\$ 4,263,480</u>	<u>\$ 1,114,730</u>	<u>\$ 5,378,210</u>
<u>For the year ended December 31, 2012</u>			
Balance, January 1, 2012	\$ 4,773,735	\$ 1,245,370	\$ 6,019,105
Provision (reversal of provision) for possible losses	17,915	(291,054)	(273,139)
Amounts written-off	(1,965,455)	(219,069)	(2,184,524)
Amounts recovered	763,068	444,925	1,207,993
Effects of exchange rate changes	<u>(7,257)</u>	<u>(71)</u>	<u>(7,328)</u>
Balance, December 31, 2012	<u>\$ 3,582,006</u>	<u>\$ 1,180,101</u>	<u>\$ 4,762,107</u>

The provision (reversal of provision) for possible losses and guarantee obligations reserve were as follows:

	<u>For the Year Ended December 31</u>	
	2013	2012
Provision for possible losses - discounts and loans	\$ 88,033	\$ 17,915
Reversal of provision for possible losses - others	(220,599)	(291,054)
Provision for possible losses - reserve for guarantee obligations	<u>63,962</u>	<u>15,393</u>
	<u>\$ (68,604)</u>	<u>\$ (257,746)</u>

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For the years ended December 31, 2013 and 2012, the Bank had no written-off credits for which legal proceedings had not been initiated.

The Bank's financial assets were assessed for impairment loss on the basis of credit risk characteristics of financial assets. The results were as follows:

Discounts and loans

Item		December 31, 2013		December 31, 2012		January 1, 2012	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of individual impairment	Assessed individually	\$ 3,431,546	\$ 638,734	\$ 4,581,612	\$ 1,449,349	\$ 5,188,537	\$ 3,373,260
	Assessed by portfolio	1,678,136	522,824	1,837,366	718,466	2,143,559	450,059
Without objective evidence of individual impairment	Assessed individually	2,841,768	-	2,619,004	-	3,105,077	-
	Assessed by portfolio	288,829,062	3,101,922	274,763,450	1,414,191	263,796,943	950,416
Total		\$ 296,780,512	\$ 4,263,480	\$ 283,801,432	\$ 3,582,006	\$ 274,234,116	\$ 4,773,735

Others (including receivables, other financial assets and debt investments with no active market)

Item		December 31, 2013		December 31, 2012		January 1, 2012	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of individual impairment	Assessed individually	\$ 651,446	\$ 591,524	\$ 691,318	\$ 601,492	\$ 847,568	\$ 664,194
	Assessed by portfolio	2,357,854	577,306	2,774,987	609,478	3,345,018	556,138
Without objective evidence of individual impairment	Assessed individually	10,058,136	-	12,600,812	-	9,204,321	-
	Assessed by portfolio	16,217,289	90,491	16,367,731	124,461	16,256,145	245,349
Total		\$ 29,284,725	\$ 1,259,321	\$ 32,434,848	\$ 1,335,431	\$ 29,653,052	\$ 1,465,681

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	\$ 13,619,393	\$ 10,355,436	\$ 14,044,274
Commercial paper	5,045,261	250,043	-
Foreign bank debentures	1,243,923	-	-
Listed and OTC stocks - domestic	1,109,537	807,991	776,673
- overseas	-	-	124,465
Negotiable certificates of deposit	717,579	452,394	-
	<u>\$ 21,735,693</u>	<u>\$ 11,865,864</u>	<u>\$ 14,945,412</u>

The terms of government bonds are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value	\$ 13,704,600	\$ 10,154,600	\$ 13,319,000
Coupon interest rates	0.88%-2.38%	0.88%-2.75%	0.88%-6.90%
Effective interest rates	0.91%-1.99%	0.91%-1.98%	0.91%-9.45%
Maturity	2014.01-2043.02	2013.01-2022.05	2012.01-2031.08

The terms of commercial paper are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value	\$ 5,046,500	\$ 250,000	\$ -
Coupon interest rates	0.65%-2.30%	0.76%-1.06%	-
Effective interest rates	0.65%-2.30%	0.74%-0.75%	-
Maturity	2014.01	2013.01	-

The terms of foreign bank debentures are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value	\$ 1,242,015	\$ -	\$ -
Coupon interest rates	3.57%-3.71%	-	-
Effective interest rates	3.89%-4.35%	-	-
Maturity	2016.03-2017.09	-	-

The terms of negotiable certificates of deposit are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value	\$ 716,000	\$ 451,400	\$ -
Coupon interest rate	0.76%	0.87%-0.88%	-
Effective interest rate	0.76%	0.74%-0.76%	-
Maturity	2014.01	2013.01	-

Some of the available-for-sale financial assets were traded with repurchase agreements, and the carrying amounts were NT\$1,303,119 thousand and NT\$210,105 thousand as of December 31, 2013 and January 1, 2012, respectively. (December 31, 2012: Nil)

The assets pledged as collateral are shown in Note 41.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign corporate bonds	\$ 1,150,099	\$ 989,133	\$ 2,374,459
Foreign bank debentures	1,057,373	797,129	1,400,397
Foreign certificates of deposit	898,500	437,040	151,450
Government bonds	<u>-</u>	<u>999</u>	<u>1,599</u>
	<u>\$ 3,105,972</u>	<u>\$ 2,224,301</u>	<u>\$ 3,927,905</u>

The terms of foreign corporate bonds are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value - USD	\$ 39,000,000	\$ 24,000,000	\$ 59,000,000
- AUD	-	10,000,000	20,000,000
Coupon interest rates	0.37%-2.50%	0.44%-3.64%	0.51%-7.00%
Effective interest rates	1.90%-3.85%	1.70%-6.63%	0.46%-6.75%
Maturity	2014.01-2018.05	2013.01-2014.03	2012.01-2014.03

The terms of foreign bank debentures are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value - USD	\$ 21,000,000	\$ 21,000,000	\$ 40,000,000
- AUD	15,900,000	6,000,000	6,000,000
Coupon interest rates	0.99%-4.01%	1.06%-4.20%	0.66%-6.50%
Effective interest rates	1.55%-5.57%	1.55%-5.57%	0.61%-5.91%
Maturity	2014.06-2016.05	2014.06-2015.08	2012.01-2015.03

The terms of foreign certificates of deposit are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value - USD	\$ 30,000,000	\$ 15,000,000	\$ 5,000,000
Coupon interest rates	0.77%-1.84%	1.97%	1.54%
Maturity	2014.02-2015.03	2015.03	2012.08

The terms of government bonds are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Aggregate par value - NTD	\$ -	\$ 1,000,000	\$ 1,600,000
Coupon interest rates	-	1.88%	1.88%-6.90%
Effective interest rates	-	1.89%	1.89%-5.70%
Maturity	-	2013.03	2012.01-2013.03

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

a. Investments in associates:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
Dah Chung Bills Finance Corp.	\$ 1,421,984	22.06	\$ 1,412,336	22.06	\$ 1,412,508	22.06
Yuan Long Stainless Steel Corp.	799,971	49.00	796,544	49.00	939,327	49.00
Deutsche Far Eastern Asset Management Co., Ltd.	<u>143,871</u>	40.00	<u>159,668</u>	40.00	<u>120,552</u>	40.00
	<u>\$ 2,365,826</u>		<u>\$ 2,368,548</u>		<u>\$ 2,472,387</u>	

In July 2012, Deutsche Far Eastern Asset Management Co., Ltd. ("Deutsche") decreased its capital to offset the deficit and issued new shares for cash. The Bank acquired some of these new shares for NT\$55,652 thousand at its current percentage of ownership of Deutsche.

In November 2013, Far Eastern Asset Management Co., Ltd. (FEAMC) entered into a memorandum with Asia Cement Corp. (ACC) on FEAMC's intent to sell Yuan Long Stainless Steel Corp. to ACC. As of the date that the consolidated financial statements were authorized for issue, the terms of this sale were being negotiated.

The summarized financial information of the Bank and its subsidiaries' associates is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	<u>\$ 55,931,939</u>	<u>\$ 46,660,371</u>	<u>\$ 51,164,235</u>
Total liabilities	<u>\$ 47,493,097</u>	<u>\$ 38,232,757</u>	<u>\$ 42,544,909</u>
	For the Year Ended December 31		
	2013	2012	
Net profit	<u>\$ 1,228,989</u>	<u>\$ 510,198</u>	
Net income (loss)	<u>\$ 303,060</u>	<u>\$ (10,592)</u>	
Other comprehensive loss	<u>\$ (65,806)</u>	<u>\$ (56,172)</u>	

b. Share of profit (loss) of associates was as follows:

	For the Year Ended December 31	
	2013	2012
Dah Chung Bills Finance Corp.	\$ 74,756	\$ 71,465
Yuan Long Stainless Steel Corp.	3,975	(143,879)
Deutsche Far Eastern Asset Management Co., Ltd.	<u>(17,583)</u>	<u>(16,961)</u>
	<u>\$ 61,148</u>	<u>\$ (89,375)</u>

16. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Convertible bond asset swap contracts - master agreement	\$ 4,794,018	\$ 6,966,012	\$ 4,647,900
Credit-linked notes - master agreement	2,935,100	2,563,968	3,331,234
Floating rate notes, net	748,750	1,183,848	1,232,798
Convertible bonds, net	<u>-</u>	<u>-</u>	<u>81,848</u>
	<u>\$ 8,477,868</u>	<u>\$ 10,713,828</u>	<u>\$ 9,293,780</u>

As of December 31, 2013, December 31, 2012 and January 1, 2012, the accumulated impairment losses, reducing the carrying amount, on floating rate notes and convertible bonds were \$149,750 thousand, \$160,567 thousand and \$225,638 thousand, respectively. In April 2013, a recovery of convertible bonds through redemption was recognized as a gain of \$780 thousand on reversal of impairment losses. In February 2012, a recovery of convertible bonds through redemption was recognized as (a) a gain of \$57,306 thousand on reversal of impairment losses and (b) other income of \$56,174 thousand.

17. OTHER FINANCIAL ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Nonaccrual loans other than discounts and loans	\$ 490,393	\$ 498,012	\$ 507,131
Less: Allowance for possible losses (Note 12)	<u>429,656</u>	<u>426,389</u>	<u>426,655</u>
	60,737	71,623	80,476
Guarantee deposits for financial instrument agreements	1,585,442	1,892,383	1,669,282
Refundable deposits	550,431	513,971	509,539
Deposits with original maturity more than 3 months	250,300	2,900	2,900
Interbank clearing account	200,233	404,877	207,369
Financial assets measured at cost	101,379	101,379	103,846
Others	<u>-</u>	<u>72,378</u>	<u>61,338</u>
	<u>\$ 2,748,522</u>	<u>\$ 3,059,511</u>	<u>\$ 2,634,750</u>

Financial assets measured at cost were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unquoted common stocks			
ERA Communications Co., Ltd.	\$ 50,006	\$ 50,006	\$ 50,006
Financial Information Service Co., Ltd.	45,500	45,500	45,500
An Feng Enterprise Co., Ltd.	3,000	3,000	3,000
Sunshine Asset Management Co., Ltd.	2,073	2,073	2,073
Taipei Forex Inc.	800	800	800
Taiwanpay Corp.	<u>-</u>	<u>-</u>	<u>2,467</u>
	<u>\$ 101,379</u>	<u>\$ 101,379</u>	<u>\$ 103,846</u>

The above equity investments, which had no quoted prices in active market or fair values that could be reliably measured, were measured at cost.

In February 2012, the shareholders of Taiwanpay Corp. resolved that it should be liquidated and dissolved, and its residual properties were distributed in March 2012 and June 2012. As a result, the Bank received a total amount of NT\$1,408 thousand, which was treated as a reduction of investment cost, and recognized an impairment loss of NT\$1,059 thousand.

18. PROPERTY AND EQUIPMENT, NET

	For the Year Ended December 31, 2013					
	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment
Cost						
Beginning balance	\$ 1,581,625	\$ 1,236,633	\$ 1,354,797	\$ 6,234	\$ 1,406,170	\$ 22,076
Additions	-	3,517	52,166	57	31,075	36,682
Disposals	-	(550)	(142,190)	(296)	(17,554)	-
Others	-	299	36,453	-	7,841	(43,913)
Ending balance	<u>1,581,625</u>	<u>1,239,899</u>	<u>1,301,226</u>	<u>5,995</u>	<u>1,427,532</u>	<u>14,845</u>

(Continued)

	For the Year Ended December 31, 2013						
	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
<u>Accumulated depreciation</u>							
Beginning balance	\$ -	\$ 504,648	\$ 998,036	\$ 5,841	\$ 1,219,317	\$ -	\$ 2,727,842
Depreciation	-	25,181	102,482	191	61,366	-	189,220
Disposals	-	(550)	(142,140)	(296)	(17,751)	-	(160,737)
Others	-	23	466	-	144	-	633
Ending balance	-	529,302	958,844	5,736	1,263,076	-	2,756,958
Net ending balance	<u>\$ 1,581,625</u>	<u>\$ 710,597</u>	<u>\$ 342,382</u>	<u>\$ 259</u>	<u>\$ 164,456</u>	<u>\$ 14,845</u>	<u>\$ 2,814,164</u>
							(Concluded)

(Concluded)

	For the Year Ended December 31, 2012						
	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
<u>Cost</u>							
Beginning balance	\$ 1,581,625	\$ 1,232,272	\$ 1,288,640	\$ 7,975	\$ 1,347,926	\$ 51,219	\$ 5,509,657
Additions	-	4,021	57,110	56	63,919	24,789	149,895
Disposals	-	-	(39,102)	(1,797)	(9,093)	-	(49,992)
Others	-	340	48,149	-	3,418	(53,932)	(2,025)
Ending balance	<u>1,581,625</u>	<u>1,236,633</u>	<u>1,354,797</u>	<u>6,234</u>	<u>1,406,170</u>	<u>22,076</u>	<u>5,607,535</u>
<u>Accumulated depreciation</u>							
Beginning balance	-	479,089	920,001	6,940	1,159,954	-	2,565,984
Depreciation	-	25,544	117,781	602	68,468	-	212,395
Disposals	-	-	(39,091)	(1,701)	(8,881)	-	(49,673)
Others	-	15	(655)	-	(224)	-	(864)
Ending balance	-	<u>504,648</u>	<u>998,036</u>	<u>5,841</u>	<u>1,219,317</u>	-	<u>2,727,842</u>
Net ending balance	<u>\$ 1,581,625</u>	<u>\$ 731,985</u>	<u>\$ 356,761</u>	<u>\$ 393</u>	<u>\$ 186,853</u>	<u>\$ 22,076</u>	<u>\$ 2,879,693</u>

The above items of property and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5 to 55 years
Computer equipment	3 to 7 years
Transportation equipment	3 to 7 years
Miscellaneous equipment	2 to 20 years

19. INTANGIBLE ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Operating rights	\$ 1,538,210	\$ 1,538,210	\$ 1,538,210
Fair value of core deposits	<u>428,887</u>	<u>428,887</u>	<u>428,887</u>
	1,967,097	1,967,097	1,967,097
Less: Accumulated amortization	<u>136,193</u>	<u>99,049</u>	<u>61,904</u>
	<u>\$ 1,830,904</u>	<u>\$ 1,868,048</u>	<u>\$ 1,905,193</u>

In April 2010, the Bank acquired the assets and liabilities, classified as Package B of the Chinfon Bank, through a bidding process. The acquired management and operation rights of Chinfon Bank's branches have indefinite useful life, while the fair value of core deposits is amortized over 4 to 15 years.

20. OTHER ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Buildings and land held for sale	\$ 27,567	\$ 48,429	\$ 467,389
Less: Accumulated impairment	<u>4,246</u>	<u>6,968</u>	<u>41,271</u>
	23,321	41,461	426,118
Prepaid expenses	174,935	183,045	123,584
Others	<u>7,994</u>	<u>1,566</u>	<u>3,059</u>
	<u>\$ 206,250</u>	<u>\$ 226,072</u>	<u>\$ 552,761</u>

21. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans from banks	\$ 13,441,942	\$ 11,259,482	\$ 11,236,270
Due to banks	309,011	316,051	544,952
Overdraft	<u>31,176</u>	<u>99,425</u>	<u>4,509</u>
	<u>\$ 13,782,129</u>	<u>\$ 11,674,958</u>	<u>\$ 11,785,731</u>

22. PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Securities settlement payables	\$ 8,836,221	\$ 166,815	\$ 102,244
Accrued expenses	1,408,468	1,218,141	1,373,093
Accrued interest	813,674	997,766	864,256
Payables on factoring business	691,079	499,185	457,695
Payables on consigned funds	431,101	111,972	137,291
Acceptances	384,110	503,574	332,333
Checks for clearing	312,914	1,671,862	817,187
Others	<u>625,425</u>	<u>391,056</u>	<u>411,221</u>
	<u>\$ 13,502,992</u>	<u>\$ 5,560,371</u>	<u>\$ 4,495,320</u>

23. DEPOSITS AND REMITTANCES

	December 31, 2013	December 31, 2012	January 1, 2012
Checking deposits	\$ 2,584,658	\$ 2,974,630	\$ 3,695,949
Demand deposits	46,239,336	31,614,166	28,301,271
Demand savings	54,822,689	52,960,380	50,602,247
Time savings	85,924,264	87,548,604	86,199,374
Negotiable certificates of deposit	24,392,500	23,138,500	24,478,500
Time deposits	184,325,934	193,672,326	176,716,076
Remittances	<u>16,559</u>	<u>24,660</u>	<u>5,145</u>
	<u>\$ 398,305,940</u>	<u>\$ 391,933,266</u>	<u>\$ 369,998,562</u>

24. BANK DEBENTURES

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic bank debentures	\$ 23,002,603	\$ 23,072,123	\$ 20,230,280
Euro convertible bonds	<u>4,101,282</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,103,885</u>	<u>\$ 23,072,123</u>	<u>\$ 20,230,280</u>

Domestic bank debentures

Item	Issuance Period	Note	December 31, 2013	December 31, 2012	January 1, 2012
Senior bank debentures - 10-year maturity; fourth issue in 2005	2005.08.26-2015.08.26	Interest payable on August 26 each year; fixed interest rate at 2.30%	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2006	2006.12.27-2013.12.27	Interest payable on December 27 each year; floating interest rate	-	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2007	2007.02.13-2014.02.13	A coupons: Interest payable on February 13 each year; floating interest rate B coupons: Interest payable on February 13 each year; fixed interest rate at 2.55%	2,000,000	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; second issue in 2007	2007.03.12-2014.03.12	Interest payable on March 12 each year; floating interest rate	1,000,000	1,000,000	1,000,000
Subordinated bank debentures - five and a half years' maturity; third issue in 2007	2007.09.26-2013.03.26	Interest payable on September 26 each year (will be paid on March 26 in the last year); floating interest rate	-	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2008	2008.06.17-2015.06.17	A coupons: Interest payable on June 17 each year; 3.90% fixed interest rate; B coupons: Interest payable on June 17 each year; floating interest rate	2,400,000	2,400,000	2,400,000
Subordinated bank debentures - seven-year maturity; first issue in 2010	2010.05.18-2017.05.18	Interest payable on May 18 each year; fixed interest rate at 2.98%	2,000,000	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; second issue in 2010	2010.09.29-2017.09.29	Interest payable on September 29 each year; fixed interest rate at 2.10%	2,000,000	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2011	2011.11.10-2018.11.10	Interest payable on November 10 each year; fixed interest rate at 1.95%	3,500,000	3,500,000	3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2012	2012.06.27-2019.06.27	Interest payable on June 27 each year; fixed interest rate at 1.75%	3,000,000	3,000,000	-
Subordinated bank debentures - seven-year maturity; first issue in 2013	2013.11.06-2020.11.06	Interest payable on November 6 each year fixed interest rate at 2.10%	4,000,000	-	-
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	2005.06.28-2012.06.28	Interest payable on simple interest every half year; floating interest rate; repayable in five equal annual installments from the third year of issuance	3,960	4,460	90,900
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240	240
Total bank debentures			<u>22,904,200</u>	<u>22,904,700</u>	<u>19,991,140</u>
Add: Unrealized valuation loss (Note 9)			<u>98,403</u>	<u>167,423</u>	<u>239,140</u>
			<u>\$ 23,002,603</u>	<u>\$ 23,072,123</u>	<u>\$ 20,230,280</u>

The hedging transactions with regard to the above bank debentures are shown in Note 9.

