Taishin Financial Holding Co., Ltd.

2013 Annual Report

2013 ANNUAL REPORT

Taishin Holdings

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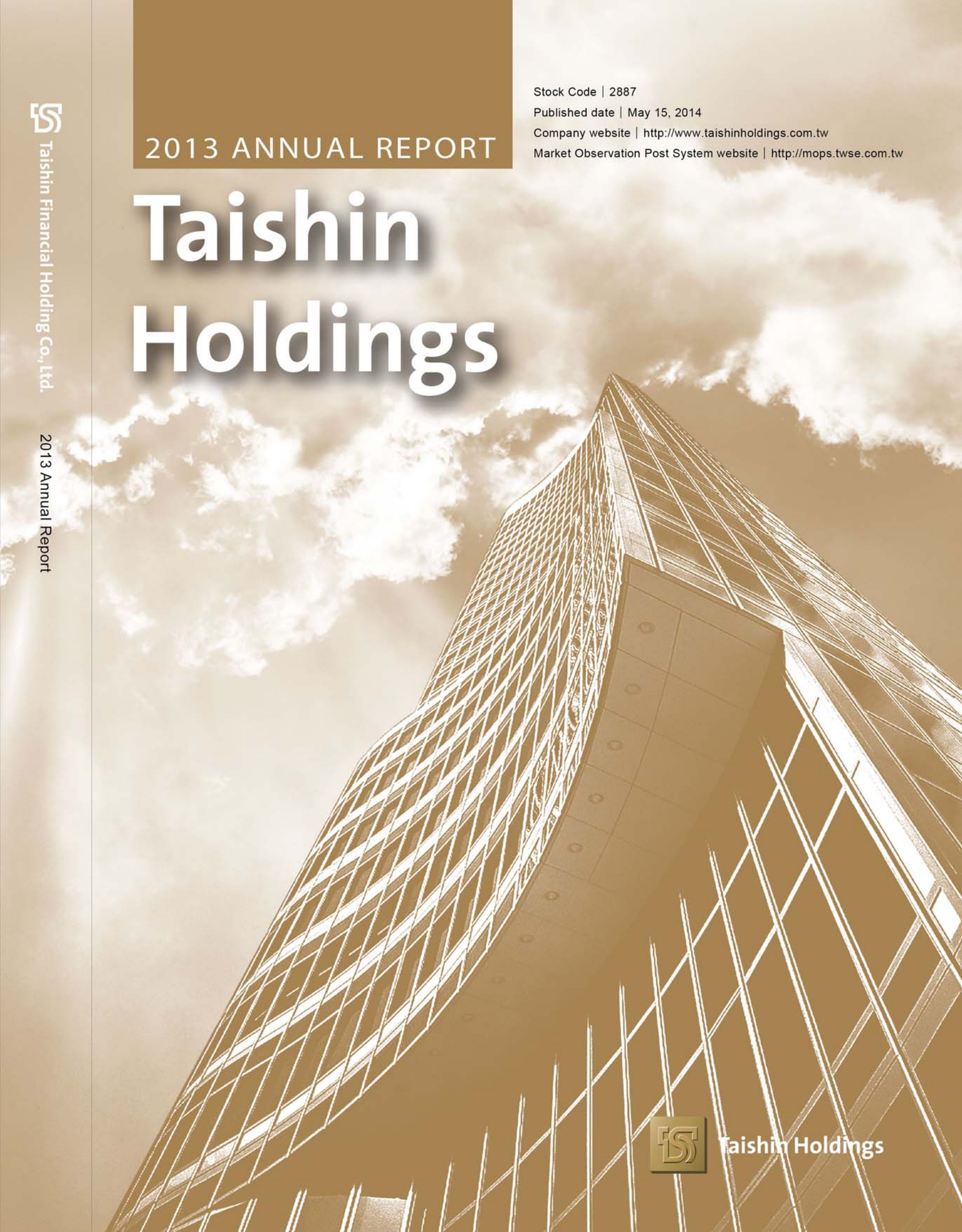

Taishin Holdings

Taishin Holdings

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

Name of spokesman：Welch Lin
Title：Chief Financial Officer
Tel：886-2- 5576-1888
E-mail address：spokesperson@taishinholdings.com.tw

Acting spokesman：Wilson Chou
Title：Senior Vice President
Tel：886-2-5576-2568
E-mail address：spokesperson@taishinholdings.com.tw

II. Addresses and phone number of Taishin Financial Holding Company and subsidiaries

■ **Taishin Financial Holding Co., Ltd.**
Address：9F, 12F, 13F, 16F, 20F~23F, No.118, Sec. 4, Ren-ai Rd., Taipei, Taiwan
Tel：886-2-2326-8888
Website：http://www.taishinholdings.com.tw

■ **Taishin International Bank Co., Ltd.**
Address：B1&1F, No.44, Sec. 2, Jhongshan N. Rd., Taipei, Taiwan
Tel：886-2-2568-3988
Website：http://www.taishinbank.com.tw

■ **Taishin Securities Co., Ltd.**
Address：2F, No.44, Sec. 2, Jhongshan N. Rd., Taipei, Taiwan
Tel：886-2-2181-5888
Website：http://www.tssco.com.tw

■ **Taishin Asset Management Co., Ltd.**
Address：2F-3, No.9, Dehuei St., Taipei, Taiwan
Tel：886-2-2596-9388
Website：None.

■ **Taishin Venture Capital Investment Co., Ltd.**
Address：18F, No.118, Sec. 4, Ren-ai Rd., Taipei, Taiwan
Tel：886-2-2706-6919
Website：None.

■ **Taishin Securities Investment Trust Co., Ltd.**
Address：13F, No.96, Sec.1, Jianguo N. Rd., Taipei, Taiwan
Tel：886-2-2501-1000
Website：http://www.tsit.com.tw

■ **Taishin Securities Investment Advisory Co., Ltd.**
Address：16F, No.118, Sec. 4, Ren-ai Rd., Taipei, Taiwan
Tel：886-2-5589-9558
Website：http://www.tss-c.com.tw

■ **Taishin Holdings Insurance Brokers Co., Ltd.**
Address：11F, No.44, Sec. 2, Jhongshan N. Rd., Taipei, Taiwan
Tel：886-2-2562-1867
Website：None.

■ **Chang Hwa Commercial Bank** (Taishin Holdings has acquired 22.55% of shareholdings)
Address：
- Taichung：NO.38, Section 2, Tsu Yu Road, Central Dist., Taichung, Taiwan
  Tel：886-4-2222-2001
- Taipei：No.57, Sec. 2, Jhongshan N. Rd., Taipei, Taiwan
  Tel：886-2-2536-2951

Website：http://www.chb.com.tw

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

Name：Stock Affairs Agency Department of Taishin International commercial Bank
Address：B1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei, Taiwan
Website：http://www.taishinbank.com.tw
Tel：886-2-2504-8125

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

Name：Fitch Ratings
Address：13F, No. 205, Dunhua N. Rd., Songshan Dist., Taipei, Taiwan
Website：http://www.fitchratings.com.tw
Tel：886-2-8175-7600

Name：Taiwan Ratings
Address：49F, Taipei 101 Tower, No. 7, Sec. 5, Xinyi Rd., Taipei, Taiwan
Website：http://www.taiwanratings.com/tw
Tel：886-2-8722-5800

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

CPAs：Qinzhen Yang , Jerry Gung
Name of accounting firm：Deloitte & Touche Tax Consulting Co., Ltd.
Address：12F, No. 156, Sec. 3, Minsheng E. Rd., Taipei, Taiwan
Website：http://www.deloitte.com.tw
Tel：886-2-2545-9988

VI. Names of exchanges where overseas securities are listed and methods of Inquiry : None.

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01

Message to Shareholders

I.Message to Shareholders

Dear shareholders,

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

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

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

With further cross-strait banking deregulation underway and outstanding asset quality in support, local banks have seen their profits grow in general. In 2013, local banks as a whole produced cumulative pre-tax earnings of NT$257.6 billion, and average ROA of 0.68% and average ROE of 10.26%, respectively. Average NPL ratio at the end of 2013 was a mere 0.38% with a coverage ratio of 319.2%. In response to government calls for the expansion of banking services into Asian and global markets, local banks have taken greater initiatives in the exploration of overseas business as well as merger opportunities.

Taishin Holding's performance in 2013 set record highs with EPS ranking fourth among Taiwan's 16 financial holding companies. Consolidated after-tax profit amounted to NT$20.574 billion, of which NT$13.836 billion was attributable to Taishin shareholders; this represented YoY growth of 22.0% and 33.2%, respectively. After-tax EPS came in at NT$1.72, which represented ROE of 14.19%; net worth per common share stood at NT$12.81 at year-end.

In the latest report released in October 2013, the global rating agency Fitch Ratings confirmed the company's long and short term credit ratings to be A+(twn) and F1(twn), respectively. The company's long and short term credit ratings given by the Taiwan Ratings Corporation in November 2013 were twA and twA-1. Both agencies rated the Company's outlook to be stable.

As of the end of 2013, the capital adequacy ratio for the company was 127.87%. The debt to equity ratio also fell from 24.2% at the end of 2012 to 23.4% at the end of 2013. The capital structure was deemed sound.

With respect to building a cross strait financial network and business development, the company has opened two financial leasing companies in Nanjing and Tianjin to provide financial leasing, installment sales, and factoring services under one roof. After the Cross-Strait Service Trade Agreement takes effect , the company will speed up its development plans for the Mainland by opening branches or offices in order to satisfy customer needs and continue to explore financial opportunities on both sides of the strait with the support of existing leasing and other supplemental financial services.

With respect to a global financial network, the company, in addition to the Mainland, will focus on the Pan Pacific region. Besides the existing Hong Kong branch and the Vietnam office, the company is in the process of applying for a Brisbane office in Australia and an office in Singapore. Once the offices have been approved, the company shall continue in its efforts to expand its presence overseas.

Performances of the company's two major business units, retail banking group and wholesale banking group, follow:

Retail Banking Group

As of the end of 2013, outstanding amount of retail housing procures reached NT$312.3 billion, for market share of 5.3%; outstanding auto loans amounting to NT$24.5 billion, for market share of 23.5%, ranking first place in the market. The number of credit cards in circulation reached NT$3.45 million cards, for market share of 9.6%, ranking to fourth place, and annual credit-card spending value reached NT$166.2 billion, for market share of 8.7%, ranking fifth place.The number of merchants hit 67,000 stores, for market share of 20.9%, ranking second place.

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

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

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

With respect to securities brokerage services, Taishin Securities, in addition to the existing physical points of services across Taiwan that provide traditional manual order processing, will continue to strengthen the cross selling partnership with Taishin Bank in order to expand beyond the scope of securities services and achieve the expected synergy out of integration of financial institutions. Meanwhile, in order to create a differentiated e-trading platform, Taishin Securities also invests heavily in boosting the trading volume on its e-business platform with the aim to become one of the leading brands in the market. In 2013 market share of Taishin’ s securities brokerage business grew by 45%, with 80% YoY growth in margin balances as it continued in its objective of becoming a leading brand in the financial sector.

Wholesale Banking Group

Under the simultaneous care of risk management and business development, the bank extended NT$179.2 billion of outstanding corporate loans, ranking 17th place among the 39 competitors;In addition, in line with the government's policy of financing small and medium enterprises, the bank extended NT$70.5 billion of outstanding loans to small and medium enterprises as of the end of 2013, increase over the NT$66.6 billion or 6% as of the end of 2012.

The bank undertook NT$238.6 billion of factoring business in 2013, ranking third place in the market, and outstanding amount of US$101.4 billion for derivative contracts, ranking third place. It undertook stock-affair service for 189 listed firms, ranking fourth place.

In terms of securities underwriting, Taishin Securities served as an underwriter in 19 cases in 2013, ranking third among the competition.

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

The government has recently announced further deregulation aimed at strengthening global competitiveness of the banking industry. Included in these measures are permission for local banks to work with payment institutions in China, the inclusion of the banking industry as part of Free Economic Pilot Zones, and deregulation of financial derivatives, similar to Hong Kong and Singapore, to inspire creative financial solutions for customers. In the meantime, banks have progressively expanded their presence throughout Asia in an attempt to establish a regional brand image in view of growing opportunities in the region.

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

For many years now every Taishin employee has followed the core values of "integrity, commitment, innovation, collaboration". Even as we pursue profitability we have been able to demonstrate the innovation and customer-centric values that have helped shape Taiwan's banking industry as a whole. In the future, Taishin will continue in this mission and adopt a visionary approach to building up its competitiveness as a regional bank in Asia, while delivering comprehensive services and healthy profits to benefit customers, shareholders and employees alike.

Chairman
Taishin Financial Holding
April 2014

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Brief Introduction to the Financial Holding Company

II. Brief Introduction to the Financial Holding Company

A. Date of establishment

Feb. 18, 2002

B. Origin of the financial holding firm

In the wake of the enactment of the Financial Institutions Merger Law and the Financial Holding Company Law, financial-institution merger and the cross selling of financial products have become an industrial trend. Taishin Financial Holding Co., Ltd. was established on Feb. 18, 2002 via share swap with Taishin International Bank following the latter's merger with Da An Commercial Bank. Subsequently, Taishing Financial Holding put Taishin Securities and Taishin Bills Finance under its fold on Dec. 31, 2002, via the respective share-swap ratios of 1:1.2 and 1:1.3.

In addition, in order to help domestic financial institutions alleviate the pressure of high NPL (non-performing loan) ratio and liquidate their bad assets, the company set up a 100% venture Taishin Asset Management Co., Ltd. in Aug. 2002. In Oct. 2002, with the approval of the Ministry of Finance (MOF), it put under its auspices Taishin Marketing Consultant Co., Ltd., which became its subsidiary, with the aim of enhancing marketing efficacy and lowering marketing cost. Moreover, in September 2002 the company established Taishin Venture Capital, making its business structure even more complete and enabling it to offer clients plural product lineup, so as to help staff achieve even better performance by enriching the depth and magnitude of their industrial knowledge.

On Oct. 18, 2004, the company's subsidiary Taishin International Bank took over the Tenth Credit Cooperative of Hsinchu, further expanding the company's banking branches deployment and business scale and winning it an advantageous market position, so as to facilitate its effort in boosting profit and achieving the maximum benefits for shareholders, clients, and employees.

On Oct. 3, 2005, the company obtained 22.5% controlling stake in Chang Hwa Bank at cost of NT$36.5 billion before reshuffling the latter's board of directors and making the bank its subsidiary. The move boosted the company's total assets to NT$2.35 trillion, the second largest among domestic financial holding firms, and made it one of the domestic financial firms with the largest amount of banking branches, paving the way for the company to become a domestic leading brand.

In 2006, the company introduced three strategic foreign partners, Newbridge Capital of the U.S., Nomura Group, and QE International (L) Ltd., which together invested NT$35 billion in the company by private placement, strengthening the company's capital structure and boosting its capital adequacy ratio.

On March 18, 2009, the company's subsidiary Taishin Securities acquired a 55% stake in Taishin Investment Trust, thereby transforming the latter into its 100%-owned subsidiary. The buyout has enabled Taishin Securities to expand its produce resources and offer clients more comprehensive wealth-management services, facilitating its efforts to seek the maximum synergy effect under the principle of "client first," in the hope of creating a win-win outcome for shareholders and clients.

On Dec. 19, 2009, Taishin Securities, the company's subsidiary, completed its merger with KGI Securities, enabling Taishin Financial Holding to concentrate its resources on banking business.

On April 9, 2010, the company took over Tung Hsing Securities and subsequently renamed it Taishin Securities, thereby offering customers even more complete and comprehensive financial services.

On July 26, 2010, Taishin Investment Trust and Taishing Securities Investment Advisory were put into the fold of the financial holding company again, becoming its subsidiaries. On Dec.18, in the same year, Taishin Investment Trust acquired Taiwan Industrial Bank Securities Investment Trust, further expanding the scale and market share of the assets under its management.

On Jan. 22, 2011, subsidiary Taishin Bank took over Taishin Bills Finance, in order to cut costs, effectively integrate the financial holding company's internal resources, and create high yield, making the company a financial holding company centering on a quality bank.

On April 27, 2011, the company acquired Franklin Insurance Brokers Co., Ltd. (renamed as Taishin Holdings Insurance Brokers on May 16, 2011), thereby enabling other subsidiaries to access property and life insurance products and provide complete product lineup for sales service.

On October 17, 2011, Taishin Financial Leasing (China) under Taishin Financial Holdings opened its door in Nanjing and obtained a national leasing license to provide financial leasing services for corporate clients.

On July 5, 2012, Taishin Financial Leasing (Tianjin) was founded in Tianjin and officially obtained a three-in-one license to provide leasing, factoring, installment sales. It was the first foreign company to obtain this type of license.

Honors of the company-

- 2013.11 Taishin Holdings won Best Company for Leadership - Banking - Asia in the IAIR Awards, and received a Corporate Governance Award from The Asset magazine.
- 2013.10 Taishin Bank named Highly Commended Best Private Bank in Innovation and Highly Commended Best Private Bank in Taiwan by The Banker and PWM.
- 2013.10 Taishin Bank named Highly Commended Outstanding Wealth Management Service for the Affluent by PBI.
- 2013.09 Taishin Bank won the 2013 Award for Best Companies to Work For from the Department of Labor, Taipei City Government.
- 2013.08 Taishin Bank named Best in Mobile Banking by Global Finance.
- 2013.07 Taishin Bank named Best Retail Bank Taiwan 2013 by Global Banking & Finance Review.
- 2013.07 Taishin Bank ranked first in Business Today's Best Wealth Management Team Award and third in Business Today's Best Product Award.
- 2013.07 Taishin Bank named Domestic Retail Bank of the Year – Taiwan by Asian Banking & Finance.
- 2013.07 Taishin Bank named Credit Card Initiative of the Year - Taiwan by Asian Banking & Finance.

- 2013.06 Taishin Bank won Best Automobile Loan Products in Taiwan from Asian Banker.
- 2013.04 Taishin Bank won No. 1 Department Store Co-Brand Program in Taiwan from VISA.
- 2013.03 Taishin Holdings rated “Excellent” in the 2013 Green Brand Award survey organized by Business Next.
- 2013.03 Taishin Bank rated Strategy Excellence in Business Model Innovation by Banking & Payment Asia (BPA).
- 2013.03 Taishin Bank rated Product Excellence in Credit Cards Special Commendation by Banking & Payment Asia (BPA).
- 2013.02 Taishin Bank named Model Bank by Celent for its Information-based Marketing System.

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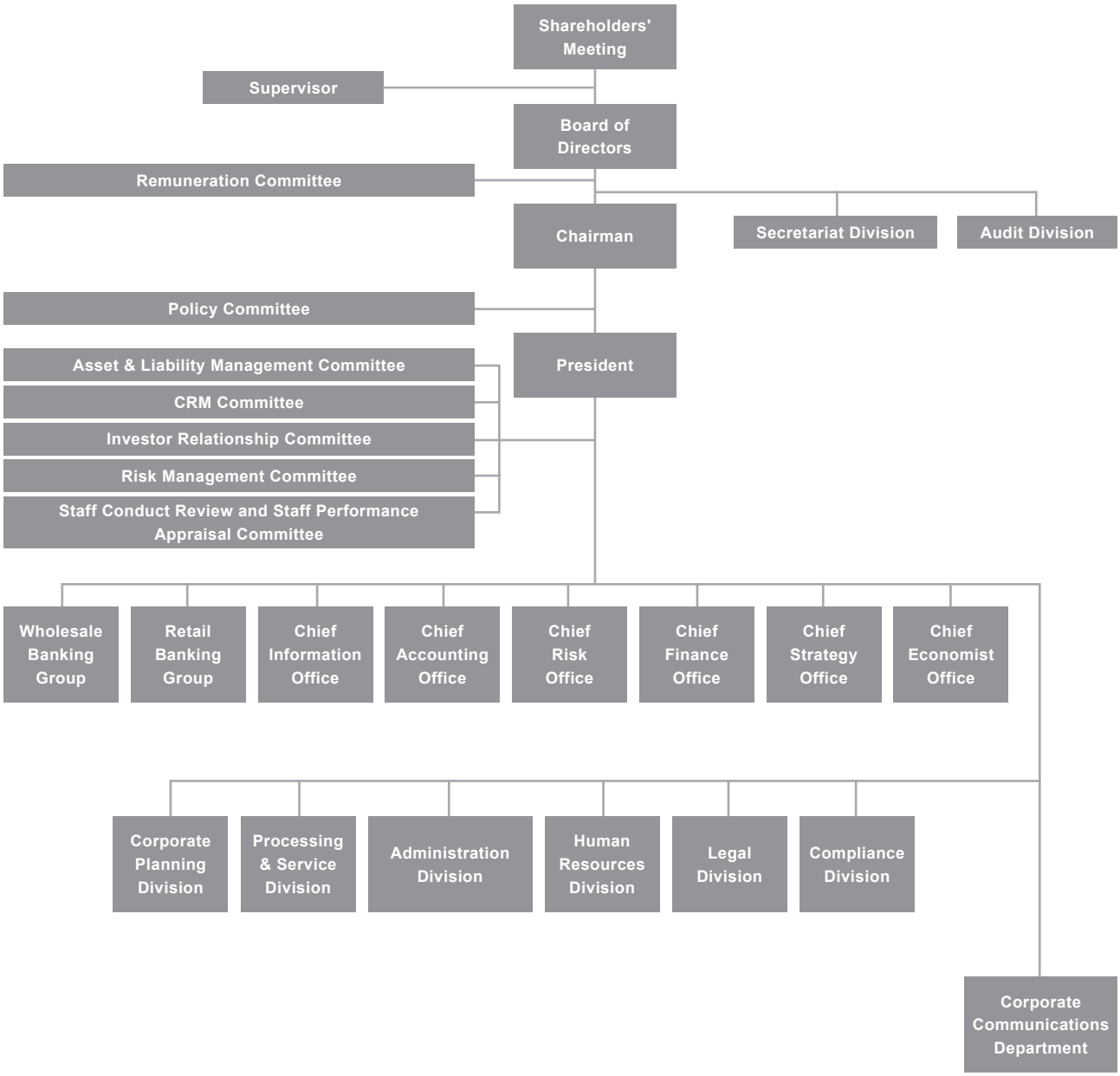
Corporate Governance

III. Corporate Governance

A. The organization of the financial holding firm

a. Organization chart

Base date: March 1 ,2014



1. Responsibilities of major units

(1) Chief Economist Office

- Provide analytical information on regional economies, industrial trend, as well as prospects of general global economy, exchange rate, interest rate, and the world's major stock markets and industries to Taishin Financial Holding Group, including the company and its subsidiaries.
- In response to the need of the board of directors and managerial units of the company and subsidiaries for decision making and business need, provide expert analysis, evaluation, and opinions, to assist with risk assessment and business promotion, in addition tracking the status and prospects of companies with public share offering in Taiwan and proposing industrial assessment and analytical report.

(2) Wholesale Banking Group

- Research, marketing strategy, and management of corporate-banking products and system for the company and subsidiaries.
- Preparation, planning, and business management of the overseas branches and invested companies of the company and subsidiaries.
- Management of corporate-banking assets and credit extension of the company and subsidiaries.
- Assistance for subsidiaries in providing financial consulting service for corporate syndicated loan, merger, and restructuring.
- Assistance for subsidiaries in providing service for share listing on the centralized market, over-the-counter market, and emerging enterprise market.
- Planning for the development and marketing of capital-market products.
- R&D for forex, field-yield products (bills and bonds) and derivatives, assistance for subsidiaries to manage sales and tractions related corporate banking.
- Formulation, execution, and management of external contracts and documents related corporate banking business of the company and subsidiaries.

(3) Retail Banking Group

- Assist subsidiaries in planning the marketing strategy of credit card, cash card, and customers of personal wealth-management and fortune management branches (including investment and consumer banking products).
- Assist subsidiaries in product R&D and management of overdue debt collection.
- Assist subsidiaries in the planning and execution of consumer-banking businesses, such as CRM (customer relationship management) marketing and phone/database marketing.
- Formulation, execution, and management of external contracts and documents for consumer-banking business of the company and subsidiaries.

(4) Chief Strategy Office

- In charge of formulating medium- and long-term development strategies for the financial holding company and subsidiaries.
- Track the execution of the existing strategies of the company and subsidiaries and analyze, assess, and evaluate its performance.

(5) Chief Finance Office

- Planning and management of the bank's liquidity risk and bankbook interest risk, as well as supervision and evaluation of subsidiaries.
- Planning and management of the structural deployment of assets and liabilities and the deployment of fund utilization.
- Planning, implementation, and management of asset-based securities business, as well as supervision and evaluation of subsidiaries.

- Implementation of credit ranking, and assistance for subsidiaries to undertake credit rating.
- Planning, execution, and management of the company's non-strategic long-term investment; execution and management of strategic long-term investment; and supervision and evaluation of subsidiaries.
- Planning and management of short-term securities and mutual-fund investment business of subsidiaries and collection and analysis of dynamic information of short-term securities market.
- Analysis and management of the operation, performance, and risk of subsidiaries' investment-type products, decision making for investment-type products, and study of the regulator's related regulations.
- Communications, contact, and the setup of long-term relationship with institutional investors.

(6) Chief Risk Office

- Planning and management of the management mechanism for credit risk, market risk, and operating risk.
- Disclosure of the risk-management execution and risk-exposure position.
- Planning and establishment of integrated risk-management platform.

(7) Chief Accounting Office

Performance management

- In charge of the compilation of the annual budget of the financial holding firm and the planning and management of annual business goals.
- Analysis and evaluation of the performance in achieving budget and business goal (balanced scorecard).
- Evaluation of the efficacy of marketing program and compensation system.
- Planning and management of, as well as report compilation for, the management information system (MIS) of the financial holding company.
- Design and evaluation of the internal pricing system of the management information system (MIS) of the financial holding company.

Accounting management

- In charge of the planning and management of the accounting policy of the financial holding company.
- Research of and consulting for various financial issues.
- Testing and evaluation of assets reduction.
- Compilation, analysis, and reporting of the financial information of the financial holding company.
- Handling of the accounting operation of the financial holding company.

(8)Chief Information Office

- Formulation of information policy.
- Application, integration, and proposal of new information technologies.
- Evaluation of major information investments.

(9)Human Resources Division

- Formulation, revision, organizational planning, and publication of the financial holding company's human-resources regulations and policy.
- Management of personnel recruitment, appointment, and performance evaluation.
- Employee compensations and welfare; the design, execution, and management of the communications channel with employees.
- Research, planning, revision, compilation, and execution of staff-training courses and materials.
- Formulation, execution, and management of human resources-related contracts and documents of the company and subsidiaries.

(10)Administration Division

- Drafting, formulation, and execution of the regulations and system of the company's administrative and general affairs.
- Acceptance and sending of official documents.
- Evaluation and execution of the company's major general affairs, construction/improvement and procurement.

- Formulation, execution, and management of external contracts and documents of the company's administrative affairs.
- Assistance for subsidiaries in the planning and management of administrative services.

(11)Legal Division

- Drafting, formulation and execution of legal affairs-related regulations and policy for the company and subsidiaries.
- Study and inquiry for the legal affairs of the company and subsidiaries.
- Review and supervision of various contracts and documents for the company and subsidiaries.

(12)Compliance Division

- Drafting, formulation, and execution of regulations and policy for legal compliance for the company and subsidiaries.
- Study, transmission, inquiry, coordination, and communications for legal-compliance affairs for the company and subsidiaries.
- Execution, supervision, and evaluation of legal-compliance affairs for the company and subsidiaries.

(13)Processing & Service Division

- Drafting and formulation of Processing & Service regulations and policy for subsidiaries.
- Planning of Operation flow, establishment and management of the centralized operation system for subsidiaries.
- Launch workflow reformed project and evaluation and review the result for subsidiaries.
- Formulation and management of Processing & Service -related external contracts and documents for subsidiaries.

(14)Corporate Planning Division

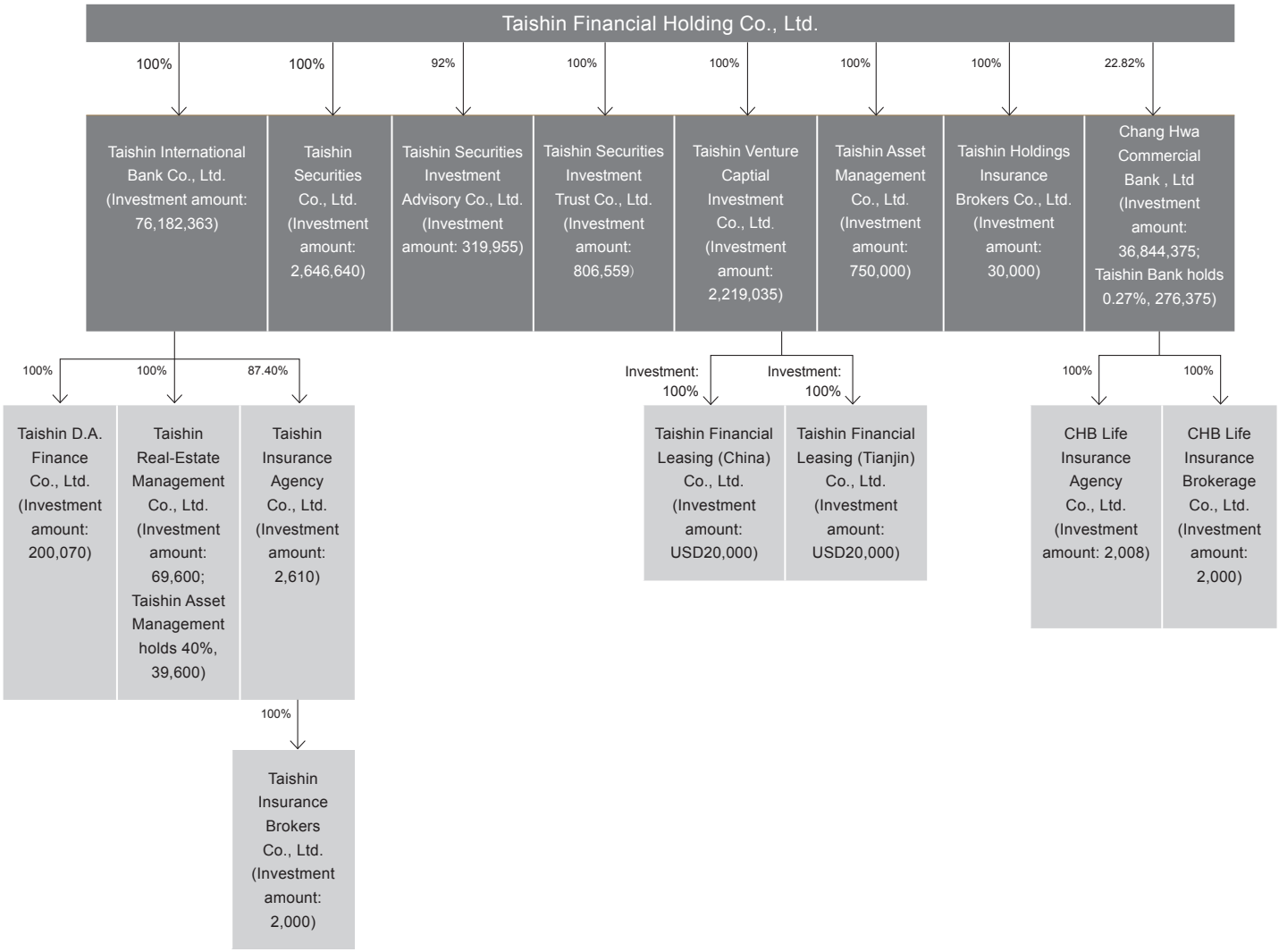
- Planning and execution of major strategic projects.
- Analysis and management of capital planning and BIS (Bank of International Settlement) ratio.
- Planning and management of long-term investments.
- Coordination and communications with the regulator.
- Business-related communications and coordination among various business groups and subsidiaries of the financial holding company.
- Formulation, execution, and management of general planning-related external contracts and documents for the company and subsidiaries.
- Planning, establishment, execution, and management of the organizations of the company and subsidiaries.

(15)Corporate Communications Department

- Drafting, formulation, and execution of public-relations regulations and policy for the company and subsidiaries.
- Planning, establishment, execution, and review of public relations with the government, media, shareholders, creditors, elected representatives, and customers for the company and subsidiaries.
- Planning, establishment, execution, and review of the corporate public image of the company and subsidiaries.
- Planning, establishment, execution, and review of the prevention of the corporate-image risk and crisis-management mechanism of the company and subsidiaries.
- Formulation, execution, and management of public relations-related external contracts and documents for the company and subsidiaries.

The Organizational Chart of Taishin Financial Holding and Its Affiliates

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



Note : On January 27, 2014, Taishin Financial Leasing (China) completion of rights offer USD3,000, increasing total paid-in capital to USD23,000. (Taishin Venture Capital Investment holds 86.96%; Taishin D.A. Finance holds 13.04%)

B. Data of directors, supervisors, president, senior vice presidents and department heads

a. Data of directors and supervisors

Title	Name	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding		Stake of spouse and offspring before age of majority	
					Amount of shares	Share of stake (%)	Amount of shares	Share of stake (%)	Amount of shares	Share of stake(%)
Chairman	Bo-Rui Co., Ltd. Representative:Thomas T.L. Wu	2013.06.21 (2013.07.01)	Three years	2001. 12.07	52,166,888	0.68	56,814,450	0.69	0	0.00
Director	Tong Shan Investment Co., Ltd. Representative:Jui-Sung Kuo	2013.06.21 (2013.07.01)	Three years	2001. 12.07	89,164,688	1.17	97,108,394	1.18	0	0.00
Director	Tai-Ho Investment Co., Ltd. Representative:Cheng-Ching Wu	2013.06.21 (2013.07.01)	Three years	2004. 12.07	36,195,534	0.48	39,420,204	0.48	0	0.00
Director	Hsiang-Chao Investment Co., Ltd. Representative：Jeffrey T.S. Wu	2013.06.21 (2013.07.01)	Three years	2007. 06.15	6,105,962	0.08	6,649,943	0.08	0	0.00
Director	Santo Arden Co., Ltd., Representative：Chu-Chan Wang	2013.06.21 (2013.07.01)	Three years	2013. 06.21	1,000	0.00	1,743,633	0.02	0	0.00
Director	Bo-Rui Co., Ltd. Representative: Thomas K.H. Wu	2013.06.21 (2013.07.01)	Three years	2001. 12.07	52,166,888	0.68	56,814,450	0.69	0	0.00
Director	Hsiang-Chao Investment Co., Ltd. Representative：Steve S.F. Shieh	2013.06.21 (2013.07.01)	Three years	2007. 06.15	6,105,962	0.08	6,649,943	0.08	0	0.00
Independent Director	Chih-Kang Wang	2013.06.21 (2013.07.01)	Three years	2007. 06.15	0	0.00	0	0.00	0	0.00
Independent Director	Neng-Pai Lin	2013.06.21 (2013.07.01)	Three years	2007. 06.15	0	0.00	0	0.00	0	0.00
Standing Supervisor	Chishung Co., Ltd. Representative：Jimmy Y.T. Tsay	2013.06.21 (2013.07.01)	Three years	2013. 06.21	1,000	0.00	217,818	0.00	0	0.00
Supervisor	Taishin International Investment & Development Co., Ltd. Representative：Long-Su Lin	2013.06.21 (2013.07.01)	Three years	2007. 06.15	34,586,248	0.45	37,667,546	0.46	0	0.00
Supervisor	Royal International Co., Ltd. Representative： Simon C.C. Cheng	2013.06.21 (2013.07.01)	Three years	2004. 12.07	5,538,958	0.07	5,890,425	0.07	0	0.00

Note1: Representative Thomas T.L. Wu, is concurrently acting as Chairman of Taishin Bank, Chairman of Taishin Charity Foundation Director of Taishin Real Estate Management, Director of AN-SIN Real Estate Management, Director of Shin Kong Mitsukoshi Department Store, Director of Shin Kong Lohas, Director of Shin Kong Construction and Development, Director of Wangtien Woolen Textile, Director of The Great Taipei Gas, Director of Taiwan Shin Kong Security, Director of Hsien-Shun Enterprise, Director of Shin-Yun Enterprise, Director of Jui-Siang Investment, Director of Kuei-Yuan Investment, Director of Yung-Kuang ,Director of Beitou Hotel,Supervisor of Bo-Rui , Supervisor of Shin Kong Agriculture & Animal husbandry, Supervisor of Shin Kong Hae-Yang, Supervisor of Shin Kong Chao Feng,,Supervisor of Shin-Shi Enterprise, Supervisor of Chin-Shan Investment.