Euro convertible bonds

On February 7, 2013 (the “Issue Date”), the Bank issued five-year unsecured zero coupon convertible bonds (the “Bonds”) with an aggregate principal of US\$150,000 thousand; these bonds were listed on the Singapore Exchange Securities Trading Limited. The minimum lot size for the Bonds trading is US\$200 thousand. On the Issue Date, the liability component of the Bonds amounted to NT\$4,009,661 thousand net of a discount of NT\$471,589 thousand but including transaction costs of NT\$38,252 thousand. The initial effective interest rate of the liability component was 2.63%. The conversion option derivative component of the Bonds amounted to NT\$433,337 thousand. Other terms and conditions of the Bonds are described below:

a. Redemption at maturity

Unless the Bonds have been previously redeemed, converted or repurchased and canceled, the Bank shall redeem the Bonds at 101.89% of their principal amount in U.S. dollars on February 7, 2018 (the “Maturity Date”). But if this day is not a business day, bond redemption will be on the preceding business day.

b. Redemption at the option of the Bank

- 1) At any time on or after August 7, 2015, the Bank may redeem the Bonds in whole or piecemeal (being US\$200 thousand in principal amount and integral multiples thereof) at the early redemption amount which represents the principal amount of the Bonds plus a gross yield of the principal amount of the Bonds if the closing price on the Taiwan Stock Exchange (the “TWSE”) of the common shares, translated into U.S. dollars at the prevailing rate, within 20 out of 30 consecutive trading days, is at least 130% of the quotient of the early redemption amount divided by the number of common shares to be issued upon conversion of the Bonds on the applicable trading day based on the conversion price then in effect, translated into U.S. dollars at the fixed exchange rate. The early redemption amount for the Bonds is so calculated to provide the bondholder a gross yield of 0.375% semi-annually.
- 2) The Bank may redeem all, but not a portion of, the Bonds at the early redemption amount if more than 90% of the principal amount of the Bonds has already been redeemed, converted or repurchased and canceled.
- 3) The Bank is obliged to pay additional amounts as a result of any change relating to taxation in the relevant jurisdiction or any change in the general application or official interpretation of tax laws or regulations, and this obligation cannot be avoided by the Bank even by taking reasonable measures.

c. Details of conversion

- 1) Converted shares: Newly issued common shares of the Bank (the “Shares”)
- 2) Conversion period: Unless the Bonds have been previously redeemed, converted or repurchased and canceled, the Bonds are convertible, at the option of the bondholder at any time on or after March 20, 2013, which is the 41st calendar day after the Issue Date, and prior to the close of business on January 28, 2018, which is the 10th calendar day prior to the Maturity Date for bond conversion into Shares. In addition, conversion rights shall not be exercised during the following closed periods:
 - a) 60 days prior to the date of the annual general shareholders’ meeting, 30 days prior to the date of the special general shareholders’ meeting, or on the date at least 5 days prior to the record date for determination of shareholders entitled to receive annual dividend, bonus, or other benefits and rights;

- b) from the date at least 15 business days prior to the record date for any free distribution of shares, cash dividend, or rights to subscribe for new shares in a rights offering until the distribution of these rights, or from the record date for capital reduction until one day prior to the resumption of trading of the reissued shares following the capital reduction; and
 - c) any other period as determined by ROC laws.
- 3) Adjustments to conversion price: On any stock dilution or events stated in the Offering Memorandum that occur after the Issue Date, the conversion price shall be adjusted in accordance with the formula stated in the Offering Memorandum.
- 4) Conversion price: The original conversion price was NT\$15.24 per share, which was adjusted to NT\$14.24 per share on September 9, 2013 because dividends had been issued. The conversion price was further adjusted to NT\$14.09 per share on January 28, 2014 because of the issuance of new shares for an overseas offering of Global Depository Receipts (at the fixed exchange rate of NT\$29.569 to US\$1.00).
- 5) Redemption at the option of the bondholders:
- a) Unless the Bonds have been early redeemed, converted or repurchased, each bondholder has a put right to require the Bank to redeem in whole or in part only (being US\$200 thousand in principal amount and integral multiples thereof) the Bonds at the early redemption amount on August 7, 2015.
 - b) In the event that Bank's shares cease to be listed or admitted to trading on the TWSE (a "Delisting"), the Bank shall notify the bondholders accordingly, and each bondholder shall have the right to require the Bank to redeem the Bondholder's Bonds, in whole or in part only (being US\$200 thousand in principal amount and integral multiples thereof) at the Early Redemption Amount on the 20th business day after the date of this notice.
 - c) If the Bank has a change of control, the Bank shall notify the bondholders, and each bondholder shall have the right to require the Bank to redeem all or a part of the Bonds (being US\$200 thousand in principal amount and integral multiples thereof) at the Early Redemption Amount on the 20th business day after the date of this notice.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Securities sold under repurchase agreements	\$ 1,299,471	\$ -	\$ 213,870
Short-term loans	364,966	969,980	1,369,929
Principal of structured notes	214,247	730,962	459,005
Deposits received	181,807	207,093	168,404
Lease payable	<u>-</u>	<u>35</u>	<u>78</u>
	<u>\$ 2,060,491</u>	<u>\$ 1,908,070</u>	<u>\$ 2,211,286</u>

The securities sold under repurchase agreements are as follows:

//

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	\$ 181,453	\$ -	\$ 213,870
Foreign bank debentures	<u>1,118,018</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,299,471</u>	<u>\$ -</u>	<u>\$ 213,870</u>
Repurchase date	2014.01.07- 2014.01.24	-	2012.01.02
Repurchase price	\$ 1,302,319	\$ -	\$ 213,870

The short-term loans are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bank loans	\$ 340,000	\$ 920,000	\$ 1,120,000
Commercial paper	<u>24,966</u>	<u>49,980</u>	<u>249,929</u>
	<u>\$ 364,966</u>	<u>\$ 969,980</u>	<u>\$ 1,369,929</u>
Interest rates on bank loans	1.32%-1.38%	1.32%-1.41%	1.30%-1.56%

The status of commercial paper is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
International Bills Finance Corp.	\$ 25,000	\$ 50,000	\$ 50,000
Ta Chong Bank	<u>-</u>	<u>-</u>	<u>200,000</u>
	25,000	50,000	250,000
Less: Unamortized discount on commercial paper	<u>34</u>	<u>20</u>	<u>71</u>
	<u>\$ 24,966</u>	<u>\$ 49,980</u>	<u>\$ 249,929</u>
Interest rates	1.40%	1.38%	0.77%-0.86%

26. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Employee benefits - defined benefit plans	\$ 609,401	\$ 609,057	\$ 620,865
Reserve for guarantee obligations	144,724	80,673	65,454
Contingency reserve	<u>-</u>	<u>8,115</u>	<u>4,361</u>
	<u>\$ 754,125</u>	<u>\$ 697,845</u>	<u>\$ 690,680</u>

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. For employees subjected to LPA, the Bank and its subsidiaries make contributions to their individual pension accounts in the Department of Labor at 6% of their monthly salaries and wages.

b. Defined benefit plans

The Bank adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

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

Far Eastern Life Insurance Agency Co., Ltd. contributes amounts equal to 2% of total monthly salaries and wages to a pension fund which is deposited in the Bank of Taiwan. Because the balance of the pension fund as of September 30, 2010 is sufficient for paying pension obligations, further contributions to the pension fund have been suspended since October 2010 with the approval of the Department of Labor.

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

	Measurement Date		
	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	2.25%	1.75%	1.75%
Expected rate of return on plan assets	1.50%	1.50%	2.00%
Expected rate of salary increase	2.50%	2.50%	2.50%

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

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

	For the Year Ended December 31	
	2013	2012
Current service cost	\$ 12,106	\$ 12,169
Interest cost	16,881	14,700
Expected return on plan assets	(4,325)	(5,386)
Actuarial losses	1,059	-
Past service cost	<u>(1,200)</u>	<u>(1,200)</u>
	<u>\$ 24,521</u>	<u>\$ 20,283</u>

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

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	\$ 978,015	\$ 857,300
Current service cost	12,106	12,169
Interest cost	16,881	14,700
Actuarial losses	21,361	109,843
Contributions from plan assets	(18,868)	(2,520)
Benefits paid	<u>(4,568)</u>	<u>(13,477)</u>
Closing defined benefit obligation	<u>\$ 1,004,927</u>	<u>\$ 978,015</u>

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	\$ 1,004,927	\$ 978,015	\$ 857,300
Fair value of plan assets	<u>(283,869)</u>	<u>(279,571)</u>	<u>(260,879)</u>
Deficit	721,058	698,444	596,421
Unrecognized actuarial loss, net	(133,701)	(112,631)	-
Unrecognized past service cost	<u>22,044</u>	<u>23,244</u>	<u>24,444</u>
Employee benefits	<u>\$ 609,401</u>	<u>\$ 609,057</u>	<u>\$ 620,865</u>

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

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	\$ 279,571	\$ 260,879
Expected return on plan assets	4,325	5,386
Actuarial losses	(768)	(2,788)
Contributions from the employer	19,609	18,614
Contributions from plan assets	<u>(18,868)</u>	<u>(2,520)</u>
Closing fair value of plan assets	<u>\$ 283,869</u>	<u>\$ 279,571</u>

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

	December 31, 2013	December 31, 2012	January 1, 2012
Equity instruments	44.77%	39.42%	40.75%
Debt instruments	31.58%	36.82%	35.25%
Deposits in banks	22.86%	23.69%	23.87%
Others	<u>0.79%</u>	<u>0.07%</u>	<u>0.13%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The Bank chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	\$ 1,004,927	\$ 978,015	\$ 857,300
Fair value of plan assets	\$ 283,869	\$ 279,571	\$ 260,879
Deficit	\$ 721,058	\$ 698,444	\$ 596,421
Experience adjustments on plan liabilities	\$ (91,302)	\$ (52,368)	\$ -
Experience adjustments on plan assets	\$ (768)	\$ (2,788)	\$ -

The Bank expects to make a contribution of NT\$20,099 thousand and NT\$19,609 thousand, respectively, to the defined benefit plans during the annual period beginning after 2013 and 2012.

28. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Advance receipts	\$ 266,152	\$ 277,618	\$ 270,537
Deferred revenue - customer loyalty programmes	91,718	89,108	106,517
Temporary receipts	40,995	49,119	32,486
Others	<u>16,101</u>	<u>16,529</u>	<u>17,897</u>
	<u>\$ 414,966</u>	<u>\$ 432,374</u>	<u>\$ 427,437</u>

29. EQUITY

a. Share capital

Ordinary shares

	December 31, 2013	December 31, 2012	January 1, 2012
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Amount of shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,362,118</u>	<u>2,242,260</u>	<u>2,118,560</u>
Shares issued	<u>\$ 23,621,182</u>	<u>\$ 22,422,596</u>	<u>\$ 21,185,604</u>

Ordinary common shares issued, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

The capital surplus arising from shares issued in excess of par and treasury stock transactions may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year). However, capital surplus arising from investments accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

The Bank's Articles of Incorporation provide that the appropriations from the Bank's annual earnings less its losses and all taxes and dues must be in the following order:

- 1) 30% as legal reserve;
- 2) Special reserve based on the relevant law or regulations; and
- 3) A portion to be retained on the basis of operational needs.
- 4) Any remainder:

	%
Shareholders' bonus	92
Remuneration to directors and supervisors	2
Employees' bonus	<u>6</u>
	<u>100</u>

The dividend policy of the Bank will be evaluated and adjusted after taking into account such factors as the present environment and future operation plans, and its cash dividends should not be less than 10% of total dividends distributed.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

The appropriations of earnings for the 2012 and 2011, which were approved in the shareholders' meetings on June 19, 2013 and June 26, 2012, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2012	2011	2012	2011
Legal reserve	\$ 769,012	\$ 711,970		
Special reserve	173,800	-		
Cash dividends	515,720	529,640	\$ 0.230	\$ 0.250
Stock dividends	<u>1,105,434</u>	<u>1,131,311</u>	0.493	0.534
	<u>\$ 2,563,966</u>	<u>\$ 2,372,921</u>		

The employees' bonus (in stocks) and the remuneration to directors and supervisors approved in the foregoing shareholders' meetings were NT\$140,970 thousand and NT\$144,431 thousand on the earnings of 2012 and 2011, respectively, and were not different from the accrual amount recognized in the 2012 and 2011 financial statements.

The appropriations of earnings, employees' bonus and the remuneration to directors and supervisors for 2012 were proposed according to the Bank's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP").

The employees' stock bonus for 2012 of 9,315 thousand shares was determined at NT\$11.35 per share, the closing price of the Bank's ordinary share (after considering the effect of cash and stock dividends) of the day preceding the shareholders' meeting. As a result, the capital surplus of 2013 increased by NT\$12,575 thousand. The employees' stock bonus for 2011 of 10,568 thousand shares was determined at NT\$10.25 per share, the closing price of the Bank's ordinary share (after considering the effect of cash and stock dividends) of the day preceding the shareholders' meeting. As a result, the capital surplus of 2012 increased by NT\$2,642 thousand.

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

Under the Integrated Income Tax System, ROC-resident shareholders will be allocated imputation credit for the distribution of earnings that the Bank generated after January 1, 1998, the balance of which is maintained in the imputation credits account (ICA). The allocation of imputation credits is based on a creditable tax ratio, which is determined on the dividend ex-right date.

The Bank's foreign shareholders are not entitled to the imputation credits, except those related to the 10% income tax on unappropriated earnings actually paid by the Bank. If dividends distributed to foreign shareholders are from the earnings subject to an additional 10% income tax, the tax can be used by the foreign shareholders to reduce the final withholding tax on their dividends income.

The appropriations of earnings for 2013 had been proposed by the Bank's Board of Directors on March 4, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 871,132	
Special reserve	124,400	
Cash dividends	681,780	\$ 0.250
Share dividends	<u>1,224,476</u>	0.449
	<u>\$ 2,901,788</u>	

The employees' bonus (in stocks) and the remuneration to directors and supervisors proposed in the foregoing Board of Directors meetings were NT\$124,321 thousand and NT\$41,440 thousand, respectively, on earnings of 2013. The proposed amounts were the same as the estimates made in 2013 according to the Bank's Article of Incorporation. If the actual amounts approved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

The appropriations of earnings, employees' bonus, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 24, 2014.

Information on the employees' bonus and the remuneration to directors and supervisors is available on the Market Observations Post System Website of the Taiwan Stock Exchange.

d. Special reserve appropriated following Rule No. 1010012865 issued by the FSC

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated.

The Bank had no unrealized revaluation increment, and cumulative translation adjustments had not been elected the use of exemptions under IFRS 1; therefore, no special reserve was appropriated on the first-time adoption of Taiwan-IFRSs.

On the first-time adoption of Taiwan-IFRSs, a company should appropriate to a special reserve an amount that is the same as the net debit balance of shareholders' other equity items that arose in the current year and were transferred to retained earnings. At the date of transitions to Taiwan-IFRSs, if the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments will be appropriated to special reserve. Distributions can be made out of any subsequent reversal of the debit to other equity items.

e. Other equity items

Movements of unrealized gain (loss) on available-for-sale financial assets under equity attributable to owners of the Bank were as follows:

	For the Year Ended December 31	
	2013	2012
Balance, beginning of the year	\$ (173,800)	\$ 10,252
Unrealized gain (loss) on available-for-sale financial assets	(130,621)	66,998
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	5,268	(239,635)
Share of unrealized loss on available-for-sale financial assets of associates	<u>(15,308)</u>	<u>(11,415)</u>
Balance, end of the year	<u>\$ (314,461)</u>	<u>\$ (173,800)</u>

30. NET INTEREST INCOME

	For the Year Ended December 31	
	2013	2012
Interest income		
Discounts and loans	\$ 9,029,985	\$ 7,439,321
Credit cards	936,003	936,654
Due from the Central Bank	607,783	674,492
Bonds	296,999	281,515
Recovered portion of written-off loans	205,346	119,634
Others	<u>187,805</u>	<u>192,649</u>
	<u>11,263,921</u>	<u>9,644,265</u>
Interest cost		
Deposits and remittances	3,311,560	3,557,707
Automobile financing obligations	2,414,119	1,367,675
Bank debentures	475,285	364,158
Others	<u>178,590</u>	<u>209,580</u>
	<u>6,379,554</u>	<u>5,499,120</u>
Net interest income	<u>\$ 4,884,367</u>	<u>\$ 4,145,145</u>

31. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2013	2012
Service fee income		
Consigned funds and insurance	\$ 1,244,492	\$ 1,089,828
Credit cards	952,297	999,655
Credit business	874,306	669,955
Others	<u>354,111</u>	<u>319,633</u>
	<u>3,425,206</u>	<u>3,079,071</u>
Service fee expense		
Agency service fee	102,093	92,627
Visa and Master	101,664	88,487
National Credit Card Center fee	85,029	73,726
Outsourcing fee for collection	75,169	76,525
Credit investigation	41,682	44,594
Interbank service fee	35,527	35,798
Others	<u>87,903</u>	<u>95,392</u>
	<u>529,067</u>	<u>507,149</u>
Net service fee income	<u>\$ 2,896,139</u>	<u>\$ 2,571,922</u>

32. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31	
	2013	2012
Net interest income	\$ 63,406	\$ 43,346
Dividends	<u>8,676</u>	<u>8,326</u>
Realized gains (losses)		
Derivative instruments	1,691,011	573,463
Convertible bonds	243,718	740,401
Others	<u>18,634</u>	<u>(40,429)</u>
	<u>1,953,363</u>	<u>1,273,435</u>
Gains (losses) on valuation		
Derivative instruments	(2,236,821)	669,882
Convertible bonds	1,311,632	(936,063)
Others	<u>(2,458)</u>	<u>11,690</u>
	<u>(927,647)</u>	<u>(254,491)</u>
Net gains	<u>\$ 1,097,798</u>	<u>\$ 1,070,616</u>

33. NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Year Ended December 31	
	2013	2012
Dividends	\$ 52,670	\$ 63,476
Stocks	38,804	156,122
Bonds	(44,024)	83,513
Others	<u>(48)</u>	<u>-</u>
	<u>\$ 47,402</u>	<u>\$ 303,111</u>

34. NONINTEREST INCOME AND GAINS - OTHERS

	For the Year Ended December 31	
	2013	2012
Gains on financial assets measured at cost - cash dividends	\$ 14,136	\$ 14,238
Claim settlement of credit loan	10,770	13,189
Sponsorship from Visa	4,789	32,420
Gains on recovered debt investments with no active market	-	56,174
Gains on recovered security deposits	-	18,627
Others	<u>27,832</u>	<u>15,865</u>
	<u>\$ 57,527</u>	<u>\$ 150,513</u>

35. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2013	2012
Salaries and bonus	\$ 2,675,133	\$ 2,499,866
Employee insurance	206,153	193,002
Temporary employee	174,318	257,466
Employees' bonus, remuneration to directors and supervisors	172,540	147,267
Post-employment benefits	131,964	125,030
Others	<u>184,520</u>	<u>192,746</u>
	<u>\$ 3,544,628</u>	<u>\$ 3,415,377</u>

36. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2013	2012
Depreciation	<u>\$ 189,220</u>	<u>\$ 212,395</u>
Amortization	<u>\$ 41,299</u>	<u>\$ 40,956</u>

37. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2013	2012
Advertising	\$ 474,946	\$ 453,317
Rental	415,317	413,360
Tax and government fees	372,018	335,155
Telecommunications	173,559	170,323
Software	156,865	158,432
Others	<u>625,274</u>	<u>651,381</u>
	<u>\$ 2,217,979</u>	<u>\$ 2,181,968</u>

38. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax expense		
Current period	\$ 159,712	\$ 173,298
Prior years	<u>(9,478)</u>	<u>3,707</u>
	150,234	177,005
Deferred tax expense	<u>351,603</u>	<u>187,187</u>
Income tax expense recognized in profit or loss	<u>\$ 501,837</u>	<u>\$ 364,192</u>

A reconciliation of accounting income and income tax expense is as follows:

	For the Year Ended December 31	
	2013	2012
Income before income tax	<u>\$ 3,563,107</u>	<u>\$ 2,914,957</u>
Income tax expense calculated at the statutory rate	\$ 635,322	\$ 520,668
Tax effect of adjusting items:		
Permanent differences	(182,079)	(257,816)
Temporary differences	199,103	56,336
Loss carryforwards used	(615,800)	(307,808)
Additional income tax under the Alternative Minimum Tax Act	96,386	133,180
Overseas branch income tax	<u>26,780</u>	<u>28,738</u>
Current income tax expense	159,712	173,298
Adjustments for prior years' tax	(9,478)	3,707
Deferred income tax expense		
Loss carryforwards	547,682	207,214
Temporary differences	(197,765)	(23,455)
Investment tax credits	<u>1,686</u>	<u>3,428</u>
Income tax expense recognized in profit or loss	<u>\$ 501,837</u>	<u>\$ 364,192</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by the Bank and its subsidiaries in the ROC.

The outcome of the 2014 appropriation of the 2013 earnings is uncertain; thus, the potential tax consequences of the additional 10% tax on the 2013 unappropriated earnings could not be reliably estimated. As of December 31, 2013, the Bank and its subsidiaries had not recognized the additional tax at 10% of unappropriated earnings.

b. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	<u>\$ 1,003</u>	<u>\$ 167</u>	<u>\$ 176</u>
Current tax liabilities			
Income tax payable	<u>\$ 10,870</u>	<u>\$ 113,131</u>	<u>\$ 124,723</u>

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2013

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Ending Balance
Temporary differences			
Unused loss carryforwards	\$ 613,741	\$ (547,682)	\$ 66,059
Unused investment tax credit	1,686	(1,686)	-

(Continued)

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Ending Balance
Allowance for possible losses in excess of the limit	\$ 286,491	\$ 93,345	\$ 379,836
Pension cost in excess of the limit	81,289	56	81,345
Unrealized gain on financial instruments	(67,012)	105,806	38,794
Others	<u>12,380</u>	<u>(1,442)</u>	<u>10,938</u>
	<u>\$ 928,575</u>	<u>\$ (351,603)</u>	<u>\$ 576,972</u> (Concluded)

For the year ended December 31, 2012

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Ending Balance
Temporary differences			
Unused loss carryforwards	\$ 820,955	\$ (207,214)	\$ 613,741
Unused investment tax credit	5,114	(3,428)	1,686
Allowance for possible losses in excess of the limit	244,420	42,071	286,491
Pension cost in excess of the limit	83,076	(1,787)	81,289
Unrealized gain on financial instruments	(50,091)	(16,921)	(67,012)
Others	<u>12,288</u>	<u>92</u>	<u>12,380</u>
	<u>\$ 1,115,762</u>	<u>\$ (187,187)</u>	<u>\$ 928,575</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2013	December 31, 2012	January 1, 2012
Loss carryforwards			
The Bank			
Expire in 2018	\$ 994,577	\$ 1,448,144	\$ 2,060,812
Expire in 2021	<u>133,968</u>	<u>133,968</u>	<u>-</u>
	<u>\$ 1,128,545</u>	<u>\$ 1,582,112</u>	<u>\$ 2,060,812</u>
Far Eastern International Securities Co., Ltd			
Expire in 2018	\$ 66,641	\$ 66,641	\$ 66,641
Expire in 2019	108,343	108,343	108,343
Expire in 2020	53,563	53,563	53,563
Expire in 2021	38,085	38,085	37,312
Expire in 2022	22,380	22,613	-
Expire in 2023	<u>10,935</u>	<u>-</u>	<u>-</u>
	<u>\$ 299,947</u>	<u>\$ 289,245</u>	<u>\$ 265,859</u> (Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Far Eastern Insurance Brokerage Co., Ltd.			
Expire in 2019	\$ -	\$ -	\$ 860
Expire in 2020	1,991	1,617	2,476
Expire in 2021	2,413	2,413	2,413
Expire in 2022	<u>555</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,959</u>	<u>\$ 4,030</u>	<u>\$ 5,749</u>
			(Concluded)

e. Information about unused loss carryforwards

As of December 31, 2013, loss carryforwards comprised:

Expiry Year	Unused Amount
<u>The Bank</u>	
2018	\$ 1,383,161 (assessed)
2021	<u>133,968 (assessed)</u>
	<u>\$ 1,517,129</u>
<u>Far Eastern International Securities Co., Ltd.</u>	
2018	\$ 66,641 (assessed)
2019	108,343 (assessed)
2020	53,563 (assessed)
2021	38,085 (assessed)
2022	22,380 (assessed)
2023	<u>10,935 (estimated)</u>
	<u>\$ 299,947</u>
<u>Far Eastern Insurance Brokerage Co., Ltd.</u>	
2020	\$ 1,991 (assessed)
2021	2,413 (assessed)
2023	<u>555 (estimated)</u>
	<u>\$ 4,959</u>

f. Integrated income tax

Unappropriated earnings of the Bank were all generated from January 1, 1998.

	December 31, 2013	December 31, 2012	January 1, 2012
Imputation credits accounts	<u>\$ 25,978</u>	<u>\$ 11,122</u>	<u>\$ 23,184</u>

The creditable ratios for the distribution of earnings of 2013 and 2012 were 4.21% (expected) and 8.25%, respectively.

Under the Income Tax Law, for distribution of earnings generated from January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Bank were calculated on the basis of the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Bank were based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance on October 17, 2013, when calculating imputation credits in the year of first-time adoption of Taiwan-IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from the first-time adoption of Taiwan-IFRSs.

g. Income tax assessments

The income tax returns of the Bank, Far Eastern Assets Management Co., Ltd., Far Eastern Life Insurance Agency Co., Ltd. and Far Eastern Insurance Brokerage Co., Ltd. through 2011 had been assessed by the tax authorities. The income tax returns of Far Eastern Property Insurance Agency Co., Ltd. and Far Eastern International Securities Company Ltd. through 2012 had been assessed by the tax authorities.

39. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share (EPS) was based on the net income attributable to the Bank's shareholders; the numerators and denominators used in calculating basic and diluted earnings per share were as follows:

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2013	2012
Basic EPS	<u>\$ 1.30</u>	<u>\$ 1.09</u>
Diluted EPS	<u>\$ 1.20</u>	<u>\$ 1.08</u>

The net income and weighted average number of ordinary shares outstanding for EPS calculation were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2013	2012
Net income attributable to owners of the Bank	\$ 3,061,270	\$ 2,550,765
Effect of dilutive potential ordinary shares		
Interest and valuation on Euro convertible bonds	<u>106,215</u>	<u>-</u>
Net income used in the computation of diluted EPS	<u>\$ 3,167,485</u>	<u>\$ 2,550,765</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2013	2012
Weighted average number of ordinary shares in the computation of basic EPS	2,355,713	2,344,683
Effect of dilutive potential ordinary shares		
Euro convertible bonds	279,897	-
Employees' bonus	<u>14,299</u>	<u>14,200</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>2,649,909</u>	<u>2,358,883</u>

The weighted average number of ordinary shares outstanding for EPS calculation was retroactively adjusted for the issuance of stock dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

	For the Year Ended December 31, 2012	
	After Adjustment	Before Adjustment
Basic EPS	<u>\$ 1.09</u>	<u>\$ 1.14</u>
Diluted EPS	<u>\$ 1.08</u>	<u>\$ 1.13</u>

Employees' bonus for the current year should be considered in calculating the weighted-average number of shares outstanding used for calculating diluted EPS, and the number of bonus shares is estimated by dividing the entire amount of the bonus by the closing share price at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed as employees' bonus at their meeting in the following year.

40. RELATED-PARTY TRANSACTIONS

The Bank and its subsidiaries had business transactions with the following related parties:

Related Party	Relationship with the Bank and Its Subsidiaries
Yuan Long Stainless Steel Co., Ltd.	Equity-method investee of Far Eastern Asset Management Co., Ltd.
Far Eastern New Century Corp.	Chairman is the vice-chairman of the Bank
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
Far Eastern Geant Co., Ltd.	Chairman is the vice-chairman of the Bank
Bai Ding Investment Co.	Chairman is the vice-chairman of the Bank
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Investment Co.	Chairman is the vice-chairman of the Bank

(Continued)

Related Party	Relationship with the Bank and Its Subsidiaries
Bai Yang Investment Co.	Director of the Board is the vice-chairman of the Bank
Dah Chung Bills Finance Corp.	Equity-method investee
Far Eastern International Leasing Corp. (FEIL)	Chairman of FEIL's major shareholder is the vice-chairman of the Bank
U-Ming Marine Transport (Singapore) Private, Ltd	Chairman of parent company is the vice-chairman of the Bank
Everest Textile Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Far Eastern City Super Co., Ltd.	Chairman is a second-degree relative of the vice chairman of the Bank
Others	The Bank's supervisors, managers, chairman, vice-chairman, or their second-degree relatives (Concluded)

The significant transactions and account balances with the above parties (in addition to those disclosed in other notes) are summarized as follows:

a. Loans to other banks

Related Party	Highest Balance in Current Year	Ending Balance	Interest Income	Interest Rates
<u>Dah Chung Bills Finance Corp.</u>				
For the year ended December 31				
2013	\$ 1,200,000	\$ 700,000	\$ 871	0.39%-0.44%
2012	\$ 1,275,000	\$ 570,000	\$ 2,999	0.41%-0.72%

b. Loans

Category	Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended December 31, 2013							
Consumer loans	Three individuals	\$ 1,332	\$ 1,012	\$ 1,012	\$ -	Unsecured loan	Note
Loans for residential mortgage	Thirteen individuals	90,502	79,936	79,936	-	Real estate	Note
Others	Yuan Long Stainless Steel Co., Ltd.	1,845,000	1,845,000	1,845,000	-	Real estate and machinery	Note
	Far Eastern International Leasing Corp.	847,000	650,000	650,000	-	Real estate	Note
	Yuan Ding Co., Ltd.	450,000	120,000	120,000	-	Unquoted stock	Note
	Far Eastern New Century Corp.	616,777	12,220	12,220	-	Machinery	Note
	Asia Cement Corp.	800,000	-	-	-	Listed and OTC stock	Note
	Bai Ding Investment Co.	500,000	-	-	-	Listed, OTC and unquoted stock	Note
	Bai Yang Investment Co.	383,000	-	-	-	Unquoted stock	Note
	Far Eastern Geant Co., Ltd.	200,000	-	-	-	Real estate	Note
	Yuan Ding Investment Co.	200,000	-	-	-	Unquoted stock	Note
	U-Ming Marine Transport Corp.	200,000	-	-	-	Listed stock	Note
	Everest Textile Co., Ltd.	194,305	-	-	-	Real estate	Note
			\$ 2,708,168	\$ 2,708,168	\$ -		

(Continued)

Category	Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended December 31, 2012							
Consumer loan	Three individuals	\$ 1,257	\$ 556	\$ 556	\$ -	Unsecured loan	Note
Loans for residential mortgage	Nine individuals	72,358	48,013	48,013	-	Real estate	Note
Others	Yuan Long Stainless Steel Co., Ltd.	1,850,000	1,845,000	1,845,000	-	Real estate and machinery	Note
	Bai Ding Investment Co.	454,000	454,000	454,000	-	Listed, OTC and unquoted stock	Note
	Bai Yang Investment Co.	383,000	383,000	383,000	-	Unquoted stock	Note
	U-Ming Marine Transport Corp.	2,000,000	200,000	200,000	-	Listed stock	Note
	Far Eastern Geant Co., Ltd.	100,000	30,000	30,000	-	Real estate	Note
	Far Eastern New Century Corp.	37,701	5,264	5,264	-	Machinery	Note
	Everest Textile Co., Ltd.	90,899	4,413	4,413	-	Real estate	Note
	Far Eastern Department Store Corp.	550,000	-	-	-	Listed, OTC and unquoted stock	Note
	Asia Cement Corp.	30,000	-	-	-	Listed and OTC stock	Note
			<u>\$ 2,970,246</u>	<u>\$ 2,970,246</u>	<u>\$ -</u>		

(Concluded)

Note: The terms of the loans were no superior to those for unrelated parties.

	Interest Rate	Interest Income
For the year ended December 31		
2013	1.08%-2.38%	<u>\$ 41,468</u>
2012	1.10%-2.38%	<u>\$ 42,118</u>

c. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral
For the year ended December 31, 2013					
Ding Ding Hotel Co., Ltd.	\$ 43,000	\$ 38,000	\$ 190	0.50%	Certificates of deposit
Yuan Long Stainless Steel Co., Ltd.	60,000	30,000	150	0.60%	Real estate and machinery
Everest Textile Co., Ltd.	311,676	12,514	63	0.75%	Real estate
Yuan Ding Co., Ltd.	11,000	11,000	55	0.50%	Unquoted stock
Far Eastern City Super Co., Ltd.	3,000	3,000	15	0.60%	Certificates of deposit
		<u>\$ 94,514</u>	<u>\$ 473</u>		
For the year ended December 31, 2012					
Everest Textile Co., Ltd.	\$ 311,676	\$ 311,676	\$ 1,558	0.60%-0.75%	Real estate
Ding Ding Hotel Co., Ltd.	46,000	43,000	215	0.50%	Certificates of deposit
Yuan Long Stainless Steel Co., Ltd.	60,000	30,000	150	0.60%	Real estate and machinery
Yuan Ding Co., Ltd.	14,000	11,000	55	0.50%	Unquoted stock
Far Eastern City Super Co., Ltd.	3,000	3,000	15	0.60%	Certificates of deposit
		<u>\$ 398,676</u>	<u>\$ 1,993</u>		

d. Letters of credit issued

	December 31, 2013	December 31, 2012	January 1, 2012
Everest Textile Co., Ltd.	\$ 70,934	\$ 3,864	\$ -
Asia Cement Corp.	-	7,118	-
	<u>\$ 70,934</u>	<u>\$ 10,982</u>	<u>\$ -</u>

e. Security transactions - buy and sell

	Held for Trading		Available-for-sale		Short Sales		Resale Agreement - Bonds	Repurchase Agreement - Bonds
	Buy	Sell	Buy	Sell	Buy	Sell		
<u>Dah Chung Bills Finance Corp.</u>								
For the year ended December 31								
2013	\$ 2,050,000	\$ 1,350,000	\$ 50,000	\$ -	\$ 100,000	\$ 200,000	\$ 123,751,482	\$ 349,828
2012	\$ 500,000	\$ 550,000	\$ 100,000	\$ -	\$ 350,000	\$ 750,000	\$ 76,344,141	\$ 50,065

f. Derivative financial instruments

Related Party	Derivative financial Instrument	Contract Period	Nominal Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
For the year ended <u>December 31, 2013</u>						
Asia Cement Corp.	Cross-currency swap contracts	2011.03.28 - 2016.05.10	\$ 9,134,750	\$ 119,911	Financial assets at fair value through profit or loss	\$ 14,056
					Financial liabilities at fair value through profit or loss	99,748
U-Ming Marine Transport Corp.	Cross-currency swap contracts	2013.04.26 - 2014.11.07	6,648,900	15,922	Financial assets at fair value through profit or loss	4,870
					Financial liabilities at fair value through profit or loss	41,453
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.10.25 - 2022.10.25	969,631	(957)	Financial liabilities at fair value through profit or loss	987
Far Eastern New Century Corp.	Forward exchange contracts	2013.11.04 - 2014.04.07	787,683	(4,509)	Financial assets at fair value through profit or loss	7,446
					Financial liabilities at fair value through profit or loss	12,083
Dah Chung Bills Finance Corp.	Convertible bond asset swap contracts	2011.01.04 - 2016.12.20	348,000	1,316	Financial assets at fair value through profit or loss	45
					Financial liabilities at fair value through profit or loss	872
New Century InfoComm Tech Co., Ltd.	Foreign-currency swap contracts	2013.12.25 - 2014.01.10	149,750	(1,485)	Financial liabilities at fair value through profit or loss	500
For the year ended <u>December 31, 2012</u>						
U-Ming Marine Transport Corp.	Cross-currency swap contracts	2012.04.09 - 2013.11.08	8,624,256	23,701	Financial assets at fair value through profit or loss	134,699
Asia Cement Corp.	Cross-currency swap contracts	2011.03.28 - 2014.01.23	8,012,400	(3,665)	Financial assets at fair value through profit or loss	16,747
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.10.25 - 2022.10.25	943,278	(30)	Financial liabilities at fair value through profit or loss	30
Far Eastern New Century Corp.	Forward exchange contracts	2012.12.06 - 2013.01.30	164,439	(1,369)	Financial assets at fair value through profit or loss	904
					Financial liabilities at fair value through profit or loss	1,031
Dah Chung Bills Finance Corp.	Convertible bond asset swap contracts	2011.01.14 - 2015.07.12	360,000	(1,095)	Financial assets at fair value through profit or loss	29
					Financial liabilities at fair value through profit or loss	2,173
New Century InfoComm Tech Co., Ltd.	Foreign-currency swap contracts	2012.12.17 - 2013.01.08	874,080	222	Financial assets at fair value through profit or loss	985

g. Deposits

	<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 33,539,756</u>	0%-6.36%	<u>\$ 35,424,892</u>	0%-6.37%
			<u>For the Year Ended December 31</u>	
			<u>2013</u>	<u>2012</u>
Interest expense			<u>\$ 381,459</u>	<u>\$ 460,404</u>

h. Operating expenses

	For the Years Ended December 31			
	2013		2012	
	Amount	% to Total	Amount	% to Total
Rental - Yuan Ding Co., Ltd.	\$ 62,054	1	\$ 75,403	2
Telecommunications - New Century InfoComm Tech Co., Ltd.	45,805	1	48,873	1
Advertising expense - Ding Ding Integrated Marketing Service Co.	196,307	3	137,139	2
Advertising expense - Far Eastern Department Store Corp.	37,955	1	67,988	1
Advertising expense - Ding Ding Hotel Co., Ltd.	<u>16,930</u>	<u>-</u>	<u>11,701</u>	<u>-</u>
	<u>\$ 359,051</u>	<u>6</u>	<u>\$ 341,104</u>	<u>6</u>

The Bank rented part of their office premises from Yuan Ding Co., Ltd. Based on the lease agreements, the rents were payable monthly.

i. Disposal of buildings and land held for sale

In June 2012, Far Eastern Asset Management Co., Ltd. sold buildings and land held for sale, with book value of NT\$278,000 thousand, to Far Eastern Resources Development Co., Ltd. for NT\$278,131 thousand. Far Eastern Asset Management Co., Ltd. recognized a loss of NT\$1,945 thousand after deducting the land value increment tax of NT\$2,076 thousand.

j. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2013</u>	<u>2012</u>
Short-term employee benefits	\$ 140,313	\$ 124,974
Post-employment benefits	<u>2,085</u>	<u>1,754</u>
	<u>\$ 142,398</u>	<u>\$ 126,728</u>

The compensation of key management personnel was determined by reference to a comprehensive consideration of the market level of payments in banking industry, personal performance, the Bank's long-term operating performance and future operational risk, etc. The remuneration committee evaluated the reasonableness of the compensation of management, and made recommendations to the Board of Directors.

41. PLEDGED ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Due from the Central Bank and other banks - certificates of deposit	\$ 4,000,000	\$ 3,000,000	\$ 2,500,000
Available-for-sale financial assets - government bonds	<u>2,625,000</u>	<u>2,647,600</u>	<u>671,100</u>
	<u>\$ 6,625,000</u>	<u>\$ 5,647,600</u>	<u>\$ 3,171,100</u>

The certificates of deposit issued by the Central Bank have been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. The terms of government bonds had been provided as the reserve for compensation of Trust Department as well as security bond for provisional seizures of the debtors' properties.