Note2: Representative Jui-Sung Kuo, is concurrently acting as Chairman of Jui-Fang Co., Chairman of Shin-An Investment,Director of Taishin Bank, Director of An-Long Enterprise, Director of TECO Image Systems, Director of Cheng Xin Development, Director of Shi-Ho Digital Technology, Director of Century Development, Supervisor of Taiwan Shin Kong Security, Supervisor of SerComm, Supervisor of Chun-Hsiang Enterprise Consultants.

Note3: Representative Cheng-Ching Wu, is concurrently acting as Chairman of TASCO Chemical, Chairman of EXCEL Chemical, Chairman of Ming-Xing Chemical, Chairman of Tai-Ho Technology, Chairman of Tuntex Petrochemical Inc., Chairman of SAFEWAY GAS Co., Chairman of Ho-Shin Co., Chairman of Chang-Fong Transportation, Chairman of TNS Logistics International Corp ,Managing Director of Chang Hwa Commrecial Bank, Director of China Investment & Development, Directro of CIDC Consultants, Directro of Shun-Li-Tong Transportation.

Note4: Representative Jeffrey T.S. Wu, is concurrently acting as Chairman of Taishin Venture capital, Taishin Asset Managemnet Co., Ltd., Taishin Real-Estate Managemnet Co., Ltd.. Director of Taishin Interntional Bank Co., Ltd., An-Tung Asset Development Management Co., Ltd, Taiwan Hotforg Co., Ltd, First International Telecom Co., Ltd. Supervisor of Taishin Securities Co., Ltd.,Taishin Insurance Agency Co., Ltd., Taishin Insurance Brokers Co., Ltd., Tung-Yu Technology Co., Ltd..

Base date: March.31, 2014

Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the company		
Amount of shares	Share of stake (%)			Title	Name	Relationship
0	0.00	Director, First Bank, Supervisor, Hua Nan Bank MBA, University of California, LA	Note 1	Director Supervisor	Jui-Sung Kuo Long-Su Lin	Brother-in-law Brother-in-law
0	0.00	Director, International Bank of Taipei, Professor, Department of Information Science, Business School, Soochow University, Ph.D. in Physics, New HampshireUniversity	Note 2	Chairman Supervisor	Thomas T.L. Wu Long-Su Lin	Brother-in-law Brother-in-law
0	0.00	Supervisor, Taishin Financial Holdings, Taishin Bank Ph.D. in Engineering, Tokyo University	Note 3	None	None	None
0	0.00	Chairman of Taishin Asset Management, supervisor of TECO Image System Co., Ltd., Department of Accounting and Statistics, National Chengchi University	Note 4	None	None	None
0	0.00	Standing Supervisor, Taishin Financial Holdings, Taishin Bank, Pharmaceutical department, Kaohsiung Medical College	Note 5	None	None	None
0	0.00	President, Taiwan Stock Exchange Corporation Chairman, Taishin Securities National ChengChi University	Note 6	None	None	None
0	0.00	President, Taishin Financial Holdings, Taishin Bank Accounting Department, National Cheng Kung University	Note 7	None	None	None
0	0.00	Minister of Ministry of Economic Affairs Ph.D. in Marketing, Texas A&M University	Note 8	None	None	None
0	0.00	Chairman, Taiwan Power Co. Dean, College of Management at National Taiwan University Ph.D. in Business,Ohio State University	Note 9	None	None	None
0	0.00	Standing Director, Bank of Taiwan Director, Graduate School of Accounting, National Taiwan University, Ph.D. in Business Management and Commerce, U. of Maryland	Note 10	None	None	None
0	0.00	Director, Taishin Financial Holding, Taishin Bank Ph.D. in Chemistry, Virginia State University	Note 11	Chairman Director	Thomas T.L. Wu Jui-Sung Kuo	Brother-in-law Brother-in-law
0	0.00	The Top Consultant of Want Want China Times Group Chairman of CTiTV, Master in Economics, National Taiwan University	Note12	None	None	None

Note5: Representative Chu-Chan Wang, is concurrently acting as Chairman of Pan City Co., Chairman of Hsien-Shun Enterprise, Director of Santo Arden Co., Supervisor of Tai-Wa Co.

Note6: Representative Thomas K.H. Wu, is concurrently acting as Chairman of Taishin Securities Investment Advisory Co., Ltd.

Note7: Representative Steve S.F. Shieh, is concurrently acting as Director of Taishin-Da-an Leasing Co., Director of Taishin Insurance Agency, Director of PayEasy Travel Service.

Note8: Chih-Kang Wang, is concurrently acting as Chairman of Taiwan External Trade Development Council, Chairman of Taipei Word Trade Center, Chairman of The Shiner Education Foundation, Independent Director of Taishin Bank, Independent Director of Nan Ya Plastics, Independent Director of Formosa Sumco Technology, Director of Chilisin Electronics, Director of Straits Exchange Foundation, Executive of The General Association Of Chinese Culture.

Note9: Neng-Pai Lin, is concurrently acting as Independent Director of Taishin Bank, Independent Director of Darfon Electronics, Director of TECO Image Systems.

Note10: Representative Jimmy Y.T. Tsay is concurrently acting asIndependent Director of E-Ton Solar Technology Corp., Independent Director of OBI Pharma, Inc.,Standing supervisor of Taishin Bank,Supervisor of KINGPAK Technology Inc.,Supervisor of Speedtech Corp.,Supervisor of Shin Zu Shing Co,Ltd. ,Supervisor of Coremax Corporation.

Note11: Representative Long-Su Lin, is concurrently acting as Chairman of Ennead Inc., Chairman of Ennead Leasing, Chairman of Ennead Investment, Chairman of MiTAC Construction and Development, Chairman of Chun-Ying Interior Design, Director of Shin Kong Chao Feng, Director of Cheng Xin Development, Director of Shi-Hong Investment, Director of Nica-Orient Development, Director of Virgin Enterprise, Director of Gyu-Kaku, Director of Toms World Amusement, Director of International Advanced Music, Director of Music Duck,Supervisor of Taishin Bank, Supervisor of Konig Foods, Supervisor of Tai-Li-Ya Development.

Note12: Representative Simon C.C.Cheng is concurrently acting as Director of Chang Hwa Commrecial Bank Co., Ltd and Chairman of Taishin Bank Foundation for Arts and Culture.

1. Major shareholders of institutional shareholders

Base date: March 31, 2014

Names of institutional shareholders	Major shareholders of institutional shareholders (including common shares and preferred shares)
Bo-Rui Co., Ltd.	Ching-Wei Co., Ltd.51.92%, Hsi-Wei Wu 24.04%, Hsi-Hao Wu 24.04%
Tong Shan Investment Co., Ltd.	Ruey-Shin Enterprise Co., Ltd.78.75%, Guei-Lan Wu 3.125%, Eugene Wu 3.125%, Anthony Wu 3.125%, Thomas T.L. Wu 3.125%, Hsien Hsien Hsu 2.50%, Ruo-Nan Sun 2.50%, Hsin Hua Ho 1.875%, Eric Wu 1.875%
Tai-Ho Investment Co., Ltd.	Wu Shang-Bin26.09%, Fong-He Development Co.,Ltd.19.96%, He-Cheng Invest Co.,Ltd.18.15%, Da-Jan Development Invest Co.,Ltd.18.00%, Su-Yue Yang 7.02%, Wu Pei-Jyuan 5.06%, Fong-He Invest Co.,Ltd.2.50%, He-Fong Invest Co.,Ltd.2.50%, Wu Pei-Rong0.72%
Hsiang-Chao Investment Co., Ltd.	Bo-Rui Co., Ltd.100.00%
Santo Arden Co., Ltd.	Chu-Chan Wang 34.03%、Li-Wan Chang 25.53%、Wei-Ren Wang 20.22%、Wei-Hao Wang 20.22%
Chishung Co., Ltd.	(BVI) Chishung Co., Ltd.100.00%
Taishin International Investment & Development Co., Ltd.	Taishin Leasing & Financing Co., Ltd.100.00%
Royal International Co., Ltd.	Henry C.S. Kao 68.41%, Fu-Mei Co., Ltd.24.77%, Ruei-Yun Ou 6.82%

2. Major shareholders of major institutional shareholders

Base date: March 31, 2014

Names of institutional shareholders	Major shareholders of institutional shareholders
Ching-Wei Co., Ltd.	Thomas T.L.Wu 96.58% , Peng ,Hsueh-Fen 3.42%
Ruey-Shin Enterprise Co., Ltd.	Chin Shan Investment Co., Ltd. 20.83%, Chin Shan Investment Co., Ltd. 20.83%, Eugene Wu16.67%, Thomas T.L. Wu 13.28%, Anthony Wu13.02%, Eric Wu12.24%, Hsien-Hsien Hsu 1.04%, Ruo-Nan Sun 1.04%, Hsin-Hua Ho 1.04%
Fong-He Development Co., Ltd.	Su-Yue Yang 21.15%, Tai-He Enterprise Invest Co.Ltd., Tai-Ho Investment Co., Ltd. 19.86%, He-Cheng Invest Co., Ltd. 19.72%, Wu Shang-Bin 17.31%, Wu Pei-Jyuan 17.31%, Wu Pei-Rong 4.65%
He-Cheng investment Co., Ltd.	Su-Yue Yang 30.20%, Wu Shang-Bin 30.20%, Wu Pei-Jyuan 18.90%, Wu Pei-Rong 18.90%, Fong-He Development Co., Ltd.1.80%
Da-Jan Investment Development Co., Ltd.	He-Cheng Invest Co., Ltd. 32.85%, Fong-He Development Co., Ltd.19.64%, Fong-He Invest Co., Ltd. 19.41%, He-Fong Invest Co., Ltd. 19.41%, Su-Yue Yang7.72%, Wu Shang-Bin 0.46%, Wu Pei-Rong 0.26%,Wu Pei-Jyuan 0.25%
Fong-He Investment Co., Ltd.	(BVI)ALL BEST Co.Ltd., 99.01%, Wu Pei-Jyuan 0.99%
He-Fong Investment Co., Ltd.	(BVI)PRECISION MASTER Co.Ltd., 99.01%, Wu Pei-Jyuan 0.99%
Bo-Rui Co., Ltd.	Ching-Wei Co., Ltd.51.92%, Hsi-Wei Wu 24.04%, Hsi-Hao Wu 24.04%
Chishung Co., Ltd.	Wu, Min-Chun 100.00%
Taishin Leasing & Financing Co., Ltd.	Yun Ten Co., Ltd.40.67%、Tong Shan Investment Co., Ltd.26.00%、Pan Asian Plastics Corp. 22.20%, Ruey-Shin Enterprise Co., Ltd. 7.06%、Ruey-Shiang Invest Co., Ltd.4.07%
Fu-Mei Co., Ltd.	Hsiu-hsia Kao-Sung 27.92%, Henry.C.S. Kao 22.22%, Chih-Ming Kao 14.64%, Chih-Chen Kao 13.64%, Chih-Yuan Kao 11.89%, Ruei-Yun Ou 3.85%, Chih- hsiang Cheng 3.27%,Chih-Huei Chan 1.16%, Yi-Mei Food Co., Ltd. 1.40%

3. Information on directors and supervisors

Base date: March 31, 2014

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

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

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

b. President, senior vice-presidents and department heads

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority (common shares and preferred shares)		Shareholding in the name of others (common shares and preferred shares)	
			Amount of shares	Share of Stake(%)	Amount of shares	Share of Stake(%)	Amount of shares	Share of Stake(%)
President and Chief Executive Officer, Wholesale Banking Group	Joseph Jao	2012.01.02	0	0.00	0	0.00	0	0.00
Chief Executive Officer, Retail Banking Group	Oliver Shang	2011.02.01	0	0.00	0	0.00	0	0.00
Chief Auditor	Howard Wu	2010.04.29	318,192	0.00	20,946	0.00	0	0.00
Chief Strategy Officer	Daniel Tsai	2008.12.11	2,627,355	0.03	1,594	0.00	0	0.00
Chief Information Officer	BR Ho	2009.02.01	1,113,721	0.01	0	0.00	0	0.00
Chief Financial Officer	Welch Lin	2009.12.25	2,128,819	0.03	0	0.00	0	0.00
Chief Accounting Officer	Ann Cheng	2005.09.05	920,000	0.01	279,590	0.00	0	0.00
Chief Risk Officer	Jey Chen	2012.03.23	0	0.00	0	0.00	0	0.00
Senior Vice President	Wilson Chou	2011.12.22	0	0.00	0	0.00	0	0.00
Senior Vice President	Chao-Min Lin	2005.08.01	641,238	0.01	0	0.00	0	0.00
Senior Vice President	David Chang	2012.08.17	1,014,946	0.01	3,348	0.00	0	0.00
Vice President	Janice Liang	2014.03.28	60,367	0.00	31,884	0.00	0	0.00
Senior Vice President	Frank Lin	2011.02.03	148,529	0.00	10,509	0.00	0	0.00
Senior Vice President	Lu-June Jai	2011.09.23	77,362	0.00	380	0.00	0	0.00

Base date: March.31, 2014

Education and working experience	Current jobs with the financial holding company and other companies	Being the spouse or relative within 2 tiers of other managers		
		Title	Name	Relationship
Governor of East West Bank (China) Co., Ltd. University of Missouri-Columbia, Master of Business Administration	Director of Taishin Financial Leasing (China), Taishin Financial Leasing (Tianjin) , Taishin Securities, Taishin Bank Foundation for Arts and Culture	Nil		
Chief Executive Officer,Chinattust Financial Holding University of Delaware, Master of Business Administration	Chairman of Taishin Holdings Insurance Brokers Director of Taishin Da An Leasing ,Easy Card Corp.and EASYCARD Investment Holdings Corporation	Nil		
Vice President of Citi Bank Baker University, U.S.A., Master of Science	None	Nil		
President of Taishin Bank EMBA, National Chiao Tung University	Chairman of Taishin Financial Leasing (Tianjin) Director of Taishin Financial Leasing (China) Shareholder of Chien-Lung Investment	Nil		
Vice president for technology and industrial consulting, SAP Taiwan Master of Management Information Systems, National Chengchi University	None	Nil		
President, ABN AMRO Asia Limited Taipei Branch University of California, Los Angeles (UCLA), Master Of Business Administration	Director of Taishin Venture Capital,Taishin Asset Management Vice Chairman of Taishin Investment Trust Supervisor of Taishin Holdings Insurance Brokers, Taishin Financial Leasing (China), Taishin Financial Leasing (Tianjin),Taishin Real Estate Management,Taishin D.A. Finance, Director of Taishin Insurance Agency,Taishin Insurance Broker Supervisor of Tehlin Co.,Ltd and Tehlin Investment Director of Yuantai Foreign Exchange Brokerage Director of Diamond Bio Fund& Diamond Capital Inc. Supervisor of An-Chieh Investment Director of Tengfeng Venture Capital	Nil		
Vice president, ABN AMRO BANK University of New Haven, Master of Business Administration	Supervisor of Taishin Securities Senior Vice President of Taishin Bank	Nil		
Vice President of KGI The University of Texas At Austin, Doctor of Philosophy	Senior Vice President of Taishin Bank	Nil		
Vice president of Cosmos Bank University of Dallas, Master of Business Administration	Senior Vice President of Taishin Bank Director of Taishin Securities Investment Advisory	Nil		
Vice President of Taishin Bank Department of Law, Soochow University	Senior Vice President of Taishin Bank	Nil		
Vice President of Taishin Bank Department of Business MBA, National Chung Hsing University	Supervisor of Hsiang Chao Investment,Weifeng Investment, Chiahao Investment,Yiheng Investment,Chingwei Co.,Ltd. Senior Vice President of Taishin Bank	Nil		
Assistant Vice President of Citi Bank University of California, Los Angeles, Master Of Business Administration	Vice President of Taishin Bank	Nil		
Assistant Vice President of Taishin Bank University of Southern California, USA, Master of Public Administration	Senior Vice President of Taishin Bank	Nil		
Vice President of Taishin Bank Department of Law, National Taiwan University	Senior Vice President of Taishin Bank	Nil		

C. Latest year compensations for directors, supervisors, presidents, and senior vice presidents

1. Latest year compensations for directors (including independent directors)

Title	Name	Compensations for directors								Share of combination of A,B,C and D in after-tax net profit	
		Compensations(A)		Job-leaving and retirement payment(B)		Compensations from distribution of earnings(C)		Expende for business execution(D)			
		The Company	All Companies in the financial statement	The Company	All Companies in the financial statement	The Company	All Companies in the financial statement	The Company	All Companies in the financial statement	The Company	All Companies in the financial statement
Chairman	Bo-Rui Co., Ltd.	50,317	73,092	0	0	68,720	68,720	840	4,144	1.02%	1.22%
	Thomas T.L.Wu										
Director	Hsiang-Chao Investment Co., Ltd.										
	Steve S.F. Shieh										
Director	Tai-Ho Investment Co., Ltd.										
	Cheng-Ching Wu										
Director	Pan City Co., Ltd. (2013.07.01 leave off) Santo Arden Co., Ltd (2013.07.01 on board)										
	Chu-Chan Wang										
Director	Hsiang-Chao Investment Co., Ltd. (2013.07.01 on board)										
	Jeffrey T.S. Wu (2013.07.01 on board)										
Independent Director	Chih-Kang Wang										
Independent Director	Neng-Pai Lin										
Director (Note 1)	Bo-Rui Co., Ltd.	3,060	3,060	0	0	7,663	7,663	0	0		
	Thomas K.H.Wu	0	0	0	0	0	0	190	190		
Director (Note 1)	Tong Shan Investment Co., Ltd.	0	0	0	0	7,663	7,663	0	0		
	Jui-Sung Kuo	3,060	3,825	0	0	0	0	130	530		

Note 1: This director is subject to individual disclosure, according to the FSC's disclosure criteria.

Note 2: Directors entitled to receive the company's earnings distribution are all institutional directors; 2013 earnings appropriation has been proposed by the board of directors but hasn't been resolved in the shareholders' meeting yet.

Note 3: The company did not make any pension benefit payments or contribute to the defined benefit plan. None of the companies reported in the financial statements paid any pension benefits, but contributed NT$108,000 to the defined benefit plan.

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

Remuneration as an employee												Share of combination of A.B.C.D.E.F and G in after-tax net profit		Compensations from invested companies other than subsidiaries
Salary, bonus, and special allowance(E)		Job-leaving and retirement payment (F)		Employee dividend-sharing(G)				Amount of shares for employee warrants (H)		Amount of restricted stock units				
				The bank		All Companies in the financial statement								
The Company	All Companies in the financial statement	The Company	All Companies in the financial statement	Cash dividend	Stock dividend	Cash dividend	Stock dividend	The Company	All Companies in the financial statement	The Company	All Companies in the financial statement	The Company	All Companies in the financial statement	
504	23,318	0	108	0	0	0	0	60,700,000 shares	60,700,000 shares	0	0	1.03%	1.39%	213
0	0	0	0	0	0	0	0	0	0					0
0	0	0	0	0	0	0	0	17,500,000 shares	17,500,000 shares					0
0	0	0	0	0	0	0	0	0	0					0
0	0	0	0	0	0	0	0	0	0					0

Compensation brackets of directors

Compensation brackets of board directors	Names of directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement
Lower than NT$2 M.	Jeffrey T.S. Wu/ Steve S.F. Shieh/ Thomas K.H. Wu/Cheng-Ching Wu	Steve S.F. Shieh/Thomas K.H. Wu /Cheng-Ching Wu	Jeffrey T.S. Wu/ Steve S.F. Shieh/ Thomas K.H. Wu/Cheng-Ching Wu	Thomas K.H. Wu/Cheng-Ching Wu
NT$2 M. (inclusive)-NT$5 M. (exclusive)	Pan City Co., Ltd/ Santo Arden Co., Ltd./ Jui-Sung Kuo/Chu-Chan Wang	Pan City Co., Ltd/ Santo Arden Co., Ltd./ Jui-Sung Kuo/Jeffrey T.S. Wu/Chu-Chan Wang	Pan City Co., Ltd/ Santo Arden Co., Ltd./ Jui-Sung Kuo/Chu-Chan Wang	Pan City Co., Ltd/ Santo Arden Co., Ltd./ Jui-Sung Kuo/Chu-Chan Wang
NT$5 M. (inclusive)-NT$10 M. (exclusive)	Tong Shan Investment Co., Ltd.	Tong Shan Investment Co., Ltd.	Tong Shan Investment Co., Ltd.	Tong Shan Investment Co., Ltd.
NT$10 M. (inclusive)-NT$15 M (exclusive)	Tai-Ho Investment Co., Ltd./Chih-Kang Wang/ Neng-Pai Lin	Tai-Ho Investment Co., Ltd./Chih-Kang Wang/ Neng-Pai Lin	Tai-Ho Investment Co., Ltd./Chih-Kang Wang/ Neng-Pai Lin	Tai-Ho Investment Co., Ltd. / Jeffrey T.S. Wu/ Chih-Kang Wang/ Neng-Pai Lin
NT$15 M. (inclusive)-NT$30 M. (exclusive)	Hsiang-Chao Investment Co., Ltd. / Thomas T.L. Wu	Hsiang-Chao Investment Co., Ltd.	Hsiang-Chao Investment Co., Ltd. / Thomas T.L. Wu	Hsiang-Chao Investment Co., Ltd. /Steve S.F. Shieh
NT$30 M. (inclusive)-NT$50 M. (exclusive)	Bo-Rui Co., Ltd.	Thomas T.L. Wu/Bo-Rui Co., Ltd.	Bo-Rui Co., Ltd.	Bo-Rui Co., Ltd./ Thomas T.L. Wu
NT$50 M. (inclusive)-NT$100 M. (exclusive)				
Over NT$100 M.				
Total	15	15	15	15

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

2. Compensations for supervisors

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

Title	Name	Compensations for supervisors								Share of combination of A, B, C and D in after-tax net profit		Compensations from invested companies other than subsidiaries
		Compensation (A)		Job-leaving or retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)				
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
Standing Supervisor	Master Advisor Management Consulting Co., Ltd. (2013.07.01 Leave off) Chishung Co., Ltd. (2013.07.01 On board)	10,710	19,320	0	0	22,989	22,989	230	630	0.32%	0.40%	None
	Jimmy Y.T. Tsay											
Supervisor	Royal International Co., Ltd.											
	Simon C.C. Cheng											
Supervisor (Note 1)	Taishin International Investment & Development Co., Ltd.	0	0	0	0	7,663	7,663	0	0			
	Long-Su Lin	3,060	3,825	0	0	0	0	100	270			

Note 1: This supervisor is subject to individual disclosure, according to the FSC's disclosure criteria.
Note 2: Supervisors entitled to receive the company's earnings distribution are all institutional supervisors; 2013 earnings appropriation has been proposed by the board of directors but hasn't been resolved in the shareholders' meeting yet.
Note 3: The company did not make any pension benefit payments or contribute to the defined benefit plan.

Compensation brackets for the company's supervisors

Base date: Dec. 31, 2013

Compensation brackets for the company's supervisors	Names of supervisors	
	Combined amount of (A+B+C+ D)	
	The Company	All companies in the financial statement
Under NT$2 M.	Jimmy Y.T. Tsay/Simon C.C.Cheng	Simon C.C.Cheng
NT$2 M.(inclusive)-NT$5 M. (exclusive)	Long-Su Lin	Long-Su Lin
NT$5 M. (inclusive)-NT$10 M. (exclusive)	Taishin International Investment & Development Co., Ltd.	Taishin International Investment & Development Co., Ltd./Jimmy Y.T. Tsay
NT$10 M. (inclusive)-NT$15 M. (exclusive)	Master Advisor Management Consulting Co., Ltd./ Chishung Co., Ltd./Royal International Co., Ltd.	Master Advisor Management Consulting Co., Ltd./ Chishung Co., Ltd./Royal International Co., Ltd.
NT$15 M. (inclusive)-NT$30 M. (exclusive)		
NT$30 M. (inclusive)-NT$50 (exclusive)		
NT$50 M. (inclusive)-NT$100 M. (exclusive)		
Over NT$100 M.		
Total	7	7

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

3. Compensations for president and senior vice presidents

Title	Name	Salary(A)		Job-leaving or retirement payment (B)		Bonus and special allowance (C)	
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement
President and Chief Executive Officer	Joseph Jao	20,532	61,342	2,594	10,784	26,384	74,623
Chief Executive Officer	Oliver Shang						
Chief Auditor	Howard Wu						
Chief Strategy Officer	Daniel Tsai						
Chief Information Officer	BR Ho						
Chief Financial Officer	Welch Lin						
Chief Accounting Officer	Ann Cheng						
Chief Risk Officer	Jey Chen						
Senior Vice President	Wilson Chou						
Senior Vice President	David Chang						
Senior Vice President	Frank Lin						
Senior Vice President	Chris Chang						
Senior Vice President	Chao-Min Lin						
Senior Vice President	Lu-June Jai						

Note: The company has paid NT$2,351,000 in pension benefits and contributed NT$243,000 to the defined benefit plan. All companies reported in the financial statements paid NT$9,677,000 in pension benefits in total, and contributed a total of NT$1,107,000 to the defined benefit plan.

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

Employee dividend-sharing(D)				Share of the combined value of A.B. C and D in after-tax net profit(%)		Amount of employee warrants		Amount of restricted stock units		Compensations from invested companies other than subsidiaries
The Company		All companies in the financial statement		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
Cash dividend	Stock dividend	Cash dividend	Stock dividend							
0	0	0	0	0.36%	1.06%	11,024,000 shares	11,024,000 shares	0	0	124

Compensation brackets for the company's president and senior vice presidents

Compensation brackets for the company's president and senior vice presidents	Names of president and senior vice presidents	
	The Company	All companies in the financial statement
Under NT$2 M.	Daniel Tsai/ BR Ho/ Welch Lin /Ann Cheng/Jey Chen/ Wilson Chou/ David Chang/ Frank Lin/Chris Chang/ Chao-Min Lin/ Lu-June Jai	
NT$2 M.(inclusive)-NT$5 M. (exclusive)		Chao-Min Lin
NT$5 M. (inclusive)-NT$10 M. (exclusive)		Daniel Tsai/ BR Ho/Ann Cheng/Jey Chen/ Wilson Chou/ David Chang/ Frank Lin/ Chris Chang/ Lu-June Jai
NT$10 M. (inclusive)-NT$15 M. (exclusive)	Howard Wu	Welch Lin
NT$15 M. (inclusive)-NT$30 M. (exclusive)	Joseph Jao / Oliver Shang	Joseph Jao/ Oliver Shang/ Howard Wu
NT$30 M. (inclusive)-NT$50 (exclusive)		
NT$50 M. (inclusive)-NT$100 M. (exclusive)		
Over NT$100 M.		
Total	14	14

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

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

d. Analytical comparisons of the shares of company's compensations for board directors, supervisors, president, and senior vice presidents in the after-tax net profits in the recent two years, as listed in the company's financial statement and the consolidated financial statement, and explanation of the compensation policy, standards, and makeup, the procedure for setting compensations, and their association with business performance and risk of future follow

1. In 2013, total compensations for directors, supervisors, president, and senior vice presidents accounted for 1.71% of the after-tax net profit and the share listed in the consolidated financial statement was 2.85%. In 2012, total compensations for directors, supervisors, president, and senior vice presidents accounted for 2.08% of the after-tax net profit and the share listed in the consolidated financial statement was 3.20%.
2. The company's compensation policy
   (1) Compensations for managerial staffers are determined according to the company's overall profit performance, the status of business divisions in achieving their goals, and personal performance evaluation.
   (2) Actual compensations for directors and supervisors are determined according to the compensations for managerial staffers,pay adjustments, and the extents of their participation in the company's business and contributions, the level of risk responsibility, and change in the company's business status and performance. In considering major changes in the company's business status or business performance, the salary and compensation committee will make proposal for approval by the board of directors.

C. Status of Corporate Governance

a. Information on the operation of the board of directors

In the recent fiscal year, the board of directors convened 14 times and status of attendance by directors and supervisors follows:

Title	Name	Attendance in Person	Attendance by proxy	Actual attendance rate (%)	Note
Chairman	Bo-Rui Co., Ltd. Representative:Thomas T.L. Wu	11	3	78.57	The current (Election on 2013.06.21)
Director	Tong Shan Investment Co., Ltd. Representative:Jui-Sung Kuo	12	2	85.71	The current (Election on 2013.06.21)
Director	Tai-Ho Investment Co., Ltd. Representative:Cheng-Ching Wu	12	2	85.71	The current(Election on 2013.06.21)
Director	Hsiang-Chao Investment Co., Ltd. Representative:Jeffrey T.S. Wu	6	1	85.71	The new (Election on 2013.06.21)
Director (Removal)	Pan City Co., Ltd. Representative:Chu-Chan Wang	7	0	100.00	The previous (Election on 2013.06.21)
Director	Santo Arden Co., Ltd. Representative:Chu-Chan Wang	7	0	100.00	The new (Election on 2013.06.21)
Director	Bo-Rui Co., Ltd. Representative: Thomas K.H. Wu	14	0	100.00	The current(Election on 2013.06.21)
Director	Hsiang-Chao Investment Co., Ltd. Representative:Steve S.F. Shieh	14	0	100.00	The current (Election on 2013.06.21)
Independent Director	Chih-Kang Wang	10	4	71.43	The current(Election on 2013.06.21)
Independent Director	Neng-Pai Lin	14	0	100.00	The current (Election on 2013.06.21)
Standing Supervisor (Removal)	Master Advisor Management Consulting Co., Ltd. Representative:Jimmy Y.T. Tsay	6	0	85.71	The previous (Election on 2013.06.21)
Standing Supervisor	Chishung Co., Ltd. Representative:Jimmy Y.T. Tsay	5	0	71.43	The new (Election on 2013.06.21)
Supervisor	Taishin International Investment & Development Co., Ltd. Representative:Long-Su Lin	10	0	71.43	The current(Election on 2013.06.21)
Supervisor	Royal International Co., Ltd. Representative:Simon C.C. Cheng	12	0	85.71	The current(Election on 2013.06.21)

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

Other items of mandatory registration:

1. For items listed in Article 14-3, Securities Transaction Law and resolutions passed by the board of directors for which independent directors have opposing or reserved opinions on record or in written form, specify the date and number of the meeting of the board of directors, the contents of the case, and opinions of independent directors, and responses of the board of directors: None.
2. For avoidance by directors for cases involving the interests of them, specify the name of the board director, contents of the case, reason for avoidance, and the status of their participation in voting: The company implements avoidance of interest for related cases according to related laws/regulations.

3. Targets for strengthening the function of the board of directors in current year and the recent year (such as the setup of auditing committee and enhancement of information transparency) and the evaluation of their execution: In order to strengthen the governance of the board of directors, the company already formulated rules of order to the meeting of the board of directors, instituted independent directors since 2007, and took out liabilities insurance for board directors and key executives in the end of 2007. Due to the existence of supervisors, the company decides not to establish auditing committee for the time being.

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

1. Information on the operation of auditing committee: Not established yet.
2. Supervisors attendance the practice of Board of Directors

In the recent fiscal year the board of directors convened 14 times and status of attendance:

Title	Name	Actual number of attendance	Attendance rate (%)	Note
Standing Supervisor (Removal)	Master Advisor Management Consulting Co., Ltd. Representative: Jimmy Y.T. Tsay	6	85.71	The previous (Election t on 2013.06.21)
Standing Supervisor	Chishung Co., Ltd. Representative: Jimmy Y.T. Tsay	5	71.43	The new (Election on 2013.06.21)
Supervisor	Taishin International Investment & Development Co., Ltd. Representative: Long-Su Lin	10	71.43	The current (Election on 2013.06.21)
Supervisor	Royal International Co., Ltd. Representative: Simon C.C. Cheng	12	85.71	The current (Election on 2013.06.21)

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

Other items which should be recorded:

1. The makeup and responsibilities of supervisors:
   (1) Communication between supervisors and employees/shareholders (such as communications channel and method)
   Supervisors can communicate with employees anytime in the exercise of their duties and employee can reflect and express their opinions to the human resources division via the company's internal website.
   (2) Status of the communication of supervisors with in-house auditing chief and CPA
   a. Status of the communication between supervisors and in-house auditing chief
      (a) The company's supervisors regularly hold communications meetings with the general auditor and minutes of the meeting are submitted to the board of directors.
      (b) Supervisors and chief auditor of the bank attend the meetings of the board of directors and communicate with directors during and before the meetings over various affairs of the bank.
      (c) The auditing reports for the company and its subsidiaries auditing division are submitted to supervisors for inspection.
      (d) The company's auditing division regularly submits "auditing report" in the meeting of the board of directors by quarterly, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending supervisors, therefore, can also understand the contents of the report.

(e) Investigation reports on major incidents of the company and its subsidiaries (such as irregularities, natural disaster, and major losses) are all submitted to supervisors.

(f) Supervisors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.

b. Status of the communications between supervisors and CPAs

The company's supervisors can discuss with CPAs over the holding company's finance, business status, and auditing findings of CPAs.

2. Opinions expressed by supervisors in the meetings of the board of directors which should be put on record, including the date and number of the meeting, contents of the case, resolutions of the meeting, and response of the board to the opinions: None.

c. Disclosure information in accordance with the guidelines of the practical corporate governance of the holding industry

Please refer to the company's website at: http://www.taishinholdings.com.tw

d. Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holding industry and reasons

Items	Operating status	Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
1. Makeup of the holding's shareholdings and shareholders' interest (1) The way of the company handles suggestions or disputes of shareholders (2) Grasp by the holding of the list of the company's major shareholders and the ultimate controllers of major shareholders (3) To set up risk management mechanism and firewall to reduce risks involved with holding 's affiliates	The company has a shareholder services department that is dedicated to the handling of shareholder suggestions and disputes. The means of contacting the department has been disclosed on the company's website. The shareholder services department is responsible for gathering information on the company's major shareholders. This information is also disclosed in the company's annual reports. 1. The company and its main subsidiaries (including Taishin Bank and Taishin Securities etc.) all have independent risk management units in place to perform risk controls within their fields of business. 2. The company has established a "Related Party Transaction Policy" and rules of implementation to regulate transactions with stakeholders. 3. The company and its main subsidiaries (including Taishin Bank and Taishin Securities etc.) have implemented security policies to protect their information systems. Access to sensitive information is protected by firewalls and is permitted only for risk management purposes and when instructed by the competent authority.	No deviation.
2. Makeup and responsibilities of the board of directors (1) The institution of independent board directors by the holding (2) Periodic evaluation of the independence of certified public accountants	(1) The company instituted two seats of independent board directors in 2007. (2) The company will evaluate the independence of certified public accountants before signing the letter of entrustment with them every year.	No deviation.

Items	Operating status	Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
3. The establishment of communications channel with related parties	1. The company has implemented a “stakeholder information system” where the company and its subsidiaries may create stakeholders’ profiles and make them available for inquiry. Stakeholders are also reminded on a regular basis to verify the correctness of their information. 2. The company complies with laws and discloses financial, business and material information on the Market Observation Post System. This information is made publicly available simultaneously on the company’s website. The company also has a spokesperson and investor relations staff available to communicate with stakeholders.	No deviation.
4. Information publication (1) The Holding has installed corporate website for the disclosure of the company’s finance and corporate governance. (2) The Holding has also embraced other information-disclosure methods (such as the installation of English-language websites, the designation of staffers to handle information collection and disclosure, the implementation of spokesman’s system, and the posting of the videotaped process of investor conference on the website.	1. The company has disclosed finance and business information on its website and undertaken the disclosure of major information and the application for online information publication. 2. The company has established an English language website and assigned relevant departments to gather and disclose information on a regular basis. The company has implemented an online information reporting system and assigned dedicated personnel to gather and disclose information via the system. The company has a spokesperson policy in place to facilitate external communications. All material information relevant to investors’ interests is announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary. Details of institutional investor conference proceedings are uploaded onto the company’s website on the same day.	No deviation.
5. The institution and operation of nomination or compensate committee	Taishin Financial Holding established salary and compensations committee on Sep. 22, 2011, according to related measures.The committee had held five meetings in total by the fourth quarter of 2013.	No deviation.
6. Describe the holding company’s corporate governance and its deviation from the “guidelines for the corporate governance of the holding industry” and reasons: The company has exercised corporate governance in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies, and no major deviation has been found.		