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in Note 46, the Bank and its subsidiaries' contingency liabilities and commitments resulting from operating activities as of December 31, 2013, December 31, 2012 and January 1, 2012 are summarized as follows:

a. Operating leases

The maturity analysis of rental payments under non-cancellable operating leases was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Within one year	\$ 341,143	\$ 308,276	\$ 333,389
After one year but within five years	611,766	621,932	799,907
After five years	<u>106,588</u>	<u>119,872</u>	<u>66,678</u>
	<u>\$ 1,059,497</u>	<u>\$ 1,050,080</u>	<u>\$ 1,199,974</u>

- b. Balance sheets and income statements of trust accounts and trust assets lists were as follows:

Balance Sheets of Trust Accounts

	December 31	
	2013	2012
<u>Assets</u>		
Deposits in banks	\$ 6,906,582	\$ 4,022,155
Accounts receivable	11,372	2,217
Prepayment	3,714	15,841
Funds	40,020,561	38,729,267
Common stocks	5,465,302	4,662,675
Real estate, net	395,188	274,663
Marketable securities in custody	2,543,801	2,159,304
Others	<u>307,364</u>	<u>207,256</u>
Total	<u>\$ 55,653,884</u>	<u>\$ 50,073,378</u>
<u>Liabilities</u>		
Payables	\$ 2,696	\$ 2,088
Income tax payable	134	134
Marketable securities in custody payable	2,543,801	2,159,304
Trust capital	51,669,151	47,335,993
Reserve and earnings	<u>1,438,102</u>	<u>575,859</u>
Total	<u>\$ 55,653,884</u>	<u>\$ 50,073,378</u>

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2013	2012
Trust revenue		
Interest	\$ 36,572	\$ 26,105
Cash dividends	1,404,805	1,163,338
Realized investment gain	112,495	-
Unrealized investment gain	598,885	-
Revenue from stock lending	2,875	2,978
Others	<u>2,789</u>	<u>-</u>
	<u>2,158,421</u>	<u>1,192,421</u>
Trust expenses		
Management	35,095	27,065
Supervision	309	314
Service charges	4,607	563
Taxes	507	333
Service fee for stock affairs	48	50
Service fee for stock lending	15	15
Realized investment loss	-	518,791
Unrealized investment loss	<u>-</u>	<u>257,732</u>
	<u>40,581</u>	<u>804,863</u>
Income before tax	2,117,840	387,558
Income tax	<u>11,283</u>	<u>1,979</u>
Net income	<u>\$ 2,106,557</u>	<u>\$ 385,579</u>

Trust Asset Lists

	December 31	
	2013	2012
Deposits in banks	\$ 6,906,582	\$ 4,022,155
Accounts receivable	11,372	2,217
Prepayment	3,714	15,841
Funds	40,020,561	38,729,267
Common stocks	5,465,302	4,662,675
Real estate, net		
Land	219,799	122,832
Building	43,728	20,170
Construction in progress	131,661	131,661
Marketable securities in custody	2,543,801	2,159,304
Others	<u>307,364</u>	<u>207,256</u>
Total	<u>\$ 55,653,884</u>	<u>\$ 50,073,378</u>

As of December 31, 2013 and 2012, funds amounting to NT\$889,572 thousand and NT\$726,776 thousand, respectively, had been recognized in the OBU's books as investments in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

43. SIGNIFICANT LOSSES FROM DISASTER

None.

44. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>									
Monetary items									
USD	\$ 1,409,192	29.95	\$ 42,205,172	\$ 1,270,092	29.136	\$ 37,005,170	\$ 1,396,842	30.29	\$ 42,310,685
HKD	1,363,522	3.862	5,265,919	2,153,765	3.759	8,096,003	1,477,083	3.899	5,759,147
CNY	279,670	4.948	1,383,805	226,826	4.678	1,061,095	282,881	4.812	1,361,223
EUR	15,664	41.28	646,599	16,212	38.61	625,936	20,954	39.20	821,408
JPY	1,774,757	0.2852	506,161	1,583,772	0.3375	534,523	2,745,405	0.3904	1,071,806
AUD	17,041	26.71	455,165	42,597	30.27	1,289,420	61,625	30.75	1,894,955
SGD	10,973	23.68	259,842	783	23.83	18,659	318	23.31	7,409
Non-monetary items									
USD	-	-	-	-	-	-	4,109	30.29	124,465
<u>Financial liabilities</u>									
Monetary items									
USD	1,851,006	29.95	55,437,580	1,721,852	29.136	50,167,884	1,486,017	30.29	45,011,451
AUD	77,398	26.71	2,067,309	67,537	30.27	2,044,353	62,694	30.75	1,927,846
CNY	335,990	4.948	1,662,476	477,941	4.678	2,235,810	437,493	4.812	2,105,217
HKD	401,518	3.862	1,550,663	679,135	3.759	2,552,870	711,700	3.899	2,774,919
JPY	4,809,643	0.2852	1,371,710	5,527,286	0.3375	1,865,459	4,473,755	0.3904	1,746,554
EUR	21,196	41.28	874,976	24,726	38.61	954,664	40,225	39.20	1,576,810
GBP	4,307	49.54	213,353	5,013	46.95	235,339	8,872	46.74	414,673
NZD	8,134	24.60	200,102	8,795	23.94	210,541	14,786	23.41	346,135
CAD	5,520	28.14	155,319	2,567	29.30	75,222	4,445	29.66	131,842
CHF	2,031	33.68	68,395	205	31.94	6,556	80	32.22	2,579
SGD	674	23.68	15,950	722	23.83	17,203	28,188	23.31	657,067

45. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In January 2014, the Bank issued Global Depository Receipts (GDRs) for a capital increase. The price of GDR per unit was US\$7.4, equivalent to NT\$11.25 per share. For the issuance of 18,250,000 units of GDR, the total capital increase by cash consisted of 365,000 thousand common shares, representing 20 common shares per GDR unit. The Bank received all the proceeds of GDR issuance on January 28, 2014.

46. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31, 2013	
	Carrying Amount	Fair Value
<u>Financial assets</u>		
Cash and cash equivalents	\$ 4,397,645	\$ 4,397,645
Due from the Central Bank and other banks	88,827,255	88,827,255
Financial assets at fair value through profit or loss	18,795,444	18,795,444
Derivative financial assets for hedging	111,034	111,034
Securities purchased under resale agreements	23,006,325	23,006,325
Receivables, net	20,672,272	20,672,272
Discounts and loans, net	292,517,032	292,517,032
Available-for-sale financial assets	21,735,693	21,735,693
Held-to-maturity financial assets	3,105,972	3,122,487
Debt investments with no active market	8,477,868	8,477,868
Financial assets measured at cost	101,379	101,379
Other financial assets, net	2,647,143	2,647,126
<u>Financial liabilities</u>		
Due to the Central Bank and other banks	13,782,129	13,782,129
Financial liabilities at fair value through profit or loss	7,288,065	7,288,065
Derivative financial liabilities for hedging	12,631	12,631
Payables	13,502,992	13,502,992
Deposits and remittances	398,305,940	398,305,940
Bank debentures (applying hedge accounting)	4,698,403	4,698,403
Bank debentures (not applying hedge accounting)	22,405,482	22,405,482
Other financial liabilities	2,060,491	2,060,491
	December 31, 2012	
	Carrying Amount	Fair Value
<u>Financial assets</u>		
Cash and cash equivalents	\$ 5,596,551	\$ 5,596,551
Due from the Central Bank and other banks	82,818,608	82,818,608
Financial assets at fair value through profit or loss	16,110,835	16,110,835
Derivative financial assets for hedging	180,242	180,242
Securities purchased under resale agreements	23,741,992	23,741,992
Receivables, net	20,781,182	20,781,182

(Continued)

	December 31, 2012	
	Carrying Amount	Fair Value
Discounts and loans, net	\$ 280,219,426	\$ 280,219,426
Available-for-sale financial assets	11,865,864	11,865,864
Held-to-maturity financial assets	2,224,301	2,235,526
Debt investments with no active market	10,713,828	10,713,828
Financial assets measured at cost	101,379	101,379
Other financial assets, net	2,958,132	2,958,163

Financial liabilities

Due to the Central Bank and other banks	11,674,958	11,674,958
Financial liabilities at fair value through profit or loss	3,745,032	3,745,032
Derivative financial liabilities for hedging	12,819	12,819
Payables	5,560,371	5,560,371
Deposits and remittances	391,933,266	391,933,266
Bank debentures (applying hedge accounting)	4,767,423	4,767,423
Bank debentures (not applying hedge accounting)	18,304,700	18,304,700
Other financial liabilities	1,908,070	1,908,070
		(Concluded)

	January 1, 2012	
	Carrying Amount	Fair Value
<u>Financial assets</u>		
Cash and cash equivalents	\$ 6,002,314	\$ 6,002,314
Due from the Central Bank and other banks	86,739,190	86,739,190
Financial assets at fair value through profit or loss	13,806,866	13,806,866
Derivative financial assets for hedging	252,233	252,233
Securities purchased under resale agreements	850,505	850,505
Receivables, net	21,950,813	21,950,813
Discounts and loans, net	269,460,381	269,460,381
Available-for-sale financial assets	14,945,412	14,945,412
Held-to-maturity financial assets	3,927,905	3,871,314
Debt investments with no active market	9,293,780	9,293,780
Financial assets measured at cost	103,846	103,846
Other financial assets, net	2,530,904	2,530,909

Financial liabilities

Due to the Central Bank and other banks	11,785,731	11,785,731
Financial liabilities at fair value through profit or loss	4,384,840	4,384,840
Derivative financial liabilities for hedging	13,093	13,093
Payables	4,495,320	4,495,320
Deposits and remittances	369,998,562	369,998,562
Bank debentures (applying hedge accounting)	4,839,140	4,839,140
Bank debentures (not applying hedge accounting)	15,391,140	15,391,140
Other financial liabilities	2,211,286	2,211,286

b. Methods and assumptions used to estimate the fair values of financial instruments are as follows:

- 1) The carrying amounts of the following short-term financial instruments approximate their fair value because of their short maturities: Cash and cash equivalents; due from the Central Bank and other banks; securities purchased under resale agreements; receivables, net; due to the Central Bank and other banks; payables; and securities sold under repurchase agreements.
- 2) The fair values of financial instruments at fair value through profit or loss, derivative financial instruments for hedging, available-for-sale financial assets and held-to-maturity financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments. Fair values of derivative financial instruments are estimated on the basis of quotations from the pricing system of Reuters.
- 3) Discounts and loans, deposits, bank debentures and principal of structured notes are interest-earning assets or interest-bearing liabilities. Their carrying amounts approximate their fair values. The fair values of nonaccrual loans and acquired receivables are based on their carrying amounts, net of allowance for possible losses.
- 4) Financial assets measured at cost are investments in stocks with no quoted prices in an active market. Thus, no fair value of these assets is presented.
- 5) Financial assets and liabilities other than those listed above are valued by using their estimated future cash flows as their carrying amounts. Thus, the carrying amounts of these assets and liabilities represent their fair value.

c. The definition of three levels of financial instruments at fair value

- 1) Level 1 inputs are observable inputs that reflect quoted prices for identical financial instruments in an active market. A market is active if it has these characteristics: Products traded in the market are homogeneous; willing buyers and sellers can be found immediately and the price information is publicly available. Listed and OTC stocks, beneficiary certificates, central government bonds, domestic convertible bonds, foreign bank debentures and derivative instruments with quoted prices in active markets are categorized into Level 1.
- 2) Level 2 inputs are observable inputs other than quoted prices for identical assets or liabilities in active markets, including direct inputs (such as market prices) or indirect inputs (such as prices derived from market prices). Commercial paper, negotiable certificates of deposit, foreign convertible bonds and most derivative instruments at fair value are categorized into Level 2.
- 3) Level 3 inputs are unobservable items such as inputs derived through extrapolation or interpolation and thus cannot be corroborated by observable market data. Some derivative instruments are categorized into Level 3.

d. The fair value hierarchy of financial instruments was as follows:

Financial Instruments	December 31, 2013			
	Total	Level 1	Level 2	Level 3
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held for trading				
Government bonds	\$ 1,617,257	\$ 1,617,257	\$ -	\$ -
Listed and OTC stocks	332,666	332,666	-	-
Beneficiary certificates	149,162	149,162	-	-
Financial assets designated as at fair value through profit or loss				
Convertible bonds	12,039,304	12,030,369	8,935	-
Available-for-sale				
Government bonds	13,619,393	13,619,393	-	-
Commercial paper	5,045,261	-	5,045,261	-
Foreign bank debentures	1,243,923	1,243,923	-	-
Listed and OTC stocks	1,109,537	1,109,537	-	-
Negotiable certificate of deposits	717,579	-	717,579	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held for trading	4,657,055	-	4,571,329	85,726
Derivative instruments held for hedging	111,034	-	111,034	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(7,288,065)	-	(6,831,718)	(456,347)
Derivative instruments held for hedging	(12,631)	-	(12,631)	-
Total	<u>\$ 33,341,475</u>	<u>\$ 30,102,307</u>	<u>\$ 3,609,789</u>	<u>\$ (370,621)</u>
Financial Instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held for trading				
Government bonds	\$ 1,334,349	\$ 1,334,349	\$ -	\$ -
Listed and OTC stocks	130,962	130,962	-	-
Beneficiary certificates	107,521	107,521	-	-
Financial assets designated as at fair value through profit or loss				
Convertible bonds	11,679,558	11,658,981	20,577	-
Available-for-sale				
Government bonds	10,355,436	10,355,436	-	-
Listed and OTC stocks	807,991	807,991	-	-
Negotiable certificates of deposit	452,394	-	452,394	-
Commercial paper	250,043	-	250,043	-

(Continued)

Financial Instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held for trading	\$ 2,858,445	\$ -	\$ 2,680,152	\$ 178,293
Derivative instruments held for hedging	180,242	-	180,242	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(3,745,032)	-	(3,677,723)	(67,309)
Derivative instruments held for hedging	<u>(12,819)</u>	<u>-</u>	<u>(12,819)</u>	<u>-</u>
Total	<u>\$ 24,399,090</u>	<u>\$ 24,395,240</u>	<u>\$ (107,134)</u>	<u>\$ 110,984</u> (Concluded)

Financial Instruments	January 1, 2012			
	Total	Level 1	Level 2	Level 3
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held for trading				
Government bonds	\$ 1,722,733	\$ 1,722,733	\$ -	\$ -
Listed and OTC stocks	36,819	36,819	-	-
Beneficiary certificates	57,286	57,286	-	-
Financial assets designated as at fair value through profit or loss				
Convertible bonds	10,656,510	10,648,263	8,247	-
Available-for-sale				
Government bonds	14,044,274	14,044,274	-	-
Listed and OTC stocks	901,138	901,138	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Short sale of bonds payable	(953,357)	(953,357)	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held for trading	1,333,518	-	1,285,421	48,097
Derivative instruments held for hedging	252,233	-	252,233	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(3,431,483)	-	(3,324,114)	(107,369)
Derivative instruments held for hedging	<u>(13,093)</u>	<u>-</u>	<u>(13,093)</u>	<u>-</u>
Total	<u>\$ 24,606,578</u>	<u>\$ 26,457,156</u>	<u>\$ (1,791,306)</u>	<u>\$ (59,272)</u>

Movement of Level 3 financial assets:

December 31, 2013

Item	Beginning Balance	Valuation	Increase in the Current Period		Decrease in the Current Period		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at fair value through profit or loss Held for trading - derivative financial instruments	\$ 178,293	\$ (92,567)	\$ -	\$ -	\$ -	\$ -	\$ 85,726

December 31, 2012

Item	Beginning Balance	Valuation	Increase in the Current Period		Decrease in the Current Period		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial assets at fair value through profit or loss Held for trading - derivative financial instruments	\$ 48,097	\$ 130,196	\$ -	\$ -	\$ -	\$ -	\$ 178,293

Movement of Level 3 financial liabilities:

December 31, 2013

Item	Beginning Balance	Valuation	Increase in the Current Period		Decrease in the Current Period		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at fair value through profit or loss Derivative financial instruments	\$ 67,309	\$ (44,299)	\$ 433,337	\$ -	\$ -	\$ -	\$ 456,347

December 31, 2012

Item	Beginning Balance	Valuation	Increase in the Current Period		Decrease in the Current Period		Ending Balance
			Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	
Financial liabilities at fair value through profit or loss Derivative financial instruments	\$ 107,369	\$ (40,060)	\$ -	\$ -	\$ -	\$ -	\$ 67,309

e. Transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2013 and 2012.

f. The sensitivity analysis of reasonably possible alternative assumptions for fair value measurements categorized within Level 3

The Bank's fair value measurement of the financial instruments is reasonable; nevertheless, changes in the fair value measurement parameters may result in different measurement results. Had the valuation parameters for financial instruments categorized within Level 3 been 0.01% higher/lower, the impact on the profit or loss for the year would have been as follows:

Item	Impact on Gains and Losses	
	December 31, 2013	
	Favorable	Unfavorable
<u>Assets</u>		
Financial assets at fair value through profit or loss Held for trading - derivative financial instruments	\$ 1,557	\$ (1,557)
<u>Liabilities</u>		
Financial liabilities at fair value through profit or loss Derivative financial instruments	1,953	(2,402)

Item	Impact on Gains and Losses	
	December 31, 2012	
	Favorable	Unfavorable
<u>Assets</u>		
Financial assets at fair value through profit or loss Held for trading - derivative financial instruments	\$ 3,770	\$ (3,770)
<u>Liabilities</u>		
Financial liabilities at fair value through profit or loss Derivative financial instruments	996	(996)

Item	Impact on Gains and Losses	
	January 1, 2012	
	Favorable	Unfavorable
<u>Assets</u>		
Financial assets at fair value through profit or loss Held for trading - derivative financial instruments	\$ 910	\$ (889)
<u>Liabilities</u>		
Financial liabilities at fair value through profit or loss Derivative financial instruments	1,654	(1,732)

The favorable and unfavorable movement refers to the fluctuation of fair values, which is calculated on the basis of valuation techniques involving the use of input parameters. However, the table above does not reflect the correlation between input parameters and their volatility.

47. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank's risk management policy is to form a risk management-oriented culture, and to use both qualitative and quantitative indexes from internal and external risk management regulations as operating strategies.

The Bank has set up an independent risk control department to implement and monitor risk management policies.

The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to achieve the target profit.

b. Risk management framework

The Board of Directors, the highest decision department of the Bank, has overall responsibility for the establishment and oversight of the Bank's risk management framework.

Asset and Liability Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

Furthermore, the Bank has an independent Risk Management Department comprising of corporate banking and consumer banking groups which directly manage credit extension risks with regard to their respective areas: corporate banking, financial markets, individual banking, consumer banking and credit card business groups. For integrated risk management, each business unit of the Bank is required to present, first, to the Risk Management Department for review and then to the Bank's top management for approval, all the related documents, including the credit extension principles and procedures, new product development, levels and degree of authorization, etc.

The Internal Audit Department undertakes regular reviews of risk management controls and procedures, including risk management framework, operating procedures of risk management, and provides timely suggestion and improvement.

c. Credit risk

1) Definition and scope of credit risk

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or counterparty to a financial instrument fails to meet its contractual obligations due to its credit deterioration or other factors, such as a dispute between the borrower and its counterparty.

Credit risk includes all risks derived from on- and off-balance sheet business, and all credit risk related to products, businesses and positions.

2) Management policies on credit risk

The Bank shall identify risk factors and consider appropriate risk evaluation and control process prior to taking the existing or new business. For all credit risks identified on- and off-balance sheet, adequate credit limits are set based on the same borrower, counterparty, related party, group, or industry. The Bank shall establish review mechanism to track and assess changes in each borrower's or issuer's financial position; regularly assess and manage asset quality, also strengthen the management of unusual borrowers and make appropriate allowance for possible losses if applicable.