Items	Operating status	Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
7. Other major information conducive to the understanding of the comany's corporate governance: (1) Employees' rights and concern for employees: The company places emphasis on the rights and interests of employees and on harmonious employer-employee relationships; for this reason, an employee relations unit has been created to respond to employee queries. Taishin Financial Holding believes that happy employees are the key to satisfied customers. The Chairman and the management have long dedicated themselves to building a working environment characterized by respect, care, support and self-motivated growth. By organizing various events and providing communication channels and learning resources, employees are given the chance to work in a humane, respectful and progressive environment and to grow in step with the company. a. Offering of competitive remuneration and welfare packages (a) Remuneration system: Taishin Financial Holding offers competitive salaries for the purpose of recruiting and retaining top talents. (b) Employee lifestyle services: the company works with the Teacher Chang Foundation to resolve employees' problems outside of work. (c) Employee welfare committee: the company organizes annual birthday celebrations, trips, hiking, sports and various events to enrich employees' lifestyles and enhance teamwork. (d) Taishin Stress Relief Workshop: the company hires blind masseurs and masseuses to relieve employee stress and ensure a happy and healthy work environment, while in the meantime contributing to charity works. b. The company respects the opinions of its employees and has channels of communication in place. (a) Group-wide survey: all employees are invited to participate in online surveys as a means of formal communication, and to promote a collaborative corporate culture. (b) Morning meetings: these meetings are organized to discuss the company's re-organization efforts, key projects, and to recognize employees who have displayed the values of Taishin in their work. Through the use of bilateral communication, employees are able to align themselves with the corporate culture and values. (2) Investor relations: in addition to having a dedicated investor relations team to interact with corporate investors, the company also participates in domestic and overseas investor conferences as well as organizing its own investor conferences whenever deemed appropriate. All relevant information is published on the Market Observation Post System and on the company's website. Stakeholders' interests: the company respects the rightful interests of its stakeholders, and maintains open communication channels with them. (3) Status of protection of consumer or customer interests: the company and all its subsidiaries adopt stringent measures to protect customer information. The group has implemented personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company, the Personal Information Protection Act and other relevant regulations stipulated by the competent authority. (4) Status of risk management policies, practices, and risk assessment standards: the company and each of its subsidiaries have independent risk management units in place; they have also committed substantial resources to the development of risk management systems, and managing of credit, market and operational risks using both qualitative and quantitative means. (5) Status of directors' and supervisors' continuing education: The company's directors and supervisors have all achieved the required number of training hours and announced the progress of their training on the Market Observation Post System. (6) Status of purchase of liability insurance by the company for directors and supervisors: the company and its subsidiaries are insured against liabilities of their directors and supervisors. These insurance policies are reviewed on a yearly basis to ensure adequate coverage.		
8. Description of results and major deficiencies (or suggestions), as well as their improvement, included in the corporate-governance evaluation reports compiled by the bank itself or professional institutions under commission of the holding company. The company performs corporate governance self-assessments according to regulations. In order to align itself with international practices and promote the concept of sustainable operations, the company is in the midst of drafting and verifying its 2013 corporate social responsibility report.		

e. Status of structure, responsibilities and operations of the Remuneration Committee

1. Members of the Remuneration Committee

Position (Note 1)	Qualifications / Name	More than 5 years work experience and the following qualifications			Compliance with independent status (Note 2)								Number of positions as Remuneration Committee member in other public listed companies	Note3
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects related to the company's operations in a public or private tertiary institution.	Nationally certified judge, prosecutor, attorney, accountant, or holder of professional qualifications related to the company's operations.	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties.	1	2	3	4	5	6	7	8		
Independent director	Neng-Pai Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent director	Ching-Tang Huang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A
Independent director	Yu-Ti Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	N/A

Note 1: Please specify whether a director, independent director, or other.

Note 2: Place a "✓" if the member meets the following condition during the two years prior to election and at any time during service.

(1) Not employed by the company or any of its affiliated companies.

(2) Not a director or supervisor of the Company or its affiliated companies. This criterion does not apply to independent directors of the company, its parent company, or subsidiaries in which the company holds more than a 50% direct or indirect voting interest.

(3) Does not hold more than 1% of the company's outstanding shares in own name or in other names such as spouse, minor children, nominee shareholders etc, and is not one of the company's ten largest natural-person shareholders.

(4) Not a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in the three preceding clauses.

(5) Not a director, supervisor, or employee of a corporate shareholder that owns more than 5% of the company's outstanding shares, and is not a director, supervisor, or employee of any of the top five corporate shareholders.

(6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with the company.

(7) Not a professional person, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse of anyone listed herein.

(8) Does not meet any of the descriptions stated in Article 30 of the Company Act.

Note 3: For members who have been identified as directors, please state whether they are subject to Article 6, Paragraph 5 of the "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."

2. Status of Operations of the Remuneration Committee

(1)The company's Remuneration Committee consists of three members.

(2)Term of service: From July 25, 2013 until June 30, 2016. The Remuneration Committee held 2 meeting (A) in the most recent year; details of members' attendance are as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance rate(%) (B/A)	Remarks
Convener	Neng-Pai Lin	2	0	100%	
Member	Ching-Tang Hung	2	0	100%	
Member	Yu-Ti Chen	2	0	100%	

Other remarks:

1. In the event where a Remuneration Committee proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and the way the company processed the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to a resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

f. Fulfillment of social responsibilities

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

Items	Operating Status	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies " and reason
3. Uphold public benefits (1) The company's comply with related labor laws/regulations and respect globally-recognized basic workers' rights, protect employee's legal rights, non-discriminatory employment policies, and establish proper management method and procedure. (2) The company provides employees a secure and healthy workplace and conduct regular security and health education for employees. (3) The company formulate and publicize consumer right policy and provide transparent and effective consumer complaint procedure for its products and services. (4) The company's consumer protection policy, as well as the existence of transparent and effective procedures for handling consumers' complaints over banking products and services. (5) The company cooperates with suppliers in fulfilling corporate social. (6) The company, through commercial activities, non-cash property endowment, volunteer service or other free professional service, participates in community development and charities events.	(1) The company's working rules have been approved by the regulator and publicized. The personnel rules are formulated according to the regulations of labor laws/decrees, for the purpose of protecting the labor rights of employees. The company has created a fair working environment where employees are equally entitled to compensations, employment, training resources, and promotion opportunities. (2) The company provides employees with a safe and healthy working environment, and has installed the necessary facilities to ensure workplace security and facilitate emergency evacuation or medical assistance if needed. Furthermore, the bank organizes employee health check-ups and health trainings on a regular basis. (3) Through the use of internal correspondences and intranet portals, employees are timely informed on the bank's latest business activities and decisions, and are properly advised on changes that may pose material impacts against their interests. The Company has an employee opinion box and an employee helpline in place, through which employees may express opinions in the utmost privacy. (4) The company has disclosed related inquiry and service phone numbers at its corporate website, enabling consumers to reflect any problem concerning the company's products or services. Related inquiry and service phone numbers: (4.1) Dedicated around-the-clock customer service line: (02)2655-3355 (4.2) Dedicated customer complaint line: (02)2700-3166 (5) For the selection of suppliers and public bidding for various procurements, the company follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the company's qualified suppliers to provide services or products to the company. (6) For information on sponsored events and public-service and charity services, please refer to item 6 of the table: Other important information conducive to the understanding of the operation of corporate social responsibilities.	In accordance with"Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies ".
4. Intensified information disclosure (1) Method of the company for disclosing information related to relevant and reliable corporate social responsibility. (2) The company compiles the book of corporate social responsibility to disclose the status of corporate social responsibility.	(1) Taishin holding is a listed company (stock code No.2887), discloses its latest information on the Market Observation Post System of Taiwan Stock Exchange, and regularly files report on related financial figures. (2) The company's website is at http://www.taishinholdings.com.tw.	In accordance with"Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies ".

Items	Operating Status	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies " and reason
5. Description of deviation of the self-made guidelines for corporate social responsibilities from the "guidelines for corporate social responsibilities of listed firms": Not applicable.		
6. Other key information conducive to the understanding of the operation of corporate social responsibility: (1) Labor security The headquarters building of Taishin Financial Holding obtained the certificates of healthy workplace and no-smoking workplace of the Taipei City government 2008, as well as smoking-hazard prevention mark of the city government. (2) Environmental Protection As of 2. Development of sustainable environment. (3) Charity Taishin Financial Holding has joined hands with famous shopping website PayEasy.com to carry out "Care for Taiwan" series events since 2002, helping disaster victims in Hsinyi village, Chungliao village, Yuchih village, and Kuohsing village to develop local economy. Based on the concept of "giving fishing pole and teaching fishing," it rallies people to sponsor agricultural products, pushes credit-card donation, and pushes characteristic products and travels at backward areas, successfully helping with the reconstruction of disaster-stricken areas and posing as a paradigm for corporate participation in public services. From 2005, "Care for Taiwan" series has targeted "Kuohsing-village karate teenager team," helping those teenagers raise training fund via the establishment of theme website and the utilization of media reporting. In 2013, Taishin Insurance Agency - a member of Taishin Financial Holdings, sponsored Taiwanese contestants to participate in the 7th World Karate Championship Series east held in Tokyo and returned with excellent achievements. In the year, the team won 134 medals in domestic and overseas tournaments (including 58 gold medals, 34 silver medals, and 42 bronze medals). In 2008, "Care for Taiwan" series extended its reach to rice plantation in Taiwan. In order to sustain Taiwan's price plantation and enable people to each pure Taiwanese rice, Taishin Financial Holding and PayEasy.com established brand new platform for production and marketing of Taiwanese rice, pushing corporate sponsorship of "one-acre rice paddy" and family sponsorship of "one-acre rice paddy of my family" programs, so that Taiwan's good rice can penetrate local families. In addition to benefiting the health of local people and boosting the income of farmers, the program has created more working opportunities in Taiwan villages. In total, Taishin Financial Holding has sponsored rice procurement for over 110 units, equivalent to 55 hectares of rice paddies. It has given 50,000 rice gift boxes to over 10,000 Taishin customers and staffers, which have eaten over 200,000 kilos of quality Taiwanese rice. In addition to benefiting rice farmers, it has also carried out excellent marketing for good Taiwanese rice.		
7. Description of banking products or corporate social responsibility report which have been certified by international certification bodies: None.		

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

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

Items	Operating Status	Deviations from "Ethical Corporate Management Best Practice Principal for TWSE/GTSM Listed Companies " and reason
2. Implementation of integrity management (1) The company should avoid engaging customers with history of dishonesty in business dealings; in addition, an integrity clause must be included in any commercial contracts signed by the company. (2) Availability of an internal unit responsible for ensuring business integrity within the company, and supervision by the board of directors. (3) Policies established by the company to prevent conflicts of interest, and internal channels created for raising concerns. (4) Accounting policies and internal controls implemented as effective means of ensuring business integrity, and auditing activities performed by internal audit personnel.	(1) For the selection of suppliers and public bidding for various procurements, the company follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the company's qualified suppliers to provide services or products to the company. (2) According to the internal control auditing system of the financial holding company, the company has established the system of chief for legal compliance and set up the division of legal compliance, which is in charge of the planning, management, and execution for the system of chief for legal compliance. In addition to empowering the Compliance Division for the establishment, implementation and execution of the compliance officer policy, a compliance officer has been assigned to every unit within the company to promote employee awareness of financial regulations and business integrity. The presence of compliance officers helps improve the fairness and transparency of the company's financial activities, while ensuring that business practices are carried out in a manner that complies with laws. (3) The company has reporting channels in place to accept verbal and written reports of violations. (4) a. Accounting System The company's accounting policies were drawn up in accordance with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies," laws, and generally accepted accounting principles. These accounting policies have been designed to record the company's business activities, and to present the company's financial and business performance in ways that are consistent with laws and generally accepted accounting principles, thereby achieving effective internal supervision and reflecting financial status and operational results so as to serve as a reference in strategic decisioning. b. Internal control system The company's internal control system has been created in accordance with Article 51 of the "Financial Holding Company Act" and Article 6 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and holding Industries." The system embodies five major principles: (a) To enable a corporate culture of management supervision and control. (b) To facilitate risk identification and assessment. (c) To control activities and segregate duties. (d) To facilitate information sharing and communication. (e) To monitor and improve business activities. The company has appropriate policies and operating procedures in place to guide its operations. Its rules of organization, management principles, business guidelines and manuals are amended whenever deemed necessary. The company's Audit Division has implemented a set of self-audit and assessment guidelines. It also supervises self-audit practices regularly within the company.	All conducts are in compliance with the "Ethical Corporate Management Best Practice Principal for TWSE/GTSM Listed Companies ".

Items	Operating Status	Deviations from "Ethical Corporate Management Best Practice Principal for TWSE/GTSM Listed Companies " and reason
3. Establish of a misconduct reporting channel, and disciplinary policies against violators of business integrity.	If any department is found to have violated principles of business ethics, or should there be any lack of internal management that leads to major fraud, the accountable employees will be disciplined by the Disciplinary Board according to the company's "Employee Reward and Discipline Guidelines."	All conducts are in compliance with the "Ethical Corporate Management Best Practice Principal for TWSE/GTSM Listed Companies ".
4. Strengthen information disclosure (1) Availability of a website for disclosing information relating to business integrity. (2) Other means of information disclosure undertaken by the company (such as the establishment of an English website, appointing dedicated personnel to collect and disclose information etc).	(1) Taishin holding is a listed company (stock code No.2887), discloses its latest information on the Market Observation Post System of Taiwan Stock Exchange, and regularly files report on related financial figures. (2) The company's website is at http://www.taishinholdings.com.tw.	All conducts are in compliance with the "Ethical Corporate Management Best Practice Principal for TWSE/GTSM Listed Companies ".
5. Description of deviation of the self-made guidelines for integrity management from the "guild lines for corporate integrity management of listed firms": Not applicable.		
6. Other key information conductive to the understanding of the implementation of integrity management: None.		

h. The company with corporate-governance guidelines and related regulations must disclose their methods for inquiry

Please refer to the company's website at http://www.taishinholdings.com.tw or Taiwan Stock Exchange at http://mops.twse.com.tw.

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

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

j. Items Concerning the Implementation of Internal Control System Which Should Be Disclosed

1. Internal Control Statement

To Financial Supervisory Commission:

March 27 , 2014

We hereby declare, on behalf of Taishin Financial Holding Co., Ltd., that the company did set up internal control system, carry out risk management, and have an independent auditing department undertake auditing works with the results being reported to the board of directors and supervisors regularly, in compliance with "enforcement measures for internal control and auditing systems of financial holding companies," during the period from January 1, 2013 to December 31, 2013. In addition to items listed on the attached tables, careful review and evaluation confirms effective execution by various business units in internal control and compliance with laws and regulations. The statement will become a major component of the company's publicized annual report and proxy statement. Any falsehood, concealment, or other irregularities for the aforementioned statement will be liable to legal responsibilities stipulated in article 20, article 32, article 171, and article 174 of the Securities Transaction Law.

Chairman

President

Chief Auditor

Compliance Officer

2. Items needing improvement for the internal control system of Taishin Financial Holding and Improvement Plan(Base date: Dec. 31, 2013)

Items needing improvement	Improvement measures	Schedule for completing the improvement
Taishin Bank		
1. Document management	The method through which documents are delivered has been adjusted.	Improvement completed.
2. ATM transaction management	The serial number checking system has been adjusted.	Improvement completed.
3. Foreign currency operations	The relevant operating procedures and management practices have been adjusted.	Improvement completed.
4. Credit card system outsourcing procedures	1. The relevant policies are undergoing revision to enhance internal control over outsourced operations. 2. The bank has plans in place to develop a proprietary credit card transaction system.	April, 2014. March, 2016.
Taishin Securities		
1. Consigned trading management	Consigned trading has been identified as a key internal training topic; the company is revising its employee code of conduct and enhancing its monitoring and audits over consigned trades.	Improvement completed.
2. Compliance with securities related laws	The company has furnished reports on customer complaints, established audit guidelines, excused the head of the audit team from attending committee meetings, and clarified the delegation of authority of proxy attendants in board of directors meetings.	Improvement completed.
Taishin Securities Investment Trust		
Fund prospectus management	The company has completed a thorough review of all its prospectuses, and gained acknowledgment from the FSC.	Improvement completed.

k. Irregularities bringing penalties to the financial holding firm and its subsidiaries in the recent two years and rectifications

	Cases and values	Status of improvement
A. Indictment of executives or staffers by prosecutors for job-related crimes.	Nil	Nil
B. Fines inflicted by Financial Supervisory Commission (FSC) for violation of laws/regulations	1. Taishin Bank (1) An employee was found to have uploaded customer's information onto the bank's extranet, for which the bank was fined NT$4 million.(FSC, No. 10100320901,Nov.27,2012)	The bank has implemented an ISO27001-compliant personal information management system based on the standards (BS10012) set forth by The British Standards Institution (BSI). It has obtained BSI certification on 2012.09.15.
	(2) The bank was fined NT$6 million by the FSC in Letter No. Financial-Supervisory-Banking-Holding-10200167151 dated 2013.07.09, for mistakes made regarding its outsourced credit card transaction system, and outsourced data processing and data equipment purchasing.	(1) The bank is revising its policies as a means to enhance internal control over outsourced operations (expected to be completed by April 2014). (2) The bank has made plans to develop a proprietary credit card transaction system (expected to be completed by March 2016).

	Cases and values	Status of improvement
	2. Chang Hwa Bank An employee opened a customer's safe deposit box without authorization and stole the cash within. The letter from the Financial Supervisory Commission ordered the bank to pay a fine of NT$2 million and terminate the employment of the employee surnamed Chang.(FSC,No. 10120001860, April 19, 2012)	(1) An improvement report regarding this case was submitted by the bank in the official letter, Zhang-Ji No. 1010018892, to the FSC on June 15, 2012. With respect to the fine, the responsibilities of related personnel were reviewed and claims for damage were made against the responsible parties. (2) The FSC replied with "Acknowledgement" in the letter Jin-Guan-Yin-Guo No. 10100196840, on June 25, 2012, and the case was closed.
C. Defects being rectified by the FSC	1. Taishin Bank The bank was corrected by the Financial Supervisory Commission in Letter No. Financial-Supervisory-Banking-Holding-10200065290 dated 2013.04.24, for errors made by its ATMs.	The serial number checking system has been adjusted.
	2. Taishin Securities (1) On March 22, 2013, the company received a customer complaint filed against its Taichung Branch manager, and the investigation found the branch's business personnel in violation of securities regulations. The FSC later considered this incident to be the result of a lack of internal control, for which the company was corrected under Letter No. Financial-Supervisory-Securities-1020025840 dated 2013.08.27.	(1) The company has re-focused its internal training to prohibit any financing activities between employees and their customers, and to treat all wrongly executed trading instructions as out-trades. On 2013.05.07, the company announced its revised "Securities Brokers' Code of Conduct" which introduced new and increased penalties for violations. (2) Taichung Branch's internal auditors conducted a follow-up audit with regards to the above mistakes between 2013.06.13~26, and found the company in compliance with required practices.
	(2) While auditing the company's business records, the FSC discovered the following conduct against securities regulations, for which the company was corrected according to Article 65 of the Securities and Exchange Act on 2013.12.30. ① On 2012.05.08, the company received reports that former business personnel of its Taichung Branch had violated Article 18, Paragraph 2, Clauses 3, 18 and 19 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, but did not take the initiative to report the matter to the Taiwan Stock Exchange Corporation or the competent authority according to its customer complaint policy.	(1) The company reported the complaint to the Taiwan Stock Exchange Corporation on 2013.11.04 with relevant information attached. (2) The company has followed the Financial Examination Bureau's opinions to establish new internal performance review standards on 2013.11.18, and excluded the head of the internal audit unit from further involvement in the Underwriting Committee. (3) The head of the internal audit unit no longer serves as a member of the Risk Management Committee from 2013.08. (4) From 2013.08 onwards, board meeting participants are required to confirm that every proxy form contains all necessary details if a proxy attendant has been appointed by a director.

	Cases and values	Status of improvement
	② The company had yet to establish an internal audit policy that takes into account defects of its internal control system (whether uncovered by the competent authority, third party agents, or through self-audit practices) as part of performance reviews. Also, the former head of the internal audit unit concurrently served as a member of the Underwriting Committee and was involved in the review of various agenda items. ③ The head of the internal audit unit was a member of the Risk Management Committee, attending monthly meetings and making decisions on risk management-related affairs. ④ A director appointed a proxy to attend a board meeting. The proxy form did not specify the scope of delegated authority, the date, or was incomplete in other details.	
	3. Taishin Securities Investment Trust Inadequate contents were provided in the Taishin -Rogers Global Resources Equity Index prospectus, which the FSC corrected in its Letter No. Financial-Supervisory-Securities-Investment-1020024458 dated 2013.07.24.	The company has completed prospectus review on all 17 funds offered, and reported to the FSC in 2013.08.
	4. Taishin Securities Investment Advisory The business offices were not independent and were shared with other enterprises, which was in violation of Item 11, Paragraph 1, Article 8 of the Standards Governing the Establishment of Securities Investment Consulting Enterprises. The Financial Supervisory Commission of the Executive Yuan issued an order for correction and compliance in the letter.(FSC,No. 1010058332 December 19, 2012)	Business offices expected to be relocated with the approval of the board of directors by June 30, 2013.
D. Penalized by the FSC according to item 1, article 54, of the law	Nil	Nil
E. For individual or combined loss exceeding NT$50 million in value which results of personnel corruption, major incidents (fraud, burglary, embezzlement and stealth of assets, fraudulent transaction, forged certificates and securities, collection of feedback, damage of natural disaster, damage of external force, hacker attack and stealth of information, and leakage of confidential business and customer information) or security incidents resulting from failing to abide by guidelines for security maintenance of financial institutions, disclose its nature and loss amount.	Nil	Nil

	Cases and values	Status of improvement
G. Other items mandated by the FSC for disclosure	1. Taishin bank An application submitted by a DBU of the bank to the Central Bank to be a foreign exchange branch contained false information regarding employees' backgrounds, for which the Central Bank suspended foreign currency transactions between 2013.05.29 and 2013.11.28, in its Letter No. ROC-Central Bank-Foreign-VII-1020022757 dated 2013.05.27.	The relevant operating procedures and management practices have been adjusted.
	2. Taishin Securities The trading of emerging stocks in June and October 2010 did not comply with the Statements of Financial Accounting Standards No. 6 and was in violation of Article 2 of the Regulations Governing the Preparation of Financial Reports by Securities Firms. The Financial Supervisory Commission of the Executive Yuan issued a request for the CPA to perform the audit again and reissue and refile the financial statements in the letter. (FSC, No. 1010006190 March 30, 2012)	(1) New financial statements for 2010, the first half of 2011, the third quarter of 2011, and 2011 were prepared and submitted to be audited by the CPA, and were passed in the 28th meeting of the 9th board of directors on April 20, 2012. (2) Improvement plans were devised and internal guidelines were amended.

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

1. Key resolutions of the 2013 annual general meeting (dated 2013.06.21) and execution progress

Resolution	Votes				Current progress
	Votes in favor	%	Votes against	%	
1. Acknowledgment of the company's 2012 earnings appropriation.	4,760,536,846	84.10	30,895	0.00	Distribution was completed as resolved during the shareholders' meeting.
2. Capitalization of the company's earnings.	4,761,573,207	84.12	32,053	0.00	New shares were issued and registered as resolved during the shareholders' meeting.
3. Election of the company's fifth board of directors (including independent directors) and supervisors.	List of elected persons: Directors: Thomas T.L. Wu - representative of Bo-Rui Co., Ltd.; Jui-Sung Kuo - representative of Tong Shan Investment Co., Ltd; Cheng-Ching Wu - representative of Tai-Ho Investment Co., Ltd.; Tung-Hsiung Wu - representative of Hsiang-Chao Investment Co., Ltd.; Chu-Chan Wang - representative of Santo Arden Co., Ltd.; Thomas K.H. Wu - representative of Bo-Rui Co., Ltd.; Steve S.F. Shieh - representative of Hsiang-Chao Investment Co., Ltd. Independent directors: Chih-Kang Wang, Neng-Pai Lin. Supervisors: Yang-Tzong Tsay - representative of Chi-Hsiang Co., Ltd.; Long-Su Lin - representative of Taishin International Investment & Development Co., Ltd.; Simon C.C. Cheng - representative of Royal International Co., Ltd.				All elected parties have registered and commenced duties from 2013.07.01.
4. Proposal to remove restrictions against involvement in competing businesses for the 5th board of directors.	3,298,533,604	58.27	1,377,083,039	24.33	Completed according to regulations.

2. Major resolutions of the the board of directors on 2013

2013.01.17 Passed the company's 2013 operating plans and budgets.
2013.01.31 Passed the company's 2013 audit plan.
2013.03.21 Passed the company's 2012 financial statements.
2013.03.21 Passed to abolish the company's "Board of Directors Rules of Organization."
2013.03.21 Passed to convene the 2013 annual general meeting on 2013.06.21 (including Class D preferred shareholders).
2013.03.21 Passed to elect the fifth board of directors (including independent directors) and supervisors during the upcoming annual general meeting.
2013.04.25 The term of service of the company's fifth board of directors (including independent directors) and supervisors set to run from 2013.07.01 to 2016.06.30.
2013.04.25 Motion for the removal of restrictions against involvement in competing businesses for the 5th board of directors during the upcoming shareholders' meeting.
2013.04.25 Passed the company's 2012 audited financial statements.
2013.04.25 Passed the company's 2012 business report.
2013.04.25 Passed the company’s 2012 earnings appropriation.
2013.04.25 Passed the issuance of new shares against capitalized earnings.
2013.06.20 Proposal to convert all 188,235,294 preferred share D of Taishin Bank into ordinary shares; the conversion baseline date has been set as 2013.06.26.
2013.07.01 Mr. Thomas T.L. Wu was elected Chairman of the 5th board of directors.
2013.07.25 Appointed Taishin Financial Holding Independent Director Neng-Pai Lin, Taishin Securities Independent Directors Ching-Tang Huang and Yu-Ti Chen as members of the 2nd Remuneration Committee.
2013.07.25 Baseline date of 2013.08.18 set for the company's 2012 cash and stock dividends.
2013.07.25 Passed the establishment of the "Management Policy for Non-Mainland Financial Businesses."
2013.09.26 Passed the company's "Donation Guidelines."
2013.12.31 Passed the company's 2013 cash injection from issuance of new shares.
2013.12.31 Passed the company's 2014 audit plan.
2013.12.31 Amended the company's "Business Contingency Management Policy."

3. Major resolutions of the the board of directors on 2014

2014.01.23 Passed the company's 2014 operating plans and budgets.
2014.01.23 Passed the company's "Personal Information Security Policy."
2014.02.20 Passed to convene the 2014 annual general meeting on 2014.06.06 (including Class D preferred shareholders).
2014.03.27 Appointed Fu-Hui Liang as the head of the company's Human Resources Division.
2014.03.27 Passed the company's 2013 financial statements.

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

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

D. Information on CPA's fee

Name of accounting firm	Name of CPA		Audit period	Note
Deloitte &Touche	Qinzhen Yang	Jerry Gung	2013.01.01~2013.12.31	None

Unit: NT$1,000

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

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

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

Name of accounting firm	Name of CPA	Auditing fee	Non-auditing fee					Whether the auditing covers the entire fiscal year or not	Note
			System design	Business registration	Human resources	Others (Note2)	Sub-total		
Deloitte & Touche	Qinzhen Yang/ Jerry Gung	6,310		230		2,162	2,392	2013.01.01~ 2013.12.31	Non-audit remuneration - "Other" mainly comprises of charges for the preparation of the corporate social responsibility report, investment review, and the FATCA project.

Note 1: If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks field. Any audit or non-audit remuneration paid to CPAs should also be disclosed separately.

Note 2: Non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, the details of services rendered must be specified in the remarks column.

b. Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and provision of reasons: Not applicable.

c. Auditing fee decrease over 15% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason: Not applicable.

E. Replacement of CPA:

a. Concerning former CPA

Base Date: March 27, 2014

Replacement date	May 23, 2013				
Reason for replacement and explanation	In line with the job rotation of Deloitte &Touche Accounting Firm, the CPAs for the company's financial statement were changed from Peter Tsai and Qingzhen Yang to Qingzhen Yang and Jerry Gung since first quarter of 2013.				
Explain consigner or termination or refusal of consignment by CPA	status of related parties		CPA		consigner
	Active terminate consignment		Not applicable		Not applicable
	Refusal to accept (continue) consignment		Not applicable		Not applicable
Certification auditing report other than report without reserved opinions in the recent two years and reason	Not applicable				
Existence of different opinions with the bank	Yes	Not applicable	Accounting principle or practical affairs	Not applicable	Accounting principle or practical affairs
		Not applicable	Disclosure of financial report	Not applicable	Disclosure of financial report
		Not applicable	Auditing scope or procedure	Not applicable	Auditing scope or procedure
		Not applicable	Others	Not applicable	Others
		Not applicable		Not applicable	
	No	Not applicable			
	Explanation: Not applicable due to In line with the job rotation of Deloitte &Touche Accounting Firm.				
Other disclosed items (Items which should be disclosed according to item 5-1-4, article 10 of the criteria	Not applicable				

b. Concerning succeeding CPA: Not applicable.

c. Reply of former CPA to item 5-1 and item 5-2-3, article 10 of the criteria: Not applicable.

F. Chairman, presidents, and financial or accountant managers who served at the accounting firm of the CPAs or its affiliates within the recent year: None.

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

a. Changes in shareholdings

Title	Name	2013		As of March.31 , 2014	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Chairman	Bo-Rui Co., Ltd.	4,647,562	(20,138,090)	0	0
Representative	Thomas T.L. Wu	3,415,414	0	0	0
Director (Major shareholder)	Tong Shan Investment Co., Ltd.	7,943,706	0	0	0
Representative	Jui-Sung Kuo	36,950	0	0	0
Director	Tai-Ho Investment Co., Ltd.	3,224,670	0	0	0
Representative	Cheng-Ching Wu	0	0	0	0
Director	Hsiang-Chao Investment Co., Ltd.	543,981	0	0	0
Representative	Jeffrey T.S. Wu	132,199	0	0	0
Director	Santo Arden Co., Ltd.	142,633	0	0	0
Representative	Chu-Chan Wang	667,079	0	0	0
Director	Bo-Rui Co., Ltd.	4,647,562	(20,138,090)	0	0
Representative	Thomas K.H. Wu	394,777	0	0	0
Director	Hsiang-Chao Investment Co., Ltd.	543,981	0	0	0
Representative	Steve S.F. Shieh	(1,234,970)	0	0	0
Independent Director	Chih-Kang Wang	0	0	0	0
Independent Director	Neng-Pai Lin	0	0	0	0
Standing Supervisor	Chishung Co., Ltd.	17,818	0	0	0
Representative	Jimmy Y.T. Tsay	0	0	0	0
Supervisor	Taishin International Investment & Development Co., Ltd.	3,081,298	(1,002,885)	0	0
Representative	Long-Su Lin	(5,192,906)	0	0	0
Supervisor	Royal International Co., Ltd.	493,467	(2,000,000)	(142,000)	0
Representative	Simon C.C. Cheng	0	0	0	0
President and Chief Executive Officer, Wholesale Banking Group	Joseph Jao	0	0	0	0
Chief Executive Officer, Retail Banking Group	Oliver Shang	0	0	0	0
Chief Auditor	Howard Wu	26,028	0	0	0
Chief Strategy Officer	Daniel Tsai	119,272	0	0	0
Chief Information Officer	BR Ho	91,105	0	0	0
Chief Financial Officer	Welch Lin	(10,032,423)	(10,359,097)	0	0
Chief Accounting Officer	Ann Cheng	920,000	0	0	0
Chief Risk Officer	Jey Chen	0	0	0	0
Senior Vice President	Wilson Chou	0	0	0	0

Title	Name	2013		As of March.31 , 2014	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Senior Vice President	Huo Shen Wu	0	0	0	0
Senior Vice President	Chao-Min Lin	52,454	0	0	0
Senior Vice President	David Chang	428,267	0	0	0
Senior Vice President	Frank Lin	3,969	0	100,000	0
Senior Vice President	Chris Chang	36,169	0	0	0
Senior Vice President	Ming-Nan Lin	0	0	0	0
Senior Vice President	Chung-Shin Lin	15,341	0	0	0
Senior Vice President	Archie Chen	0	0	0	0
Vice President	Janice Liang	N/A	N/A	0	0
Vice President	Joseph Hu	3,622	0	0	0
Vice President	Maureen Chu	21,929	0	0	0
Vice President	Carrie Chen	0	0	0	0
Vice President	Lien-Pin Shih	2,046	0	60,000	0
Vice President	David Lee	5,209	0	0	0
Vice President	Jeffrey Wu	75	0	0	0
Vice President	Lee,shying	0	0	0	0
Vice President	Lin ching yin	52	0	0	0

b. Information of shareholding transfer : None.

c. Information of shareholding pledge

Name	Reson for pledged	Change Date	Counterparty	Counterparty's relationship with the financial holding company, the directors, supervisors, and shareholders with more than 10% ownership interest	Shares	Amount
Bo-Rui Co., Ltd.	Redemption	2013.05.06	Taiwan Finance Corporation Co.,Ltd.	The spouse of a manager of a Taishin subsidiary serves as the responsible person for the related company	3,309,732	-
Bo-Rui Co., Ltd.	Redemption	2013.05.06	Taiwan Finance Corporation Co.,Ltd.	The spouse of a manager of a Taishin subsidiary serves as the responsible person for the related company	419,544	-
Bo-Rui Co., Ltd.	Redemption	2013.05.06	Taiwan Finance Corporation Co.,Ltd.	The spouse of a manager of a Taishin subsidiary serves as the responsible person for the related company	1,864,638	-
Taishin International Investment & Development Co., Ltd.	Redemption	2013.04.19	Mega International Commercial Bank	The spouse of a manager of a Taishin subsidiary serves as the responsible person for the related company	4,500,000	-
Taishin International Investment & Development Co., Ltd.	Pledge	2013.05.06	Mega International Commercial Bank	The spouse of a manager of a Taishin subsidiary serves as the responsible person for the related company	4,500,000	-

H. Information on the relationship of the 10 largest shareholders who are related parties according to Financial Accounting Criteria No.6

Information on the Relationship between the 10 largest Shareholders

Base Date: Apirl 8,2014

NO.	Name	Own shareholding		Shareholding of spouse and offspring before the age of majority		Total shareholding in the names of others		Names and relationship of the 10 largest shareholders who are related parties according to Financial Accounting Criteria No.6 or who are spouses or relatives with second-degree or closer kinship		Note
		Number of shares	Share of stake (%)	Number of shares	Share of stake (%)	Number of shares	Share of stake (%)	Name	Relationship	
1	Cathay Life Insurance Co., Ltd. Representative：Hung-Tu Tsai	258,977,435	3.14	0	0	0	0	None	None	-
2	Taishin Leasing & Financing Co., Ltd. Representative: Chao-Nan Ku	236,538,979	2.86	0	0	0	0	None	None	-
3	Ching-Wei Co., Ltd. Representative：Peng ,Hsueh-Fen	175,212,559	2.12	0	0	0	0	No.8 No.9	Representative ‘s Relative within 2 tiers	-
4	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	124,870,921	1.51	0	0	0	0	None	None	-
5	Dimensional Emerging Markets Value Fund	118,627,390	1.44	0	0	0	0	None	None	-
6	Pan City Co., Ltd. Representative：Chu-Chan Wang	109,612,158	1.33	0	0	0	0	None	None	-
7	TASCO Chemical Corporation Representative：Cheng-Ching Wu	98,627,462	1.19	0	0	0	0	None	None	-
8	Shinkong Synthetic Fibers Corporation Representative：Tung-Sheng Wu	98,530,684	1.19	0	0	0	0	No.3 No.9	Representative ‘s Relative within 2 tiers	-
9	Tong Shan Investment Co., Ltd. Representative：Kuei-Lan Wu	97,108,394	1.18	0	0	0	0	No.3 No.8	Representative ‘s Relative within 2 tiers	-
10	JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depositary APG Emerging Markets Equity Pool	91,217,252	1.10	0	0	0	0	None	None	-

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

Base date: Dec.31, 2013 ;Unit:share,%

Equity investment (Note1)	Investment by the holding (Note2)		Investment by the company directly or indirectly controlled by the holding and the holding 's directors, supervisors, presidents and senior vice presidents.		General investment	
	Amount of shares	Share of stake	senior Amount of shares	Share of stake	Amount of shares	Share of stake
Taishin International Bank Co., Ltd.	4,915,752,571	100%	0	0%	4,915,752,571	100%
Taishin Securities Co., Ltd.	228,000,000	100%	0	0%	228,000,000	100%
Taishin Securities Investment Trust Co., Ltd.	75,454,545	100%	0	0%	75,454,545	100%
Taishin Securities Investment Advisory Co., Ltd.	27,599,513	92%	0	0%	27,599,513	92%
Taishin Holdings Insurance Brokers Co., Ltd.	3,000,000	100%	0	0%	3,000,000	100%
Taishin Asset Management Co., Ltd.	144,500,000	100%	0	0%	144,500,000	100%
Taishin Venture Capital Investment Co., Ltd.	221,903,495	100%	0	0%	221,903,495	100%
Chang Hwa Commercial Bank,Ltd	1,747,117,400	22.55%	21,617,886	0.28%	1,768,735,286	22.83%
Chieh-Bon Co., Ltd.	220,000	4.40%	300,000	6.00%	520,000	10.40%

Note1: Invested by the Holding.
Note2: Pursuant to Article 36 of the Financial Holding Company Act.

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Taishin Holdings

04

Fund-Raising Activities

IV.Fund-Raising Activities

A. Shares and Dividend

Capital Sources

Base date: March 31, 2014 ; Units: NT$1,000; 1,000 shares

Time	Issuing Price	Approved Capital		Paid-in Capital		Notes	
		Number of Shares	Value	Amount of Shares	Value	Sources of Capital	Others
Feb. 2002	10	10,000,000	100,000,000	Common share 2,300,000 preferred share A 300,000 preferred share B 400,000	Common share 23,000,000 preferred share A 3,000,000 preferred share B 4,000,000	Issuance for conversion	MOEA No. 09101051620, Feb. 18, 2002 (note 1)
Sep. 2002	10	10,000,000	100,000,000	Common share 2,300,000 preferred share B 400,000	Common share 23,000,000 preferred share B 4,000,000	Retrieval of preferred share A after maturity	MOEA No. 09101445430, Nov. 11, 2002 (note 2)
Dec. 2002	--	10,000,000	100,000,000	Common share 3,631,623 preferred share B 400,000	Common share 36,316,236 preferred share B 4,000,000	Share conversion	MOEA No. 09101512320, Dec.31, 2002 (note 3)
May 2003	10	10,000,000	100,000,000	Common share 3,632,713 preferred share B 400,000	Common share 36,327,139 preferred share B 4,000,000	Issuance for convertible corporate bonds in the first quarter 2003	MOEA No. 09201133710, May 7, 2003 (note 4)
July 2003	10	10,000,000	100,000,000	Common share 3,687,739 preferred share B 400,000	Common share 36,877,397 preferred share B 4,000,000	Issuance for convertible corporate bonds in the second quarter 2003	MOEA No. 09201228300, July 30, 2003 (note 5)
Oct. 2003	10	10,000,000	100,000,000	Common share 3,668,520 preferred share B 400,000	Common share 36,685,207 preferred share B 4,000,000	Capital reduction in line with cancellation of treasury stocks	MOEA No. 09201288980, Oct. 13, 2003 (note 6)
Oct. 2003	10	10,000,000	100,000,000	Common share 3,676,978 preferred share B 400,000	Common share 36,769,788 preferred share B 4,000,000	Issuance for convertible corporate bonds in the third quarter 2003	MOEA No. 09201297690, Oct. 27, 2003 (note 7)
Feb. 2004	10	10,000,000	100,000,000	Common share 3,756,113 preferred share B 400,000	Common share 37,561,132 preferred share B 4,000,000	Issuance for convertible bonds in the fourth quarter 2003	MOEA No. 09301012440, Feb. 2, 2004 (note 8)
April 2004	10	10,000,000	100,000,000	Common share 3,957,779 preferred share B 400,000	Common share 39,577,790 preferred share B 4,000,000	Issuance for convertible bonds in the first quarter 2004	MOEA No. 09301069080, April 28, 2004 (note 9)
July 2004	10	10,000,000	100,000,000	Common share 4,015,045 preferred share B 400,000	Common share 40,150,457 preferred share B 4,000,000	Issuance for convertible bonds in the second quarter 2004	MOEA No. 09301138150, July 26, 2004 (note 10)

Time	Issuing Price	Approved Capital		Paid-in Capital		Notes	
		Number of Shares	Value	Amount of Shares	Value	Sources of Capital	Others
Aug. 2004	10	10,000,000	100,000,000	Common share 4,277,063 preferred share B 400,000	Common share 42,770,639 preferred share B 4,000,000	Issuance from earnings, capital reserves and convertible bonds	MOEA No. 09301156500, Aug. 19, 2004 (note 11)
Oct. 2004	10	10,000,000	100,000,000	Common share 4,298,768 preferred share B 400,000	Common share 42,987,687 preferred share B 4,000,000	Issuance for convertible bonds in the third quarter 2004	MOEA No. 09301198370, Oct. 27, 2004 (note 12)
Jan. 2005	10	10,000,000	100,000,000	Common share 4,407,292 preferred share B 400,000	Common share 44,072,921 preferred share B 4,000,000	Issuance for convertible bonds in the fourth quarter 2004	MOEA No. 09401015750, Jan. 27, 2005 (note 13)
May 2005	10	10,000,000	100,000,000	Common share 4,433,851 preferred share B 400,000	Common share 44,338,511 preferred share B 4,000,000	Issuance for convertible bonds in the first quarter 2005	MOEA No. 09401077610, May 4, 2005 (note 14)
Aug. 2005	10	10,000,000	100,000,000	Common share 5,108,079 preferred share B 400,000	Common share 51,080,795 preferred share B 4,000,000	Issuance from earnings, capital surplus, and for convertible bonds in the second quarter	MOEA No. 09401156030, Aug. 16, 2005 (note 15)
Oct. 2005	10	10,000,000	100,000,000	Common share 5,108,079 preferred share B 400,000 preferred share C 500,000	Common share 51,080,795 preferred share B 4,000,000 preferred share C 5,000,000	Issuance of preferred share C	MOEA No. 0940197220, Oct. 4, 2005 (note 16)
Oct. 2005	10	10,000,000	100,000,000	Common share 5,114,999 preferred share B 400,000 preferred share C C500,000	Common share 51,149,993 preferred share B 4,000,000 preferred share C 5,000,000	Issuance of convertible bonds in the third quarter 2005	MOEA No. 09401208520, Oct. 20, 2005 (note 17)
Jan. 2006	10	10,000,000	100,000,000	Common share 5,123,209 preferred share B 400,000 preferred share C 500,000	Common share 51,232,092 preferred share B 4,000,000 preferred share C 5,000,000	Issuance for convertible bonds in the fourth quarter 2005	MOEA No. 09501013580, Jan. 26, 2006 (note 18)
March 2006	10	10,000,000	100,000,000	Common share 4,869,077 preferred share B 400,000 preferred share C 500,000	Common share 48,690,778 preferred share B 4,000,000 preferred share C5,000,000	Capital reduction (cancellation of treasury stocks)	MOEA No. 09501037680, March 7, 2006 (note 19)
March 2006	10	10,000,000	100,000,000	Common share 5,424,633 preferred share B 400,000 preferred share C 500,000 preferred share D 777,777	Common share 54,246,333 preferred share B 4,000,000 preferred share C 5,000,000 preferred share D 7,777,777	Capital increase by earning	MOEA No. 09501053470, March 29, 2006 (note 20)

Time	Issuing Price	Approved Capital		Paid-in Capital		Notes	
		Number of Shares	Value	Amount of Shares	Value	Sources of Capital	Others
April 2006	10	10,000,000	100,000,000	Common share 5,438,942 preferred share B 400,000 preferred share C 500,000 preferred share D 777,777	Common share 54,389,420 preferred share B 4,000,000 preferred share C 5,000,000 preferred share D 7,777,777	Issuance for convertible bonds in the first quarter 2006	MOEA No. 09501068440 April 18, 2006 (note 21)
July 2006	10	10,000,000	100,000,000	Common share 5,438,942 preferred share C 500,000 preferred share D 777,777	Common share 54,389,420 preferred share C 5,000,000 preferred share D 7,777,777	Capital reduction upon maturity of preferred share B	MOEA No. 09501152460 July 20, 2006 (note 22)
Sep. 2006	10	10,000,000	100,000,000	Common share 5,443,633 preferred share C 500,000 preferred share D 777,777	Common share 54,436,334 preferred share C 5,000,000 preferred share D 7,777,777	Issuance for convertible bonds in the second quarter 2006	MOEA No. 09501209040 Sep. 15, 2006 (note 23)
Jan. 2007	10	10,000,000	100,000,000	Common share 5,710,300 preferred share C 500,000 preferred share D 777,777	Common share 57,103,000 preferred share C 5,000,000 preferred share D 7,777,777	Common-share issuance for cash capital increment via private share placement	MOEA No. 09601001020 Jan. 5, 2007 (note 24)
Dec. 2009	10	10,000,000	100,000,000	Common share 5,323,819 preferred share C 466,159 preferred share D 725,136	Common share 53,238,199 preferred share C 4,661,593 preferred share D 7,251,368	Capital increase by earning	MOEA No. 09801284730 Dec. 10, 2009 (note 25)
Aug. 2010	10	10,000,000	100,000,000	Common share 5,909,440 preferred share C 466,159 preferred share D 725,136	Common share 59,094,401 preferred share C 4,661,593 preferred share D 7,251,368	Capital increase by earning	MOEA No. 09901192150 Aug. 24, 2010 (note 26)
Jan. 2011	10	10,000,000	100,000,000	Common share 5,909,596 preferred share C 466,159 preferred share D 725,136	Common share 59,095,961 preferred share C 4,661,593 preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA No. 10001019790 Jan. 27, 2011 (note 27)
May 2011	10	10,000,000	100,000,000	Common share 5,911,259 preferred share C 466,159 preferred share D 725,136	Common share 59,112,591 preferred share C 4,661,593 preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA No. 10001097940 May 13, 2011 (note 28)
Aug. 2011	10	12,000,000	120,000,000	Common share 6,325,047 preferred share C 466,159 preferred share D 725,136	Common share 63,250,472 preferred share C 4,661,593 preferred share D 7,251,368	Capital increase by earning	MOEA No. 10001187970 Aug. 17, 2011 (note 29)

Time	Issuing Price	Approved Capital		Paid-in Capital		Notes	
		Number of Shares	Value	Amount of Shares	Value	Sources of Capital	Others
Aug. 2012	10	12,000,000	120,000,000	Common share 6,891,447 C preferred share 466,159 D preferred share 725,136	Common share 68,914,472 C preferred share 4,661,593 D preferred share 7,251,368	Capital increase by earning	MOEA No. 10101169090 Aug. 17, 2012 (note 30)
Oct. 2012	10	12,000,000	120,000,000	Common share 6,891,447 D preferred share 725,136	Common share 68,914,472 D preferred share 7,251,368	Class C preferred shares matured	MOEA No. 10101207260 Oct. 8 , 2012 (note31)
May 2013	10	12,000,000	120,000,000	Common share 6,891,523 D preferred share 725,136	Common share 68,915,232 D preferred share 7,251,368	Issuance of new shares for exercise of options by employees	MOEA No. 10201082910 May 3, 2013 (note 32)
Aug. 2013	10	12,000,000	120,000,000	Common share 7,505,499 D preferred share 725,136	Common share 75,054,999 D preferred share 7,251,368	Capital increase by earning	MOEA No. 10201173900 Aug. 23, 2013 (note 33)
Nov. 2013	10	12,000,000	120,000,000	Common share 7,511,653 D preferred share 725,136	Common share 75,116,531 D preferred share 7,251,368	Issuance of new shares for exercise of options by employees	MOEA No. 10201228950 Nov. 12, 2013 (note 34)
Feb. 2014	10	12,000,000	120,000,000	Common share 7,528,158 D preferred share 725,136	Common share 75,281,583 D preferred share 7,251,368	Issuance of new shares for exercise of options by employees	MOEA No. 10301020390 Feb. 10, 2014 (note 35)

Note 1: Taishin Bank and Dah An Bank joined hands in setting up Taishin Financial Holding via share swap and carried out merger during the establishment process, with Taishin Bank being the surviving company and Dah An Bank the disappearing company.

Note 2: The company purchased back 300 million registered preferred share A at face value of NT10 following their maturity on September 20, 2002, according the corporate charter and measures for share issuance.

Note 3: Taishin Securities and Taishin Bills Finance became the company's subsidiaries via share swap, at the ratio of 1.2 common shares of Taishin Securities to one common share of Taishin Financial Holding and 1.3 common shares of Taishin Bills Finance to one common share of Taishin Financial Holding, for which Taishin Financial Holding issued 1,331,623,623 new common shares for 1,123,486,810 common shares of Taishin Securities and 514,000,000 common shares of Taishin Bills Finance, with December 31, 2002 as the base date for the share swap.

Note 4: In the first quarter of 2003, 169 sheets of convertible bonds, valued at NT$16.9 million, were converted to 1,090,319 common shares.

Note 5: In the second quarter of 2003, 8,529 sheets of convertible bonds, valued at NT$852.3 million, were converted to 55,025,801 common shares.

Note 6: The company cancelled 19,219,000 common shares of treasury stocks.

Note 7: In the third quarter of 2003, 1,311 sheets of convertible bonds, valued at NT$131.1 million, were converted to 8,458,064 common shares.

Note 8: In the fourth quarter of 2003, 5,302 sheets of convertible bonds, valued at NT$530.2 million, were converted to 34,206,310 common shares, and 26,007 sheets of ECB (euro-dollar convertible bonds), valued at US$26.007 million, were converted to 44,928,160 common shares.

Note 9: In the first quarter of 2004, 8,523 sheets of convertible bonds, valued at NT$852.3 million, were converted to 54,987,065 common shares, and 84,906 sheets of ECB (euro-dollar convertible bonds), valued at US$84.906 million, were converted to 146,678,712 common shares.

Note 10: In the second quarter of 2004, 4,226 sheets of convertible bonds, valued at NT$422.6 million, were converted to 27,264,511 common shares, and 17,367 sheets of ECB (euro-dollar convertible bonds), valued at US$17.367 million, were converted to 30,002,227 common shares.

Note 11: 261,413,500 new shares were issued for capital increment with the company's earnings and capital reserves and 350 sheets of ECB, valued at US$350,000, were converted to 604,639 common shares.

Note 12: In the third quarter of 2004, 1,267 sheets of convertible bonds, valued at NT$126.7 million, were converted to 8,737,913 common shares, and 6,720 sheets of ECB (euro-dollar convertible bonds), valued at US$6.72 million, were converted to 12,996,912 common shares.

Note 13: In the fourth quarter of 2004, 673 sheets of convertible bonds, valued at NT$67.3 million, were converted to 4,641,367 common shares, and 53,836 sheets of ECB (euro-dollar convertible bonds), valued at US$53.836 million, were converted to 103,881,984 common shares.
Note 14: In the first quarter of 2005, 13,764 sheets of ECB, valued at NT$13.764 million, were converted to 26,559,024 common shares.
Note 15: 669,404,441 new shares were issued for capital increment with the company's earnings and capital reserves and in the second quarter, 2,500 sheets of ECB, valued at US$2.5 million, were converted to 4,824,002 common shares.
Note 16: The company issued 500 million preferred share C, at NT$10 per share, totaling NT$5 billion in value; the shares were issued at a premium price of NT$30 per share, which raised NT$15 billion of cash in total.
Note 17: In the third quarter of 2005, 2,950 sheets of ECB, valued at US$2.95 million, were converted to 6,919,777 common shares.
Note 18: In the fourth quarter of 2005, 3,500 sheets of ECB, valued at US$3.5 million, were converted to 8,209,904 common shares.
Note 19: The company canceled 254,131,447 shares of treasury stocks, at NT$10 per share, totaling NT$2,541,314,470 in value, according to item 2, article 31 of the Financial Holding Company Law.
Note 20: For cash capital increment via private share placement, the company issued 555,555,557 common shares and 777,777,779 preferred share D totaling 1,333,333,336 shares, at par value NT$10 per share and premium price of NT$18, thereby raising NT$24,000,000,048 of fund.
Note 21: In the first quarter of 2006, 6,100 sheets of ECB, valued at US$6.1 million, were converted to 14,308,689 common shares.
Note 22: The company bought back 400 million registered preferred share B, at par value of NT$10 per share, upon their maturity on June 30, 2006, according the corporate charter and share-issuance measures.
Note 23: In the second quarter of 2006, 2,000 sheets of ECB, valued at US$2 million, were converted to 4,691,372 common share. As of June 30, 2006, 220,000 sheets of ECB, valued at US$220 million, had been converted to 404,575,402 common shares (ECB had been converted to common shares completely).
Note 24: For cash capital increment via private share placement, the company issued 266,666,663 common shares, at par value NT$10 per share and premium price of NT$15, thereby raising NT$3,999,999,945 of fund.
Note 25: The company carried capital reduction via elimination of shares, including 386,480,151 common shares, 33,840,616 preferred share C, and 52,640,599 preferred share D, all with a face value of NT$10 per share, amounting to NT$4,729,167,260 in total.
Note 26: Conversion of earnings to capital for issuance of 585,620,193 common shares.
Note 27: Exercise of options by employees for issuance of 156,000 common shares.
Note 28: Exercise of options by employees for issuance of 1,663,000 common shares.
Note 29: 413,788,139 new shares were issued for capital increment with the company's earnings.
Note 30: 566,400,000 new shares were issued for capital increment with the company's earnings.
Note 31: The company recovered NT$15 billion of mature preferred share C at 466,159,384 shares on September 28, 2012.
Note 32: Exercise of options by employees for issuance of 76,000 common shares.
Note 33: 613,976,700 new shares were issued for capital increment with the company's earnings.
Note 34: Exercise of options by employees for issuance of 6,153,221 common shares.
Note 35: Exercise of options by employees for issuance of 16,505,200 common shares.

Base date: April 8, 2014

Share Categories	Approved Capital			Notes
	Shares in circulation	Shares without issuance	Total	
Common Share	7,535,631,391 shares	3,739,231,789 shares	12,000,000,000 shares	Listed shares
Preferred Share D	725,136,820 shares			Unlisted shares

B. Structure of Shareholders

Structure of Shareholders(Common shares)

Base date: April 8, 2014

Structure of Shareholders / Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	13	121	523	203,830	748	205,235
Shares	138,885,797	439,804,013	1,371,501,780	3,099,228,101	2,486,211,700	7,535,631,391
Share of stake (%)	1.84	5.84	18.20	41.13	32.99	100.00

Structure of Shareholders (preferred share D)

Base date: April 8, 2014

Structure of Shareholders / Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	0	1	15	0	0	16
Shares	0	258,977,435	466,159,385	0	0	725,136,820
Share of stake(%)	0.00	35.71	64.29	0.00	0.00	100.00

C. Distribution of Shareholding

Distribution of Shareholding (Common share)

Base date: April 8, 2014; Par Value NT$10

Classification of Shareholding	Number of Shareholders	Shares	%
1 ~ 999	72,965	24,624,236	0.33
1,000 ~ 5,000	63,896	152,726,138	2.03
5,001 ~ 10,000	23,951	175,330,794	2.33
10,001 ~ 15,000	12,907	159,178,099	2.11
15,001 ~ 20,000	6,461	114,515,088	1.52
20,001 ~ 30,000	8,707	213,160,727	2.83
30,001 ~ 50,000	5,800	226,632,229	3.00
50,001 ~ 100,000	5,068	353,917,155	4.70
100,001 ~ 200,000	2,706	375,250,834	4.98
200,001 ~ 400,000	1,342	373,585,406	4.96
400,001 ~ 600,000	430	211,914,414	2.81
600,001 ~ 800,000	219	152,867,755	2.03
800,001 ~ 1,000,000	122	108,664,776	1.44
1,000,001 ~	661	4,893,263,740	64.94
Total	205,235	7,535,631,391	100.00

Distribution of Shareholding (preferred share D)

Base date: April 8, 2014; Par Value NT$10

Classification of Shareholding	Number of Shareholders	Shares	Share of stake (%)
1,000,001~	16	725,136,820	100.00
Total	16	725,136,820	100.00

D. Major Shareholders

Base date: April 8, 2014

Major Shareholders \ Shares	Shares (Including Common shares and preferred shares)	Share of Stake (%)
Cathay Life Insurance Co., Ltd.	258,977,435	3.14
Taishin Leasing & Financing Co., Ltd.	236,538,979	2.86
Ching-Wei Co., Ltd.	175,212,559	2.12
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	124,870,921	1.51
Dimensional Emerging Markets Value Fund	118,627,390	1.44
Pan City Co., Ltd.	109,612,158	1.33
TASCO Chemical Corporation	98,627,462	1.19
Shinkong Synthetic Fibers Corporation	98,530,684	1.19
Tong Shan Investment Co., Ltd.	97,108,394	1.18
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depositary APG Emerging Markets Equity Pool	91,217,252	1.10

Note: Specify top 10 shareholders.

E. Net Assets per Share, EPS, Dividends and Market Price Per Share

UNIT: NT$1

Items \ Year			2012	2013	As of Mar. 31, 2014 (Note 8)
Market Price Per Share (Note1)	Highest		11.62	15.00	14.75
	Lowest		9.17	11.40	13.45
	Average		10.38	13.14	14.19
Net Assets per Share	Before payout (coverage of loss)		12.25	12.81	13.42 (Note 7)
	After payout (coverage of loss)		11.04	(Note 2)	-
EPS (Note1)	Average Outstanding Stock (Unit:1,000 share)	Before Adjustment	6,891,447	7,510,179	7,529,848
		After Adjustment	7,505,417	7,510,179	-
	EPS	Before Adjustment	1.30	1.72	0.61
		After Adjustment	1.19	1.72	-
Dividends	Cash Dividend		0.22272	(Note 2)	-
	Stock grant	Allotment by Earning	0.89091	(Note 2)	-
		Allotment by Capital Surplus	0	(Note 2)	-
	Accumulated Undistributed Dividends (NT$1,000) (Note 3)		388,730	0	0
Analysis for Return on Investment	Price to Earning Ratio (Note 4)		8.67	7.70	-
	Price to Profit Ratio (Note 5)		50.60	(Note 2)	-
	Yield Rate of Cash Dividend(Note 6)		1.98%	(Note 2)	-

Note 1：Market Price per Share and EPS calculation has been retroactively adjusted for the Capital increase by earning.
Note 2：The Earning distribution for year 2013 hasn't been approved by the 2013 General Shareholders' Meeting.
Note 3：Refer to accumulated dividend payable for preferred shares.
Note 4：Price to earnings ratio=Average closing price of the said year/Earning per share.
Note 5：Price to dividends ratio=Average closing price of the said year/Cash dividends per share.
Note 6：Cash dividends yield= Cash dividends per share/Average closing price of the said year.
Note 7：Calculated based on deducted capital increase from the advance payment.
Note 8：The financial data as of Mar. 31, 2014 has not been reviewed by CPA.

F. The Policy and Implementation of Dividends

a. Dividend Policy

Any earnings concluded in a financial year shall first make up for loss of previous years, right after statutory taxation and accounting adjustments. Any surplus is subject to provision of a 10% legal reserve and special reserve according to law. The remainder shall be available for distribution of a preferred share dividend according to the priority specified in the Articles of Incorporation, followed by a 0.01% provision for employee bonus, a 1% provision for directors' and supervisors' remuneration, and retained earnings as deemed appropriate. The remaining balance plus undistributed earnings in begin of period including reversals of special reserves are available for distribution as an ordinary share dividend, which may be distributed in whole or in portion. The board of directors is authorized to decide on distribution methods of employee bonus and actual percentage applied. Where employee bonuses are paid with shares, they can also be distributed to employees of affiliated companies that meet certain criteria.

For the purposes of continuing expansion and increasing profitability while considering overall cash flow requirements and keeping the capital adequacy ratio at level that meets the regulatory requirements and is internationally accepted, the company adopts a residual dividend policy to accommodate the dilution by share dividends for common shares while the number of outstanding preferred share D is 200,000,000 or above.

With respect to dividend distribution, the company focuses on the requirements of business operations, capital planning, cash flow requirements for subsidiary investments and mergers and acquisitions, and material regulatory changes, and chooses to distribute share dividends to retain the needed cash as a principle and any balance can be distributed as cash dividends.

The above mentioned principles regarding dividend distribution may be changed by the board of directors if necessary by raising a proposal for resolution during the annual general meeting.

Below are the expected changes to the dividend policy that have been proposed during this year's annual general meeting:

Any earnings concluded in a financial year shall first make up for loss of previous years, right after statutory taxation and accounting adjustments. Any surplus is subject to provision of a 10% legal reserve and special reserve according to law. The remainder plus reversals of special reserves shall be available for distribution of a preferred share dividend according to the priority specified in the Articles of Incorporation, followed by a 0.01% provision for employee bonus and a 1% provision for directors' and supervisors' remuneration. The remaining balance plus undistributed earnings in begin of period are available for distribution as an ordinary share dividend, for which the board of directors may propose to distribute 30% to 100% of the available balance for approval in the shareholders' meeting. The board of directors is authorized to decide on distribution methods of employee bonus and actual percentage applied. Where employee bonuses are paid with shares, they can also be distributed to employees of affiliated companies that meet certain criteria.

For the purposes of continuing expansion and increasing profitability while considering overall cash flow requirements and keeping the capital adequacy ratio at level that meets the regulatory requirements and is internationally accepted, the company adopts a residual dividend policy to accommodate the dilution by share dividends for common shares while the number of outstanding preferred share D is 200,000,000 or above.

With respect to dividend distribution, the company focuses on the requirements of business operations, capital planning, cash flow requirements for subsidiary investments and mergers and acquisitions, and material regulatory changes, and chooses to distribute share dividends to retain the needed cash as a principle and any balance can be distributed as cash dividends.

b. Items on the agenda of the shareholders' meeting

1. To distribute earnings according to Article 40 of the Articles of Incorporation.

2. The company's 2013 audited after-tax profit amounted to NT$13,836,247,533; after adding in earnings appropriation adjustments, a total of NT$13,755,369,121 was available for distribution in 2013. This sum has been proposed to be distributed as follows:

   (1) A 10% statutory reserve totaling NT$1,375,536,912 has been provided according to the Company Act and the Articles of Incorporation;
   (2) A total of NT$12,379,832,209 shall be distributed as preferred share D dividends and ordinary share dividends.

3. According to Article 8-2, Paragraph 1, Clause 4 of the Articles of Incorporation, preferred share D are allocated dividends at the fixed rate of 6.5% on the issue price; after which, the board of directors may decide to allocate an equivalent amount of dividend (approximately NT$1.25 per share) on ordinary shares, and any surplus remaining may also be allocated to preferred shares at the ratio of: two preferred shares for one ordinary share.

4. The final dividend amount allocated among preferred share D and common share shareholders will vary due to any treasury stock transactions, exercise of employee warrants, and conversion of preferred share D that occur before the dividend baseline date; however, the total sum allocated will remain unchanged. Based on the 8,035,631,391 common shares and the 725,136,820 preferred share D outstanding as at April 14, 2014, preferred share D shareholders are entitled to receive dividends totaling NT$969,820,745 (approximately NT$1.33 per share) while common share shareholders are entitled to receive dividends totaling NT$11,410,011,464 (approximately NT$1.41 per share). NT$7,987,008,000 worth of common share dividends (approximately NT$0.99 per share) shall be issued as 798,700,800 shares of NT$10 at face value of while the remaining NT$3,423,003,464 (approximately NT$0.42 per share) will be distributed in cash. Without changing the total amount of distribution, the sum of cash dividends paid to preferred share D shareholders and common share shareholders shall remain at NT$4,392,824,209. Issuance of ordinary stock dividends shall be discussed in a separate agenda item.

5. The board of directors hereby requests for shareholders' authorization to determine the dividend baseline date and the final amount to be distributed for each unit of preferred share D and common share, and to adjust them according to the outstanding number of preferred share D and common shares that may change before the baseline date. The board also seeks to authorize the Chairman to determine the date on which cash dividends and stock dividends are to be distributed.

G. Effect of resolution of the shareholders' meeting to issue stock dividend on the Company's business performance and earnings per share

Pursuant to Letter No. Taiwan-Finance-Securities-I-00371 dated February 1, 2000; the Company is not required to disclose this information because it does not publish financial forecasts.

H. Employee bonus and compensations for directors and supervisors

a. Percentages and scope of employee bonus and compensations for directors and supervisors

Please refer to the descriptions on "Dividend policy and execution," presented under the "Dividend policy" section.

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

Employees' bonuses for the current period have been estimated based on the criteria laid out in the Articles of Incorporation. Should the actual amount differ from the amount estimated, the difference will be treated as changes in accounting estimates and recognized as an expense in the year of distribution.

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

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

   (1) Payment of NT$1,147,000 in cash bonus to employee and NT$ 114,698,000 in compensation to directors and supervisors.
   (2) There is no difference between the estimated employee bonus and compensations for directors and supervisors and the actual amount of payout for the current period.
2. Amount of employees' bonus to be paid in stock, and as a percentage to net profit after tax plus employees' total bonus for the current period: Nil.

3. Earnings per share after the proposed payout of employee bonus and compensations for board directors and supervisors: EPS NT$1.72.

d. Actual dividends for employee bonus and compensations for board directors and supervisors of previous year

Employees' cash bonus was estimated at NT$767,000 and directors' and supervisors remuneration at NT$76,747,000 in the last year. The actual amounts paid did not differ from the amounts estimated.

I. Buyback of the company's shares: Nil.

J. Issuance of Corporate Bonds

a. Issuance of Corporate Bonds

Issuance of Corporate Bonds -1

Base date: April 30, 2014

Type of Corporate Bonds	2010 Domestic 1st Unsecured Subordinated Corporate Bond	2010 Domestic 2nd Unsecured Subordinated Corporate Bond
Date of Issuance	December 17,2010	January 27,2011
Par value	NT$10,000,000	NT$10,000,000
Issue & trade place	Republic of China	Republic of China
Offering price	100%	100%
Total Amount	NT$5.3 Billion	NT$2.7 Billion
Interest rate	2.3%	Face interest rate is based on the flexible interest rate for one-year time savings deposit plus 0.7% of Chunghwa Postal Co., Ltd.
Term	7 years(December 17, 2017)	7 years(January 27, 2018)
Priority	Subordinated	Subordinated
Guarantor	None	None

Type of Corporate Bonds		2010 Domestic 1st Unsecured Subordinated Corporate Bond	2010 Domestic 2nd Unsecured Subordinated Corporate Bond
Trustee		Sino Pac Bank	Sino Pac Bank
Underwriting organization		None	None
Verification lawyer		Modern Law office	Modern Law office
CPA-auditor of the financial report		Deloitte & Touche	Deloitte & Touche
Settlement method		Redemption at Maturity	Redemption at Maturity
Unsettled balance		NT$5.3Billion	NT$2.7 Billion
The conditions and terms for redemption or early settlement		None	None
Restriction terms		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.	Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Counting in net capital (risk-based capital ratio) and its tier		Yes	Yes
Credit rating agency, rating date and rating		S&P Taiwan, 2010.12.09, twBBB+	Fitch Taiwan, 2012.03.08, BBB+(twn)
Other Rights	Conversion, GDR or others	None	None
	Terms and Conditions	None	None
Amortization		None	None
Custodian		None	None

Issuance of Corporate Bonds -2

Base date: April 30, 2014

Type of Corporate Bonds	2011 Domestic 1st Unsecured Subordinated Corporate Bond	2011 Domestic 2nd Unsecured Subordinated Corporate Bond
Date of Issuance	August 5,2011	October 5,2011
Par value	NT$50,000,000	NT$50,000,000
Issue & trade place	Republic of China	Republic of China
Offering price	100%	100%
Total Amount	NT$5.2 Billion	NT$1.8 Billion
Interest rate	2.2%	2.2%
Term	7 years(August 5, 2018)	7 years(October 5, 2018)
Priority	Subordinated	Subordinated
Guarantor	None	None
Trustee	Sino Pac Bank	Sino Pac Bank
Underwriting organization	None	None
Verification lawyer	Modern Law office	Modern Law office
CPA-auditor of the financial report	Deloitte & Touche	Deloitte & Touche
Settlement method	Redemption at Maturity	Redemption at Maturity
Unsettled balance	NT$5.2Billion	NT$1.8 Billion
The conditions and terms for redemption or early settlement	None	None

Type of Corporate Bonds		2011 Domestic 1st Unsecured Subordinated Corporate Bond	2011 Domestic 2nd Unsecured Subordinated Corporate Bond
Restriction terms		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.	Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Counting in net capital(risk-based capital ratio) and its tier		Yes	Yes
Credit rating agency, rating date and rating		Fitch Taiwan, 2012.03.08, BBB+(twn)	Fitch Taiwan, 2012.03.08, BBB+(twn)
Other Rights	Conversion, GDR or others	None	None
	Terms and Conditions	None	None
Amortization		None	None
Custodian		None	None

Issuance of Corporate Bonds -3

Base date: April 30, 2014

Type of Corporate Bonds		2012 Domestic 1st Unsecured Subordinated
Date of Issuance		May 15,2012
Par value		NT$50,000,000
Issue & trade place		Republic of China
Offering price		100%
Proceed raised		NT$7 Billion
Interest rate		2.0%
Term		7 years(May 15, 2019)
Priority		Subordinated
Guarantor		None
Trustee		Yuanta Bank
Underwriting organization		None
Verification lawyer		Modern Law office
CPA-auditor of the financial report		Deloitte & Touche
Settlement method		Redemption at Maturity
Unsettled balance		NT$7 Billion
The conditions and terms for redemption or early settlement		None
Restriction terms		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Counting in net capital(risk-based capital ratio) and its tier		Yes
Credit rating agency, rating date and rating		S&P Taiwan,2012.04.09, twBBB+
Other Rights	Conversion, GDR or others	None
	Terms and Conditions	None
Amortization		None
Custodian		None

b. Convertible Bonds: Nil.

c. Data on exchanged corporate bonds: Nil.

d. Status for general reporting of corporate bonds: Nil.

e. Data on corporate bonds with share right: Nil.

K. Issuance of Preferred Shares

a. Issuance of Preferred Shares

Base date: April 30, 2014

Item \ Issuing Date			2006.03.22 Series D private placement
Face value			NT$10
Issued Price			NT$18 per share
Total shares			777,777,779 shares; The amount of shares was decreased to 725,136,820 shares after capital reduction on Dec. 4, 2009.
Total amount			NT$14,000,000,022
Obligation & Rights	Coupon		6.5%(non-accumulative)
	Allotment of remaining properties		Prior to Common shares, but subsequence to Preferred share C.
	Voting Right		Not eligible for voting or election, but can be elected. Shareholders may vote during preferred share D shareholders' meetings and on any agenda items that concern the interests of preferred share D shareholders.
	Others		Same as common shares and has the refusal for new stocks from cash injection.
Outstanding shares	Number of shares of redemption or conversion		0
	Total amount to be redeemed or converted		NT$14,000,000,022
Market Price (Note)	2011	Highest	-
		Lowest	-
		Average	-
	2012	Highest	-
		Lowest	-
		Average	-
	2013	Highest	-
		Lowest	-
		Average	-
	As of 2014.04.30	Highest	-
		Lowest	-
		Average	-
Others	Total amount of conversion shares up to the published day		0
	Terms and conditions		Refer to the company's corporate charter
Dilution; Impact on current shareholders and preferred shareholders			None

Note:There is no reference market price for privately placed preferred shares; hence not applicable.

b. Data on preferred shares with stock right: Nil.