The credit risk management processes and valuation methods for credit extension (including loan commitments and guarantees) are as follows:

a) Classification of credit assets

Credit assets are grouped into 5 different categories according to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans." Normal credit assets shall be classified as "Category One", the remaining credit assets shall be further classified based on the collateral for loans and past due status as follows: Category Two- Special Mention loans; Category Three- Substandard; Category Four- Doubtful, and Category Five -Unrecoverable. Moreover, the Bank establishes internal requirements, such as the "Principles Governing the Procedures to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans," to manage problematic credit extension and credit collection and management.

b) Credit quality

Discounts and loans and receivables

The Bank sets credit quality grades according to product features, business types, operating conditions, collaterals and credit rating. Credit risk from corporate banking is categorized according to the business types, collaterals, credit rating and financial position of borrowers; credit risk from consumer banking is assessed on a case-by-case basis, except for unsecured loans and credit card products, which are assessed by internal credit rating models.

Interbank facilities, derivative financial instruments and investments in debt instruments

Total trading limits are determined each year by reference to financial institutions' operating results, credit rating, rating on THE BANKER, net worth and background of shareholders, with summaries submitted to the Credit Committee, and to the Managing Directors for approval. In the month following the end of each quarter, reports on transaction limits for each financial institution and the quarterly balance are submitted to Credit Committee, and then to the general manager for approval.

Derivative financial instruments transactions entered into counterparties from banking sectors are those categorized as investment grade, and they are controlled using relevant transaction limits for each counterparty. For individual counterparty, its credit exposure is controlled using the limits placed on derivative instruments by both amounts and terms in the general credit approval process.

Credit risk for debt instruments is carried out by identifying the risk using the credit rating received external institutions, credit quality, geographic situations and counterparty credit risk.

3) Credit risk hedging and mitigation policies

- a) To effectively reduce credit risk, terms of credit facilities are determined in the light of assessments of probability and amounts of default, collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Listed and OTC stocks are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.

Under the Bank's "Principles for Acceptance and Disposal of Collaterals," the Bank requires collaterals for nonperforming loans. For any loss on a nonperforming loan, the Bank will auction the collateral. If the minimum auction price of the collateral is too low and detrimental to the Bank's interests, i.e., the loan principal and interest cannot be covered, the Bank will actively seek buyers of the collateral. If the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.

According to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral is not difficult to dispose in the future. For collaterals tender or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.

- b) Reduce loans to non-target customers to mitigate credit risk.
- c) Understand, control and monitor risks on a timely basis via credit limits prior to the credit being committed to customers, restrictive clauses in contracts, loans management, review mechanism to view changes of each case. Understand credit portfolios and overall credit risks the use of periodic reports and feedbacks.
- d) Netting arrangement

Most of the Bank's transactions are settled on a gross basis; however, it sometimes enters into transactions to settle on a net basis, or enters into netting arrangements to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis to further reduce its credit risk.

4) Monitor maximum credit exposure on on-balance sheet assets and off-balance sheet items

For on-balance sheet assets, the carrying amounts represent the Bank's maximum exposure to credit risk, without taking into account the collaterals held or other credit enhancements. For off-balance sheet commitments and guarantees, their amounts represent the maximum exposure to credit risk, without taking into account the collaterals held or other credit enhancements. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the commitment facilities. The off-balance sheet commitments were as follows:

The carrying amount represents the Bank's maximum exposure to credit risk of the on-balance sheet assets, without taking into account of the collaterals held or other credit enhancements. The amounts of the maximum credit exposures of the off-balance commitments and guarantees, without taking into account the collaterals held, other credit enhancements or maximum irrevocable exposure were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Unused portion of credit card lines	\$ 149,696,272	\$ 149,717,675	\$ 133,113,662
Financial guarantees and standby L/Cs	13,386,770	12,389,045	10,031,345
Irrevocable loan commitments	10,906,749	9,681,305	7,351,171

5) Monitor concentrations of credit risk

The concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaging in similar business activities and having similar economic features. The similarity would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank's concentrations of credit risk by industry, geography and type of collaterals were as follows:

a) By industry

The Bank's loans had no significant concentration risk of the Bank's loans in a single customer or counterparty, but there were some risks in relation to specific industries, as follows:

Credit Risk Profile by Industry Sector	December 31, 2013	December 31, 2012	January 1, 2012
Manufacturing	\$ 37,669,346	\$ 41,015,594	\$ 44,012,107
Finance and insurance	24,137,512	28,376,562	32,456,609
Transportation and warehousing	<u>13,097,447</u>	<u>13,434,668</u>	<u>14,229,779</u>
	<u>\$ 74,904,305</u>	<u>\$ 82,826,824</u>	<u>\$ 90,698,495</u>

b) By geography

The main businesses and customers of the Bank are in Taiwan; therefore, there is no significant geographic concentration risk.

c) By type of collaterals

Type of Collaterals	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
Unsecured	\$ 87,963,079	30	\$ 89,237,277	31	\$ 91,201,331	33
Secured						
Real estate	152,903,889	51	146,103,263	52	137,796,356	50
Movable property	35,848,045	12	26,453,020	9	21,125,139	8
Financial collateral	14,076,860	5	15,599,652	6	18,683,902	7
Others	<u>5,988,639</u>	<u>2</u>	<u>6,408,220</u>	<u>2</u>	<u>5,427,388</u>	<u>2</u>
	<u>\$ 296,780,512</u>	<u>100</u>	<u>\$ 283,801,432</u>	<u>100</u>	<u>\$ 274,234,116</u>	<u>100</u>

6) Continually assess the assets held for credit quality and any impairment

Some of the financial assets held by the Bank and its subsidiaries, such as cash and cash equivalents, due from the central bank and other banks, financial assets at fair value through profit or loss, securities purchased under resale agreements, refundable deposits and operating deposits, are assessed with low credit risk due to the good credit rating of their counterparties.

An analysis of credit quality of financial assets other than those listed above is shown below:

a) Credit quality analysis of discounts and loans and receivables

December 31, 2013	Neither Past due Nor Impaired Amount				Past due but not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Possible Losses (D)		Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Special Mention				With Objective Evidence of Individual Impairment	Without Objective Evidence of Individual Impairment	
Discounts and loans	\$ 164,846,308	\$ 75,058,919	\$ 46,686,348	\$ 307,963	\$ 4,771,292	\$ 5,109,682	\$ 296,780,512	\$ 2,740,826	\$ 1,522,654	\$ 292,517,032
Receivables										
Credit card	5,644,156	2,265,984	4,972,301	44,201	324,389	2,348,091	15,599,122	557,024	73,507	14,968,591
Others	62,826	399,878	2,082,467	-	-	490,361	3,035,532	429,640	16,879	2,589,013

December 31, 2012	Neither Past due Nor Impaired Amount				Past due but not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Possible Losses (D)		Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Special Mention				With Objective Evidence of Individual Impairment	Without Objective Evidence of Individual Impairment	
Discounts and loans	\$ 162,132,274	\$ 75,445,980	\$ 36,652,230	\$ 226,827	\$ 2,925,143	\$ 6,418,978	\$ 283,801,432	\$ 2,167,815	\$ 1,414,191	\$ 280,219,426
Receivables										
Credit card	4,812,165	1,994,985	4,761,431	59,368	1,018,057	2,767,664	15,413,670	601,627	108,439	14,703,604
Others	704,870	388,220	2,241,245	-	-	498,011	3,832,346	426,386	16,022	3,389,938

January 1, 2012	Neither Past due Nor Impaired Amount				Past due but not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Possible Losses (D)		Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Special Mention				With Objective Evidence of Individual Impairment	Without Objective Evidence of Individual Impairment	
Discounts and loans	\$ 155,317,979	\$ 70,397,282	\$ 38,392,151	\$ 132,076	\$ 2,662,532	\$ 7,332,096	\$ 274,234,116	\$ 3,823,319	\$ 950,416	\$ 269,460,381
Receivables										
Credit card	4,804,794	2,034,691	4,933,859	85,350	335,240	3,336,154	15,530,088	547,807	226,528	14,755,753
Others	788,192	526,463	2,429,678	-	-	507,032	4,251,365	426,594	18,820	3,805,951

- b) An analysis of credit quality of discounts and loans neither past due nor impaired by business types

December 31, 2013	Neither Past due Nor Impaired				
	Excellent	Good	Moderate	Special Mention	Total
Corporate banking					
Secured	\$ 16,542,953	\$ 12,613,104	\$ 2,044,019	\$ 4,858	\$ 31,204,934
Unsecured	27,873,775	19,838,900	36,050,272	144,100	83,907,047
Consumer banking					
Housing mortgage	115,620,847	11,907,560	4,276,978	-	131,805,385
Credit loans	3,711,359	5,706,391	2,002,374	159,005	11,579,129
Others	1,097,374	24,992,964	2,312,705	-	28,403,043
Total	\$ 164,846,308	\$ 75,058,919	\$ 46,686,348	\$ 307,963	\$ 286,899,538

December 31, 2012	Neither Past due Nor Impaired				
	Excellent	Good	Moderate	Special Mention	Total
Corporate banking					
Secured	\$ 16,654,306	\$ 13,335,427	\$ 2,080,020	\$ 661	\$ 32,070,414
Unsecured	29,627,570	28,246,993	26,584,640	147,320	84,606,523
Consumer banking					
Housing mortgage	111,516,500	10,688,334	4,064,897	-	126,269,731
Credit loans	3,521,335	4,863,959	1,868,261	78,846	10,332,401
Others	812,563	18,311,267	2,054,412	-	21,178,242
Total	\$ 162,132,274	\$ 75,445,980	\$ 36,652,230	\$ 226,827	\$ 274,457,311

January 1, 2012	Neither Past due Nor Impaired				
	Excellent	Good	Moderate	Special Mention	Total
Corporate banking					
Secured	\$ 16,664,474	\$ 12,515,380	\$ 3,016,360	\$ -	\$ 32,196,214
Unsecured	28,920,785	32,899,496	27,462,695	-	89,282,976
Consumer banking					
Housing mortgage	105,880,837	10,145,112	3,970,087	-	119,996,036
Credit loans	2,988,199	3,914,833	1,700,138	132,076	8,735,246
Others	863,684	10,922,461	2,242,871	-	14,029,016
Total	\$ 155,317,979	\$ 70,397,282	\$ 38,392,151	\$ 132,076	\$ 264,239,488

- c) Loans and receivables past due but not impaired

Financial assets past due 90 days or less are not considered impaired unless there is objective evidence that an impairment loss has been incurred. Financial assets might become past due but not impaired by reasons of borrowers' late processing or other administrative delays.

The aging analysis of loans and receivables past due but not impaired was as follows:

Items	December 31, 2013		
	Past Due Up to 1 Month	Past Due Over 1 Month to 3 Months	Total
Discounts and loans			
Corporate banking	\$ 11,340	\$ 744	\$ 12,084
Consumer banking			
Housing mortgage	2,286,657	201,609	2,488,266
Credit loans	420,598	71,088	491,686
Others	1,731,328	47,928	1,779,256
Receivables			
Credit card	269,231	55,158	324,389

Items	December 31, 2012		
	Past Due Up to 1 Month	Past Due Over 1 Month to 3 Months	Total
Discounts and loans			
Corporate banking	\$ 13,460	\$ -	\$ 13,460
Consumer banking			
Housing mortgage	1,532,987	226,531	1,759,518
Credit loans	270,212	61,670	331,882
Others	758,548	61,735	820,283
Receivables			
Credit card	960,036	58,021	1,018,057

Items	January 1, 2012		
	Past Due Up to 1 Month	Past Due Over 1 Month to 3 Months	Total
Discounts and loans			
Corporate banking	\$ 4,762	\$ 80	\$ 4,842
Consumer banking			
Housing mortgage	1,516,399	236,659	1,753,058
Credit loans	229,022	58,589	287,611
Others	572,557	44,464	617,021
Receivables			
Credit card	287,402	47,838	335,240

d) An analysis of credit quality of security investments

December 31, 2013	Neither Past due Nor Impaired				Past due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Possible Losses (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Special Mention					
Available-for-sale financial assets									
Bonds	\$ 14,863,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,863,316	\$ -	\$ 14,863,316
Commercial paper	-	5,045,261	-	-	-	-	5,045,261	-	5,045,261
Stocks	619,269	490,268	-	-	-	-	1,109,537	-	1,109,537
Negotiable certificates of deposit	-	717,579	-	-	-	-	717,579	-	717,579
Held-to-maturity financial assets									
Bonds	631,098	1,576,374	-	-	-	-	2,207,472	-	2,207,472
Others	449,250	449,250	-	-	-	-	898,500	-	898,500
Financial assets measured at cost	-	-	101,379	-	-	-	101,379	-	101,379
Debt investments with no active market	1,347,750	1,946,750	5,183,368	-	-	149,750	8,627,618	149,750	8,477,868
Total	\$ 17,910,683	\$ 10,225,482	\$ 5,284,747	\$ -	\$ -	\$ 149,750	\$ 33,570,662	\$ 149,750	\$ 33,420,912

December 31, 2012	Neither Past due Nor Impaired				Past due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Possible Losses (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Special Mention					
Available-for-sale financial assets									
Bonds	\$ 10,355,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,355,436	\$ -	\$ 10,355,436
Stocks	406,003	177,792	224,196	-	-	-	807,991	-	807,991
Negotiable certificate of deposit	-	452,394	-	-	-	-	452,394	-	452,394
Commercial paper	-	250,043	-	-	-	-	250,043	-	250,043
Held-to-maturity financial assets									
Bonds	616,217	1,171,044	-	-	-	-	1,787,261	-	1,787,261
Others	437,040	-	-	-	-	-	437,040	-	437,040
Financial assets measured at cost	-	-	101,379	-	-	-	101,379	-	101,379
Debt investments with no active market	4,661,760	3,651,300	2,382,360	-	-	178,975	10,874,395	160,567	10,713,828
Total	\$ 16,476,456	\$ 5,702,573	\$ 2,707,935	\$ -	\$ -	\$ 178,975	\$ 23,065,939	\$ 160,567	\$ 24,905,372

January 1, 2012	Neither Past due Nor Impaired				Past due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Possible Losses (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Special Mention					
Available-for-sale financial assets									
Bonds	\$ 14,044,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,044,274	\$ -	\$ 14,044,274
Stocks	448,675	238,442	214,021	-	-	-	901,138	-	901,138
Held-to-maturity financial assets									
Bonds	1,089,159	2,687,296	-	-	-	-	3,776,455	-	3,776,455
Others	-	151,450	-	-	-	-	151,450	-	151,450
Financial assets measured at cost	-	-	103,846	-	-	-	103,846	-	103,846
Debt investments with no active market	4,300,514	2,090,010	2,800,210	-	-	328,684	9,519,418	225,638	9,293,780
Total	\$ 19,882,622	\$ 5,167,198	\$ 3,118,077	\$ -	\$ -	\$ 328,684	\$ 28,496,581	\$ 225,638	\$ 28,270,943

d. Liquidity risk

1) Sources and definition of liquidity risk

Liquidity risk is the risk that the Bank is unable to liquidate assets or obtain loans to meet its obligations when they fall due as a result of customer deposits being early withdrawn, deteriorating access to and terms of interbank facilities, deteriorating delinquency by borrowers, or financial instruments not easily liquidated. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activities, systemic shocks and natural disasters.

2) Risk management policies on liquidity risk

The Bank's liquidity management processes, which are managed by an independent department, include:

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- b) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- c) Monitoring the liquidity ratios of the consolidated balance sheet against internal and regulatory requirements; and
- d) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next ten days, one month, two months..., one year and over one year respectively. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Related information is submitted regularly to the Bank's Asset and Liability Management Committee and the Board of Directors.

3) Financial assets held for liquidity risk management purposes

To support payment obligation and contingent funding in a stresses market environment, the Bank holds high-quality highly-liquid interest-earning assets comprising cash and cash equivalent, due from the central bank and other banks, financial assets at fair value through profit or loss, available-for-sale financial assets for which there is an active and liquid market.

4) Maturity analysis of non-derivative financial liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the date of the consolidated balance sheet.

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 5,276,796	\$ 7,606,591	\$ 799,742	\$ 99,000	\$ -	\$ 13,782,129
Payables	10,262,206	721,337	293,433	238,774	1,987,242	13,502,992
Deposits and remittances	69,838,851	89,149,107	64,052,879	93,327,672	81,937,431	398,305,940
Bank debentures	4,200	3,000,000	-	-	24,392,500	27,396,700
Other financial liabilities	1,700,252	118,235	27,217	33,014	181,807	2,060,525

December 31, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 6,404,392	\$ 4,961,049	\$ 204,104	\$ 104,794	\$ 619	\$ 11,674,958
Payables	2,501,457	967,341	297,810	387,785	1,405,978	5,560,371
Deposits and remittances	76,046,351	77,727,152	66,656,403	105,877,150	65,626,210	391,933,266
Bank debentures	4,700	2,000,000	-	2,000,000	18,900,000	22,904,700
Other financial liabilities	907,794	532,785	-	260,383	207,128	1,908,090

January 1, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 3,676,780	\$ 7,654,092	\$ 258,487	\$ 196,372	\$ -	\$ 11,785,731
Financial liabilities at fair value through profit or loss - short sales of bonds payable	953,357	-	-	-	-	953,357
Payables	1,603,410	587,690	329,253	390,166	1,584,801	4,495,320
Deposits and remittances	55,651,514	67,119,820	79,767,411	112,228,611	55,231,206	369,998,562
Bank debentures	3,740	-	87,400	-	19,900,000	19,991,140
Other financial liabilities	1,524,406	518,469	-	-	168,482	2,211,357

Note: The amounts disclosed in the table are the contractual undiscounted cash flows, some of which may not reconcile to the corresponding items in the consolidated balance sheet.

In the maturity analysis of “Deposits and remittance” disclosed in the previous table, the cash flows are split into the maturity buckets in which the cash flows occur based on historical experience. If demand deposits are expected to be drawn down in the earliest period, cash outflows due in 30 days bucket might increase NT\$91,059,744 thousand, NT\$76,138,866 thousand and NT\$70,966,075 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

5) Maturity analysis of derivative financial liabilities

Derivative instruments settled on a net basis

- Foreign exchange derivatives: Foreign exchange options, non-deliverable forwards; and
- Interest rate derivatives: Interest rate swap options, interest rate swaps and other interest rate contracts for which net cash flows are exchanges.

Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	\$ 1,116	\$ 92	\$ 7,401	\$ 6,234	\$ -	\$ 14,843
Interest rate derivatives	4,632	24,012	7,243	18,059	532,820	586,766
Derivative financial liabilities held for hedging						
Interest rate derivatives	-	7,330	-	-	5,301	12,631
Total	\$ 5,748	\$ 31,434	\$ 14,644	\$ 24,293	\$ 538,121	\$ 614,240

December 31, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	\$ 423	\$ 9,774	\$ 22,750	\$ 8,697	\$ -	\$ 41,644
Interest rate derivatives	3,292	712	21,238	32,287	263,682	321,211
Derivative financial liabilities held for hedging						
Interest rate derivatives	-	-	-	-	12,819	12,819
Total	\$ 3,715	\$ 10,486	\$ 43,988	\$ 40,984	\$ 276,501	\$ 375,674

January 1, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	\$ 771	\$ 177	\$ 2,707	\$ 13,826	\$ -	\$ 17,481
Interest rate derivatives	1,810	303,360	462,768	17,082	265,702	1,050,722
Derivative financial liabilities held for hedging						
Interest rate derivatives	-	-	-	-	13,093	13,093
Total	\$ 2,581	\$ 303,537	\$ 465,475	\$ 30,908	\$ 278,795	\$ 1,081,296

Note: The amounts disclosed in the table are the contractual undiscounted cash flows, some of which may not reconcile to the corresponding items in the consolidated balance sheet.

Derivative instruments on a gross basis

- a) Foreign exchange derivatives: Foreign exchange swaps, foreign exchange options; and
- b) Interest rate derivatives: Cross currency swaps.

Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash outflow	\$ 49,278,220	\$ 9,000,034	\$ 7,493,524	\$ 5,236,919	\$ 119,020	\$ 71,127,717
Cash inflow	49,396,817	9,906,546	8,470,062	25,474,399	22,698,855	115,946,679
Interest rate derivatives						
Cash outflow	8,236,250	3,536,850	1,796,800	2,096,500	-	15,666,400
Cash inflow	8,140,000	3,410,995	1,792,750	2,067,800	-	15,411,545
Subtotal of cash outflow	57,514,470	12,536,884	9,290,324	7,333,419	119,020	86,794,117
Subtotal of cash inflow	57,536,817	13,317,541	10,262,812	27,542,199	22,698,855	131,358,224
Net cash flow	\$ 22,347	\$ 780,657	\$ 972,488	\$ 20,208,780	\$ 22,579,835	\$ 44,564,107

December 31, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash outflow	\$ 29,966,083	\$ 19,173,401	\$ 9,861,603	\$ 7,438,804	\$ 93,134	\$ 66,533,025
Cash inflow	31,445,448	19,857,803	10,327,491	13,148,617	2,234,381	77,013,740
Interest rate derivatives						
Cash outflow	-	-	-	-	7,635,145	7,635,145
Cash inflow	-	-	-	-	7,429,680	7,429,680
Subtotal of cash outflow	29,966,083	19,173,401	9,861,603	7,438,804	7,728,279	74,168,170
Subtotal of cash inflow	31,445,448	19,857,803	10,327,491	13,148,617	9,664,061	84,443,420
Net cash flow	\$ 1,479,365	\$ 684,402	\$ 465,888	\$ 5,709,813	\$ 1,935,782	\$ 10,275,250

January 1, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash outflow	\$ 14,337,613	\$ 8,656,727	\$ 2,217,486	\$ 4,238,000	\$ -	\$ 29,449,826
Cash inflow	15,139,119	9,199,652	2,297,900	4,781,826	1,208,923	32,627,420
Subtotal of cash outflow	14,337,613	8,656,727	2,217,486	4,238,000	-	29,449,826
Subtotal of cash inflow	15,139,119	9,199,652	2,297,900	4,781,826	1,208,923	32,627,420
Net cash flow	\$ 801,506	\$ 542,925	\$ 80,414	\$ 543,826	\$ 1,208,923	\$ 3,177,594

Note: The amounts disclosed in the table are the contractual undiscounted cash flows, some of which may not reconcile to the corresponding items in the consolidated balance sheet.

6) Maturity analysis of off-balance sheet items

Maturity analysis of issued financial guarantee contracts on the basis of their earliest possible contractual maturity:

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 10,906,749	\$ -	\$ -	\$ -	\$ -	\$ 10,906,749
Irrevocable credit card commitments	149,696,272	-	-	-	-	149,696,272
Issued but unused letters of credit	1,029,701	-	-	-	-	1,029,701
Other guarantees	6,072,979	2,498,900	635,607	531,983	2,617,600	12,357,069
Total	\$ 167,705,701	\$ 2,498,900	\$ 635,607	\$ 531,983	\$ 2,617,600	\$ 173,989,791

December 31, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 9,681,305	\$ -	\$ -	\$ -	\$ -	\$ 9,681,305
Irrevocable credit card commitments	149,717,675	-	-	-	-	149,717,675
Issued but unused letters of credit	766,439	-	-	-	-	766,439
Other guarantees	4,990,451	1,908,500	627,000	200,000	3,896,655	11,622,606
Total	\$ 165,155,870	\$ 1,908,500	\$ 627,000	\$ 200,000	\$ 3,896,655	\$ 171,788,025

January 1, 2012	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 7,351,171	\$ -	\$ -	\$ -	\$ -	\$ 7,351,171
Irrevocable credit card commitments	133,113,662	-	-	-	-	133,113,662
Issued but unused letters of credit	1,059,748	-	-	-	-	1,059,748
Other guarantees	4,554,762	1,556,000	-	-	2,860,835	8,971,597
Total	\$ 146,079,343	\$ 1,556,000	\$ -	\$ -	\$ 2,860,835	\$ 150,496,178

e. Market risk

1) Definition and scope of market risk

Market risk is the risk that unfavorable changes in market prices, such as interest rates, foreign exchange rates, equity prices and commodity prices will affect the Bank's income or its holdings of on- and off-balance sheet positions. The Bank's market risk mainly comes from equity investment securities, interest rates and foreign exchange rates. Equity investment securities risk positions include domestic listed and OTC stocks and domestic convertible bonds; interest rate risk positions include bonds and interest rate derivative instruments, such as fixed and floating interest rate swap; foreign exchange rate risk positions include foreign currencies and related derivative instruments, such as spot exchange, forward exchange, foreign currency swap and option.

2) Management policies of market risk

The Bank develops appropriate management process to identify, measure and monitor market risk, and to effectively manage and control credit limits, valuation of profits and losses, sensitivities analysis and stress tests of each financial instrument positions. Besides, the Bank takes appropriate risk management strategy while facing market risk in its daily operating activities and management processes.

The Bank separates its exposure to market risk between trading and non-trading portfolios, which are managed, monitored and disclosed by the Risk Management Department. A summary report, including suggestion, is submitted regularly to the Risk Management Committee and the Board of Directors.

3) Management process of market risk

a) Identification and measurement of market risk

The Bank's risk measurement system, firstly, identifies market risk factors of exposure positions, and then, measures risks on- and off-balance sheet trading positions by examining the movement of the identified risk factors, such as interest rates, stock prices, foreign exchange rates and commodity prices.

The Bank's risk measurement system also applies sensitivity analysis (DV01, Delta and Vega) or different scenarios analysis to assess value changes of asset portfolios, and performs stress tests, as required by the authority, to measure exceptional losses incurred during extreme, but plausible, conditions.

b) Monitoring and reporting

To fully understand the management of market risk, information for execution of market risk management objectives, management of positions and profits and losses, sensitivity analysis and stress tests is submitted regularly to Risk Management Committee and the Board of Directors by the Risk Management Department. The Bank has explicit management process. It imposes trading limits and stop loss order on each transaction.

A stop loss order would be executed once a given stop price has been reached; otherwise, the trading unit should report, including reasons for not executing stop loss order and corresponding remedial action taken, to top management for approval.

4) Management of interest rate risk

Interest rate risk is the risk loss or changes in the fair values resulting from interest rate fluctuations. It includes interest rate related securities and derivative instruments.

The Bank separates the interest rate risk positions between trading book and banking book. Financial instruments and commodity positions held for trading purpose or to hedge against trading book positions are carried in trading book. Positions held for trading purpose are those held with the intention of profiting from actual or forecast spread. Positions not belonging to trading book are carried in banking book.

Management of interest rate risk in trading book

a) Management process

To limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions.

b) Valuation methods

Securities are marked-to-market, and the risk of interest rate related derivative instruments are measured using DV01 and Vega. Both stop loss limits are controlled on a daily basis.

Management of interest rate risk in banking book

Interest rate risk management of banking book is to improve interest risk management, capital efficiency and business operations.

a) Strategies

To improve its capacity to adapt to changes, the Bank measures, manages and hedges changes in its profits and losses and economic values of balance sheet items arising from interest rate fluctuations.

b) Management process

Prior to undertaking interest rates related business, the Bank identifies re-pricing and yield curve risks, and measures the possible impact of changes in interest rate on profits and losses. The Bank analyzes and monitors position limits and various risk management objectives in respect of interest rates on a quarterly basis, and the results are submitted regularly to the Asset and Liability Management Committee and the Board of Directors.

If the risk management objectives are found to be in excess of designated limits during the monitoring process, the Bank will report to the Asset and Liability Management Committee and propose remedial action to be taken.

c) Valuation methods

Interest rate risk measures the re-pricing risk arising from different maturity or re-pricing dates of assets and liabilities carried in the banking book. To stabilize long-term profitability taken into account of business growth, the Bank sets up various monitoring indexes, such as the ratio of interest rate sensitivity gap over total assets, for key holding periods. Those indexes are reported to and reviewed by management periodically.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

Foreign exchange risk is the risk of loss or changes in fair value arising from open positions in currency due to exchange rate fluctuations. Foreign exchange transactions include spot exchange, forward exchange, non-deliverable forward and foreign currency option between New Taiwan dollars and a foreign currency or between two foreign currencies.

b) Foreign exchange risk management policies, process and valuation methods

To manage foreign exchange risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Spot exchange, forward exchange, non-deliverable forward and foreign currency option are controlled collectively using Delta; foreign currency option is controlled using Vega. The stop loss limits are controlled on a daily basis.

6) Management of equity securities market risk

a) Definition of equity price risk

Equity price risk is the risk arising from open positions in equity securities as a result of fluctuations in the market prices of individual securities.

b) Management processes of equity price risk

The Bank sets gross limits on overall positions, by industries, and by groups. For listed and OTC stocks and beneficiary certificates, the Bank sets the limit of investment in each stock and stop loss/gain limits on overall and particular positions, which are monitored daily.

A stop loss/gain order would be executed once a given stop price has been reached; otherwise, traders should report to the manager of its department, including reasons for not executing stop loss/gain order.

c) Measurement

The Bank manages price risk on the basis of closing prices of equity securities.

7) Valuation techniques of market risk

Stress tests

Stress tests are performed by the Risk Management Department at least once a year to assess the impact of risk factors that have become extremely volatile on asset portfolios carried in trading books and risk tolerance, and to ensure that the Bank will be able to handle potential losses incurred during extreme, but plausible, events.

The Bank applies market risk factors sensitivities analysis to analyze the impact on asset that could arise under extreme scenarios:

- a) Interest rate: Evaluate impacts on the values of interest-rate-based securities if yield curves move in parallel manner.
- b) Foreign exchange: Evaluate impacts on changes in foreign exchange rates.
- c) Equity securities: Evaluate impacts on changes in stock prices and its related derivatives volatility.
- d) Commodity: Evaluate impacts on changes in commodity prices and its related derivatives volatility.

The Bank will submit the results of stress tests to the Board of Directors and Risk Management Committee as a reference of the Bank's ability to encounter adverse economic conditions.

Sensitivity analysis

a) Interest rate risk

Interest rate factor sensitivities (DV01 or PVBP) are, at the balance sheet date, the impact on the discounted future cash flows of bonds and interest-rate-based derivative instruments for 1 basis points (bps) parallel shift in all yield curves.

Assuming all other variables remain constant, there would be a decrease in pre-tax profits of \$1,914 thousand or an increase of \$1,465 thousand for the ended December 31, 2013, where the interest rate increases (decreases) by 1 bps. There would be a decrease (increase) in pre-tax profits of \$426 thousand for the year ended December 31, 2012. There would be a decrease (increase) of \$6,386 thousand and \$3,039 thousand in other comprehensive income for the years ended December 31, 2013 and 2012, respectively.

b) Foreign exchange risk

Foreign exchange rate factor sensitivities (FX Delta) are, at the balance sheet date, the impact on the values of foreign exchange positions for a 1% change in foreign exchange rates.

Where the foreign exchange increases (decreases) by 1%, assuming all other variables remain constant, there would be an increase (decrease) in pre-tax profits of \$327,210 thousand for the year ended December 31, 2013. There would be an increase (decrease) in pre-tax profits of \$307,184 thousand for the year ended December 31, 2012.

c) Equity securities price risk

Equity price factor sensitivities are, at the balance sheet date, the impact on the values of open positions in equity securities for a 1% change in stock market prices.

Where the equity prices increase (decrease) by 1%, assuming all other variables remain constant, there would be an increase (decrease) in pre-tax profits of NT\$142,475 thousand for the year ended December 31, 2013. There would be an increase (decrease) in pre-tax profits of \$146,260 thousand for the year ended December 31, 2012. There would be an increase (decrease) of \$11,095 thousand and \$8,080 thousand in other comprehensive income for the years ended December 31, 2013 and 2012, respectively.

8) Concentration of foreign exchange risk

For information of concentration of foreign currency exposures at the balance sheet date are shown in Note 44.

f. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables

Business		Item	December 31, 2013				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured		\$ 683,919	\$ 33,492,451	2.04%	\$ 858,111	125.47%
	Unsecured		12,826	85,087,569	0.02%	1,177,351	9,179.41%
Consumer Banking	Residential mortgage (Note d)		129,852	108,959,120	0.12%	1,243,113	957.33%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		206,995	16,336,493	1.27%	365,978	176.81%
	Others (Note f)	Secured	49,679	37,956,817	0.13%	434,241	874.09%
		Unsecured	5,404	14,948,062	0.04%	184,686	3,417.58%
Total			1,088,675	296,780,512	0.37%	4,263,480	391.62%
			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card			39,256	15,599,122	0.25%	630,531	1,606.21%
Accounts receivable factored without recourse (Note g)			-	2,161,061	-	13,791	-

Business		Item	December 31, 2012				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured		\$ 871,834	\$ 34,597,922	2.52%	\$ 1,005,640	115.35%
	Unsecured		11,271	86,692,419	0.01%	863,058	7,657.33%
Consumer Banking	Residential mortgage (Note d)		186,867	108,257,443	0.17%	990,155	529.87%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		192,776	14,971,798	1.29%	364,313	188.98%
	Others (Note f)	Secured	40,374	35,593,097	0.11%	318,136	787.97%
		Unsecured	13,985	3,688,753	0.38%	40,704	291.05%
Total			1,317,107	283,801,432	0.46%	3,582,006	271.96%
			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card			61,453	15,413,670	0.40%	710,066	1,155.46%
Accounts receivable factored without recourse (Note g)			-	2,830,761	-	13,863	-

Business		Item	January 1, 2012				
			Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate Banking	Secured		\$ 136,993	\$ 36,541,927	0.37%	\$ 2,458,868	1,794.89%
	Unsecured		12,654	90,151,628	0.01%	904,487	7,147.83%
Consumer Banking	Residential mortgage (Note d)		227,571	105,671,044	0.22%	821,554	361.01%
	Cash card		-	-	-	-	-
	Small-scale credit loan (Note e)		192,345	13,805,008	1.39%	359,604	186.96%
	Others (Note f)	Secured	21,302	26,149,086	0.08%	203,293	954.34%
		Unsecured	21,685	1,915,423	1.13%	25,929	119.57%
	Total		612,550	274,234,116	0.22%	4,773,735	779.32%
			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card			34,168	15,530,088	0.22%	774,335	2,266.26%
Accounts receivable factored without recourse (Note g)			-	3,412,000	-	17,151	-

Note a: Nonperforming loans represent the amounts of nonperforming loans reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans.”

Nonperforming credit cards receivables represent the amounts of nonperforming receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).

Note b: Ratio of nonperforming loans: $\text{Nonperforming loans} \div \text{Outstanding loan balance}$.

Ratio of nonperforming credit cards receivables: $\text{Nonperforming credit cards receivables} \div \text{Outstanding credit cards receivables balance}$.

Note c: Coverage ratio of allowance for possible losses for loans: $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$.

Coverage ratio of allowance for possible losses for credit cards receivables: $\text{Allowance for possible losses for credit cards receivables} \div \text{Nonperforming credit cards receivables}$.

Note d: Residential mortgage is a loan given to the borrower who provides a house, to be purchased (or already owned) by the borrower or the spouse or the minor children of the borrower, as a mortgage to the Bank and will use the loan for house purchase or refurbishment.

Note e: Small-scale credit loans refer to the loans under the Banking Bureau’s regulation, dated December 19, 2005 (Ref. No. 09440010950), excluding small-scale unsecured loans obtained through credit cards and cash cards.

Note f: Other loans of consumer banking refer to secured or unsecured loans, excluding residential mortgage, cash card, small-scale credit loans and credit card.

Note g: As required by the Banking Bureau’s letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as nonperforming receivables in three months upon the factors’ or insurance companies’ rejection of claims.

Nonperforming loans and nonperforming receivables excluded from the information stated above

Item	December 31, 2013	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Business		
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 336,679	\$ 869,163
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	617,379	1,335,762
Total	954,058	2,204,925

Item	December 31, 2012	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Business		
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 458,950	\$ 1,157,342
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	563,620	1,368,460
Total	1,022,570	2,525,802

Item	January 1, 2012	
	Nonperforming Loans Excluded	Nonperforming Receivables Excluded
Business		
Loans not classified as NPL upon debt restructuring and performed as agreed (Note a)	\$ 643,243	\$ 1,575,374
Loans upon performance of a debt discharge program and rehabilitation program (Note b)	535,484	1,415,117
Total	1,178,727	2,990,491

Note a: Supplementary disclosure related to the loans which need not be classified as NPL upon debt restructuring and performed as agreed, as stipulated in the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note b: Supplementary disclosure related to the loans which need not be classified as NPL upon performance of a debt discharge program and rehabilitation program, as stipulated in the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

2) Concentration of credit extensions

Ranking (Note a)	December 31, 2013		
	Group Entity (Note b) Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 6499 - non-categorized and other financial intermediaries	\$ 2,954,572	10
2	B Group - 2413 - steel rolling and extruding	2,722,306	9
3	C Group - 5232 - ocean freight transportation forwarding services	2,704,050	9
4	D Group - 2613 -semiconductor packaging and testing industry	2,325,952	8
5	E Group - 1850 - artificial fiber	2,272,093	8
6	F Group - 3510 - electronic power supply industry	1,907,900	7
7	G Group - 6499 - non-categorized and other financial intermediaries	1,855,695	6
8	H Group - 2699 - non-categorized and other parts and components manufacturing	1,819,371	6
9	I Group - 6499 - non-categorized and other financial intermediaries	1,807,757	6
10	J Group - 6811 - real estate leasing industry	1,644,128	6

Ranking (Note a)	December 31, 2012		
	Group Entity (Note b) Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	B Group - 2499 - non-categorized and other basic metal manufacturing	\$ 4,217,402	16
2	C Group - 5232 - ocean freight transportation forwarding services	2,973,840	11
3	A Group - 6499 - non-categorized and other financial intermediaries	2,639,001	10
4	K Group - 1700 - petroleum and coal product manufacturing	2,479,719	9
5	G Group - 6499 - non-categorized and other financial intermediaries	2,418,693	9
6	E Group - 1850 - artificial fiber	2,014,731	8
7	L Group - 6499 - non-categorized and other financial intermediaries	1,860,285	7
8	M Group - 2641 - liquid crystal panel and components manufacturing	1,736,418	7
9	N Group - 6499 - non-categorized and other financial intermediaries	1,716,021	6
10	O Group - 2641 - liquid crystal panel and components manufacturing	1,690,020	6

Ranking (Note a)	January 1, 2012		
	Group Entity (Note b) Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	B Group - 2413 - steel rolling and extruding	\$ 5,566,747	23
2	K Group - 5010 - ocean water transportation	3,493,631	14
3	P Group - 2611 - integrated circuits manufacturing	2,823,382	12
4	M Group - 2641 - liquid crystal panel and components manufacturing	2,485,091	10
5	E Group - 1850 - artificial fiber	2,259,714	9
6	D Group - 2630 - printed circuits manufacturing	2,248,242	9
7	I Group - 6499 - non-categorized and other financial intermediaries	2,046,291	8
8	O Group - 2641 - liquid crystal panel and components manufacturing	2,002,101	8
9	A Group - 6499 - non-categorized and other financial intermediaries	1,863,045	8
10	L Group - 6499 - non-categorized and other financial intermediaries	1,811,764	7

Note a: The rankings above represent the top 10 corporate entities except for government or state-owned enterprises, based on the total balance of credit extension granted by the Bank. The amount of credit extensions should be disclosed in aggregate for each group entity, the code and industry of which are also required. The industry of the group entities is designated as the industry of the individual group entity with the greatest risk exposure. The lines of industry should conform to the industry sub-categorization of the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note b: "Group Entity" is defined in Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note c: Credit extension balance includes various loans (import and export negotiations, discounted, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans; and nonaccrual loans), bills purchased, factored accounts receivable without recourse, acceptances and guarantees.