L. The Issuance of Global Depositary Receipt: Nil.

M. The Progress of Employees' Stock Warrant

a. The status of utilization of outstanding employee stock warrant

Base date: March 31, 2014

Type of Employees' Stock Warrant	2005 Employees' Stock Warrant	2007 Employees' Stock Warrant	2010--1st Employees' Stock Warrant	2010--2nd Employees' Stock Warrant
Date approved by authority	May 26,2005	January 17,2007	September 1,2010	September 1,2010
Issue date	August 2,2005	March 15,2007	October 13,2010	August 31,2011
Issuance amount	150,000,000 shares	150,000,000 shares	75,390,000 shares	1,610,000 shares
The amount of shares for warrants in the total amount of issued shares (%)	1.82	1.82	0.91	0.02
Duration for stock warrants	August 2,2005 ~ August 1,2015	March 15,2007 ~ March 14,2017	October 13,2010 ~ October 12,2020	August 31,2011 ~ August 30,2021
Converted from	New Common shares	New Common shares	New Common shares	New Common shares
Duration and percentage (%) for stock warrants	2007.08.02 ~ 2015.08.01 First to fifth issuance: 20% each	2009.03.15 ~ 2017.03.14 First to fifth issuance: 15-40% each	2012.10.13 ~ 2020.10.12 First to fifth issuance: 15-40% each	2013.08.31 ~ 2021.08.30 First to fifth issuance: 15-40% each
Amount of shares obtained via execution of warrants	0	17,425,921	13,533,500	0
Value of shares obtained via execution of warrants(NT$)	0	203,521,308	143,594,801	0
Amount of shares for warrants yet to be executed	40,450,000	92,171,079	45,393,000	1,507,000
Share price for warrants yet to be executed (NT$/ per share)	15.3	11.3	10.6	10.7
Percentage of the amount of shares for warrants yet to be executed in the total amount of issued shares (%)	0.49	1.12	0.55	0.02
Impact on shareholders' equities	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.

b. Managers who have acquired employee stock warrants and the top ten employees with the highest number of convertible rights

Item	Position(Note)	Name	Convertible rights acquired (Shares)	Convertible rights as a percentage of total outstanding shares
Managers	President and Chief Executive Officer, Wholesale Banking Group	Joseph Jao		
	Chief Executive Officer, Retail Banking Group	Oliver Shang	94 option	94 option
	Chief Strategy Officer	Daniel Tsai	5,200,000	0.06%
	Chief Information Officer	BR Ho	96 option	96 option
	Chief Auditor	Howard Wu	39,140,000	0.47%
	Chief Financial Officer	Welch Lin		
	Chief Accounting Officer	Ann Cheng		
	Chief Risk Officer	Jey Chen	99 option-	99 option-
	Senior Vice President	Wilson Chou	1st	1st
	Vice President	Jai, Lu-June	7,800,000	0.09%
	Vice President	Chris Chang (2014.03.28 Leave off)		
	Vice President	Chao-Min Lin	99 option-	99 option-
	Vice President	Frank Lin	2nd	2nd
	Vice President	Daivd Cheng	104,000	0.00%
	Assistant Vice President	Janice Liang (2014.03.28 On board)		
Employees	Chief Consultant	Jeffrey T.S. Wu		
	Executive Consultant	Steve S.F. Shieh		
	Executive Consultant	Helena Kuo		
	Assistant Vice President	Lee,shying		
	Assistant Vice President	Lin ching yin		
	Manager	Chen szu han		

c. Issuance of restricted right shares for employees: Nil.

Base date: March 31, 2014

Exercised				Not exercised			
Number of rights (Shares)	Price of rights (NT$/Per Share)	Value of rights (NT$1,000)	Rights as a percentage of total outstanding shares	Number of rights (Shares)	Price of rights (NT$/Per Share)	Value of rights (NT$1,000)	Rights as a percentage of total outstanding shares
94 option	94 option	94 option	94 option	94 option	94 option	94 option	94 option
-	-	-	-	5,200,000	15.3	79,560	0.06%
96 option 3,407,000	96 option 11.4	96 option 38,859.1	96 option 0.04%	96 option 35,733,000	96 option 11.3	96 option 403,783	96 option 0.43%
99 option-1st 1,384,500	99 option-1st 10.6	99 option-1st 14,675.7	99 option-1st 0.02%	99 option-1st 6,415,500	99 option-1st 10.6	99 option-1st 68,004	99 option-1st 0.08%
99 option-2nd -	99 option-2nd -	99 option-2nd -	99 option-2nd -	99 option-2nd 104,000	99 option-2nd 10.7	99 option-2nd 1,113	99 option-2nd 0.00%

N. Merging of Entrusted for Other Financial Institution

a. Taishin Holding

1. CPA opinion on the share exchange ratio of any financial institution merged or acquired by the company in the most recent year: the company did not merge or acquire any financial institution in the last year.
2. Merger or acquisition of financial institutions in the last five years:
   (1) On April 9, 2010, the company took over Tung Hsing Securities and subsequently renamed it Taishin Securities, thereby offering customers even more complete and comprehensive financial services.
   (2) On April 27, 2011, the company acquired Franklin Insurance Brokers Co., Ltd. (renamed as Taishin Holdings Insurance Brokers on May 16, 2011), thereby enabling other subsidiaries to access non-life and life insurance products and provide complete product lineup for sales service.

   Where a financial institution was merged or acquired by way of new share issue, the lead underwriter's evaluation and opinions must be disclosed: Not applicable.
3. Fundamental information of any financial institutions that the board of directors had resolved to merge or acquire through new share issue in the most recent financial year up till the publication date of this annual report: Nil.

b. Taishin Bank

1. CPA opinion on the share exchange ratio of any financial institution merged or acquired by the company in the most recent year: the company did not merge or acquire any financial institution in the last year.
2. Merger or acquisition of financial institutions in the last five years: On Jan. 22, 2011, subsidiary Taishin Bank took over Taishin Bills Finance, in order to cut cost, effectively integrate the financial holding company' s internal resources, and create high yield, making the company a financial holding company centering on a quality bank.

   Where a financial institution was merged or acquired by way of new share issue, the lead underwriter's evaluation and opinions must be disclosed: Not applicable.
3. Fundamental information of any financial institutions that the board of directors had resolved to merge or acquire through new share issue in the most recent financial year up till the publication date of this annual report: Nil.

c. Taishin Investment Trust

1. CPA opinion on the share exchange ratio of any financial institution merged or acquired by the company in the most recent year: the company did not merge or acquire any financial institution in the last year.
2. Merger or acquisition of financial institutions in the last five years: On Dec. 18 2010, Taishin Investment Trust acquired Taiwan Industrial Bank Securities Investment Trust, further expanding the scale and market share of the assets under its management.

   Where a financial institution was merged or acquired by way of new share issue, the lead underwriter's evaluation and opinions must be disclosed: Not applicable.
3. Fundamental information of any financial institutions that the board of directors had resolved to merge or acquire through new share issue in the most recent financial year up till the publication date of this annual report: Nil.

O. The Execution of Fund Utilization Plan

a. Contents of the plan

1. Incomplete issue or private offering of securities: Nil.

2. Completed in last three years but without apparent benefits: Nil.

b. Implementation description: Nil.

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Taishin Holdings

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Operating Status

V. Operating Status

A. Business Contents

Taishin Financial Holding Co., Ltd.

a. Business scope

According to article 36 of the Financial Holding Company Law, the company's operation is confined to investment and the management of invested businesses.

1. The company is allowed to invest in the following businesses:
   1) Financial Holdings
   2) Banking
   3) Bills finance
   4) Credit card
   5) Trust
   6) Insurance
   7) Securities
   8) Futures
   9) Venture capital
   10) Foreign financial institutions with the regulator's approval
   11) Other financial industry-related businesses acknowledged by the regulator

b. Business plan of the current year

1. Expand business scale, lower cost, and increase the deployment of business points via merger.

   Thanks to the business cooperation between the company's subsidiaries Taishin International Bank and Chang Hwa Bank, the company will witness balanced development between wholesale banking and retail banking businesses, with the number of its combined domestic business points topping 280 and that of its overseas business points reaching 10, among the highest in the domestic banking industry.

2. Reinforcing global competitiveness and building international business structure.

   The company will take an aggressive approach to overseas expansion after the government announced the policy to "build a global network and promote the adoption of international standards in the financial market". Meanwhile, the company will increase the weight of international operations and train an international team with management skills in order to establish the company and its subsidiaries in the global financial market and prepare them for future expansion.

3. Strengthening capabilities for risk management, internal control, and managing large-scale international financial institution.

   To augment management capability, in addition to recruiting several foreign executives with working experience in international financial institutions into the Taishin management team, we also expect to overhaul Taishin's overall financial business via the introduction of new products and technologies by the new management team, so as to make a fresh start in the year. We will focus our business efforts on recruiting quality clients, in addition to strengthening internal credit-evaluating system for pinpointing good clients and lowering risks.

4. Instituting complete wholesale-banking, retail-banking, wealth-management, and assets-management system

   In the emulation of the function-oriented responsibility system of international financial institutions, we will put in place a business group-based operating system, in hopes of enhancing service quality for clients according to the principle of balancing risk management and business growth.

c. Industry status

1. Market status

   The local market already has an excessive number of banks competing intensively with very similar products resulting in relatively narrow spreads. Furthermore, the rapidly growing wealth management business that banks have enjoyed recently will also be prone to challenges as securities firms and insurance companies are granted permission to enter the market in the future. Meanwhile, Chinese banks have begun setting foot in the local market, as the Bank of China, Bank of Communications and China Construction Bank all have established branches in Taiwan, while China Merchants Bank has opened a representative office. In the future, the government is likely to remove OECD restrictions and open up to more Chinese banks here in Taiwan, adding further to what is already considered an oversupply of financial services. In response, the government will encourage mergers and acquisitions among local banks so as to improve ROA and ROE of the local banking industry.

   Includes deposits, loans and remittances. Being able to borrow and lend RMB with other DBUs, OBUs and foreign financial institutions would greatly increase the liquidity of this currency. Meanwhile, demand for other related services may also arise from increased trading of RMB, and provide greater business opportunities to the banking industry as a whole. The need for RMB derivatives will arise as companies find ways to hedge exchange and interest rate risks, which will eventually contribute to the growth of local banks. For this reason, local banks have identified RMB services as one of their key areas of development in the upcoming year. According to the Directorate-General of Budget, Accounting and Statistics, Taiwan's GDP growth has been estimated at 2.82% this year, which is slightly higher than last year's 2.11%, indicating room for growth in the bank's services.

2. Development trend of various financial products

   With financial-industry competition expected to become increasingly acute, non-interest income will emerge as a major income source for banks under the user-pay principle and many new financial products will be introduced into the domestic market from abroad, leading to market pluralization.

   Thanks to the government successively lifting financial control, expanding the participation in banking management, and pushing the privatization of state financial enterprises, the financial-industry competition will, in addition to price competition, include such factors as service quality, personnel cultivation, and product development, boosting the maturity and stability of the domestic financial industry.

d. Research and development

The company will integrate the R&D resources and manpower of various subsidiaries, thereby enabling clients and employees to access various information on stock market, bond market, exchange rate, interest rate, mutual fund, and insurance via a single window or platform.

e. Long- and short-term business development plans

As a financial holding firm, the company’s operation is confined investment and management, and as such, its short-term plan is to strengthen the management of the invested firms and its long-term goal is to develop

into a quality financial institution capable of providing complete financial services to Chinese clients worldwide. For achieving that goal, the company will embrace three strategies: developing into a large financial institution with international competitiveness, making deployment at Chinese communities worldwide, and continuously cultivating quality financial talents and developing complete product lineup.

Taishin International Bank Co.,Ltd.

a. Business contents

1. Growth and change in various business items

(1) Wealth management

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

The bank's wealth management operation covers sound financial planning, investment portfolio management, asset allocation recommendations and a broad range of financial products, like local and foreign currency deposits, derivatives, insurances and loans.

The bank's wealth-management operation provides various preferential treatments to customers according to the different levels of entrusted assets. For customers with entrusted assets exceeding NT$10 million, the bank will provide dedicated treatment and events for payback to customers. In addition, provide dedicated physical examination to customers, so that they can take care of their health.

(2) Retail banking

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

(3) Wholesale banking

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

(4) E-financial business

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

2013 has been a most fruitful year in Internet banking, as users increased by 12% to a total of 1.02 million. The growing number of Internet banking customers also resulted in a 17% increase in transaction volume and fee revenues. In light of this result, Taishin Bank has identified Internet banking as a key development area in coming years. In addition to the launch of a new website in early 2013, Taishin Bank has also taken steps to personalize, simplify, and introduce new features to its Internet banking services such as: customer-exclusive marketing, personalized calendars, and "Mobile Passwords" to take advantage of the burgeoning mobile data environment. These new features have been designed to provide ease of use and enhance security at the same time!

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

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

(5) Trust financial service

For planned trust business, the bank continued to push “money trust” and assist customers to undertake tax saving and lend stock holding via “securities trust.” To satisfy corporate banking customers' diverse needs for trust services, the bank has also been active in promoting trust services as solutions to employee remuneration, such as trusts for shares, bonuses and restricted shares. Furthermore, the bank expects to launch a new "Employee Welfare and Savings Trust" service towards the second half of 2014 to help companies retain their top talents.

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

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

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

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

2. Shares of the bank’s major income sources and their growth/ changes

Net income share (%)	2013	2012
Retail banking	60	63
Wealth management	27	26
Consumption financing	23	25
Credit card	10	12
Wholesale banking	40	37
Total	100	100

b. Business plan for the current year

1. Wealth management
   (1) Brand image
      (a) Strengthen brand image, becoming the best wealth-management bank in the minds ofcustomers. Adhere to the core concept of “sincerity is the best service,” take care of customers’ assets from the angle of customers.
      (b) Utilizing the bank’s smart financial system to provide tailor-made assets deployment suggestion.
      (c) According to the TV commercial theme of "devotion" advertise Taishin's continuing values of devotion to the industry and to customers.
      (d) Based on the concept of sustainable management and the goal of all-round assets management, continue introducing plural and new product business, so as to bring investors steady returns and assets growth in both bullish and bearish markets.
      (e) Enhance employee quality and customer satisfaction, and strengthen risk-management and crisis-handling capability.
   (2) Multi-channel distribution
      (a) Conduct continual tests to develop the most effective sales model for automated channels and the best customer communication system. Offer matching privileges to ensure the loyalty of customers.
      (b) Develop relationships with non-branch wealth management customers such as cloud members and child members, and provide them with exclusive privileges and services to satisfy their needs.
   (3) Refined customer segmentation
      (a) Increased wealth management customer base by upgrading potential customers, while improving product penetration to existing wealth management customers.
      (b) Satisfy the needs of sub-segment customers by adopting a customer-centric approach. Develop an efficient and robust business model; and integrate the resources of Taishin Financial Holdings to deliver the ultimate one-stop-shopping experience.
      (c) Secure the loyalty of VIP customers: offer "wealth management reward points" for every transaction made, which customers can accumulate and spend on the various concessions the bank has to offer, therefore strengthening customer relations.
   (4) Diversified product lines
      (a) Introduce a broader product range for professional investors (PI) to attract high net worth customers as Free Economic Pilot Zones become available.
      (b) Enrich product integrity by introducing the best products on the market through the open platform, along with Taishin’s unique product offerings, including securities lending trusts and the“ So Easy plan”.
      (c) Provide the most attractive perks and benefits in the market along with the best feedback to wealth management customers.
      (d) Promote the Advisory wealth management plan: offer suitable portfolios depending on the needs of different customer sub-segments. Review and adjust regularly to satisfy customers' needs.
2. Retail banking
   (1) Integrate internal and external channels; enhance sales through internal referrals and cross-industry alliances for greater product depth and breadth.
   (2) Introduce new technologies and explore new means of mobile payment.
   (3) Use statistical analysis as a means of precision marketing, and offer the most suitable products and services for different customer groups.
   (4) Explore potential customer groups; segment and create profitable opportunities.
   (5) Optimize the efficiency of credit reviews. Provide products with greater competitiveness through balanced credit risk and credit quality.

3. Wholesale banking

(1) Enrich product line through product innovation; anchor customer relationship by offering more variety of solutions.

(2) Enhance collection and payment services and strengthen transaction-backed financing. Provide integrated NTD and foreign currency cash management as means of promoting current deposits ratio while enhancing customer relationship and reducing credit risks.

(3) Extend the existing collaboration between retail and wholesale banking segments; utilize retail banking channels to explore export financing business; aim to achieve higher growth in SME financing; explore potential SME (small and medium enterprise) customers.

(4) Explore collaborative opportunities with Chinese banks on trade financing services. Actively establish a platform of cooperation with Chinese banks.

(5) Establish overseas branches in Singapore and Brisbane, Australia. The Singapore branch is scheduled to open in mid-2014, with the Brisbane branch expected to open in 2015.

(6) Utilize Taishin Group's Chinese leasing platform to engage in RMB-denominated leasing and factoring services for lending spreads.

(7) Optimize credit-extension underwriting procedures and enhance risk management to ensure sound asset quality.

(8) Develop a comprehensive talent training system to support growing businesses; build the bank's overseas talent pool through regular job rotation.

4. E-financial business

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

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

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

5. Trust financial service

(1) Enhance “So Easy target wealth-management project,” to boost the scale of installment products and push installment payment products, so as to satisfy customer needs.

(2) Push “yield-type securities”, actively engage in securities lending market, and develop potential customer groups for securities-delivery deposits, so as to create securities lending income for clients.

(3) Introduce "customized money trust" services that can be tailored to satisfy a broad variety of needs such as children's education, business ventures, retirement planning, and care of disadvantaged families.

(4) Develop “employee welfare trust” business, so as to satisfy enterprises need for talent retention and strengthen the relationship with corporate customers.

(5) Push the custodian business of “Collective Investment Account for Mainland China or Overseas Foreign National Employees,” so as to tap the tremendous business potential connected with share listing of overseas enterprises on the local bourse and the growing internationalization of domestic listed companies.
(6) Enrich Taishin Bank official website with information on market trends, products and subscription privileges.
(7) Promote funds with a variety of themes; provide custom-tailored services to address changing market trends and customers of different profiles and segments.
(8) Modify the product lineup of domestic and offshore funds, so as to satisfy the customers’ needs about asset allocation planning.
(9) Introduce privileges on fund subscriptions as means of exploring customers and anchoring banking relationship.
(10) Explore mutual fund opportunities through offshore banking units (OBU); introduce RQFII funds, hedge funds and other funds that are not yet available in Taiwan.
(11) Introduce multi-themed and RMB-denominated offshore ETFs and preferred stock, so as to offer customers suitable instruments to invest in under any market condition.
(12) Offer offshore bonds in greater varieties and currencies (including RMB), and introduce a broader range of investment instruments from Asia as FEPZs become available, so that customers are given the flexibility to allocate fixed income instruments under different market conditions.
(13) Commit resources to developing professional investors. Offer PI-exclusive products and offshore structured investments through OBUs to enhance the bank's relations with OBUs and high net worth customers.

c. Industry status

Same as described under “c. Industry status” of Taishin Financial Holding.

d. Research and development

1. Major financial products and new business units of retail banking in recent two years

Item	2012	2013
Mortgage Loan	NT$292bn	NT$312.3bn
Auto Loan	NT$21.8bn	NT$24.5bn
Other consumer loan	NT$26.6bn	NT$33.7bn
Credit card	3,150,000 cards	3,450,000 cards

(1) As of the end of 2013, outstanding mortgages reached NT$312.3 billion, with market share of 5.3%; outstanding auto loans amounted to NT$24.5 billion, with market share of 23.5%, ranking first place in the market; and outstanding amount of other consumer loans hit NT$33.7billion, with market share of 4.2%. Outstadning amount of overall consumer loans grew 27% in the year.
(2) As of the end of 2013, the bank’s credit cards in circulation numbered 3.45 million cards, with market share of 9.6%, ranking fourth place in the market; The number of effective cards amounted to 2.16 million cards, with 9.6% market share, ranking fifth place; in the year, total credit-card spending value topped NT$166.2 billion, for market share of 8.7%, ranking fifth place. The bank currently has 67,000 merchants as its customers, representing a market share of 20.9%, ranking second place.

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

(1) Outstanding loans extended by domestic branches to state and private enterprises
With equal emphasis on risk management and business development, the bank’s outstanding loans for state and private enterprises reached NT$179.2 billion at the end of 2013, ranking 17th place among 39 domestic financial institutions.

(2) Outstanding loans for small and medium enterprises

In line with the government's policy of providing the assistance of loaning to small and medium businesses and the purpose of expanding the bank's customer group, the bank extended NT$70.5 billion of outstanding loans to small and medium businesses as of the end of 2013, up 6% over a year earlier.

(3) L/C and export negotiation

Due to increasing varieties of trade financing options available and changes in commercial practices, the total amount of L/C issued in 2013 reached US$1,770 million, an increase of 7 % over than the previous year.

(4) Factoring business

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

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

Unit: NT$1 Million

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

4. R&D achievements in the recent two years

(1) Customizable Shinkong Mitsukoshi co-brand card - this was the first time that customizable features were introduced to co-brand cards, and this card in particular introduced weekday privileges to the delight of customers.

(2) ETC co-brand card - Taishin Bank was the first to launch an ETC co-brand card combined with customizable privileges for drivers' convenience.

(3) Mercedes-Benz Infinite Card - Taishin Bank was the first to launch a Mercedes-Benz Infinite Card that comes with better services and more valuable privileges aimed specifically at Mercedes-Benz owners.

(4) The bank joined Chunghwa Telecom in a SIM-Based NFC mobile credit card trial project. Through the use of TSM (Trusted Service Management) and OTA (Over the Air) technologies, cardholders will be able to make payments simply by tapping mobile devices at specially designed sensors.

(5) The bank continued to target its customer differentiation management towards achieving higher product penetration and stronger market competitiveness.

(6) Enhanced scoring model - by optimizing product scorecards and adopting e-Miner technology, the bank is able to reach the right customers at reduced credit risks.

5. Future R&D plan

(1) Retail banking

(a) Adopt a sales lead map and an account-based strategy; apply analytical techniques to segment customer groups while exploring greater business depth and breadth.

(b) Take the initiative in researching new products and introducing new technologies; expand the existing cash flow product portfolio and develop new virtual channels.

(c) Adjust product scorecards according to economic and market changes to achieve greater profitability and risk monitoring.

(2) Wholesale banking

(a) Improved new product development and pricing; increase the weight of self-developed products in our portfolio for higher profitability.

(b) Expand pluralized treasury product lineup via combination of interest rate, exchange rate, bond, bulk commodities, and equity.
(c) Integrate existing credit-line risk management system and operating platform, so as to upgrade service efficiency and quality and lower credit-extension and operating risk.
(d) Establish new financial trading system to accommodate the rollout of new diversified products in the future, and improve trading flow and enhance trading capability.
(e) Focus on launching RMB business in light of upcoming deregulations.
(f) Expand offshore financing and the number of overseas branches, strengthen the function of e-network trading platform, so as to satisfy customers' need for cross-border fund maneuvering.

e. Short- and long-term business development plans

1. Wealth management

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

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

2. Retail banking

(1) Short-term business development plan
(a) Integrate physical and virtual channels in order to introduce products that can be applied for simply by using automated services, and therefore provide customers with more convenient means of funding.
(b) Continually optimize operating procedures for greater efficiency and lower costs.
(c) Explore strategic alliances for new customers and new opportunities.
(d) Direct efforts towards high-margin products, high-value industries and high-yield transactions; exploit market differentiation for greater profitability.
(e) Perform precision marketing analyses that incorporate risks, profitability and market demand; cement relationships with existing customers while exploring potential customer groups.
(f) Explore Internet-based transactions and collaborative opportunities with third party payment platforms.

(2) Long-term business development plan
(a) Develop new mobile payment technologies (e.g. QR Code) to accommodate future trends.

(b) Integrate resources within the financial holding company to yield greater sales and marketing synergy; introduce product portfolios that are tailored to customer needs.
(c) Increase profit spread and product competitiveness through continuous innovation and market segmentation.
(d) Refine existing risk management techniques as a means of enhancing asset quality and profitability.

3. Wholesale banking

(1) Short-term business development plan
(a) Materialize segmented customer group management. Allocate group resources to deliver the most comprehensive financial services.
(b) Segment groups and industries to efficiently control group/industry risk and resource allocation.
(c) Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
(d) Enhance collaboration between retail and wholesale banking segments; replicate successful experiences; explore potential SME customers.
(e) Take initiative in capturing overseas opportunities; explore potential areas of collaboration with Chinese banks.
(f) Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.

(2) Long-term business development plan
(a) Consolidate the financial group's distribution channels and resources to offer the ultimate one-stop shopping experience, and aim to become customers' most preferred bank.
(b) Allocate group resources with greater efficiency; deliver all-round financial services through synergistic use of existing product lines.
(c) Actively explore overseas markets; increase profit contributions from overseas and broaden the bank's presence in China and the Asia Pacific region.
(d) Continue focusing on product innovation. Increase product penetration by exploring new and differentiated forms of services/products.

4. Trust financial service

(1) Short-term business development plan
(a) Expand the assets of “So Easy” target wealth-management plan by pushing salary-transfer accounts and the sales of dollar-averaging mutual fund.
(b) Plan online marketing for “So Easy” target wealth-management plan, so as to develop massive online customer groups.
(c) Actively strive for money and securities trust of wholesale banking and the business of “Collective Investment Account for Mainland China or Overseas Foreign Employees,” so as to expand wholesale customers.
(d) Provide planning-type trust customers with systematized transaction and electronic service to satisfy customer’s need.
(e) Develop “employee welfare trust” business and provide wholesale banking customers diversified trust products, so as to develop personal wealth-management business for employees.
(f) Provide more convenient e-trading service function.
(g) Provide more diversified online wealth-management information.
(h) Expand the sales volume of financial products and the scale of assets under management on the basis of asset allocation, so as to increase the fee income.
(i) Develop an overseas ETF order placement platform where customers can place limit orders. Introduce kinds of ETFs on a regular basis, giving customers the flexibility to respond to market changes.
(j) Introduce high-yield Dim Sum bonds and corporate bonds with the opening of the Free Economic Pilot Zones. Continue to provide quality overseas financial bonds and corporate bonds denominated in various foreign currencies (include RMB), to help with the assets allocation of customers with preference for fixed yields.

(k) Continue push offshore structured notes suited to professional investors and OBU customers, so as to enhance customer service and provide more attractive investment products.
(l) Reach potential customers and increase the amount of assets under management by publishing periodicals, organizing investment seminars and marketing campaigns etc.
(m) Carefully select and introduce new thematic funds ahead of the market; aim to satisfy customers' needs for variety and proper asset allocation.
(n) Provide abundant financial information over the Internet, and aim to deliver the ultimate one-stop shopping experience via the Internet platform.
(o) Consolidate customers' financial goals at various stages of their lives to introduce systematic investment plans, which help accumulate asset base over time.

(2) Long-term business development plan
(a) Develop various “securities trust” to satisfy the multiple needs of customers for tax savings and revenue creation, so as to increase market share and gain leadership in the market.
(b) Establish system platform for self selection of investment targets for employee welfare trust, so as to tap the business opportunities related to self selection of investment targets by laborers for pension funds.
(c) Continue concerning about change in regulations, so as to develop new trust business.
(d) Continue concerning about change in related regulations, so as to develop new trust business.
(e) Continue track and develop risk-management indices, so as to grasp product performance and risk for customers.
(f) Continue introducing pluralized new products and business, in order to bring steady returns to investors in both bullish and bearish markets.
(g) Promote the proper idea of asset allocation; aim to increase the number of products sold and the amount of assets under management.
(h) Track product performance regularly; develop risk indicators that can be used to monitor product performance and risks.
(i) Continue introducing new fund varieties and innovative means of investment to deliver customers' expectations.

Taishin Securities Co., Ltd.

a. Business scope and business mix

1. Business scope
(1) Securities dealer
(2) Securities brokers
(3) Securities underwriter
(4) Futures introducing brokers
(5) Other financial businesses acknowledged by the regulator

2. Business mix in terms of revenues

Unit: NT$1,000, %

Item \ Year	2012		2013	
	Amount	%	Amount	%
Brokerage	65,830	17	100,468	18
Dealing	141,487	36	206,211	36
Underwriting	185,202	47	262,106	46
Total	392,519	100	568,785	100

3. Various existing products and services

Items	Major contents
Brokerage	(1) Provide entrusted transaction service for shares listed on the centralized market, over-the-counter market, and emerging market, including e-trading, and undertake securities delivery for investors. (2) Provide investors the service of margin trading and short sales for securities transaction.
Dealing	Engage in transactions in securities on the market, adjust market demand-and-supply, and contribute to the steadiness and growth of the stock market.
Underwriting	(1) Assist companies with public share offering for share listing, and assist customers undertaking diagnosis of business strength and innovation of business flow. (2) Assist enterprises in raising funds on the capital market. (3) Provide financial consulting and planning for the privatization of government-owned enterprises, issuance of securities by enterprises via private share placement, domestic and overseas investment projects, and consulting for corporate restructuring.

4. New products and services under plan

(1) Continuously upgrade and strengthen existing e-platform function, promote e-bills, and enhance the convenience of customers.

(2) Expand virtual distribution channels and cross industry alliances and increase the width of domestic and overseas customer bases.

(3) Invest in overseas markets and financial products in order to avoid market risks and achieve stable profits as a tool to diversify the single market risks in TWSE.

In addition, the company will closely track liberalization of new products or related laws/regulations, in the hope of maintaining high vigilance along with the rollout of new products and provide investing public the fastest and convenience service.

b. Business plan of the current year

1. Brokerage

In 2013, continue strengthening cooperation with banking channels, upgrade service quality, and deploy elite service talent in regions with potential, and the productivity of employees. Enhance customer loyalty and adhesiveness via the upgrading of e-platform.

2. Dealing

In addition to adjusting the trading strategies in response to market changes, the company will reinforce the risk management mechanisms and utilize hedging tools to reduce the risks.

3. Underwriting

The company will focus on quality small and medium enterprises for domestic underwriting business this year. In addition to assisting qualify companies with good fundamentals and small and medium enterprises in niche industries listing their shares, including the provision of custom financial planning, the company will also actively develop the business of share listing by overseas enterprises and the issuance of Taiwan depository receipts, so as to increase sources for steady fee income.

4. Credit rating

In addition to pursuing operational efficiency, the company has also taken pro-active steps towards enhancing its overall financial structure. In 2013, Fitch Rating gave the company a domestic long-term rating of A+(twn), a domestic short-term rating of F1(twn) and a stable outlook. This assessment prompted the company to adopt a more stringent attitude towards its financial health, which should therefore be reflected in its 2014 credit ratings.

c. Industry status

1. Market status

NT$1 bn.

Total transactions of the securities market in the recent three years			
	2011	2012	2013
TSE Market	26,996	20,790	19,603
OTC Market	75,598	68,187	55,995
Total	102,594	88,977	75,598
Weighted stock price index (year end)	7,072	7,699	8,612

Operating Status of Domestic securities			
Year	2011	2012	2013
EPS	0.50	0.55	0.62
ROA	1.65%	1.90%	1.99%
ROE	3.57%	3.78%	4.36%

2. Taiwan's stock market

Overall, Taiwan's stock market trended upwards in 2013 with the stock market index registering its lowest point of 7,850 towards the end of January. For the most part of 1H13, the stock market performed strongly as the China Securities Regulatory Commission announced multiple deregulations in the Cross-Strait securities market, while Japan escalated its expansionary monetary policy. However, after rumors of the scale back of QE3 measures by the U.S. FED in June, panic was seen in stock markets around the world. Fortunately, the stock market index ended its fall of 200 points by the end of the month with the passing of the revised capital gains tax. In the fourth quarter, the stock market index rose as a number of financial incentives were introduced, and the QE3 scale back was confirmed for 2014; by the end of December, the index climbed to a 2013 high of 8,612. Total trade volume of TSEC and GTSM securities fell by 15% (or NT$13.38 trillion) YoY, averaging NT$96.8 billion. The highest trade volume was seen in October at NT$102.5 billion, and the lowest in April at NT$89.2 billion. Though there was adverse news from time to time, local investor confidence returned throughout the year contributing to profitability of securities firms as a whole.

d. Research and development

Securities is a licensed business. All securities firms require the approval of the competent authority for services and products offered before commencing business. As a result, the company will follow the direction of future deregulation to design products and services that best accommodate customers' needs.

e. Short- and long-term business development plans

1. Short-term business development plan
   (1) Actively capitalize on the financial holding’s resources via cooperation with other units (such as wholesale banking unit, infinite-card unit).
   (2) Continue strengthening e-trading platform, upgrade the convenience and function of operating-platform interface, and steadily increase the share of e-trading.
   (3) Investment risks were placed under strict control to avoid losses.
   (4) Establish overseas underwriting business platform, so as to develop overseas underwriting business.
   (5) Strengthen partnerships with intermediaries to expand the sources for underwriting cases.
2. Long-term investment plan
   (1) In view of the growing important of institutional investors in the market, especially qualified domestic institutional investors, the company will combine the R&D resources and e-trading system of investment consulting, to develop institutional client business with integrated services.
   (2) Arrange various training courses for employees according to their nature and types, to enhance their capability and upgrade the company’s overall competitiveness.

(3) Continue cultivating enterprises with growth potential and execute customer deep-cultivation plan, to facilitate long-term development of underwriting business.
(4) As both sides of the strait agree to support companies from Mainland China to apply for listing in Taiwan, the resources under the holding company will be used to seek growth in the T-share market.
(5) Form timely strategic alliances with Chinese securities dealers in support of ECFA on deregulating cross strait securities trading.
(6) Develop a full line of specialized businesses and create a complete database.
(7) Establish a futures operation and additional business offices at appropriate time as needed for the business.

Taishin Securities Investment Trust Co., Ltd.

a. Business scope

1. Major business contents

The scope of business for Taishin Securities Investment Trust is to establish securities trust funds by issuing beneficiary certificates, and to use the securities trust funds to invest in securities and other related vehicles. Most of the customers served by the company are local or foreign corporate entities and individual investors. There are 3 offices in Taiwan. The company signed non-discretionary monetary trust and marketing agreements with a number of banks, including Hua Nan Bank, Cooperative Bank, Bank of Taiwan, Mega International Commercial Bank, and Taishin Bank, and securities dealers, including KGI, Masterlink, JihSun, Polaris, Shin Kong, and President. Combined with the subsequent agreements with other strong sub-distributors, there are more than 1,000 points of sale in Taiwan.

2. Business shares

Taishin Securities Investment Trust managed NT$68.637 billion of public funds; 18.22% of which were non-money market funds while money market funds accounted for approximately 81.78%.

Unit: NT$1,000

Items \ Year	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Management fee income	243,478	99.67	303,597	99.19	301,324	99.37
Sales fee income	816	0.33	945	0.31	963	0.32
Consult fee income	-	-	1,522	0.50	934	0.31
Total	244,294	100.00	306,065	100.00	303,221	100.00

3. Various existing products (services)

Service items	Major contents
Public-placement funds	Raise funds via issuance of beneficiary certificates subscribed by common investors. The funds are invested by Taishin Investment Trust's professional teams, with investors sharing investment returns and risks and bearing the result of loss or profit. Provide the investment method of dollar averaging, allowing automated deduction of specific amount of deposits from investors' accounts at specific time every month for regularly subscribe to the mutual funds.
Discretionary account investment	For investment assets entrusted by customers or transferred from trust accounts, invest or transact on behalf of customers in securities, related products or other regulator-approved items according to the analysis and judgment of the company.
Private-equity fund	Issue beneficiary certificates and raise mutual funds from specific parties in private, which are then utilized Taishin Investment Trust's professional team for investment in securities and related products.
Agency for offshore funds	Agency for sales of offshore mutual funds approved by domestic regulator and introduced by the domestic general agency.

4. New products (service) under plan

Taishin Investment Trust will continue expand product lineup of overseas emerging markets and dedicate to the strengthening of e-trading and online services. In addition to trading convenience and online trading platform with complete information, it will also actively plan tailor-made service function for customers and improve the efficiency and security of online trading. Based on the blueprint of “take root on new China and deep-cultivate new economy,” the company will dedicate to “the discovery of new value and creation of new fortune” for clients, with the goal of tapping the markets of greater China, assets allocation, and pension funds, so as to create a quality brand, worthy of the trust of investors and the support of business partners.

b. Business plan of the current year

1. Enhance the scale of assets under management

Continue expand new products of overseas emerging markets, combine various resources to maintain the stable performance of existing funds, integrate the strength of business teams, and actively augment the scale of managed assets of non-bond fund.