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis December 31, 2013					
(In Thousands of New Taiwan Dollars, %)					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 260,953,971	\$ 121,028,199	\$ 4,401,458	\$ 22,164,593	\$ 408,548,221
Interest rate-sensitive liabilities	154,343,200	131,243,929	63,713,243	22,514,955	371,815,327
Interest rate sensitivity gap	106,610,771	(10,215,730)	(59,311,785)	(350,362)	36,732,894
Net worth					28,500,442
Ratio of interest rate-sensitive assets to liabilities					109.88%
Ratio of interest rate-sensitivity gap to net worth					128.89%

Interest Rate Sensitivity Analysis
December 31, 2012

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 253,480,225	\$ 110,101,594	\$ 5,506,331	\$ 19,502,917	\$ 388,591,067
Interest rate-sensitive liabilities	156,809,605	119,546,396	70,706,563	18,904,581	365,967,145
Interest rate sensitivity gap	96,670,620	(9,444,802)	(65,200,232)	598,336	22,623,922
Net worth					26,353,494
Ratio of interest rate-sensitive assets to liabilities					106.18%
Ratio of interest rate-sensitivity gap to net worth					85.85%

Interest Rate Sensitivity Analysis
January 1, 2012

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 231,853,494	\$ 104,937,888	\$ 696,476	\$ 24,456,197	\$ 361,944,055
Interest rate-sensitive liabilities	150,954,515	118,967,341	59,999,402	14,006,339	343,927,597
Interest rate sensitivity gap	80,898,979	(14,029,453)	(59,302,926)	10,449,858	18,016,458
Net worth					24,542,500
Ratio of interest rate-sensitive assets to liabilities					105.24%
Ratio of interest rate-sensitivity gap to net worth					73.41%

Note a: The New Taiwan dollar amounts held by the Bank.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

Table 2: For U.S. dollar items

Interest Rate Sensitivity Analysis
December 31, 2013

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,410,040	\$ 76,741	\$ 1,811	\$ 16,286	\$ 1,504,878
Interest rate-sensitive liabilities	1,165,852	642,234	99,718	150,000	2,057,804
Interest rate sensitivity gap	244,188	(565,493)	(97,907)	(133,714)	(552,926)
Net worth					25,516
Ratio of interest rate-sensitive assets to liabilities					73.13%
Ratio of interest rate-sensitivity gap to net worth					(2,166.98%)

Interest Rate Sensitivity Analysis
December 31, 2012

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,151,415	\$ 73,165	\$ 3,169	\$ 13,921	\$ 1,241,670
Interest rate-sensitive liabilities	842,195	576,977	261,103	-	1,680,275
Interest rate sensitivity gap	309,220	(503,812)	(257,934)	13,921	(438,605)
Net worth					12,894
Ratio of interest rate-sensitive assets to liabilities					73.90%
Ratio of interest rate-sensitivity gap to net worth					(3,401.62%)

Interest Rate Sensitivity Analysis
January 1, 2012

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,256,664	\$ 92,529	\$ 9,075	\$ 22,799	\$ 1,381,067
Interest rate-sensitive liabilities	749,276	471,641	229,467	-	1,450,384
Interest rate sensitivity gap	507,388	(379,112)	(220,392)	22,799	(69,317)
Net worth					4,837
Ratio of interest rate-sensitive assets to liabilities					95.22%
Ratio of interest rate-sensitivity gap to net worth					(1,433.06%)

Note a: The total U.S. dollar amounts held by the Bank, excluding contingent assets and liabilities.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note c: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

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

4) Profitability

Items		For Year Ended December 31, 2013	For Year Ended December 31, 2012
Return on total assets	Before tax	0.74%	0.64%
	After tax	0.64%	0.56%
Return on equity	Before tax	12.87%	11.45%
	After tax	11.05%	10.02%
Net income ratio		32.27%	29.98%

Note a: Return on total assets = Income before (after) income tax/Average total assets.

Note b: Return on equity = Income before (after) income tax/Average equity.

Note c: Net income ratio = Income after income tax/Total net revenues.

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2013

(In Thousands of New Taiwan Dollars)

	Total	Amount for Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to one Year	Over one Year
Main capital inflow on maturity	\$ 526,438,358	\$ 102,897,040	\$ 79,884,556	\$ 40,751,607	\$ 31,699,709	\$ 34,169,403	\$ 237,036,043
Main capital outflow on maturity	532,097,824	51,590,560	55,866,937	115,517,387	71,415,914	104,731,253	132,975,773
Gap	(5,659,466)	51,306,480	24,017,619	(74,765,780)	(39,716,205)	(70,561,850)	104,060,270

December 31, 2012

(In Thousands of New Taiwan Dollars)

	Total	Amount for Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to one Year	Over one Year
Main capital inflow on maturity	\$ 472,950,337	\$ 55,040,883	\$ 86,357,304	\$ 43,401,150	\$ 29,079,834	\$ 37,661,583	\$ 221,409,583
Main capital outflow on maturity	479,803,703	25,815,138	60,445,431	88,694,541	72,943,294	109,832,711	122,072,588
Gap	(6,853,366)	29,225,745	25,911,873	(45,293,391)	(43,863,460)	(72,171,128)	99,336,995

January 1, 2012

(In Thousands of New Taiwan Dollars)

	Total	Amount for Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to one Year	Over one Year
Main capital inflow on maturity	\$ 416,967,038	\$ 43,713,010	\$ 50,774,880	\$ 54,911,668	\$ 31,082,913	\$ 36,074,818	\$ 200,409,749
Main capital outflow on maturity	420,134,673	18,032,016	40,013,387	64,376,666	77,596,601	114,959,051	105,156,952
Gap	(3,167,635)	25,680,994	10,761,493	(9,464,998)	(46,513,688)	(78,884,233)	95,252,797

Note: This table refers to the New Taiwan dollar amounts held by the Bank.

b) For U.S. dollar items

December 31, 2013

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 5,537,675	\$ 2,200,168	\$ 1,452,976	\$ 702,668	\$ 559,903	\$ 621,960
Main capital outflow on maturity	5,583,964	2,969,093	972,137	704,181	527,490	411,063
Gap	(46,289)	(768,925)	480,839	(1,513)	32,413	210,897

December 31, 2012

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,284,117	\$ 1,395,021	\$ 974,256	\$ 619,656	\$ 401,131	\$ 894,053
Main capital outflow on maturity	4,267,959	1,532,606	885,793	688,615	653,929	507,016
Gap	16,158	(137,585)	88,463	(68,959)	(252,798)	387,037

January 1, 2012

(In Thousands of U.S. Dollars)

	Total	Amount for Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 3,091,512	\$ 1,078,065	\$ 596,969	\$ 216,338	\$ 521,166	\$ 678,974
Main capital outflow on maturity	3,113,858	886,681	747,768	440,660	717,083	321,666
Gap	(22,346)	191,384	(150,799)	(224,322)	(195,917)	357,308

Note: This table refers to the U.S. dollar amounts held by the Bank.

48. CAPITAL MANAGEMENT

The Bank shall include all risks in the capital adequacy assessment according to the “Regulations Governing the Capital Adequacy and Capital Category of Banks”. The Bank makes the capital planning based on the operating plans and budget target approved by the Board of Directors, the developing strategies, capital adequacy, dividend policy and etc. The capital planning, including stress tests and forecasts of capital adequacy, aims to achieve the capital adequacy target and to consolidate the capital structure.

To monitor the capital adequacy, the execution and changes in the parameters of the capital planning are reviewed quarterly by the Bank’s Assets and Liabilities Management Committee. To maintain appropriate capital adequacy, the Bank will find the causes and propose remedial action when the actual capital adequacy might get lower than the target.

The authority classifies banks' level of capital into different categories based on the common equity tier 1 ratio, Tier 1 capital ratio and total capital adequacy ratio reported by the banks. If a bank's level of capital is graded "under-capitalized", "substantially under-capitalized" or "critically under-capitalized", the authority will take correction measures in accordance with Paragraph 1 to 3 of Article 44-2 of the Banking Law.

The calculations of eligible capital, risk-weighted assets and capital adequacy ratio were as follows:

			December 31, 2013	
			The Bank	Consolidation
Eligible capital	Common equity		\$ 25,690,005	\$ 26,238,006
	Other Tier I capital		-	-
	Tier II capital		13,123,625	13,676,786
	Total eligible capital		38,813,630	39,914,792
Risk-weighted assets	Credit risk	Standardized approach	288,008,208	291,547,743
		Internal rating-based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	13,241,600	12,714,700
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	10,309,788	10,309,788
		Internal models approach	-	-
	Total risk-weighted assets		311,559,596	314,572,231
Capital adequacy ratio			12.46%	12.69%
Ratio of common equity to risk-weighted assets			8.25%	8.34%
Ratio of Tier I capital to risk-weighted assets			8.25%	8.34%
Leverage ratio			4.58%	4.68%

Note a: Eligible capital, risk-weighted assets and risk-exposure assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks" amended by the FSC on November 26, 2012.

Note b: An annual report should include both the current year's and prior year's capital adequacy ratio, but a semiannual report should include the capital adequacy ratio of the most recent year.

Note c: Formulas used were as follows:

- 1) Eligible capital = Common equity + Other Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) $\times$ 12.5.
- 3) Capital adequacy ratio = Eligible capital/Total risk-weighted assets.
- 4) Ratio of Common equity to risk-weighted assets = Common equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Other Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Tier I capital $\div$ Risk-exposure Assets

			December 31, 2012	
			The Bank	Consolidation
Eligible capital	Tier I capital		\$ 25,122,063	\$ 25,712,352
	Tier II capital		11,154,742	11,750,266
	Tier III capital		-	-
	Total eligible capital		36,276,805	37,462,618
Risk-weighted assets	Credit risk	Standardized approach	268,086,022	272,198,189
		Internal rating-based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	12,326,475	11,876,975
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	10,578,788	10,578,788
		Internal models approach	-	-
	Total risk-weighted assets		290,991,285	294,653,952
Capital adequacy ratio			12.47%	12.71%
Ratio of Tier I capital to risk-weighted assets			8.63%	8.72%
Ratio of Tier II capital to risk-weighted assets			3.84%	3.99%
Ratio of Tier III capital to risk-weighted assets			-	-
Ratio of common shareholders' equity to total assets			4.82%	4.82%
Leverage ratio			5.59%	5.70%

Note a: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and the “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks” amended by the FSC on June 30, 2009.

Note b: Formulas used were as follows:

- 1) Eligible capital = Tier I capital + Tier II capital + Tier III capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Eligible capital/Total risk-weighted assets.
- 4) Ratio of Tier I capital to risk-weighted assets = Tier I capital/Total risk-weighted assets.
- 5) Ratio of Tier II capital to risk-weighted assets = Tier II capital/Total risk-weighted assets.
- 6) Ratio of Tier III capital to risk-weighted assets = Tier III capital/Total risk-weighted assets.
- 7) Ratio of common stock to total assets = Common stock/Total assets.
- 8) Leverage ratio = Tier I capital ÷ Adjusted average total asset (the average total asset excludes goodwill, deferred losses on the sale of nonperforming loans and items deducted from Tier I capital because of ineligibility as defined under the “Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks”).

49. SEGMENT INFORMATION

Information provided to the Bank's and its subsidiaries' chief operating decision makers for resource allocation and segment performance assessment focuses on nature of operation and profits. Based on IFRS 8 - "Operating Segments," the reportable segments were as follows:

- Individual banking: Mainly includes consumer banking loans such as mortgages, credit loans, car loans, installment, etc.; credit cards; individual deposits; and wealth management;
- Corporate banking: Mainly includes corporate-related business, foreign-currency business and financial market business;
- Others: Any business not included in individual and corporate banking.

The accounting policies of the reportable segments are the same as those stated in Note 4 to the consolidated financial statements.

Segment Income and Operating Results

The income and operating results of the reportable segments of the Bank and its subsidiaries were as follows:

	Individual Banking	Corporate Banking (Including Overseas Branches)	Others	Total
<u>For the year ended December 31, 2013</u>				
Net interest income (loss)	\$ 4,141,159	\$ 1,856,007	\$ (1,112,799)	\$ 4,884,367
Noninterest income and gains, net				
Net service fee income	2,359,495	382,128	154,516	2,896,139
Other net income	<u>313,904</u>	<u>1,391,663</u>	<u>1,556</u>	<u>1,707,123</u>
Net profit (loss)	6,814,558	3,629,798	(956,727)	9,487,629
Reversal of provision (provision) for possible losses	10,469	336,015	(277,880)	68,604
Operating expenses	<u>(4,514,780)</u>	<u>(1,042,049)</u>	<u>(436,297)</u>	<u>(5,993,126)</u>
Segment income (loss) before income tax	<u>\$ 2,310,247</u>	<u>\$ 2,923,764</u>	<u>\$ (1,670,904)</u>	<u>\$ 3,563,107</u>
<u>For the year ended December 31, 2012</u>				
Net interest income (loss)	\$ 3,787,548	\$ 1,658,141	\$ (1,300,544)	\$ 4,145,145
Noninterest income and gains, net				
Net service fee income	2,191,230	229,000	151,692	2,571,922
Other net income (loss)	<u>493,922</u>	<u>1,555,014</u>	<u>(258,096)</u>	<u>1,790,840</u>
Net profit (loss)	6,472,700	3,442,155	(1,406,948)	8,507,907
Reversal of provision (provision) for possible losses	21,652	(147,211)	383,305	257,746
Operating expenses	<u>(4,422,936)</u>	<u>(1,009,699)</u>	<u>(418,061)</u>	<u>(5,850,696)</u>
Segment income (loss) before income tax	<u>\$ 2,071,416</u>	<u>\$ 2,285,245</u>	<u>\$ (1,441,704)</u>	<u>\$ 2,914,957</u>

Geographical Information

The major operations of the Bank and its subsidiaries were described as mainly domestic because the operating incomes generated by overseas branches were only a minor portion of the aggregate operating income of the Bank and its subsidiaries.

Major Customers Information

The Bank and its subsidiaries did not disclose major customers information because revenues from transactions with a single external customer were less than 10% of revenues of the Bank and its subsidiaries.

50. FIRST-TIME ADOPTION OF TAIWAN-IFRSs

a. Basis of the preparation of financial information under Taiwan-IFRSs

The Bank and its subsidiaries' consolidated financial statements for the for the year ended December 31, 2013 not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to Taiwan-IFRSs

The impact on the transition to Taiwan-IFRSs on the consolidated balance sheets and consolidated statements of comprehensive income were as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Effect of Transition to Taiwan-IFRSs	Taiwan-IFRSs		Note
Item	Amount		Amount	Item	
Cash and cash equivalents	\$ 6,005,214	\$ (2,900)	\$ 6,002,314	Cash and cash equivalents	5) a)
Due from the Central Bank and other banks	86,739,190	-	86,739,190	Due from the Central Bank and other banks	
Financial assets at fair value through profit or loss	13,806,866	-	13,806,866	Financial assets at fair value through profit or loss	
	-	252,233	252,233	Derivative financial assets for hedging	5) 1)
Securities purchased under resale agreements	850,505	-	850,505	Securities purchased under resale agreements	
Receivables, net	20,855,894	1,094,919	21,950,813	Receivables, net	5) b), 5) c)
Discounts and loans, net	269,460,381	-	269,460,381	Discounts and loans, net	
Available-for-sale financial assets	15,674,659	(729,247)	14,945,412	Available-for-sale financial assets	5) b)
Held-to-maturity financial assets	3,927,905	-	3,927,905	Held-to-maturity financial assets	
Investments accounted for by the equity method	2,474,458	(2,071)	2,472,387	Investments accounted for using equity method	5) d)
Debt investments with no active market	9,293,780	-	9,293,780	Debt investments with no active market	
Other financial assets	2,884,083	(249,333)	2,634,750	Other financial assets, net	5) a), 5) l)
Properties	2,943,673	-	2,943,673	Property and equipment, net	
Intangible assets	1,905,193	-	1,905,193	Intangible assets, net	
	-	1,115,762	1,115,762	Deferred tax assets	5) c), 5) h), 5) l)
Other assets	1,633,309	(1,080,548)	552,761	Other assets, net	5) l)
Total	\$ 438,455,110	\$ 398,815	\$ 438,853,925	Total	
Due to the Central Bank and other banks	\$ 11,785,731	\$ -	\$ 11,785,731	Due to the Central Bank and other banks	
Financial liabilities at fair value through profit or loss	4,081,035	303,805	4,384,840	Financial liabilities at fair value through profit or loss	5) b)
	-	13,093	13,093	Derivative financial liabilities for hedging	5) l)
Payables	4,691,225	(195,905)	4,495,320	Payables	5) f), 5) g), 5) l)
	-	124,723	124,723	Current tax liabilities	5) l)
Deposits and remittances	369,998,562	-	369,998,562	Deposits and remittances	
Bank debentures	20,230,280	-	20,230,280	Bank debentures	
Other financial liabilities	2,224,379	(13,093)	2,211,286	Other financial liabilities	5) l)
	-	690,680	690,680	Provisions	5) h), 5) l)
Other liabilities	789,520	(362,083)	427,437	Other liabilities	5) f), 5) l)
Total liabilities	413,800,732	561,220	414,361,952	Total liabilities	
Capital stock	21,185,604	-	21,185,604	Share capital	
Capital surplus	29,008	(9,302)	19,706	Capital surplus	5) e)
Retained earnings	3,409,346	(145,697)	3,263,649	Retained earnings	5) k)

(Continued)

ROC GAAP		Effect of Transition to Taiwan-IFRSs	Taiwan-IFRSs		Note
Item	Amount		Amount	Item	
Equity adjustments				Other equity	
Cumulative translation adjustments	\$ 12,762	\$ -	\$ 12,762	Exchange differences on translating foreign operations	
Unrealized valuation gain on available-for-sale financial assets	17,658	(7,406)	10,252	Unrealized gain on available-for-sale financial assets	5) b)
Total shareholders' equity	<u>24,654,378</u>	<u>(162,405)</u>	<u>24,491,973</u>	Total equity	
Total	<u>\$ 438,455,110</u>	<u>\$ 398,815</u>	<u>\$ 438,853,925</u>	Total	

(Concluded)