2. Strengthen relations with customers and business partners

In the wake of the merger, integrate business teams and increase the offices of Taichung and Kaohsiung, augment customer relationship, and intensify the relationship with first-tier banks and securities firms, engage in promotional events for new funds, and continue raising the contact and rapport with brands.

c. Industry status

As of the end of December 2013, there were 38 domestic investment trust firms, with 632 funds under their management, totaling NT$1,967 billion in scale, 322 contracts for discretionary account operations, totaling NT$938.4 billion in management scale, and 87 private-equity funds, totaling NT$12 billion in scale.

d. Research and development

Taishin Securities Investment Trust launched overseas high yield bond funds that targeted Asia and Australia in May 2013 and index funds based on the Global Resources Equity Index and the Metal and Mining Index by the international investment master Jim Rogers in October 2012. The company will continue to develop new funds. Taishin Securities Investment Trust places a strong emphasis on the sharing of experiences and resources among the investment research and management teams. The existing investment research and management teams are led by CEO and CIO Bill Lan, who oversees the domestic equity department, Greater China equity department, financial investment department, fixed income department, and account management department. The research teams and fund managers are well experienced professionals and work closely with the research teams of Taishin Holdings in sharing the expertise and rich, instant research resources. The range of research include global macroeconomics, investment strategies, domestic and foreign stock and bond markets, and investment in the major asset categories.

e. Short and long-term business development plans

Taishin Investment Trust focuses on customers, talents, products, performance, and brand in its management, with the goal of becoming a quality brand with the trust of investors, the support of business partners, loyalty of employees and shareholders, and the compliment of social public.

1. Short-term development plan

Maintain the stable performance of mutual funds, expand the synergy of product lineup after merger, and raise emerging-market funds, so as to obtain the qualification for undertaking the outsourced operation for government funds and assure the smooth operation after the merger.

2. Long-term development plan

Actively enhance the market share and management scale, increase non-bond mutual fund clients, and strengthen capability for allocation of assets, so as to upgrade the visibility and good image of the brand.

Taishin Securities Investment Advisory Co., Ltd.

a. Business scope

Taishin Securities Investment Advisory Co., Ltd. undertakes two major businesses, research and analysis and general agency for Jupiter Fund.

1. Research and Analysis Division
   (1) Business contents
   Provide R&D resources to the financial holding company and subsidiaries.
   (2) Business shares
   Consulting fee of the Research and Analysis Division accounts for 76% of the company's total revenue, while general agency of the Jupiter Fund generates the remaining 24%.
2. General agency of the Jupiter Fund
   (1) Business contents
   Business contents: Introduce offshore fund and serve as its general agency in Taiwan.
   (2) Business shares
   Various sales channels of Taishin group account for 75% of the total sales of the fund, while other channels account for 25%.

b. Business plan of the current year

1. Due to the growing reliance of the financial holding company and its subsidiaries on research information in formulating business and strategic direction, in the future the research and analysis division will gradually expand its business scope to meet the need of the financial holding company.
2. Plan to introduce new series fund and new fund companies to meet the needs of investors.

c. Industry status

Taiwan "offshore-fund general agency" system hit the road in August 2006, the largest systematic change since the introduction of offshore mutual funds to Taiwan, which produces major impact on investors, agents, and domestic managers of offshore funds. The implementation of the general agency system makes the information on offshore funds more transparent and gives investors more protection. The general agent must publicize related fund information, such as the daily book value of funds, net value of subscription and redemption, and investment portfolio and scale. The general agent can also push offshore fund via advertisement and must solve any problem related to the fund wherever the place for subscription. In other words, after the implementation of the general agency system, investors have more channels to buy offshore funds and are entitled to more protection, due to the existence of transparent information.

d. Research and development : Nil.

e. Short- and long-term business development plans

Same as described under "b. Business plan of the current year".

Taishin Asset Management Co., Ltd.

a. Business scope

1. Business contents: The company's major business items include the purchase of money-debt claims from financial institutions, the appraisal and auctioning of money-debt claims of financial institutions, and the management of money-debt claims and overdue accounts receivables for financial institutions.
2. Business mix: The company focuses on the purchase and disposal of money-debt claims from financial institutions.

b. Business development plan of the current year

1. Bid for whole-package bad-debt claims of financial institutions.
2. Negotiate with peers on a case-by-case basis for the purchase of bad-debt claims.
3. Seek the commission of financial institutions and peers for the management of bad-debt claims with the appeal of the professional management team.

c. Industry status

For the domestic bad-debt claim market, along with the upturn of the general economy and plunge in non-performing loan ration, bad-debt claims released by the financial institutions plummeted to NT$60 billion per year in 2008 and 2009, down from the peak of NT$236.8 billion in 2007, which dropped further to NT$58.4 billion in 2010, NT$50.4 billion in 2011,NT$40 billion in 2012& NT$9.3 billion in 2013. It is apparent that the domestic bad-debt claim market has contracted and winning bidding prices for sales of bad-debt claims on the block frequently reach new highs, greatly boosting the risk of investment loss.

What was more challenging was the fact that the Financial Supervisory Commission issued an instruction in May 2013 to limit the sale of non-performing loans by financial institutions with overdue loan ratios above 3%. Later, in August 2013, the FSC announced that corporate debt would be treated in the same manner as non-corporate debt, so that debt entitlement cannot be transferred to third parties. Furthermore, the FSC also required asset management companies to renegotiate borrowing terms with debtors according to the Statute for Consumer Debt Reform. These measures have limited debt managers' abilities to acquire viable investments and dispose of under-performers, and therefore threaten the survival of the debt management business.

Competition among various assets management companies next year will become even fiercer next year, aggravating their business difficulty. However, with the introduction of the Luxury Tax in July 2011 accompanied by Central Bank limits on construction loans, taxes on luxury properties etc, the government has been able to suppress speculative activity in the real estate market. With housing prices showing signs of decline after prolonged periods of reduced trade volume and lengthened deal cycles, it is likely that investors may undergo a wave of foreclosures and increase the supply of court-auctioned properties. Interest rate hikes following the scale back of QE are also expected to affect Taiwan to a certain degree. The rise in market interest rates will eventually put financial pressure on constructors, and compel them to force-sell unsold properties resulting in a downturn in the real estate market; certain developments may even become non-performing debts as a result. Either way, Taishin Asset Management will follow up closely on market changes.

d. Research and development: Nil.

e. Short- and long-term business development plans

1. Bidding for bad-debt claims
   (1) Continue handling bad-debt claims purchased from Taishin Bank (for both wholesale banking and retail banking bad debt claims).
   (2) Continue handling bad-debt claims purchased from Kuo Hua Non-Life insurance (mainly for consumer-banking and insurance debt claims)
   (3) Continue handling of bad-debt claims purchased from Mega Bank and Far Eastern Bank (Corporate banking bad-debt claims)
   (4) Continue bidding for bad-debt claims with peers in public bidding
   (5) Purchase bad-debt claims via negotiation and cooperate with private AMC firms for individual cases, an arrangement enabling the company to have easier grasp of the capital planning, risk assessment, and investment cases via participation in the selection of cases.
   (6) Purchase claims to non-performing loans secured by plots of land in greater Taipei and expand land development business via arrangement of debt claims.
   (7) Turn bad debt into syndicated loans or integrate relief loans to companies.
2. Bidding at foreclosure auctions
   Bid at low prices for items at foreclosure auctions that are the result of bad debt from financial institutions in the Greater Taipei area and resell for profit after processing the ownership and the property.

Taishin Venture Capital Co., Ltd.

a. Business scope

1. Business contents
   Taishin Venture Capital will carry out venture-capital business according to “measures for the scope of and assistances for venture capital business” and the “guidelines for investment policy” formulated by the company. Taishin Venture Capital will seek to pinpoint investment targets with long-term development and profit potential, as well as lower risks via proper industrial and regional deployment, in order to form an investment portfolio capable of generating both short- and long-term profits. The company will focus its investments on the following industries and technologies with development potential:

   (1) Venture capital industry
   (2) Information technology industry
   (3) Bio-tech industry
   (4) Traditional industry, service industry, and other industries

   Among the aforementioned investment targets, focuses will be put on companies with both good management and investment performance in venture capital industry; energy and optoelectronics, wireless and mobile communications, semiconductor, advanced materials, digital contents, online security, and application software in information technology industry; the development of new medicines, special medicines, medical equipment and appliances, and medical/health care in bio-tech industry; and niche lines capable of creating industrial status and entry threshold in traditional and service industries.

2. Business shares
   With its investments focusing on domestic and overseas hi-tech and venture-capital businesses, Taishin Venture Capital will properly establish and adjust its investment portfolio according to the overall investment climate and industrial development trend, in order to make profits and diversify risks simultaneously. Below are the company's portfolio construction principles:

(1) Investment type: Venture investment enterprises: no more than 70%;
Business ventures: no more than 70%.
(2) Stages of investment: Startup: no more than 60%;
Growth stage: no more than 60%;
Matured stage: no more than 40%.

3. New financial products and services to be developed in the future

Venture capital can be said to be the vanguard of corporate financial services. A venture capitalist identifies a new startup with potential and a commercial bank provides financing, followed by a securities underwriter to assist with listing/OTC listing in order to create greater synergy for a financial holding company. In addition, when the government has deregulated venture capital businesses, the company will actively explore listed/OTC companies with under priced shares and a positive outlook to invest and create profitable opportunities.

b. Business plan of the current year

The company was incorporated towards the end of September 2003 with share capital of NT$1 billion. In an attempt to strengthen its financial structure, the company underwent capital reduction of NT$180,965,050 in 2010 to offset accumulated losses and subsequently raised capital of NT$800,000,000 and NT$600,000,000 in 2011 and 2012, respectively. Share capital at the end of 2013 amounted to NT$2,219,034,950.

In 2013, the company earned NT$28,198,000 in revenue and incurred NT$196,797,000 in losses and expenses, which resulted in an after-tax loss of NT$168,599,000. This loss was mainly attributed to the non-profitability of financial leasing subsidiaries established in Nanjing and Tianjin, as they were both in their initial stages, and the recognition of impairment losses on long-term investments. In 2013, the company invested NT$350,000,000 in a new investment called Diamond BioFund Inc. and completed the disposal of Han-Shin Venture Capital Co., Ltd. At the end of 2013, the company had 22 investees in its portfolio.

In 2013, the company generated cash inflows totaling NT$89,411,751 from investments, of which NT$5,494,742 were in the form of cash dividends and NT$83,917,009 were in the form of refunds from capital reduction.

As the global economy moves towards a recovery phase in 2014, the U.S. FED has begun planning for the withdrawal of QE signifying the stability of economic growth and employment within the U.S. According to EIU's forecasts, the United States should achieve 3.4% growth in imports and 2.9% growth in exports in 2014, which would be a significant improvement on the 1.3% and 2.3% growth of 2013. Europe is also expected to return to the path of growth after going through two years of recession. EIU has projected GDP growth in the Eurozone of 0.5% for 2014, while the IMF believes that it could be as high as 0.9%. Japan has recovered part of its lost economic glory in 2013 with strong growth stimulants introduced by Prime Minister Shinzo Abe; going forwards in 2014, the final piece of the Abenomic solution is expected to be a decisive factor. With regards to China, growth is still expected to slow down further as its economy undergoes structural reforms; EIU has projected a rate of growth at 7.3% for China in 2014.

With regards to the domestic economy, the recent signing of ECFA has enabled trade activity between China and Taiwan to rise to unprecedented levels. Meanwhile, the government has introduced a series of cuts to the inheritance tax and business income tax that will enable Taiwan's economic transformation to move to the next stage. According to the latest forecasts announced by the Taiwan Institution of Economic Research, Taiwan's real GDP growth should reach 3.11% in 2014, 1.18 percentage points higher than the 1.93% it projected for 2013.

In light of this forecast, the company will align its investment strategy this year towards disposal of shares held by Taishin Venture Capital, and in the meantime commit greater resources to the Greater China region as well

as to IPOs of Taiwanese companies and industries in which Taiwan has a competitive advantage, such as green energy, optoelectronics, biotechnology, and healthcare. The company plans to invest NT$100 million - NT$300 million into 1-3 new businesses, or subscribe to cash issues offered by existing investees, in 2014. These investments will mostly be within the Greater China Region, with some in foreign markets.

The listed companies in the company's investment portfolio include: Darfon Electronic Corp, Primax Technologies, BAFO Technologies, and Microbio. In addition, the finance leasing subsidiary in China in which the company invests will start to expand its operations this year, and is expected to create positive benefits.

The companies in the company's investment portfolio that may achieve liquidity and become listed/OTC listed in the next one to three years include Winking Entertainment, Innostor Technology, and OME Technology, which are expected to create investment returns for the company.

c. Industry status

The first venture capital firm in Taiwan was established in 1984. In almost 30 years of development, according to a survey by the Taiwan Venture Capital Association, the industry invested more than NT$260 billion in more than 14,000 projects in Taiwan, helping 400 companies become listed companies, and facilitated NT$2.3 trillion in capital investment.

However, the venture capital industry in Taiwan had faced challenges from the dot-com bubble in the United States, the global financial crisis, and the cancellation of investment credits for domestic venture capital investors since 2000. The venture capital industry is currently facing cash flows that are drying up at an alarming speed. According to statistics released by the Taiwan Venture Capital Association, the number of newly established venture capital firms between 2001 and 2007 was 48% of that between 1995 and 2000, and the new capital increase on average fell to only 80% of that between 1995 and 2000.

An analysis of the number of investment projects showed a total of 277 investment projects in 2011, falling by 36.3% compared to 435 projects in 2010. The total amount of investment was NT$6.54 billion, falling by NT$1.9 billion compared to last year. It reflected that venture capitalists were more cautious and took a more conservative approach to investment in the face of the European debt crisis and a slowing global economy.

16 venture capital firms with NT$3.55 billion in capital were established in 2011. 20 firms conducted capital increases this year, raising NT$6.28 billion in total. 79 firms conducted capital reductions this year, returning NT$23.29 billion in total. 10 firms conducted liquidation and dissolution for a total of N$1.71 billion this year.

In 2012 8 new venture capital firms were established in Taiwan with an aggregate share capital of NT$3.652 billion. According to statistics from the Taiwan Venture Capital Association, there were 112 fund management teams managing 200 venture capital funds totaling NT$148.37 billion at the end of 2012.

For the world's overall industrial development trend, energy, optoelectronics, and medical/health care may succeed electronic and tech industry to become industrial development mainstream in the future. Under the impact of the global financial tsunami, many enterprises with high growth potential have been undervalued and only venture capital firms can fully grasp long-term growth opportunities of industries and regions, thanks to their long-term deployment. Meanwhile, in view of the overall competitiveness of Taiwanese enterprises deriving from the clustering effect, substantial investment returns can be expected from investing in Taiwanese or overseas Taiwanese-invested companies and urging them to pursue growth in Taiwan. Therefore, Taishin Venture Capital has invested 80% of its fund in hi-tech industries in Taiwan.

d. Research and development

Venture capital can often serve as a pioneer of wholesale-banking business, first pinpointing startups with development potential for commercial bank to provide funding support later on and securities underwriting firm to assist them in share listing, thereby generating greater integrated benefits for financial holding firm. Over the past five years, due to the over-supply of the global industry and low PE (price/earnings) ratio of tech firms, venture capital firms worldwide have been looking for new industrial direction. In recent years, thanks to the expansion of the investment scope of venture capital firms by the government, venture capital can actively pinpoint and invest in listed Taiwanese firms with undervalued stocks and good business prospects, thereby increasing their profit-making opportunities.

e. Short- and long-term business development plans

Investment strategy over the short term will be focused on disposal of shares held by Taishin Venture Capital, and investing into undervalued assets with good liquidity over the next 2-3 years. These may include IPOs of Taiwanese enterprises and industries in which Taiwan has a competitive advantage such as green energy, optoelectronics, biotech, and healthcare. The company plans to invest NT$100 million - NT$300 million into 1-3 new businesses, or subscribe to cash issues offered by existing investees.

For medium- and short-term strategy, the company will utilize the resources and network of Taishin Financial Holding in Taiwan and greater China, as well as its professionalism and experience in financial investment and capital market, to explore good investment opportunities and will help the invested company to make profits by capitalizing on the synergy between Taishin Financial Holding Group and the invested companies. Meanwhile, in response to the liberalization of regulations, the company plans to set up a leasing subsidiary in China as part of its long-term investment strategy.

The leasing subsidiary will initially focus on provision of machinery and equipment to Taiwanese-invested companies via loaning-oriented leasing method and the operating scale will increase gradually along with the market expansion, product development, and enhancement of operating efficacy.

Taishin Marketing Consultant Co., Ltd.

No related business was undertaken in 2013. (The company was liquidated as of Oct.14,2013)

Taishin Holdings Insurance Brokers Co., Ltd.

a. Business scope

The business scope of Taishin Holdings Insurance Brokers is life insurance brokerage and property and casualty insurance brokerage.

1. Life insurance brokerage
   (1) Business contents: Including insurance products such as life and health insurance, annuities, and accident insurance.
   (2) Business shares: The commission income from life insurance brokerage in 2013 accounted for 99% of the total commission income.
2. Property and casualty insurance brokerage
   (1) Business contents: Including insurance products such as fire insurance, motor insurance, accident insurance, and liability insurance.
   (2) Business shares: The commission income from property and casualty insurance brokerage in 2013 accounted for 1% of the total commission income.

b. Business plan of the current year

1. Develop competitive and innovative products to address customers' needs for diversified coverage and savings, and therefore increase customer holdings of insurance products.
2. Follow the direction of the competent authority's policies and introduce products that provide protection, retirement income, or long-term nursing care.
3. Increase the percentage of protection products in order to complete customers' coverage.
4. Enhance training of the insurance sales force, particularly in areas such as professional skills and service quality.
5. Continually promote employees' awareness of the importance of protecting personal information, and thereby ensure compliance with the Personal Information Protection Act.

c. Industry status

According to statistics prepared by the Life Insurance Association, Taiwan life insurance companies' first-year premiums totaled NT$1,106.3 billion in 2013 (including amounts classified as liabilities), which represented a 7% decline on 2012. The substantial increase in sales of conventional policies in 2012 was mainly attributed to the competent authority's second cutting of the liability reserve interest rate for new policies, and the announcement of a new mortality table that caused an anticipated rise in premiums. In 2013, conventional policies totaled a mere NT$846.8 billion in sales, representing a YoY decline of 14%, with annuity insurance the only product supporting this category. Sales of investment-linked policies grew by 29% YoY to a total of NT$259.5 billion; this was due to the suspension of investment-linked policies in the first half of 2012, followed by the growing popularity of monthly income-paying policies for the rest of the year. In terms of sales channels, approximately 39% of sales were made through life insurance companies' own distribution networks, whereas banks represented 57% and conventional brokers and agents accounted for a mere 4%. To most life insurance companies, banks still remain as one of the main revenue contributors.

According to statistics prepared by the Taiwan Insurance Institute, property insurance premiums grew by 4% in 2013 to a total of NT$124.9 billion in Taiwan. This growth was mainly attributed to the 8% growth in auto insurance, which accounted for 51% of total written premiums, following an increase in vehicle sales. Property insurance providers have also been quite competitive in the group insurance segment, given their recent involvement in health insurance and accident insurance business. In 2013, health insurance and accident insurance premiums totaled NT$14.7 billion and accounted for approximately 12% of total written premiums. Meanwhile, fire insurance, engineering insurance and cargo insurance have all shown declines compared to 2012 due to changes in fee rates and economic cycles.

In order to oversee more than 1,000 insurance brokerage firms and agencies in the market more effectively, the competent authority announced a series of supervisory regulations to facilitate healthy business development for the insurance brokerage firms and agencies. As a result, small and medium insurance brokerage firms and agencies have also been engaged in mergers for the purpose of meeting regulatory requirements and achieve effective business management.

d. Research and development : Nil.

e. Short- and long-term business development plans

1. Short-term business plan
   (1) Identify customer needs and meet them with products offered through the open insurance platform.
   (2) Enhance regulatory compliance.

(3) Continue to enhance training of the insurance sales force, particularly in areas such as professional skills and service quality.
(4) Continue to promote employee awareness of the need to protect personal information, thereby ensuring compliance with the Personal Information Protection Act.

2. Long-term business plan

(1) To continue to simplify the sales process and achieve information integration in order to provide premium customer services.
(2) To ensure legal compliance and protect customer rights and corporate image.
(3) Enhance information security.

Chang Hwa Commercial Bank, Ltd.

a. Business scope

1. Business contents

(1) Various of deposit
(2) Financial-bond issuance
(3) Loan extension
(4) Negotiable-instrument discount
(5) Investment in Securities
(6) Domestic remittance
(7) Cashing of drafts
(8) Issuance of domestic L/Cs
(9) Guarantee for the issuance of corporate bonds
(10) Domestic guarantee
(11) Surrogate payment and collection
(12) Agency for the sale of government bonds, treasury bills, corporate bonds, and stocks
(13) Underwriting trading of securities
(14) Dealings trading of securities
(15) Consigned trading of securities
(16) Custody and warehousing
(17) The lease of safes
(18) Agency service businesses related to various businesses specified on the business license or approved by the central-level regulator
(19) Credit card
(20) Agency for the sale of gold ingots, gold coins, and silver coins
(21) Trading for the sale of gold ingots, gold coins, and silver coins
(22) Export-related foreign exchange, import-related foreign exchange, general outward and inward remittances, foreign-currency deposits, foreign-currency loans, and guarantee for secured foreign-currency payment
(23) Derivatives approved by the central-level regulator
(24) Businesses approved by the Trust Law
(25) Dealings in government bonds
(26) Margin trading/short sale services
(27) Securities-related futures introducing brokerage
(28) The brokerage, dealings, certification, and underwriting of short-term commercial papers

(29) The agency of public lottery business approved by the central-level regulator
(30) Trust of money
(31) Trust of loans and related security interests
(32) Securities in trust
(33) Real estate in trust
(34) Securities certification business
(35) Agency service businesses related to be the Trustee of bond issuance
(36) Custodian Business
(37) Custodian of securities investment trust funds
(38) Engaging in other banking services approved by the central competent authority
(39) Certificate of bond and stock issuance
(40) Export certification
(41) Import certification
(42) Trading corporate bonds and financial debentures as a principal
(43) Engaging in wealth management business
(44) Trading bonds as a principal
(45) Concurrently securities investment consulting business

2. Business mix

(1) Deposit Status

Unit:NT$1,000

Item \ Year	2013	
	Amount	%
Current deposit	780,366,064	56.28
Term deposit	592,438,486	42.72
Interbank deposit	13,836,504	1.00
Total	1,386,641,054	100.00
Percentage of liabilities and shareholders equity (%)	1,700,699,990	81.53

(2) Loan Status

Unit:NT$1,000

Item \ Year	2013	
	Amount	%
Short term loans	307,932,791	26.71
Medium term loans	344,793,910	29.91
Long term loans	499,989,138	43.37
Total	1,152,715,839	100.00
Percentage of total assets (%)	1,700,699,990	67.78

(3) Income Status

Unit:NT$1,000

Item \ Year	2013	
	Amount	%
Net interest income	17,078,053	72.23
Net fee income	3,549,870	15.01
Net income from financial trading	2,795,177	11.82
Net income from securities brokerage and underwriting	48,779	0.21
Other net operating income	171,535	0.73
Total	23,643,414	100

3. Development plan of new financial product and service in future

(1) In light of growth in Internet transactions, the bank plans to introduce automated clearing house (ACH) services to corporate Internet banking systems in 2014 in addition to its existing electronic channels, and therefore expand the product range offered through corporate Internet banking platforms.

(2)To accommodate growing e-commerce, the bank plans to introduce "third party payment services" where it plays the role of an independent third party that processes monetary transactions between online buyers and online sellers. This service also allows consumers to store value in their accounts online and use it for later payments.

b. Business development plan for the current year

The bank's deposits reached NT$1,335,272,494,000 (excluding transferred postal deposits) amounting to 98.63% of the budget target; loans NT$1,142,575,507,093,000, 95.20% of the target; forex transaction US$154,487,715,000,100.35% of the target; securities brokerage NT$52,364,673,000, 106.65% of the target; wealth management NT$88,836,277,000, 74.03% of the budget; credit-card business (card-spending value) NT$10,719,581,000, 89.31% of the budget.

c. Industry status

Impact from external competition, regulatory environment, and overall business environment:

1. External competition

In order to keep pace with world trends and construct a competitive environment where enterprises have the freedom to develop their own features and inspire creativity in e-commerce, the government has progressively allowed non-financial institutions to engage in third party payment services. On August 30, 2013, the FSC acknowledged the "Operational Guidelines for Online Creation of Prepaid Accounts by Banking Customers" proposed by the Bankers Association of the Republic of China, which allows consumers to open prepaid accounts online and use them to make purchases made over the Internet. The Ministry of Economic Affairs has also taken steps to institutionalize third party payment services with the introduction of "Mandated and Prohibited Clauses for Standard Third Party Payment Contracts" on January 13, 2014. Once third party payment services have become fully institutionalized, they should provide greater growth momentum to Internet businesses and e-trade, giving rise to new opportunities between financial service providers and information service providers. However, financial service providers will also face competition from non-financial institutions for third party payment services at the same time.

2. Regulatory environment

(1) In September 2013, the Foreign Currency Department of the Central Bank issued an official letter giving domestic banking units (DBU) permission to launch RMB derivatives and structured portfolio products as long as they do not involve exchange of NT$ currency, NT$ interest rates, credit or derivatives. This letter also allowed derivatives to be denominated or settled in RMB, NT$ or other foreign currencies, and to link to Formosa Bonds and ETFs traded in China. Going forwards any new Cross-Strait financial derivatives can be launched simply by obtaining permission from the Central Bank, whereas existing derivatives no longer require advance permission if an RMB version is to be introduced. This provides banks with greater flexibility in designing RMB-denominated products.

In order to support Free Economic Pilot Zones (FEPZs) and develop the nation's wealth and asset management services, the FSC, after consulting the Central Bank, announced its "Negative Checklist Policy for Offshore Banking Units (OBUs)" on December 27, 2013, that further removed customer and product restrictions on foreign currency derivatives offered through OBUs. Going forwards, OBUs may engage in

new foreign currency services simply by checking against the negative checklist, and file documents for the competent authority's acknowledgment instead of seeking prior approval. Furthermore, banks will no longer be required to distinguish between "Professional Customers" and "General Customers" when selling financial derivatives, but instead are allowed to monitor risks according to their internal control policies. For overseas individual customers, trading of derivatives will no longer be subject to any restrictions except for sophisticated credit derivatives, which gives banks the incentive to design innovative financial instruments and bring variety into the market. The new policies above not only help financial institutions reduce operating costs and serve overseas customers more efficiently, they also encourage banks to adopt more rigorous practices that will contribute to the stability and competitiveness of the financial industry as a whole.

(2) On December 31, 2013, the FSC introduced "Anti-money Laundering and Counter Terrorist Financing Guidelines for Banks" that addressed the following issues:

(a) Banks must implement procedures to verify customer identity, maintain transaction records and monitor account activities, including: constant assessment of customers' banking relationships, detailed reviews of the transaction process, making sure that customer transactions match their business and risk profile, and investigating source of funds when necessary; and regularly review whether the Bank has adequate information to identify its customers and real beneficiaries, while ensuring that such information is up to date at all times, especially for high-risk customers.

(b) A bank's risk management and internal control systems must include: policies and procedures for identifying, assessing, and managing money laundering and terrorist financing activities; money laundering and terrorist financing prevention plans that are developed based on risk assessment; and standard operating procedures for complying with anti-money laundering regulations, which are self-audited and internally audited on a regular basis.

(c) A bank must make sure that its overseas branches adopt anti-money laundering and counter-terrorist financing measures that are consistent with the parent company, to an extent that complies with local regulations.

(3) Compliance with the Personal Information Protection Act

According to Article 27, Paragraph 2 of the Personal Information Protection Act (PIPA): "The central authority may appoint a non-government agency to develop personal file security maintenance plans or to determine how personal information is processed once a business relationship ends...," while Paragraph 3 of the same Article reads: "The underlying policies for the abovementioned plans and methods shall be established by the central authority." Based on the above, the Financial Supervisory Commission issued announcement No. Financial-Supervisory-Law-10200704150 on November 8, 2013, to enact its "Regulation Governing Personal File Security Maintenance of Non-government Agencies" (referred to as the "Regulation" below), which applies to all financial holding companies, banks, securities firms, futures commission merchants, insurance companies, electronic ticketing agencies, financial service providers, non-profit organizations and any non-government agencies governed by the Financial Supervisory Commission. For the purpose of protecting personal information, every financial institution is required to develop measures that protect personal information from theft, alteration, damage, loss and unauthorized disclosure, which will therefore increase compliance costs.

3. Overall business environment

Judging by leading indicators of the world's major economies in 2014, the U.S. is currently rising whereas Europe has seen only marginal upwards movement. Japan has exhibited relatively weaker growth and Mainland China is expected to slow down further as it undergoes structural reforms. For most other Asian countries, growth should progress in divergent directions as each country faces different structural issues and uncertainties. In addition, QE scale back in the U.S. will eventually affect monetary policies in countries

around the world as we enter a post-QE era, adding to the volatility of financial markets. Slowdown in growth of emerging economies will impact advanced economies nevertheless, and may lead to reduced economic and trade activity worldwide. Despite so many prevailing uncertainties, most major economies have already shown resilience that may steer the global economy back on the path of mild growth, leading the domestic economy to recovery supported by increased capital needs and stronger private consumption. Meanwhile, the government's initiatives in establishing ECA/FTA with major trade partners, supporting cultural and creative industries, building FEPZs and enticing foreign investment, coupled with the FSC's deregulation of third-party payments, RMB services etc, will open up business opportunities in the electronic banking and derivatives segments.

d. Research and development

1. The bank’s R&D outlay reached NT$ 5,994,000 in 2013.

   The bank’s R&D outlay reached NT$ 3,381,000 in 2012.

2. R&D achievement

   The bank completed 47 research reports on Mobile Banking, Human Resource , financial management and risk management in 2012 & 2013.

3. Future R&D plan

   (1) Deposits
   Promote RMB services by building up a pool of RMB capital to meet lending and foreign exchange demand in the future.
   (2) Loans
   (a) Explore SME lending opportunities using an integrated marketing approach. Increase the percentage of SME loans guaranteed by the Small and Medium Enterprise Credit Guaranty Fund.
   (b) Explore self-repaying loan opportunities by introducing "accounts receivable pool financing" services.
   (c) Develop secured and unsecured personal loans and aim to achieve greater competitiveness and higher market share.
   (3) Foreign exchange
   (a) Expand the Bank's existing foreign currency deposit/correspondence network for greater efficiency.
   (b) Explore the feasibility of establishing branches in the world's major financial hubs as a means of tapping into overseas financial markets.
   (c) Continue to expand into China's financial markets; establish China branches at appropriate times and at strategic locations to support China business.
   (d) Capitalize on the "Kunshan Cross-Strait Industrial Collaboration Zone" policy; offer cross-border RMB funding services for corporate customers and build competitiveness in cross-strait financing.
   (4) Financial transactions
   Conduct rigorous studies on global political, economic and financial trends; exercise caution in equity and bond investments; adjust portfolios for optimized income.
   (5) Wealth management
   Introduce a broader range of wealth management products supported by enhanced distribution through the wealth management system, and ultimately strengthen customers' loyalty. Plan a larger group of financial planners in order to enhance service quality and professional skills and provide more comprehensive investment services for customers.

(6) Trust
  (a) Increase fund sales by offering customers a selection of well-performing domestic and overseas funds.
  (b) Publish daily financial news and weekly, monthly and quarterly investment reports to assist the Bank's financial advisors and to keep customers informed of the latest, professional financial insights.

(7) Electronic commerce/online banking services

Upgrade the CHB portal; introduce overseas "Internet Banking Collection Services;" bring banking services to a broader range of mobile devices; assemble a VIP service team that aims to assist the Card Management Center in serving VIP customers.

(8) International banking
  (a) Apply for the Kunshan Branch to become a member of China's interbank bond trading center, and attain eligibility to trade financial derivatives to achieve a broader business scope.
  (b) Plan for the establishment of Dongguan and Fuzhou branches in China.

f. Short- and long-term business developments plans

1. Short-term business plan

Same as described under e.”3. Future R&D plan”.

2. Long-term business plan

Faced with fierce competition and a constantly changing financial environment, the bank will remain committed to the business philosophy of stability and soundness and devote itself to the pursuit of higher standards. Meanwhile, the bank will respond to the current trends and seek excellence and innovation. The long term business development plan for the bank is summarized as follows:

(1) Funding services
  (a) Keep abreast with market development, provide a diverse range of financial products, and assist corporations in financial manipulation in order to increase financial product sales and create higher profits.
  (b) Implement liquidity risk management and adjust optimal points of funding as needed in order to balance liquidity and profitability while observing changes in the global lending market and credit ratings of counterparties and actively exploring financing channels and enhancing fundraising capability.
  (c) Study constantly domestic and international political and economic development and trends of different financial products in order to make timely adjustments to positions in the investment portfolio.
  (d) Take an aggressive approach to increase the trading volume in terms of spot and forward exchange and currency conversion between the business units and customers with the aim to boost the bank’s market share in foreign exchange trading while increasing foreign exchange income.
  (e) Actively participate in the Cross-Strait financial market; invest in RMB-denominated bonds and market RMB-related derivatives to customers.

(2) Wealth management services
  (a) Expand fund operations and increase fee income, integrate core business lines to conduct cross selling.
  (b) Promote brand recognition and broaden the variety of financial planning products, actively explore potential new customers and maintain close relationships with existing customers, hold financial planning and customer appreciation seminars and different sales performance competitions, segregate high contribution customers in order to increase fee income and customer loyalty.

(3) Overseas financial services

Seek approval to open a Hanoi branch in Vietnam and a Phnom Penh Branch in Cambodia.

(4) Electronic financial services
  (a) Introduce new functionalities to electronic banking in order to maintain competitiveness and satisfy customer needs, while developing customers' dependency on the bank's services.

(b)To support business development, the customer service center shall also play a role in marketing, and shall make use of the latest communications technology to improve service efficiency.

(5) Loans

Continue to enhance the features and effectiveness of the bank's corporate credit rating system and credit history management system by developing the rating system toward an industry segregation model. The first item to be implemented is the credit rating model for the manufacturing industry. In addition, in response to the full adoption of the International Financial Reporting Standards (IFRSs), continue to monitor and assess the potential impact of the IFRSs on the bank's credit rating models and financial statement management system in order to make timely and appropriate adjustments to the aforementioned credit history management system.

B. Cross-line and Joint Marketing Efficacy

According to articles 43 of the Financial Holding Company Law, financial holding firms and their subsidiaries can carry out joint marketing, achieving the efficacy of integrated management via joint business pushing, information exchange, or the joint use of business facilities or outlets.

Subsidiary Taishin Securities already instituted from May 2010 "special securities counters" at the offices of Taishin Bank's major branches for joint marketing and the undertaking of following businesses:

a.Account opening for securities brokerage business.

b.Agency for sales and redemption of domestic funds.

c.Installation of terminals for online order placement, allowing investors to place orders with securities firms.

d.Acceptance of stock-affairs documents for companies with public share offering.

e.Acceptance of application forms for subscription to the public offering of securities.

The company passed the "measures governing the integrated marketing of Taishin Financial Holding Co." with the approval of the chairman on July 31, 2003, as well as the "enforcement rules for the marketing-list management of Taishin Financial Holding Co." and "rules governing the use of client data by the employees of Taishin Financial Holding Co." in September and December 2003, respectively, and the "measures and enforcement rules governing the warehousing of client data of Taishin Financial Holding Co." in July 2005, setting up guidelines for cross-selling and client recommendation for financial products among the employees of various subsidiaries or business groups, so as to facilitate constant monitoring and management.

C. Market and Business Status

Taishin Financial Holding Co., Ltd.

a. Market analysis

1. The qualitative change of the market

Deriving from the concept of cross-line management, financial holding companies are expected to manifest a system integrating the resources and services of business groups, leading to qualitative changes in the financial markets, including the blurring of the borders among individual markets, the switch from product orientation to customer orientation in the operations of market competitors, and the creation of new integrates services and the expansion of market scale following the joining of new financial holding firms.

2. Major domestic and foreign competitors

There are 16 financial holding companies in Taiwan now, with those boasting major banking subsidiaries including Taishin Financial Holding, Taiwan Financial Holding, First Financial Holding, Hua Nan Financial Holding, Chinatrust Financial Holding, Fubon Financial Holding, Yushan Financial Holding, and SinoPac Financial Holding, which enjoy strong edge in business expansion.

Foreign competitions consist mainly of U.S. and European banks, including Citibank, Standard Chartered Bank, and HSBC, which have acquired, respectively, the Bank of Overseas Chinese, Hsinchu International Bank, and the Chinese Bank. Those foreign banks have posed major challenges to domestic financial holding companies, thanks to their enhanced operational scale on the domestic market, niche positions in the greater China market, mature operating mode, and edge in product lineup and marketing.

b. Competitive strategy

1. Expanding business scope and creating synergy

Achieve the following goals via M&A (merger and acquisition), cross-line alliances, or the establishment of overseas platform: 1) expand business domain and create business opportunities; 2) engage in cross-line management to enhance assets management capability, profit-making capability, and investment returns rate; 3) create business integration and enhance marketing efficiency; 4) achieve economy of scale and provide clients better-than-expectation service quality at reasonable cost.

2. Strengthen management and strictly control risk

Strengthen risk management, uphold assets quality, implement assets/liability management, monitor and control liquidity risk, effectively utilize short-term fund, intensify the evaluation and management of long-term investments, raise fund yield, and carry out auditing and internal control system.

3. Strengthen product and all-round services

Institute all-round financial services, including banking, commercial paper (bond), securities, insurance, and assets management, strive for retail and wholesale banking business opportunities, and carry out cross selling and the integration of operating platform.

4. Embrace client group-orientation and division-of-labor operation

Carry out in-depth management of client data, differentiate client groups, embrace client group-oriented operation, develop whole-package tailor-made products for different client groups, institute proprietary business teams for different client groups, train salesmen to obtain complete product knowledge, service clients via 3S(Simple;Sincere;Superior), and manage risk and create fortune for clients.

5. Strengthen human resources and cultivate talents

Enhance manpower quality, cultivate talents, stress the career development, working flexibility, and satisfaction of employees, and foster a cooperative corporate culture.

c. Competitive niches

1. Integrated channel

Taishin Financial Holding puts under its auspices various subsidiaries, including Taishin International Bank, Chang Hwa Bank, Taishin Securities, Taishin Securities, Taishin Investment Trust / Investment Advisory and Taishin Holdings Insurance Brokers boasting different kinds of sales channels, whose integration can cover different client groups and offer more service points for the provision of related financial consulting.

2. Provision of plural products

Product multiplication is indispensable in order to meet clients' needs for different products at different times. "Making Taishin a treasury bowl of clients" has been an enduring vision of the company. The company aims

to provide clients one-stop shopping service with the appeals of time saving and high service quality. In the future, the company will differentiate existing clients and provide them custom products, thereby achieving the goal of cross selling.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors
   (1) Government's opening stance for cross-Strait financial service.
   (2) Taishin Financial Holding boasts complete product lineup covering banking, securities, insurance, commercial paper (bond), and wealth management.
   (3) Chang Hwa Bank and Taishin Bank can offer clients best services to meet their needs via their extensive channels.
   (4) Amid the financial-institution merger trend in the domestic market, Taishin Financial Holding can offer clients satisfactory services, meeting their demands for long-term partnership.
2. Unfavorable factors
   (1) There are 16 domestic financial holding companies, leading to acute competition, especially in view of their homogeneity in product development and packaging.
   (2) The expansion of operational scales via M&A (merger and acquisition) by some domestic financial holding firms and foreign banks, such as Taiwan Financial Holding, Yuanta Financial Holding, Citibank, Standard Chartered Bank, and HSBC, has posed rigorous challenges to other players. Foreign banks will become formidable competitors on the domestic market, adding their indigenous presence and channel to their international brand and expertise in business expansion.

Taishin International Bank Co.,Ltd.

a. Major products and services

The bank's major business items include deposit reception, loan extension, export/import foreign exchange, foreign-currency deposits, discount of negotiable instruments, currency conversion, guarantee, surrogate collection/payment, custody, trust, credit card, trading in derivatives, brokerage of short-term commercial paper, brokerage of short-term bills, securities dealer, certification and underwriting, factoring, securities investment and underwriting, offshore banking, and the issuance of financial bonds.

Since its establishment, the bank has been constantly expanding business items and operating network, actively exercising the intermediary role for the supply and demand of funds in the society, so as to support economic prosperity. Regarding business network, the bank has set up branches in major cities in Taiwan and has been actively establishing overseas units, in compliance with the trend of financial internationalization, including offshore banking unit, the bank boasts 98 domestic branches, testifying to extensiveness of its service network.

b. Future supply and demand

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

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

c. Business goal

In 2013, the bank will continue pursue a steady growth emphasizing both quality and quantity, so as to achieve a balance between risk management and market profit. In addition to the provision of pluralized packaged products, subsidiaries of the financial holding company will carry out cross selling improve operating flow, and upgrade brand image, in order to strengthen their leading status on the market. Materialization of the “customer-centered” business model and continuation of launching innovative products and service to meet customer needs will also be a major goal for upgrading corporate value.

d. Favorable and unfavorable factors for development outlook

1. Competitive niches
   (1) Take advantage of the existence of numerous branches and automated channel, integrate the resources of the financial holding company, and manifest the synergy of integrated marketing via cross selling.
   (2) The bank is a market leader in retail banking, with well-established brand values and customer loyalty.
   (3) Professional team, coupled with the capability of systematic risk assessment and monitoring, responds to market changes rapidly and provides customers solutions. Provide customers optimal products via database marketing, by analyzing the types of existing customers and understanding deeply the needs of different customers.
   (4) Further improve workflow, enhance service efficiency, and cut operating cost.
   (5) The bank provides plural products, pioneers the use of scientific financial analysis, and offers tailor-made wealth-management objectives and assets-deployment suggestion. For sophisticated management of customers, the bank develops 3M management structure based on customer needs, including service management (SM), product management (PM), and channel management (CM).
   (6) Ability to integrate a multitude of products offered under the financial holding group; commitment to financial product/service innovation; attention to customers' multidimensional needs; and the ability to deliver one-stop financial shopping experience.
   (7) Outstanding cash management and E-banking platforms that can be used to offer cash collection/payment services.
2. Favorable factors
   (1) Availability of FEPZs will increase Cross-Strait commercial activities, while high net worth customers and business owners will increase demand for OBU services.
   (2) Stability of Cross-Strait relations, the inheritance tax cut, and the implementation of FATCA regulations have all helped attract back capital and high net worth customers that had already moved out of the market.
   (3) Once the Cross-strait currency settlement system has been introduced, a number of RMB-denominated financial products such as domestic funds, structured deposits, international bonds, investment-linked insurance policies etc will be readily available in Taiwan without the need to go through overseas channels.
   (4) New technologies have changed customers' spending habits and made them more open to new financial instruments, creating opportunities for new products.
   (5) China's ongoing financial reforms and RMB internationalization will give rise to many innovative services and products, and the government's policy on featured financial services will help boost financial activity between China and Taiwan.

(6) Possess plural product resources and development capability of the financial holding firm to provide one-stop-shopping financial services to customers.
(7) The "Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area" has eased restrictions for operating in mainland china. Local banks may now establish branches in China within a relatively short time.

3. Unfavorable factors

(1) Over-banking status, homogeneous traditional financial products are difficult to create high profits.
(2) The strict regulation and management of the authorities over Personal Information Protection Act.
(3) Large-scale increase in the need for domestic and foreign financial talents will accelerate the turnover of talents.
(4) Competitors have sped up establishment of branches overseas, while foreign banks have been raising market share through active mergers and acquisitions, and by drawing on successful experiences in other countries.
(5) QE withdrawal in the U.S. is going to provoke a series of interest rate hikes. Stagnation of local salary levels and downward adjustment of interest rate caps will impact consumers' willingness to spend, and may even present potential credit risks.
(6) The bank still has only a few branches overseas; its global network remains sub-optimal.
(7) Financial supervision has become more stringent than ever. In addition to the U.S. Foreign Account Tax Compliance Act (FATCA), Taiwan also has new regulations in place such as the Financial Consumer Protection Act and the Personal Information Protection Act. All of which present added costs and risks.

4. Response measures

(1) The bank is aggressively expanding its number of branches particularly in metropolitan areas and central business districts of suburban areas. The bank will obtain customers' recognition by offering products suited to their needs via “service” and ”segmentation” .
(2) Perform more precise customer analysis; understand customer needs and offer suitable products at the right time to the right people.
(3) Implement risk-based pricing through precision marketing and customer relationship models; strike the correct balance between profitability and asset quality.
(4) Enhance operations of self-financing customers and increase the number of cloud members.
(5) Integrate resources of financial holding company, manifest the synergy of cross selling, and increase the number of products held by customers, so as to become the major corresponding bank of customers.
(6) Introduce OBU wealth management services to small and medium enterprise entrepreneurs, following the availability of FEPZs.
(7) Take advantage of the leasing platform being established by the financial holding firm in mainland China, expand customer groups and consolidate existing customer relationship.
(8) Accelerate applied to establish overseas branches progress, particularly in Asia Pacific.
(9) Construct complete career plan and educational/training program for employees.

Taishin Securities Co., Ltd

a. Major products and services

The company’s services target domestic and overseas institutional investors and general investing public. As of the end of 2013, the company had three business bases, in Taipei city, Taichung city, and Kaohsiung city. In addition, the company has set up 98 joint-marketing counters at the branches of Taishin Bank, providing the services of account opening, account cancellation, and change of customers’ basis data.

Raking	Status of underwriting	
	Securities	Cases
1	KGI	36
2	SINOPAC	29
3	TAISHIN	19
4	YUANTA	18
5	CATHAY	15
6	MASTER LINK	14
7	CHINATRUST	12
8	CAPITAL	12
9	FTSI	11
10	FUBON	10

b. Future supply and demand

1. Market overview

As of the end of 2013, there are 84 headquarters of securities dealers, 956 branches, 37 securities dealers that have been approved for margin trading and short selling of securities by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan, and 17 branches established in Taiwan by foreign securities dealers.

2. Market supply

In support of the government in deregulating foreign enterprises seeking listing and raising capital in Taiwan and the feasibility of T-shares getting listing under ECFA and simplified application procedures for Formosa Bonds, securities underwriters will enjoy a huge growth potential in the future. As the securities trading services become more deregulated overseas, the government continues to promote expansion in the capital market and new financial products are being constantly introduced, all of which contribute to more activities in the issuing market. The fast growth of electronic commerce has driven the securities services and fundraising financial planning products to become more diversified. Securities dealers will be able to provide one-stop services for investors, the securities market will become more efficient, and the market will grow significantly in size. The outlook of the securities market continues to remain positive.

3. Market demand

As the capital market becomes more complete in terms of efficiency and functions, companies will have a significantly greater need for direct means to raise capital. Meanwhile, the combination of a faster information spreading process, a better educated population, and more diversified investment activities has made people in Taiwan pay more attention to investment and financial planning. Accompanied by a recovering economy and increasingly loosened capital control, investors' needs both for securities related information and for services provided by securities dealers will continue to grow.

4. Market growth

Looking back at 2013, the global economy started strongly in the first half as the prime minister of Japan took drastic measures to stimulate Japan's economy; however, momentum was disrupted in April due to conflict between North and South Korea, and again in June as the Fed hinted of its intention to withdraw QE3, and once more when the overnight lending interest rate soared in Shanghai due to money supply shortages. The second half of the year began with rising concerns over the European debt crisis, fortunately the afflicted nations were able to present sound economic data to dismiss investor concerns; meanwhile, the Fed's

announcement to gradually withdraw QE3 measures in 2014 also removed much of the uncertainty in the market, paving the way for the recovery of the global economy.

The domestic stock market, on the other hand, posted a 912-point gain (or 12%) from 7,699 at the end of 2012 to 8,612 at the end of 2013, inspired by deregulation from the China Securities Regulatory Commission in early 2013, followed by the revised capital gains tax passed towards the end of June, and a series of incentives from the FSC, despite the occasional impact of world events.

Looking towards 2014, incentives introduced by the Financial Supervisory Commission have proven to be effective, as daily trade volumes average above the $100-billion level, showing a boost in investor confidence that is beneficial to the brokerage business. Furthermore, activation of the new currency settlement system allows RMB-denominated bonds (or Formosa Bonds) to be issued in Taiwan, which gives the local financial industry a competitive edge in attracting global capital.

c. Business goal

As a general securities firm, Taishin Securities engages in such businesses as brokerage, dealership, and underwriting, and provides a complete electronic trading platform with complete functions. It combines the resources of the financial holding company and utilize near 100 banking channels, to provide investors all-round and pluralized financial wealth-management service. It offers pluralized tailor-made financial products to meet the different needs of customers and, thereby realizing the service of one-stop shopping.

In the future, Taishin Securities will build quality image and achieve optimal profits, and establish high quality and value-added financial service operating platform for pluralized business fields, on the basis of the financial holding firm, so as to become a leading brand in the securities e-commerce.

With respect to the underwriting business, the operation brings together the resources under the financial holding company in an active effort to secure as many domestic underwriting cases as possible while exploring opportunities overseas by attracting more foreign companies to participate in the capital market in Taiwan. The aim is to develop Taishin Securities into a financial service platform that offers premium services, a diversified range of businesses, and high added value.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors
   (1) Integrate the resources of the financial holding company to manifest brand value and upgrade overall competitiveness.
   (2) Government will actively push Cross-Strait exchanges, build up a platform of Securities, allow securities to investment in China, and open the domestic market to Chinese investors.
   (3) The regulator actively pushes the liberalization and internationalization of the securities market, successively opens up various businesses, and expands trading targets, thereby offering a broader development leeway for securities firms.
   (4) The capital market in Taiwan is made more compliant with international standards by issues of RMB denominated bonds via the monetary settlement mechanism.
   (5) It will be easier to explore the underwriting customer bases in China for financial holding companies that already have leasing operations.
   (6) The primary underwriters in the capital market in Taiwan are staffed with well experienced salespersons and underwriters.
   (7) The laws for foreign companies seeking primary and secondary listing/OTC listing in Taiwan are fully developed and help expand the underwriting customer base.

(8) The transformation of mainstream industries from electronics to traditional industries facilitates the expansion of the domestic underwriting business.
(9) A fiercely competitive industry and a fast changing environment create more opportunities for mergers and acquisitions.

2. unfavorable factors

(1) The existence of numerous business outlets and branches, cross-line operation of financial institutions, and the entry of major foreign securities into the market aggravate the competition and affect the space of securities firm for survival.
(2) Successive opening up of derivatives entails high risks, which may greatly affect profits, should there lacks a good risk-management mechanism.
(3) It is difficult to deploy in China, one step ahead of competitors.
(4) The regulator gradually opens up various businesses which may overstrain the supply of talents. (Lack of talents, for instance, deters companies in the line to engage in futures investment trust business.)
(5) The relatively small capital size is at a competitive disadvantage among competitors.
(6) Fierce competition in the industry prompts state owned banks create securities underwriting departments to exercise powerful competitive strength by wielding their financial resources.

3. Response measures

(1) Utilize the bank's extensive channel to transfer quality and high-assets clients, to extend the reach of business scope.
(2) Creating a differentiated e-trading platform to provide more accurate, real time mobile transactions.
(3) For brokerage business, in addition to manual service at physical business outlets, continue strengthen the joint-marketing counters at Taishin Bank's outlets, so as to tap the business of medium-sized investors. Meanwhile, provide sophisticated online order placement service, via unique e-trading platform.
(4) Continue integrate the wholesale banking resources of Taishin Financial holding, so as to strive for domestic underwriting business and develop share-listing business of overseas businesses.
(5) Actively deploy overseas markets and continue looking for proper sites and timing for deployment, so as to develop into an internationalized securities firm.
(6) Improve the success rate of underwriting cases with well experienced underwriters and the corporate network system of Taishin bank.
(7) Strengthen good partnerships and service with clients and to segment the sources for underwriting cases.
(8) Promoting images of the company and enhance the market attention.
(9) Increasing fee income by foreign cases and project business.

Taishin Securities Investment Trust Co.,Ltd.

a. Major product and services

(Same as a. Business scope 1. Major business contents)

b. Future supply and demand

Taishin Investment Trust can also tap the opportunities connected with the gradual opening up of Cross-Strait finance, the pension fund market, and change in taxation for offshore funds. Faced with gradual recovery of the global economy and the growth momentum of emerging economies, assets management companies, such as Taishin Investment Trust, still harbors a rosy outlook.

c. Business goal

Taishin Investment Trust's short-term goal includes maintenance of a stable performance, expand product-line synergy after merger, raise emerging-market funds, obtain the qualification for the outsourcing operation of government funds, and assure the integration and smoothness of operation after the merger. In the medium and long-term, it will actively enhance market share and management scale, increase non-bond fund clients, strengthen capability for assets allocation, and continue expanding the reach and good image of the brand.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

   As Cross-Strait financial MOU has taken effect, the signing of ECFA has gradually led to lifting of Cross-Strait investment restrictions; going forwards, the competent authority will continue introducing policies that are aimed towards achieving "stability, innovation and liberalization," and upcoming elections will be favorable to the domestic investment environment, domestic investors have gradually shed the conservative investment mindset during the global financial tsunami, a development which facilitates the development of the domestic investment trust business. Meanwhile, change in the taxation for offshore bonds, the appreciation of the NT dollar, and the opening up of the pension fund market represent medium- and long-term business opportunities for the domestic investment trust industry.

2. Unfavorable factors

   The domestic investment trust business features a big-getting-bigger phenomenon. Amid the business environment of acute competition, strong sales channel, and the crowing-out effect of offshore funds, Taishin Investment Trust after the merger will actively establish a complete product lineup, maintain stable performance, strengthen business conditions, enhance business efficiency, recruit business talents, and expand the funds under its management, so as to achieve a sustainable development.

Taishin Securities Investment Advisory

a. Major products and services

1. Investment and analysis division:

   Provide research services to Taishin Financial Holding, Taishin Bank, Taishin Securities, and Taishin Investment Trust.

2. Introduce offshore funds and serve as their general agency ion Taiwan.

   Presently, the company has introduced 11 Jupiter-seris funds of Jupiter Assets Management of the U.K. In addition to Taishin Bank, they are also sold via other banking channels, insurance firms, securities firms, and investment trust firms.

b. Future supply and demand

1. Investment analytical division

   Due to the growing reliance of the financial holding company and its subsidiaries on research information in formulating business and strategic direction, in the future the research and analysis division will gradually expand its business scope to meet the need of the financial holding company.

2. General agency for offshore funds:

   Offshore funds have entered the Taiwanese market for 20 years. After the implementation of the offshore-fund general agency system, general agents can promote or push the sales of offshore funds via advertisement

or other manners, and the same offshore fund can be sold via many financial firms. Investors can purchase offshore funds via more channels and are entitled to more protection, thanks to transparency of information. Higher familiarity and trust of investors towards offshore funds is conducive to the expansion of business scale.

c. Business goal

1. Investment and analytical division

   Provide correct research information to assist the financial holding company and its subsidiaries in formulating strategic direction and planning products with good investment prospects and assist Taishin Financial Holding and affiliate expand business with excellent research result.

2. Fund general agency

   Plan the introduction of new series funds and new fund companies to meet the need of investors for fund investment.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

   With the government's ongoing efforts in financial liberalization, innovation, education and wealth/asset management, we expect more favorable prospects in the financial sector as deregulation continues.

2. Unfavorable factors

   Given changing regulations, new business entrants need to continuously improve their competitive advantages and innovative abilities in order to overcome new challenges and opportunities.

Taishin Asset Management Co., Ltd.

a. Major products and services

The company’s major business items include bidding for the bad-debt claims of financial institutions in Taiwan, subjecting them to management and restructuring, and disposing of them within reasonable time, so as to attain maximum returns.

b. Future supply and demand

With realty-mortgaged bad-debt claims having been mostly released, assets management companies have gradually switched their bidding targets from corporate-debt claims to consumer-debt claims. Due to the gradual shrinkage of the domestic market scale, quite a number of foreign peers have transformed their operations or exit the domestic market, with some peers having begun to sell the bad-debt claims they purchased. The trend has led to the emergence of secondary-market trading, facilitating the division or combination of single or small bad-debt claims, conducive to the disposal of bad-debt claims and enhancement of investment returns.

c. Business goal

In addition to continuing the purchase and disposal of bad-debt claims, the company also aims to purchase NPL (non-performing loans) secured by construction plots in greater Taipei, thereby expanding land development business via the restructuring of the debt claims. Meanwhile, in response to market changes, the company will actively bid for consumer bad-debt claims. In the direction of pluralized development, the company will step into the field of corporate restructuring via integrating banking and securities platforms and capitalizing on its abundant funds and talents, thereby contributing to domestic financial and corporate reform.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

   The company's edge lies in the complete peripheral platforms and abundant resources of the financial holding company, enabling it to help affiliates dispose of their bad-debt claims and gradually develop other assets-management businesses along with the business development of the financial holding company and other subsidiaries.

2. Unfavorable factors

   With domestic financial holding companies and foreign firms having successively established assets management companies, there have existed numerous competitors scrambling for the market piece, leading to price competition, which has been aggravated by the reluctance of financial institutions to sell off their bad-debt claims in the wake of the economic recovery.

Taishin Venture Capital Co., Ltd.

a. Major products and services

The company invests 80% of its fund in Taiwan and 20% overseas, mainly the U.S., Europe, and Asia, featuring strategic alliance opportunities for Taiwanese industries and economic benefits for Taiwan.

b. Future supply and demand

Judging from the current trends in the venture capital industry in Taiwan, there has been an overall increase in the number and size of investments as economic prospects turned favorable once again. Although the global economy is expected to see only slow recovery in 2014, Taiwan and China should be able to spark new opportunities with ECFA in play. Opportunities in new investment categories will start appearing soon and now may be the best time for venture capitalists focusing on medium and long term investments. The investment returns in the next few years will also be relatively high.

c. Business goal

With regards to use of capital, the venture capital fund aims to invest no more than 60% in new startup businesses, no more than 60% in growing businesses, and no more than 40% in matured businesses (including undervalued companies with potential listed on Emerging Stock, TSEC and GTSM boards). In terms of industry allocation, the fund places its focus on the energy industry, the optoelectronics industry, communications, IT, IC, software, biotech and healthcare. In terms of company types, the fund will primarily invest in unlisted companies in Taiwan or new startups or growing companies incorporated in Taiwan or the U.S.; the fund may even introduce European or U.S. ventures into Taiwan and explore local IPO opportunities.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

   With Taiwan's venture capital industry having reached a mature stage, the government has expanded the fund sources for venture capital firms, in order to sustain the industry's further development, raising the ceilings for the investments of insurance firms, banks, and securities firms in venture capital companies, and open up new growth by allowing broader variety in portfolio and funding sources. Given the fact that technology remains the driving force behind the world's industrial development, the role of venture capitalists has become more essential than ever. With worldwide recovery and increased capital spending expected in the future, local venture capitalists should undergo yet another wave of growth.

2. Unfavorable factors

(1) Taiwanese economy slackens, driving down investment willingness

Investment activities hinge on economic performance, as a strong economy leads to a bullish market, facilitating fund raising and creating major returns for venture capital funds, while a sluggish economic dampens investment gains, making it difficult for fund raising. As the global economy gets ready to bounce back and the demand for hi-tech products has not expanded in any significant way, companies are slow in increasing capital and the industries are relatively conservative in their investment strategies.

(2) The scrapping of tax incentives for venture capital firms

Following the revision of the 'Statute for Industrial Upgrading" in 2000, the government scrapped the investment tax credit for the shareholders of venture capital firms.

Taishin Marketing Consultant Co. Ltd.

No related business was undertaken in 2013. (The company was liquidated as of Oct.14,2013)

Taishin Holdings Insurance Brokers Co., Ltd.

a. Major products and services

The key areas of business for Taishin Holdings Insurance Brokers are life and property and casualty insurance brokerage services. It has signed agreements with 16 life insurers and 15 property and casualty insurers, and sells insurance related products through Taishin Bank branches across Taiwan and by telemarketing.

b. Future supply and demand

The life insurance market in 2013 was characterized by a series of mergers that are likely to creative more intensive product competition. Also, the Financial Supervisory Commission recently reduced liability reserves on short-term annuity policies (November 2013), which is expected to increase premiums of variable annuity policies by 1.5%~5%, forcing life insurance companies to adjust product strategies. Conventional RMB-denominated policies should become the market's new favorite in 2014, for they provide exposure to the China stock market and will prove attractive to investors who are bullish on China's economic growth. In addition, the competent authority's policies and measures introduced to address Taiwan's aging society have also prompted insurance companies to launch annuity policies, long-term nursing care, healthcare and other policies aimed at the elderly.

As for the property insurance market, auto insurance should continue to perform well as car sales look favorable for 2014. Meanwhile, the growth of health insurance and accident insurance relies to some extent on the use of new sales channels to reach broader groups, whereas fire insurance, engineering insurance and cargo insurance are closely tied to economic performance in 2014.

c. Business goal

Taishin Holdings Insurance Brokers will continue to follow the philosophy of Focusing on Customers in 2012 by continuing to provide insurance products and services of better quality and creating win-win opportunities.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

(1) The competent authority has been actively promoting protection-oriented products, and launching products such as long-term nursing care may help develop customers' loyalty.

(2) The competent authority deregulates policy designs for different currencies (e.g. RMB) to increase the range of choices for customers.
(3) The increasing prevalence of bancassurance means it is easily accepted by the public.
(4) The distribution channels under the financial holding company are integrated to achieve synergy within the financial holding company.

2. Unfavorable factors

(1) Yields of savings products have been declining year on year to a level that no longer meets customer needs.
(2) Sales of long-term products are likely to generate competition with insurance companies.
(3) The Securities and Futures Bureau has allowed securities brokers to serve concurrently as financial advisors. While it creates new opportunities for securities firms, tens of thousands of securities brokers may turn into a competing sales force working against banks.

Chang Hwa Commercial Bank, Ltd.

a. Major products and services

The company's major business items include reception of deposits, loan extension, negotiable-instrument discount, remittance, guarantee, the brokerage and dealings of short-term commercial paper, export/import-related forex, foreign-currency deposits, trust, agency, custody, credit card, derivatives trading, the factoring of accounts receivable, offshore banking, and wealth management.

As of the end of 2013 , the bank now boasts 185 branches scattered mainly in major cities throughout Taiwan, in addition to 8 overseas branches in New York, Los Angeles, Tokyo, London, Hong Kong, Singapore, Kunshan and Huaqiao Sub-branch, China.

b. Future supply and demand

The local market already has an excessive number of banks competing intensively with very similar products resulting in relatively narrow spreads. Furthermore, the rapidly growing wealth management business that banks have enjoyed recently will also be prone to challenges as securities firms and insurance companies are granted permission to enter the market in the future. Meanwhile, Chinese banks have begun setting foot in the local market, as the Bank of China, Bank of Communications and China Construction Bank all have established branches in Taiwan, while China Merchants Bank has opened a representative office. In the future, the government is likely to remove OECD restrictions and open up to more Chinese banks here in Taiwan, adding further to what is already considered an oversupply of financial services. In response, the government will encourage mergers and acquisitions among local banks so as to improve ROA and ROE of the local banking industry.

Includes deposits, loans and remittances. Being able to borrow and lend RMB with other DBUs, OBUs and foreign financial institutions would greatly increase the liquidity of this currency. Meanwhile, demand for other related services may also arise from increased trading of RMB, and provide greater business opportunities to the banking industry as a whole. The need for RMB derivatives will arise as companies find ways to hedge exchange and interest rate risks, which will eventually contribute to the growth of local banks. For this reason, local banks have identified RMB services as one of their key areas of development in the upcoming year. According to the Directorate-General of Budget, Accounting and Statistics, Taiwan's GDP growth has been estimated at 2.82% this year, which is slightly higher than last year's 2.11%, indicating room for growth in the bank's services.

c. Business goal

The budget objectives of major business items in 2013 follow:

1.Deposits: NT$1,416,388,734,000.

2.Loans: NT$1,208,020,908,000.

3.Forex trading: US$160,694,247,000.

4.Securities brokerage: NT$63,959,905,000.

5.Wealth Management: NT$126,762,823,000.

6.Credit card (card-spending value): NT$13,713,969,000.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors
   (1) The two sides of the strait continue to work with each other, and a state owned bank can operate in a broader range of businesses.
   (2) Growth in the world's major economies has gradually stabilized. As the global economy is expected to expand in 2014, local companies may find themselves with capital needs while consumers regain spending confidence; both of which are likely to contribute to higher business volumes and profitability.
   (3) The government has taken the first step towards incorporating financial services as part of the FEPZs. With stability in mind, the competent authority is also exploring further deregulation that would inspire innovation and raise competitiveness across the financial industry, and therefore present greater business opportunities.
   (4) The combination of mobile Internet with e-commerce should create almost limitless business opportunities.
2. Unfavorable factors
   (1) There are an excessive number of banks offering similar products that will eventually lead to intense price competition. Interest spreads are unlikely to improve.
   (2) There are rising concerns of a real estate bubble, which would pose risks to mortgage business.
   (3) The Ministry of Finance has plans to reinstate the 5% value-added tax on banks and insurance companies; doing so would affect profitability of local banks.

D. Employees of Taishin Financial Holding

a. Employee information

Base date: March 31, 2014

Year		2012	2013	Current year as of the March.31, 2014
Number of employees	Male	2,752	2,974	3,006
	Female	4,158	4,398	4,343
	Total	6,910	7,372	7,349
Average age		36.0	36.3	36.5
Average years of service		7.2	7.3	7.4
Academic qualification	Doctoral Degree	0.12%	0.11%	0.10%
	Masters Degree	16.85%	17.40%	17.39%
	Bachelors Degree	76.75%	75.78%	75.93%
	High school	6.19%	6.55%	6.44%
	Below high school	0.09%	0.16%	0.14%
Professional certificates held by employees	Trust certification	2,928	2,972	3,014
	Basic internal control certification	3,321	3,332	3,328
	Certificate for property insurance representative	3,088	3,122	3,121
	Investment-linked policy representative	1,591	1,289	1,348
	Life insurance representative	3,486	3,532	3,560
	Futures specialist	594	565	573
	Securities investment analyst	41	32	30
	Senior securities specialist	590	646	652
	Securities investment trust and consulting professional	483	478	479
	Securities investment trust and consulting laws (including professional ethics)	1,548	1,671	1,706

b. Employee training and development

In order to ensure sustainability and growth, Taishin Financial Holding has long committed resources to talent training. In 2013, the company's training efforts received the highest level of subsidy from the Ministry of Labor under its "Corporate Talent Improvement Program." The company provides more than 240,000 sessions of training per year, which average more than 49.8 hours per person. To achieve competitiveness, Taishin adopts the following means of training and development:

1. Taishin University

By integrating Taishin University with the CTMS, the company is able to incorporate managerial skill training with general education and other relevant courses, so that each employee may study on their own in a systematically structured course design. This combination achieves a number of advantages such as "learning transparency," "learning variety," and "integrated learning resources."

2. Talent bank program

The company assesses its employees on a regular basis to identify prospective managers for various levels such as MA, AMA and TSP. The company has been working with National Taiwan University since 2010 to incorporate EMBA courses as part of its talent bank program. Through a combined use of case studies, lectures, theoretical and practical discussions, these courses were aimed to improve managers' existing skills.

3. Individual Development Program

By analyzing MBO and career goals, the company is able to identify skills that employees' lack. These gaps are then addressed through training, job rotation, mentoring, meeting participation, and project involvement with close guidance from managers. The company has implemented a training account system where each employee is given 10,000 training points to spend each year; furthermore, employees are subsidized for their efforts in gaining professional qualifications, secondary skills, language and computer skills etc, so that their personal goals are congruent with those of the company.

E. Corporate Responsibility and Ethical Behaviors

In addition to dedication to its core financial business, Taishin Financial Holding Co., Ltd (Taishin FHC) has been aware of its corporate responsibility for the society. Therefore, except long-term engagement in the issues of social care, public services, and environmental protection, the company has also been actively participating in events related to charity and public service, environment protection, and culture/art, in the hope of capitalizing on its corporate strength to provide substantial paybacks to the society, community, and underprivileged groups, so as to contribute to the well-being of the nation and society.

a. Charity

1. “Care for Taiwan” series

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

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

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

2. Taishin Charity Foundation

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

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

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

b. Academics and art

1. Academic promotion

Taishin Financial Holding also continuously takes part in important academic seminars, in the hope of helping with the healthy development of Taiwan’s financial industry and the overall financial market, via exchanges and discussion among elites from the fields of industries, government, and academics. Taishin took part in various academic seminars, including The Greater China Financial Planning Forum, Peace and Prosperity Forum, International Corporate Governance Summit Forum, Advanced Education Workshop, NTU International Conference on Finance, and Conference on the Theories and Practices of Securities Financial Markets.

2. Art

Taishin Bank donated to establish “Taishin Bank Culture and Art Foundation” in 2001, with the theme of “promoting cultural life quality and strengthening artistic-development environment.” It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The foundation initiated “Taishin Artistic Award,” giving highest glory and encourage to award winners in the two fields of visual and performing arts. The award will enter its 11th year in 2013. Meanwhile, Taishin Financial Holdings also arranges multi-functional performing and exhibition space at its headquarters building to invite artists and musicians to hold artistic exhibitions and noontime musical concerts.

c. Sports sponsorship

In 2011, Taishin sponsored Yani Tseng, LPGA female golfing champion, the first Taiwanese financial institution to do so. Taishin had also mobilized its customers and employees to cheer for the champion using banners, online messages etc, while some had even paid their visits to the LPGA Tour in Taiwan. It also invited Yani Tseng to become the endorser of Taishin Charity Foundation, to help with promoting the “your ballot decides the strength of love” event, so as to augment Taishin’s social influence.

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

d. Environmental protection

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

F. IT Equipment

a. Key information systems

Item	Names of systems	Hardware	Software	Contents
1	NT-dollar core system (B@NCS)	■ HP Superdome	■ HP-UX ■ ORACLE	■ B@NCS NT-dollar application system ■ B@NCS NT-dollar reporting system
2	Forex system (FITAS)	■ IBM AS/400	■ IBM OS400 ■ FITAS	■ Import/Export forex deposit/loan ■ SWIFT global banking financial system
3	ATM front-end system(FEP)	■ IBM RS/6000	■ IBM AIX ■ IBM MQ ■ ORACLE	■ ATM front-end handling system ■ Financial clearance system
4	Financial trading system (SUNGARD)	■ IBM X86 Server	■ MS Windows ■ SunGard ■ MS SQL	■ Treasury financial and treasury trading ■ Trading risk management system
5	Integrated data system (DAI)	■ HP Superdome	■ HP-UX ■ ORACLE	■ Operating database system(ODS) ■ Information warehousing(DW/DM)
6	Automated sales application system(SFA)	■ HP Superdome	■ HP-UX ■ ORACLE	■ Instant customer browsing system(SCV) ■ Automated sales operation system(SFA)
7	Consumer Internet banking	■ Oracle SUN E6900 & T5-1	■ Solaris ■ Weblogic ■ ORACLE	■ Transaction services for NT-dollar, foreign exchange, funds and trusts, credit cards, insurance and stocks
8	B2Bank	■ IBM RS/6000	■ IBM AIX ■ IBM Websphere ■ ORACLE	■ Corporate Internet banking system for NT-dollar, foreign exchange, e-collection and e-payment
9	Trust Investment product system (TIPS)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ Trading system of funds, trust loans, US bonds and ADR
10	Credit card acquire frond-end system (NCPS)	■ SUN M5000 ■ SUN T5240	■ SUN Solaris ■ ORACLE	■ Credit card transaction switch
11	Wholesales business system(WBS)	■ IBM RS/6000	■ IBM AIX ■ Weblogic ■ Oracle	■ Inquiry for NT dollar/foreign currency trading, credit-line management, and the management of guarantors and collateral

Item	Names of systems	Hardware	Software	Contents
12	Image process management system (IPMS)	■ HP Unix ■ SUN Unix	■ Weblogic ■ Oracle SOA ■ Oracle UCM	■ Management of image processes such as NT$ services (account/remittance applications/account opening/negotiable instruments/KYC), merchant application, debt collection (attestation letters/ property ownership/household transcript/collection documents), retail mortgage/unsecured credit, corporate banking (debt entitlement certificates/ scorecards) etc.
13	Factoring management system (OAEFB)	■ IBM RS/6000	■ IBM AIX ■ Weblogic ■ Oracle	■ Accounts receivable system
14	Corporate-banking credit review system (OAECR)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ Corporate banking credit review system

b. Future development or procurement plans

1. Apply cloud technology to achieve resource integration; maximum use of IT resources to improve service quality.
2. Aim to build new Tier III (international grade) computer servers for optimal stability and security.
3. Develop an overseas branch information system - for Brisbane and Singapore branches.
4. Increase use of global trade services by small and medium enterprises; improve local market share.
5. Implement a bank-wide foreign currency system and apply to overseas branches; optimize existing operations involving foreign currency deposits and loans, and the product platform.
6. Explore mobile banking applications for iPhone, iPad, Android and other mobile devices.
7. Integrate front-end, mid-end and back-end of the treasury system for greater competitiveness in treasury transactions.
8. Upgrade the customer credit risk assessment system for more effective control over customers' default risks.

c. Emergency backup and security

1. Implement standardized data management practices and systems in accordance with the Personal Information Protection Act for added protection.
2. Enhance current information protection mechanisms for better security management.
3. Enhance encryption mechanisms used for wireless transmissions of mobile devices for higher security.
4. Conduct risk identification on applications used; uncover weaknesses and develop system security modules.
5. Continually understand off-site support needs and make improvements accordingly.
6. Develop an information security action plan.