2) Reconciliation of consolidated balance sheet as of December 31, 2012

ROC GAAP		Effect of Transition to Taiwan-IFRSs	Taiwan-IFRSs		Note
Item	Amount		Amount	Item	
Cash and cash equivalents	\$ 5,599,451	\$ (2,900)	\$ 5,596,551	Cash and cash equivalents	5) a)
Due from the Central Bank and other banks	82,818,608	-	82,818,608	Due from the Central Bank and other banks	
Financial assets at fair value through profit or loss	16,110,835	-	16,110,835	Financial assets at fair value through profit or loss	
	-	180,242	180,242	Derivative financial assets for hedging	5) l)
Securities purchased under resale agreements	23,741,992	-	23,741,992	Securities purchased under resale agreements	
Receivables, net	20,726,506	54,676	20,781,182	Receivables, net	5) c)
Discounts and loans, net	280,219,426	-	280,219,426	Discounts and loans, net	
Available-for-sale financial assets	11,865,864	-	11,865,864	Available-for-sale financial assets	
Held-to-maturity financial assets	2,224,301	-	2,224,301	Held-to-maturity financial assets	
Investments accounted for by the equity method	2,372,398	(3,850)	2,368,548	Investments accounted for using equity method	5) d)
Debt investments with no active market	10,713,828	-	10,713,828	Debt investments with no active market	
Other financial assets	3,236,853	(177,342)	3,059,511	Other financial assets, net	5) a), 5) l)
Properties	2,879,693	-	2,879,693	Property and equipment, net	
Intangible assets	1,868,048	-	1,868,048	Intangible assets, net	
	-	928,575	928,575	Deferred tax assets	5) c), 5) h), 5) l)
Other assets	<u>1,120,509</u>	<u>(894,437)</u>	<u>226,072</u>	Other assets, net	5) l)
Total	<u>\$ 465,498,312</u>	<u>\$ 84,964</u>	<u>\$ 465,583,276</u>	Total	
Due to the Central Bank and other banks	\$ 11,674,958	\$ -	\$ 11,674,958	Due to the Central Bank and other banks	
Financial liabilities at fair value through profit or loss	3,745,032	-	3,745,032	Financial liabilities at fair value through profit or loss	
	-	12,819	12,819	Derivative financial liabilities for hedging	5) l)
Payables	5,708,177	(147,806)	5,560,371	Payables	5) f), 5) g), 5) l)
	-	113,131	113,131	Current tax liabilities	5) l)
Deposits and remittances	391,933,266	-	391,933,266	Deposits and remittances	
Bank debentures	23,072,123	-	23,072,123	Bank debentures	
Other financial liabilities	1,920,889	(12,819)	1,908,070	Other financial liabilities	5) l)
	-	697,845	697,845	Provisions	5) h), 5) l)
Other liabilities	<u>842,522</u>	<u>(410,148)</u>	<u>432,374</u>	Other liabilities	5) f), 5) l)
Total liabilities	<u>438,896,967</u>	<u>253,022</u>	<u>439,149,989</u>	Total liabilities	
Capital stock	22,422,596	-	22,422,596	Share capital	
Capital surplus	31,650	(9,302)	22,348	Capital surplus	5) e)
Retained earnings	4,311,768	(158,756)	4,153,012	Retained earnings	
Equity adjustments				Other equity	
Cumulative translation adjustments	9,131	-	9,131	Exchange differences on translating foreign operations	
Unrealized valuation loss on available-for-sale financial assets	(173,800)	-	(173,800)	Unrealized loss on available-for-sale financial assets	
Total shareholders' equity	<u>26,601,345</u>	<u>(168,058)</u>	<u>26,433,287</u>	Total equity	
Total	<u>\$ 465,498,312</u>	<u>\$ 84,964</u>	<u>\$ 465,583,276</u>	Total	

3) Reconciliation of the consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP		Effect of Transition to Taiwan-IFRSs	Taiwan-IFRSs		Note
Item	Amount		Amount	Item	
Interest income	\$ 9,539,494	\$ 104,771	\$ 9,644,265	Interest income	5) c), 5) j), 5) l)
Interest cost	5,560,748	(61,628)	5,499,120	Interest cost	5) i), 5) j)
Net interest income	3,978,746	166,399	4,145,145	Net interest income	
Noninterest income and gains, net					
Net service fee income	2,585,141	(13,219)	2,571,922	Net service fee income	5) f)
Net gain on financial assets and liabilities at fair value through profit or loss	1,027,270	43,346	1,070,616	Net gain on financial assets and liabilities at fair value through profit or loss	5) j)
Net gain on available-for-sale financial assets	310,517	(7,406)	303,111	Net gain on available-for-sale financial assets	5) b)
Investment loss recognized by the equity method	(88,047)	(1,328)	(89,375)	Share of loss of associates	5) d)
Net foreign exchange gain	21,830	-	21,830	Net foreign exchange gain	
Net gain on reversal of provision for asset impairment loss	44,803	-	44,803	Net gain on reversal of provision for asset impairment loss	
Gain on nonperforming receivables recovered	289,342	-	289,342	Gain on nonperforming receivables recovered	
Recovery of written-off credits	1,274,721	(1,274,721)	-		5) l)
Others	195,753	(45,240)	150,513	Other general and administrative expenses	5) c)
Total noninterest income and gains, net	5,661,330	(1,298,568)	4,362,762	Total noninterest income and gains, net	
Net profit	9,640,076	(1,132,169)	8,507,907	Net profit	
Provision for possible losses	897,341	(1,155,087)	(257,746)	Provision (reversal of provision) for possible losses and guarantee reserve	5) l)
Operating expenses					
Personnel expense	3,366,501	48,876	3,415,377	Employee benefits expense	5) g), 5) h), 5) i)
Depreciation and amortization	253,351	-	253,351	Depreciation and amortization	
Others	2,195,187	(13,219)	2,181,968	Others	5) f)
Total operating expenses	5,815,039	35,657	5,850,696	Total operating expenses	
Income before income tax	2,927,696	(12,739)	2,914,957	Income before income tax	
Income tax expense	364,323	(131)	364,192	Income tax expense	5) c), 5) h)
Consolidated net income	\$ 2,563,373	\$ (12,608)	2,550,765	Net income for the year	
				Other comprehensive income	
			(3,631)	Exchange differences on translating foreign operations	5) l)
			(172,637)	Unrealized loss on available-for-sale financial assets	5) l)
			(11,866)	Share of other comprehensive loss of associates	5) d), 5) l)
			(188,134)	Other comprehensive loss for the year	
			\$ 2,362,631	Total comprehensive income for the year	

4) The elected exemptions under IFRS 1

IFRS 1 establishes the procedures for the Bank and its subsidiaries' first consolidated financial statements prepared in accordance with Taiwan-IFRSs. According to IFRS 1, the Bank and its subsidiaries are required to determine the accounting policies under Taiwan-IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to Taiwan-IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1.

The Bank and its subsidiaries retrospectively apply those accounting policies such as deemed cost and cumulative translation differences except for the following main exemptions. There were no differences after the retrospective adjustment.

The major optional exemptions the Bank and its subsidiaries adopted are summarized as follows:

Business combinations

The Bank and its subsidiaries elected not to apply IFRS 3 - "Business Combinations" retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of assets and liabilities related to past business combinations remains the same compared with the one under ROC GAAP as of December 31, 2011.

The exemption of not elected to apply IFRS 3 - "Business Combinations" also applied to investments in associates acquired in the past.

Employee benefits

The Bank and its subsidiaries elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition to Taiwan-IFRSs.

Compound financial instruments

As the liability component was no longer outstanding at the date of transition to Taiwan-IFRSs, the Bank and its subsidiaries elected not to split the compound financial instruments issued before the date of transition to Taiwan-IFRSs into separate retained earnings and equity component.

The effect of the abovementioned optional exemptions elected by the Bank and its subsidiaries was stated in item 8) below.

5) Explanations of significant reconciling items in the transition to Taiwan-IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under Taiwan-IFRSs were as follows:

a) Time deposits with a maturity of more than three months

Under ROC GAAP, cash and cash equivalents include cash on hand, demand deposits, checking deposits, time deposits and certificates of deposit which can be redeemed or sold immediately without any loss of principal. Under Taiwan-IFRSs, cash equivalents are investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Therefore, only short-term investments that have a maturity of three months or less from the date of acquisition normally meet the definition of cash equivalents under Taiwan-IFRSs. Thus, time deposits with a maturity of more than three months are reclassified as other financial assets on Taiwan-IFRSs transition.

As of December 31, 2012 and January 1, 2012, the Bank and its subsidiaries reclassified the time deposits with a maturity of more than three months of \$2,900 thousand to other financial assets.

b) Regular way transactions

Before applying Taiwan-IFRSs, the Bank applies settlement date accounting to government bonds and trade date accounting to the rest of its financial assets when recording financial asset transactions. Under Taiwan-IFRSs, trade date accounting or settlement date accounting should be applied consistently to all purchases and sales of financial assets that belong to the same category of financial assets. The Bank applies trade date accounting to all regular way purchase or sale of financial assets. As of January 1, 2012, accounts receivable increased by \$1,033,052 thousand; available-for-sale financial assets decreased by \$729,247 thousand; financial liabilities at fair value through profit or loss increased by \$303,805 thousand; and other

equity decreased by \$7,406 thousand. As of December 31, 2012, no adjustments should be made. For the year ended December 31, 2012, realized gain on available-for-sale financial assets decreased by \$7,406 thousand.

c) Acquired receivables

Under ROC GAAP, receivables acquired by an asset management company are accounted for by the cost recovery method. Income shall not be recognized to the extent that the amounts received exceed the carrying amount of the acquired receivables. Under Taiwan-IFRSs, acquired receivables are measured at amortized cost. Interest income is recognized using the effective interest method over the relevant period.

As of December 31, 2012 and January 1, 2012, accounts receivables increased by \$54,676 thousand and \$61,867 thousand, respectively; deferred tax assets decreased by \$9,295 thousand, and \$10,517 thousand, respectively; and deferred tax liabilities increased by \$8,405 thousand, and \$9,613 thousand, respectively. For the year ended December 31, 2012, the interest income increased by \$38,049 thousand, income tax expense decreased by \$1,222 thousand, and noninterest income and gains - others decreased by \$45,240 thousand.

d) Investments accounted for using equity method

To comply with the requirements of Taiwan-IFRSs, the Bank and its subsidiaries' associates accounted for using equity method have also assessed the material differences between previous accounting policies under ROC GAAP and the accounting policies adopted under Taiwan-IFRSs.

As of December 31, 2012 and January 1, 2012, investments accounted for using equity method decreased by \$3,850 thousand and \$2,071 thousand, respectively, to comply with the requirements of Taiwan-IFRSs. For the year ended December 31, 2012, the share of loss of associates and the share of other comprehensive loss of associates decreased by \$1,328 thousand and \$451 thousand, respectively.

e) Capital surplus arising from investments accounted for using equity method

Under ROC GAAP, when an investor subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the investor records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. In compliance with the "Questions and Answers on IFRSs adoption" issued by the Taiwan Stock Exchange, the Bank reclassified such capital surplus to retained earnings. As a result, the capital surplus decreased by \$9,302 thousand as of December 31, 2012 and January 1, 2012, respectively.

f) Customer loyalty programmes

Under ROC GAAP, the liabilities arising from reward points are recognized when the reward points are granted. Under IFRIC 13 - "Customers Loyalty Programmes", some of the consideration received is allocated to award credits. The consideration allocated to the award credits should be measured by reference to their fair value and recognized as income when the obligations to supply the award are fulfilled.

As of December 31, 2012 and January 1, 2012, payables decreased by \$73,244 thousand, and \$106,517 thousand, respectively; other liabilities - deferred revenue increased by \$73,244 thousand and \$106,517 thousand, respectively. For the year ended December 31, 2012, other general and administration expenses and service fee income decreased by \$13,219 thousand.

g) Employee benefits - short-term accumulating compensated absences

ROC GAAP does not address the treatment of compensated absences. Companies usually recognize the cost when absences actually occur. Under Taiwan-IFRSs, such cost is recognized when employees render services that increase their entitlement to future compensated absences.

As of December 31, 2012 and January 1, 2012, accrued expenses increased by \$38,569 thousand and \$35,335 thousand, respectively, to comply with the accounting treatment of short-term accumulating compensated absences. The salaries and bonus increased by \$3,234 thousand for the year ended December 31, 2012.

h) Employee benefits - actuarial gains and losses on the defined benefit plan

In compliance with IAS 19 - "Employee Benefits" and IFRS 1 - "First-time Adoption of International Financial Reporting Standards," the Bank had revalued its defined benefit plan and recognized actuarial gains and losses immediately. As a result, accrued pension liabilities and deferred tax assets increased by \$212,468 thousand and \$36,119 thousand, respectively, as of January 1, 2012. As of December 31, 2012, accrued pension liabilities increased by \$206,048 thousand; deferred tax assets increased by \$35,028 thousand. For the year ended December 31, 2012, pension cost decreased by \$6,420 thousand and income tax expense increased by \$1,091 thousand.

i) Employee benefits - employees' savings accounts with preferential interest rate

In compliance with IAS 19 - "Employee Benefits" and "Regulations Governing the Preparation of Financial Reports by Public Banks," the preferential interest rate costs in excess of the market interest rate costs is recognized as employee benefits expense.

For the year ended December 31, 2012, the Bank and its subsidiaries reclassified interest cost of \$52,062 thousand, the preferential interest rate in excess of the market interest rate, to employee benefits expense.

j) Interest income and cost derived from financial instruments at fair value through profit and loss (FVTPL)

Under Taiwan-IFRSs, items in the statement of other comprehensive income are classified on the basis of their nature; thus, interest income and cost derived from financial instruments at FVTPL should be reclassified as gain or loss on financial instruments at FVTPL.

For the year ended December 31, 2012, gain on financial assets and liabilities at FVTPL increased by \$43,346 thousand, the interest income decreased by \$52,912 thousand, and the interest cost decreased by \$9,566 thousand.

k) Reconciliation of retained earnings

The retained earnings under Taiwan-IFRSs as of January 1, 2012 decreased by \$145,697 thousand compared with those under ROC GAAP, mainly resulted from (a) an increase of \$7,406 thousand in regular way transactions; (b) an increase of \$51,350 thousand in acquired receivables; (c) a decrease of \$2,071 thousand in investments accounted for by the equity method; (d) an increase of \$9,302 thousand in capital surplus arising from equity-method investments; (e) a decrease of \$35,335 thousand in employee benefits - short-term accumulating compensated absences; and (f) a decrease of \$176,349 thousand in employee benefits - actuarial gains and losses of the defined benefit plan.

l) Differences in presentation

In compliance with the Regulations Governing the Preparation of Financial Reports by Public Banks, effective 2013, certain line items in the balance sheet and the statement of comprehensive income will be presented in accordance with Taiwan-IFRSs on and after the date of transitions to IFRS.

6) Reconciliation of consolidated statement of cash flows

Under ROC GAAP, interest paid and received and dividends received are classified as operating activities, while dividends paid are classified as financing activities. Additional disclosure is required for interest paid when reporting cash flow using indirect method. Under IAS 7 - "Statement of Cash Flows", cash flows from interest and dividends received and paid shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interest received and paid and dividends received by the Bank and its subsidiaries' of \$9,673,900 thousand, \$5,365,610 thousand, and \$86,040 thousand, respectively, for the year ended December 31, 2012, were presented separately at the date of transition to Taiwan-IFRSs.

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

51. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Bank and its investees:

1) Financings provided: Nil

2) Endorsement/guarantee provided: Nil

3) Marketable securities held: Table 1 (attached)

4) Marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital: Nil

5) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Nil

6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Nil

7) Service charge discounts on transactions with related parties in aggregated amount of at least NT\$5 million: Nil

8) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Nil

9) Sale of nonperforming loans: Nil

10) Related information of investees on which the Bank and its subsidiaries exercises significant influence: Table 2 (attached)

11) Derivative transactions: Notes 8, 9 and 46

12) Intercompany relationships and significant intercompany transactions: Table 3 (attached)

13) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil

b. Information about branches and investments in mainland China: Nil

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Holding Company	Type and Issuer of Securities Held	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Far Eastern Asset Management Management Co., Ltd.	Common stock Yuan Long Stainless Steel Co., Ltd.	Equity-method investee	Investment accounted for using equity method	98,000	\$ 799,971	49.00	\$ 799,971	

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEEES
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	The Proportionate Share of The Bank and Its Affiliates in Investees			Note
						Present Shares (In Thousands)	Pro Forma Shares	Total Shares (In Thousands)	
Financial business									
Deutsche Far Eastern Asset Management Co., Ltd.	7F, No. 207 Dun Hua South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	40.00	\$ 143,871	\$ (17,583)	12,000	-	12,000	40.00
Far Eastern Life Insurance Agency Co., Ltd.	6F-3, No. 189 Yan Ping South Road, Taipei, Taiwan	Life insurance agent	100.00	233,376	169,084	3,000	-	3,000	100.00
Far Eastern Property Insurance Agency Co., Ltd.	6F-3, No. 189 Yan Ping South Road, Taipei, Taiwan	Property insurance agent	100.00	18,367	11,231	350	-	350	100.00
Dah Chung Bills Finance Corp.	4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hua North Road, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	22.06	1,421,984	74,756	95,524	-	95,524	22.07
Far Eastern Asset Management Co., Ltd.	4F-1, No. 267 Dun Hua South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights to financial institutions	100.00	645,137	4,548	120,000	-	120,000	100.00
Far Eastern International Securities Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Foreign securities broker, wealth management and offshore fund consulting	100.00	199,122	(10,782)	20,000	-	20,000	100.00
Far Eastern Insurance Brokerage Co., Ltd.	51F, No. 7, Xinyi Road, Sec. 5, Taipei, Taiwan	Insurance brokerage	100.00	4,131	(556)	900	-	900	100.00
Taipei Foreign Exchange Agency Co., Ltd.	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	Foreign exchange, cross - currency swaps, etc.	0.40	800	-	80	-	80	0.40
Sunshine Asset Management Co., Ltd.	15F., No. 218, Dun Hua South Road, Sec. 2, Taipei, Taiwan	Management of creditor's rights and rendering of commercial detective services	3.46	2,073	-	207	-	207	3.46
Financial Information Service Co., Ltd.	No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Data processing service and electronic information supply	1.14	45,500	-	5,119	-	5,119	1.14
Nonfinancial business									
An Feng Enterprise Co., Ltd.	3F., No. 139, Jhenghou Road, Taipei, Taiwan	ATM maintenance, replacement and repair	10.00	3,000	-	300	-	300	10.00
ERA Communications Co., Ltd.	2F., No. 39, Rueihu Road, Taipei, Taiwan	Cable TV network offering news, variety shows, etc.	1.76	50,006	-	2,238	-	2,238	1.76
Yuan Long Stainless Steel Co., Ltd	No. 28, Daye South Road, Kaohsiung, Taiwan	Iron and steel rolls over extends and crowding, and secondary processing of steel products	49.00	799,971	(3,975)	200,000	-	200,000	100.00

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

No. (Note a)	Company Name	Counterparty	Flow of Transaction	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Net Profit or Consolidated Total Assets (Note b)
0	Far Eastern International Bank Ltd.	Far Eastern Asset Management Co., Ltd. Far Eastern Life Insurance Agency Co., Ltd. Far Eastern Life Insurance Agency Co., Ltd. Far Eastern Life Insurance Agency Co., Ltd. Far Eastern Life Insurance Agency Co., Ltd. Far Eastern Life Insurance Agency Co., Ltd. Far Eastern Property Insurance Agency Co., Ltd. Far Eastern Property Insurance Agency Co., Ltd. Far Eastern International Securities Co., Ltd. Far Eastern Insurance Brokerage Co., Ltd.	From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary From parent company to subsidiary	Deposits and remittances Deposits and remittances Service fee income Interest cost Receivables Noninterest income and gain - others Deposits and remittances Service fee income Deposits and remittances Deposits and remittances	\$ 3,217 245,651 294,682 3,828 3,580 3,580 19,708 5,570 87,027 3,930	Note c Note c Note c Note c Note c Note c Note c Note c Note c Note c	- 0.05 3.11 0.04 - 0.04 - 0.06 0.02 -
1	Far Eastern Asset Management Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company	Cash and cash equivalents	3,217	-	-
2	Far Eastern Life Insurance Agency Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Securities Co., Ltd.	From subsidiary to parent company From subsidiary to parent company From subsidiary to parent company From subsidiary to parent company From subsidiary to parent company From subsidiary to subsidiary	Cash and cash equivalents Other general and administrative expenses Interest income Payables Employee benefits expense Other general and administrative expenses	245,651 294,682 3,828 3,580 3,580 3,904	- - - - - -	0.05 3.11 0.04 - 0.04 0.04
3	Far Eastern Property Insurance Agency Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern International Bank Ltd.	From subsidiary to parent company From subsidiary to parent company	Cash and cash equivalents Other general and administrative expenses	19,708 5,570	- -	- 0.06
4	Far Eastern International Securities Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern Life Insurance Agency Co., Ltd.	From subsidiary to parent company From subsidiary to subsidiary	Cash and cash equivalents Service fee income	87,027 3,904	- -	0.02 0.04
5	Far Eastern Insurance Brokerage Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company	Cash and cash equivalents	3,930	-	-

Note a: Transacting parties are identified as follows: Number 0 - parent company; and number 1 and the following numbers - subsidiaries.

Note b: The ratio is calculated as follows: For asset and liability accounts = Transaction amount/Consolidated total assets; and for income and expenses = Transaction amount/Consolidated net profit.

Note c: The terms of intercompany transactions are not significantly different from those to third parties.

遠東國際商業銀行股份有限公司



董事長：

侯金英





遠東國際商業銀行
Far Eastern Int'l Bank



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