G. Labor relations

a. Availability and execution of employee welfare and retirement policies. Elaborate on employer/ employee agreements and protection of employee rights

1. Employee insurance
   (1) Labor insurance: 70% of premium covered by the company while 20% is borne by the employee.
   (2) Health insurance: 60% of premium covered by the company while 30% is borne by the employee.
   (3) Group insurance: employees are covered by group life, accidental, healthcare, surgery, injury, cancer, and work hazard insurance; premiums are borne by the company.

(4) Travel insurance: employees are covered by travel insurance when going on overseas business trips; premiums are borne by the company.

2. Employee welfare

The company has an "Employee Welfare Committee" in place to supervise the execution of welfare-related activities. The company also implements an "Employee Welfare Committee Subsidy Policy" that provides employees with subsidies for various occasions such as wedding, child birth, funeral, hospitalization, festivity, birthday, travel, private associations, and children's education.

In addition to the various subsidies offered by the Employee Welfare Committee, the company also subsidizes employees for health checkups, weddings, funerals, self-development (such as learning of foreign languages, computer classes, professional qualifications etc), and rewards them for long service.

With regards to employee assistance, the company is working with the Teacher Chang Foundation to provide "Employee Living Assistance," and has an "Employee Mailbox" and "Employee Hotline" in place as a means of communication.

3. Retirement policy

The company has an "Employee Retirement Policy" in place; it contributes to employees' retirement funds according to applicable laws.

4. Leave of absence

The company complies with the Labor Standards Act and gives employees at least 7 days of annual leave after one year of service.

5. Other important agreements: Nil.

b. Losses arising as a result of employment disputes in the recent year up until the publishing date of this annual report; please quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimate

The company has maintained harmonious employer-employee relationships; therefore there have been no losses due to employment disputes in the most recent year.

H. Important Contract

Taishin Financial Holding Co., Ltd.: Nil.

Taishin International Bank Co., Ltd.

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Procurement contract	Mercuries Data Systems Ltd.	Contract date: 2012.08.24	Purchase of banking equipment	None
Procurement contract	CyberSoft Digital Services Corp.	2011.04.01~2016.03.31	Credit card information system and outsourced data processing	None
Procurement contract	Lian An Services (Ltd.) Anfeng Enterprise (Ltd.)	2013.05.01~2014.04.30	ATM cash security services	None

Taishin Securities Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Loan agreement	Between the company and a syndicate of financial institutions led by the Taiwan Cooperative Bank	Short-term, 1 year	As stated in the loan agreement	As stipulated in the agreement

Taishin Securities Investment Trust Co., Ltd.: Nil.

Taishin Securities Investment Advisory Co., Ltd.: Nil.

Taishin Asset Management Co., Ltd.: Nil.

Taishin Venture Capital Investment Co., Ltd.: Nil.

Taishin Holdings Insurance Brokers Co., Ltd.: Nil.

Chang Hwa Commercial Bank, Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Card issuance authorization agreement	EasyCard Corporation	2011.10.01~2015.06.30	Authorizing to issue e-card with EasyCard function	Confidentiality clause

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Financial Status

VI.Financial Status

A. Brief balance sheet and income statement in the recent five years and the name and opinions of the certified public accountant

Brief Consolidated Balance Sheet of the Financial Holding Company and its Subsidiaries:IFRS

Unit:NT$1,000

Item \ Year		Financial data in the recent five years		Financial data for current year as of March 31, 2014
		2012	2013	
Cash and cash equivalents Due from the Central Bank and call loans to banks		187,259,476	185,669,402	188,672,573
Financial assets at fair value through profit and or loss		86,282,256	102,817,889	107,600,621
Available-for-sale financial assets		273,786,476	251,947,289	249,108,164
Derivative financial assets for hedging		105,087	62,494	51,396
Securities purchased under resell agreements		4,987,265	9,470,428	4,287,435
Receivables, net		106,236,192	107,590,190	102,561,716
Current tax assets		1,733,233	1,759,870	1,666,652
Assets held for sale, net		0	0	0
Loans, net		1,787,298,942	1,845,715,026	1,922,855,355
Reinsurance contract assets		0	0	0
Held-to-maturity financial assets		172,613,773	228,942,921	182,950,862
Investments accounted for using the equity method, net		251,142	221,229	84,340
Restricted assets		0	0	0
Other financial assets, net		14,806,184	47,507,842	90,816,264
Property and equipment, net		41,872,325	41,530,667	41,680,022
Investment property, net		11,614,389	11,808,520	11,766,507
Intangible assets, net		21,732,198	21,563,628	21,976,403
Deferred tax assets, net		9,798,309	7,809,571	7,827,986
Other assets		6,988,599	6,569,720	17,514,463
Total assets		2,727,365,846	2,870,986,686	2,951,420,759
Due to the Central Bank and banks		152,894,925	176,662,165	190,153,959
Funds borrowed from the Central Bank and banks		0	0	0
Financial liabilities at fair value through profit or loss		11,027,012	16,237,369	27,336,808
Derivative financial liabilities for hedging		0	0	0
Securities sold under repurchase agreements		56,534,194	37,932,722	43,136,083
Commercial paper issued		7,000	0	269,553
Payables		54,451,474	46,370,940	48,240,389
Current tax liabilities		2,602,123	4,248,028	4,966,653
Liabilities directly associated with assets held for sale		0	0	0
Deposits and remittances		2,139,646,174	2,250,576,346	2,276,269,314
Bonds payable		97,151,937	90,322,818	90,306,757
Preferred stock liabilities		0	0	0
Other financial liabilities		15,615,340	35,090,818	47,203,834
Reserve for liabilities		4,575,384	4,422,703	4,455,401
Deferred tax liabilities		6,821,004	6,711,208	7,127,608
Other financial liabilities		3,584,238	4,422,327	4,882,676
Total liabilities	Pre-payout	2,544,910,805	2,672,997,444	2,744,349,035
	Post-payout	2,547,744,476	(Note 1)	-
Equity attributable to owners of parent		101,327,569	111,131,587	117,684,656
Capital stock		76,165,841	82,548,070	84,112,903

Item \ Year		Financial data in the recent five years		Financial data for current year as of March 31, 2014
		2012	2013	
Capital surplus		9,409,757	9,478,327	9,609,921
Retained earnings	Pre-payout	13,351,364	18,160,507	22,984,259
	Post-payout	4,377,926	(Note 1)	-
Other equity		2,400,607	944,683	977,573
Treasury shares		0	0	0
Non-controlling interest		81,127,472	86,857,655	89,387,068
Total equity	Pre-payout	182,455,041	197,989,242	207,071,724
	Post-payout	179,621,370	(Note 1)	-

Note 1: Proposal for the coverage of 2013 profit has yet to be passed by shareholders'meeting.

Note 2: Financial data of 2012 & 2013 are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC, and certified by CPAs QinZhen Yang and Jerry Gung, who issued review report for their authenticity without reservation. The financial statement of March 31, 2014 has not been reviewed by CPA.

Brief Consolidated Balance Sheet of the Financial Holding Company and its Subsidiaries

Unit:NT$1,000

Item \ Year	Financial data in the recent five years			
	2009	2010	2011	2012
Cash and cash equivalents due from the Central Bank and placement to other banks	253,523,420	173,815,849	174,005,940	190,290,983
Financial assets stated as gain (loss) due to change in fair value	58,566,143	57,650,706	67,515,650	85,988,202
Investment in RS bills and bonds	9,891,904	5,328,210	9,734,993	4,987,265
Available-for-sale financial assets	74,329,348	221,514,265	248,786,716	270,722,899
Accounts receivable	102,296,124	126,326,832	110,761,564	107,547,734
Loans	1,506,226,128	1,577,700,288	1,723,226,715	1,787,298,942
Financial assets held to maturity	236,509,666	196,737,057	182,797,810	172,613,773
Equity investments under equity method	225,464	240,925	252,698	251,278
Fixed assets (Note 1)	42,851,989	41,962,513	41,204,451	41,596,338
Intangible assets	21,079,935	22,113,932	21,951,779	21,729,019
Other financial assets	25,463,237	21,125,873	18,005,451	12,885,644
Other assets	43,827,047	24,615,976	23,734,229	24,834,645
Total assets	2,374,790,405	2,469,132,426	2,621,977,996	2,720,746,722
Deposits by the Central Bank and other banks	176,568,225	152,360,876	174,583,880	152,894,925
Deposits	1,842,559,851	1,918,169,580	2,024,212,177	2,139,646,174
Financial liabilities stated as gain (loss) due to change in fair value	19,342,423	21,586,408	10,388,922	11,027,012
RP bill and bond liabilities	33,083,342	44,194,464	52,249,552	56,534,194
Accounts payable	44,608,499	50,038,751	57,275,084	57,162,211
Financing from the Central Bank and other banks	0	0	0	0
Bonds payable	88,579,768	91,302,139	97,146,086	97,151,937
Special stock liabilities	0	0	0	0
Reserve for operations and liabilities	2,028,738	1,309,483	779,673	806,938
Other financial liabilities	754,863	14,820,619	15,327,948	15,622,340
Other liabilities	10,958,872	8,908,066	9,671,492	9,907,860
Total liabilities	2,218,484,581	2,302,690,386	2,441,634,814	2,540,753,591

Item \ Year			Financial data in the recent five years			
			2009	2010	2011	2012
Equity of parent firm	Capital stock		65,151,162	71,009,688	75,163,436	76,165,841
	Additional paid-in capital		19,076,045	19,102,143	19,217,299	9,303,228
	Retained earnings	Pre-payout	9,074,633	8,981,537	11,749,407	13,157,682
		Post-payout	1,258,431	2,049,066	3,234,407	4,184,244
	Other items of shareholders' equity		247,124	110,911	88,787	1,073,198
Minority shareholding			62,756,860	67,237,761	74,124,253	80,293,182
Total shareholders' equity	Pre-payout		156,305,824	166,442,040	180,343,182	179,993,131
	Post-payout		154,345,824	163,647,450	177,492,182	177,159,460

Note1: The subsidiary conducted land reevaluation of fixed assets in 2011 and 2012, which adjusted the book values upward to by NT$2,548,796,000 and NT$1,212,751,000.

Note2: The 2009 financial statement was audited by CPAs Tsai Hongxiang and Weng Rongsui, who issued auditing report for their authenticity without reservation. The 2010 financial statement was audited by CPAs Tsai Hongxiang and Weng Rongsui, who issued auditing report for their authenticity without reservation. The 2011 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation. The 2012 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation.

Brief Consolidated Comprehensive Income Statement of the Financial Holding Company and subsidiaries-IFRS

Unit:NT$1,000

Item \ Year	Financial data in the recent five years		Financial data for current year as of March 31, 2014
	2012	2013	
Interest income	48,768,964	50,532,658	13,839,605
Interest expenses	(19,207,071)	(19,252,887)	(5,504,574)
Net interest income	29,561,893	31,279,771	8,335,031
Net income other than net interest income	19,862,868	24,547,462	7,381,326
Net revenue and gains	49,424,761	55,827,233	15,716,357
Reversed allowance for bad debts expenses and guarantee liability provisions	1,549,930	546,409	722,209
Net change in provisions for insurance liabilities	0	0	0
Operating expenses	(30,307,392)	(30,970,190)	(7,999,605)
Income before income tax from continuing operations	20,667,299	25,403,452	8,438,961
Income tax (expense) benefit	(3,796,314)	(4,829,829)	(1,217,374)
Net income from continuing operations	16,870,985	20,573,623	7,221,587
Net income from discontinued operations	0	0	0
Consolidated net income	16,870,985	20,573,623	7,221,587
Other comprehensive income, net of tax	1,667,001	(1,958,354)	164,315
Total comprehensive income	18,537,986	18,615,269	7,385,902
Net income attributable to Owners of parent	10,386,660	13,836,248	4,823,752
Net income attributable to Non-controlling interests	6,484,325	6,737,375	2,397,835
Total comprehensive income attributable to Owners of parent	11,686,867	12,326,139	4,856,642
Total comprehensive income attributable to Non-controlling interests	6,851,119	6,289,130	2,529,260
Earnings per common share	1.21	1.72	0.61

Note 1: Earnings per share for common shares is based on the unit of NT$1 and the effect of capital increase by earning has been taken into account retroactively in the calculation of the figure.

Note 2: Financial data of 2012&2013 are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC, and certified by CPAs QinZhen Yang and Jerry Gung, who issued review report for their authenticity without reservation. The financial statement of March 31, 2014 has not been reviewed by CPA.

Brief Consolidated Income Statement of the Financial Holding Company and Subsidiaries

Unit:NT$1,000

Item \ Year		Financial data in the recent five years			
		2009	2010	2011	2012
Net interest income		21,918,855	23,251,856	28,824,055	29,230,525
Net non-interest income		33,619,043	30,182,543	17,213,155	19,224,187
Bad-debt expense		(9,589,484)	(5,965,444)	2,266,419	1,549,930
Provisions of various insurance liabilities		0	0	0	0
Business expense		(29,881,226)	(27,401,299)	(28,861,408)	(29,436,788)
Pre-tax consolidated income of business department (continuation)		16,067,188	20,067,656	19,442,221	20,567,854
After-tax consolidated income of business department (continuation)		10,493,538	13,915,327	16,282,516	16,765,719
Income of extinct department (after-tax net value)		0	0	0	0
Extraordinary income (after-tax net value)		122,820	0	0	0
Accumulated extent of influence from changes in accounting principles (after-tax net value)		0	0	0	0
Total consolidated income	Belong to shareholders of parent firm	8,183,147	7,723,106	9,431,836	10,261,680
	Belong to minority shareholding	2,433,211	6,192,221	6,850,680	6,504,039
Earnings per common share		0.90	0.84	1.07	1.19

Note1: Earnings per share for common shares is based on the unit of NT$1 and the effect of capital increase by earning has been taken into account retroactively in the calculation of the figure.

Note2: The 2009 financial statement was audited by CPAs Tsai Hongxiang and Weng Rongsui, who issued auditing report for their authenticity without reservation.The 2010 financial statement was audited by CPAs Tsai Hongxiang and Weng Rongsui, who issued auditing report for their authenticity without reservation. The 2011 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation. The 2012 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation.

B. Financial Analysis for the Recent Five Years

Financial Analysis-IFRS

Unit:NT$1,000

Item \ Year		Financial Analysis in the recent five years		Financial data for current year as of March 31, 2014 (Note 2)
		2012	2013	
Management capability	Turnover rate of total assets(times)	0.02	0.02	0.01
	Deposit/loan ratio of Taishin Bank (%)	80.62	80.90	83.42
	Deposit/loan ratio of Chang Hwa Bank (%)	86.84	84.23	86.36
	NPL ratio of Taishin Bank (%)	0.14	0.15	0.16
	NPL ratio of Chang Hwa Bank (%)	0.33	0.32	0.28
	Revenue per employee	3,670	4,031	1,137
	Profit per employee	1,253	1,486	522

Item \ Year			Financial Analysis in the recent five years		Financial data for current year as of March 31, 2014 (Note 2)
			2012	2013	
Profit-making capability	Return on assets (%)		0.63	0.73	0.25
	Return on common shareholders' equity (%)		11.15	14.19	4.63
	Net profit rate (%)		34.13	36.85	45.95
	Earning per share (NT$)		1.21	1.72	0.61
Financial Structure	Liabilities/assets ratio (%)		93.31	93.10	92.98
	Liabilities/book value ratio (%)		1,394.82	1,350.07	1,325.31
	Double leverage ratio of the financial holding company (%)		119	115	113
	Financial ratio of the financial holding company according to article 41 of the law		None	None	None
Leverage extent	Business leverage extent		2.39	2.20	1.86
	Financial leverage extent of financial holding company		1.08	1.03	1.02
Growth rate	Assets growth (%)		3.74	5.27	(Note 3)
	Profit growth (%)		5.79	22.92	(Note 3)
Cash flow	Cash flow ratio (%)		17.73	(10.50)	(7.27)
	Propriety ratio of cash flow (%)		784.55	162.87	(Note 3)
	Cash-flow satisfaction ratio (%)		(5,157.45)	4,835.98	2,600.42
Business scale	Market share of assets (%)		5.37	5.37	(Note 5)
	Market share of book value (%)		4.93	4.95	
	Market share of Taishin Bank's deposit (%)		2.90	2.90	
	Market share of Chang Hwa Bank's deposit (%)		4.61	4.52	
	Market share of Taishin Bank's loan extension (%)		2.97	3.01	
	Market share of Chang Hwa Bank's loan extension (%)		5.10	4.89	
Capital Adequacy	Capital adequacy ratio	Taishin Bank	(Note 6)	10.94	Disclosure Unnecessary
		Chang Hwa Bank		11.11	
		Taishin Security		423.56	
		Taishin Bills Finance		--	
		Taishin AMC		88.74	
		Taishin Securities Investment Trust		91.33	
		Taishin Securities Investment Advisory		93.75	
		Taishin Marketing Consultant		--	
		Taishin Venture Capital		99.89	
		Taishin Holdings Insurance Brokers		77.85	
	Eligible self-owned capital			224,391,885	
	Group's eligible capital			116,028,828	
	Subsidiary's statutory capital requirement			160,767,234	
	Group's statutory capital requirement			90,736,937	
	Group's capital adequacy ratio(%)			127.87	
Mandatory disclosure by the financial holding company of the total value of credit extension, endorsement, or other trading extended by its subsidiaries to the same person, related party, or affiliate according to article 46 of the law (NT$1Million)			953,243 (Note 4)	953,326 (Note 4)	(Note 3)

Describe reasons for changes in various financial ratios in the recent two years (No need of analysis for change under 20%):
1.Improved profitability ratios in 2013 over 2012 were mainly due to increased net profit.
2.Assets increased in 2013 over 2012 mainly because of changes in financial assets.
3.Changes in cash flow-related ratios in 2013 were mainly caused by changes in cash flow from operating activities.

Note1: With the exception of profitability growth and capital adequacy ratios as of 2012, which were prepared according to the Statement of Financial Accounting Standards of the Republic of China, all other ratios have been prepared in accordance with FSC-approved International Financial Reporting Standards, International Accounting Standards, and any relevant interpretations and announcements thereof. All ratios have been based on consolidated figures, except as otherwise specified to be attributable to certain subsidiaries of the financial holding company.

Note2: The financial data as of March 31, 2014 has not been reviewed by CPA and the rate of return of March 31, 2014 has not been annualized.

Note3: Not for Q1 2014.

Note4: Please see financial reports of the respective years for more details.

Note5: Business scale has not been calculated on March, 2014 because of the lack of the overall market size informations.

Note6: The 2012 figures have been prepared according to the Statement of Financial Accounting Standards of the Republic of China. For details, please refer to the following table titled "Financial Analysis - R.O.C.SFAS."

Note7: Calculation formulas as follow:

1. Management capability
   (1) Turnover rate of total assets=Net revenue/average total assets
   (2) Deposit/loan ratio of subsidiary bank=Total loans of subsidiary bank/total deposit
   (3) NPL ratio of subsidiary bank=Total NPL of subsidiary bank/total loan
   (4) Revenue per employee=Net revenue/total number of employees
   (5) Profit per employee=After-tax profit/total number of employees
2. Profit-making capability
   (1) Return on assets=After-tax income/average value of total assets
   (2) Return on common shareholders' equity= (After-tax income—Preferred stock dividends) /Average net value of common shareholders' equity
   (3) Net profit rate=After-tax income/net revenue
   (4) Earning per share= (After-tax net profit-dividend for preferred shares)/weighted average amount of issued shares (Retroactive adjustment for earning per share has been made for those years with capital increment from retained earnings or capital increase by capital surplus)
3. Financial structure
   (1) Liabilities/assets ratio=Total liabilities/total assets
   (2) Liabilities/book value ratio=Total liabilities/net shareholders' equity
   (3) Double leverage ratio of the financial holding company=Equity investment according to item 2, article 36 and 37 of the law/book value
4. Leverage extent
   (1) Business leverage extent= (Net revenue-variation in expense or loss)/pre-tax income)
   (2) Financial leverage extent of financial holding company=(pre-tax income+interest outlay)/pre-tax income)
5. Growth rate
   (1) Assets growth rate= (Total assets in current year-total assets in previous year)/total assets in previous year
   (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year)
6. Cash flow
   (1) Cash flow ratio=Business-related net cash flow/(call loans and overdraft of bank and peers+commercial paper payable+financial liabilities deriving from variation in fair value included in the calculation of income+liabilities of repo bills and bonds+account payable due in one year)
   (2) Propriety ratio of net cash flow=Business-related net cash flow in recent years/ (capital outlay+cash dividend) in recent five years
   (3) Cash flow coverage ratio=net cash flow from operating activities/net cash flow from investment activities
7. Business scale
   (1) Market share of assets=Total assets/total assets of financial holding companies
   (2) Market share of book value=Book value/total book values of financial holding companies
   (3) Market share of banning subsidiary's deposit=Total deposits/total deposits of financial institutions capable of undertaking deposit/loan business
   (4) Market share of banking subsidiary's loan extension=Total loans /total deposits of financial institutions capable of undertaking deposit/loan business
8. BIS ratio (capital adequacy ratio)
   (1) Qualified net capital of the group=financial holding company's qualified capital+ (shareholding ration of financial holding company x qualified capital of subsidiaries)-designated deductible items
   (2) Total required legal capital of the group=required legal capital of financial holding company+sharedholding ratio of financial holding company x required legal capital of subsidiaries
   (3) BIS ratio of the group=Net qualified capital of the group/legal capital requirement of the group

Financial Analysis

Unit:NT$1,000

Item \ Year			Financial Analysis in the recent five years			
			2009	2010	2011	2012
Management capability	Turnover rate of total assets(times)		0.02	0.02	0.02	0.02
	Deposit/loan ratio of Taishin Bank (%)		76.81	76.88	80.44	80.62
	Deposit/loan ratio of Chang Hwa Bank (%)		84.54	85.54	88.34	86.84
	NPL ratio of Taishin Bank (%)		0.58	0.33	0.16	0.14
	NPL ratio of Chang Hwa Bank (%)		1.23	0.54	0.37	0.33
	Overdue credit-extension ratio of Taishin Bills Finance (%)		0	0	0	0
	Revenue per employee		4,302	3,936	3,340	3,598
	Profit per employee		822	1,025	1,181	1,245
Profit-making capability	Return on assets (%)		0.45	0.57	0.64	0.63
	Return on common shareholders' equity (%)		11.47	9.57	11.06	11.19
	Net profit rate (%)		19.12	26.04	35.37	34.60
	Earning per share (NT$)		0.90	0.84	1.07	1.19
Financial Structure	Liabilities/assets ratio (%)		93.42	93.26	93.12	93.38
	Liabilities/book value ratio (%)		1,419.32	1,383.48	1,353.88	1,411.58
	Double leverage ratio of the financial holding company (%)		107	114	105	119
	Financial ratio of the financial holding company according to article 41 of the law		None	None	None	None
Leverage extent	Business leverage extent		3.46	2.66	2.37	2.36
	Financial leverage extent of financial holding company		1.19	1.21	1.11	1.08
Growth rate	Assets growth (%)		0.95	3.97	6.19	3.77
	Profit growth (%)		1409.25	24.90	(3.12)	5.79
Cash flow	Cash flow ratio (%)		6.05	4.43	11.60	2.59
	Propriety ratio of cash flow (%)		8.81	6.60	3.21	1.85
	Cash-flow satisfaction ratio (%)		(16.34)	(11.05)	(18.73)	(6.19)
Business scale	Market share of assets (%)		7.46	7.43	6.69	5.28
	Market share of book value (%)		5.98	6.08	5.73	4.83
	Market share of Taishin Bank's deposit (%)		2.68	2.67	2.77	2.90
	Market share of Chang Hwa Bank's deposit (%)		4.97	4.73	4.73	4.61
	Market share of Taishin Bank's loan extension (%)		2.70	2.69	2.83	2.97
	Market share of Chang Hwa Bank's loan extension (%)		5.50	5.31	5.29	5.10
Capital Adequacy	Capital adequacy ratio	Taishin Bank	12.95	13.58	12.76	13.19
		Chang Hwa Bank	10.83	10.75	11.54	11.52
		Taishin Security	—	544.47	482.10	753.28
		Taishin Bills Finance	21.72	28.39	—	—
		Taishin AMC	88.15	62.33	74.88	88.67
		Taishin Securities Investment Trust	—	92.11	92.22	93.27
		Taishin Securities Investment Advisory	—	92.34	93.99	96.24
		Taishin Marketing Consultant	90.48	93.86	95.40	96.02
		Taishin Venture Capital	99.92	99.87	99.86	99.94
		Taishin Holdings Insurance Brokers	—	—	59.07	74.10
	Eligible self-owned capital		182,650,466	199,134,139	212,950,539	228,984,320
	Group's eligible capital		90,970,823	86,696,180	99,057,227	116,405,194
	Subsidiary's statutory capital		123,320,589	131,422,874	140,696,738	148,448,708
	requirement		68,414,416	72,648,689	76,384,847	82,711,306
	Group's statutory capital requirement		132.97	119.34	129.68	140.74
Mandatory disclosure by the financial holding company of the total value of credit extension, endorsement, or other trading extended by its subsidiaries to the same person, related party, or affiliate according to article 46 of the law (NT$1Million)			619,055 (Note 2)	865,150 (Note 2)	971,161 (Note 2)	953,243 (Note 2)

Note1: The above financial analytical data are consolidated figures, except those with specification for the financial holding company or subsidiaries.

Note2: For details, refer to the financial statement of various years.

Note3: Calculation formulas as follow:

1. Management capability
   (1) Turnover rate of total assets=Net revenue/average total assets
   (2) Deposit/loan ratio of subsidiary bank=Total loans of subsidiary bank/total deposit
   (3) NPL ratio of subsidiary bank=Total NPL of subsidiary bank/total loan
   (4) Revenue per employee=Net revenue/total number of employees
   (5) Profit per employee=After-tax profit/total number of employees
2. Profit-making capability
   (1) Return on assets=After-tax income/average value of total assets
   (2) Return on common shareholders' equity= (After-tax income—Preferred stock dividends)/Average net value of common shareholders' equity
   (3) Net profit rate=After-tax income/net revenue
   (4) Earning per share= (After-tax net profit-dividend for preferred shares)/weighted average amount of issued shares (Retroactive adjustment for earning per share has been made for those years with capital increment from retained earnings or capital increase by capital surplus)
3. Financial structure
   (1) Liabilities/assets ratio=Total liabilities/total assets
   (2) Liabilities/book value ratio=Total liabilities/net shareholders' equity
   (3) Double leverage ratio of the financial holding company=Equity investment according to item 2, article 36 and 37 of the law/book value
4. Leverage extent
   (1) Business leverage extent= (Net revenue-variation in expense or loss)/pre-tax income)
   (2) Financial leverage extent of financial holding company= (pre-tax income+interest outlay)/pre-tax income)
5. Growth rate
   (1) Assets growth rate= (Total assets in current year-total assets in previous year)/total assets in previous year
   (2)Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year)
6. Cash flow
   (1) Cash flow ratio=Business-related net cash flow/(call loans and overdraft of bank and peers+commercial paper payable+financial liabilities deriving from variation in fair value included in the calculation of income+liabilities of repo bills and bonds+account payable due in one year)
   (2) Propriety ratio of net cash flow=Business-related net cash flow in recent years/(capital outlay+cash dividend) in recent five years.
   (3) Cash flow coverage ratio=net cash flow from operating activities/net cash flow from investment activities.
7. Business scale
   (1) Market share of assets=Total assets/total assets of financial holding companies
   (2) Market share of book value=Book value/total book values of financial holding companies
   (3) Market share of banning subsidiary's deposit=Total deposits/total deposits of financial institutions capable of undertaking deposit/loan business
   (4) Market share of banking subsidiary's loan extension=Total loans /total deposits of financial institutions capable of undertaking deposit/loan business
8. BIS ratio (capital adequacy ratio)
   (1) Qualified net capital of the group=financial holding company's qualified capital+(shareholding ration of financial holding company x qualified capital of subsidiaries)-designated deductible items.
   (2) Total required legal capital of the group=required legal capital of financial holding company+sharedholding ratio of financial holding company x required legal capital of subsidiaries
   (3) BIS ratio of the group=Net qualified capital of the group/legal capital requirement of the group

C. The 2013 supervisors' audit report

Taishin Financial Holding Co., Ltd. Supervisors' Audit Report

April 30, 2014

The company's 2013 business report, financial statements and earnings distribution have been approved by the board of directors. The financial statements have been audited by CPAs Yang Ching-Cheng and Jerry Gung of Deloitte Taiwan, which they considered to present a fair view of the company's 2013 financial performance and cash flows, and financial position as at December 31, 2013.

The supervisors have audited the three items stated above according to Articles 219 and 228 of the Company Act, and found no inconsistencies.

To:

Taishin Financial Holding Co., Ltd. 2014 Annual General Meeting

Standing Supervisor: Jimmy Y.T. Tsay

Supervisor: Long-Su Lin

Supervisor: Simon C.C. Cheng

D. The Latest Consolidated Financial Statements of the Company and Its Subsidiaries Audited and Certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

Taishin Financial Holding Co., Ltd.

We have audited the accompanying consolidated balance sheets of Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, and changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of Taishin Financial Holding and subsidiaries' 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 by Certified Public Accountants, Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants, and auditing standards generally accepted in the Republic of China ("ROC"). Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 statements 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 Taishin Financial Holding Co., Ltd. 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 Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 accompanying schedules of significant accounts, provided for supplementary analysis, by applying the same procedures described above. In our opinion, such schedules are consistent, in all material respects, with the financial statements referred to above.

Deloitte & Touche

March 27, 2014

Notice to Readers

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

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 ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (Notes 5, 7 and 48)	$ 61,516,953	2	$ 50,617,800	2	$ 63,123,985	2
Due from the Central Bank and call loans to banks (Note 8)	124,152,449	4	136,641,676	5	109,187,193	4
Financial assets at fair value through profit or loss (Notes 5 and 9)	102,817,889	4	86,282,256	3	67,813,059	3
Available-for-sale financial assets, net (Notes 5, 10 and 33)	251,947,289	9	273,786,476	10	250,996,594	10
Derivative financial assets for hedging (Notes 5 and 11)	62,494	-	105,087	-	149,400	-
Securities purchased under resell agreements (Note 5)	9,470,428	-	4,987,265	-	9,734,993	-
Receivables, net (Notes 5, 12 and 13)	107,590,190	4	106,236,192	4	108,616,026	4
Current tax assets (Notes 5 and 40)	1,759,870	-	1,733,233	-	2,151,147	-
Loans, net (Notes 5, 6 and 13)	1,845,715,026	64	1,787,298,942	66	1,723,226,715	66
Held-to-maturity financial assets, net (Notes 5 and 14)	228,942,921	8	172,613,773	6	182,797,810	7
Investments accounted for using the equity method, net (Notes 5 and 15)	221,229	-	251,142	-	252,319	-
OTHER FINANCIAL ASSETS, NET						
Financial assets carried at cost, net (Note 16)	7,334,016	-	7,838,879	1	7,919,129	-
Debt investments without active market (Note 17)	4,111,523	-	3,478,999	-	8,319,929	1
Other miscellaneous financial assets, net (Notes 13 and 18)	36,062,303	2	3,488,306	-	2,619,624	-
Other financial assets, net	47,507,842	2	14,806,184	1	18,858,682	1
Investment property, net (Notes 5 and 19)	11,808,520	-	11,614,389	-	11,246,432	-
Property and equipment, net (Notes 5 and 20)	41,530,667	2	41,872,325	2	42,430,330	2
Intangible assets, net (Notes 5 and 21)	21,563,628	1	21,732,198	1	21,956,167	1
Deferred tax assets (Notes 5, 6 and 40)	7,809,571	-	9,798,309	-	12,271,713	-
Other assets, net (Note 22)	6,569,720	-	6,988,599	-	4,309,697	-
TOTAL	$ 2,870,986,686	100	$ 2,727,365,846	100	$ 2,629,122,262	100
LIABILITIES AND EQUITY	Amount	%	Amount	%	Amount	%
Due to the Central Bank and banks (Note 23)	$ 176,662,165	6	$ 152,894,925	6	$ 174,583,880	7
Financial liabilities at fair value through profit or loss (Notes 5 and 9)	16,237,369	1	11,027,012	-	10,388,922	-
Securities sold under repurchase agreements (Note 5)	37,932,722	1	56,534,194	2	52,249,552	2
Commercial papers issued, net (Note 24)	-	-	7,000	-	267,953	-
Payables (Note 25)	46,370,940	2	54,451,474	2	55,298,171	2

	December 31, 2013		December 31, 2012		January 1, 2012	
Current tax liabilities (Notes 5 and 40)	4,248,028	-	2,602,123	-	1,938,721	-
Deposits and remittances (Note 26)	2,250,576,346	79	2,139,646,174	78	2,024,212,177	77
Bonds payable (Note 27)	90,322,818	3	97,151,937	4	97,146,086	4
Other borrowings (Note 28)	2,287,315	-	579,996	-	43,000	-
Reserve for liabilities (Notes 5 and 29)	4,422,703	-	4,575,384	-	4,086,748	-
Other financial liabilities (Note 30)	32,803,503	1	15,035,344	1	15,016,995	1
Deferred tax liabilities (Notes 5 and 40)	6,711,208	-	6,821,004	-	7,123,580	-
Other liabilities (Notes 15 and 31)	4,422,327	-	3,584,238	-	3,975,353	-
Total liabilities	2,672,997,444	93	2,544,910,805	93	2,446,331,138	93
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)						
Capital stock						
Common stock	75,116,532	3	68,914,473	3	63,250,473	2
Preferred stock	7,251,368	-	7,251,368	-	11,912,963	1
Advance receipts for capital stock	180,170	-	-	-	-	-
Capital surplus	9,478,327	-	9,409,757	-	19,315,132	1
Retained earnings						
Legal reserve	3,939,770	-	2,942,721	-	1,999,537	-
Special reserve	465,368	-	244,474	-	268,505	-
Unappropriated earnings	13,755,369	1	10,164,169	1	9,701,741	-
Other equity						
Exchange differences on translation of foreign financial statements	68,688	-	(58,334)	-	-	-
Unrealized gains (losses) on available-for-sale financial assets	875,995	-	2,458,941	-	948,726	-
Equity attributable to owners of parent	111,131,587	4	101,327,569	4	107,397,077	4
NON-CONTROLLING INTERESTS	86,857,655	3	81,127,472	3	75,394,047	3
Total equity	197,989,242	7	182,455,041	7	182,791,124	7
TOTAL	$ 2,870,986,686	100	$ 2,727,365,846	100	$ 2,629,122,262	100

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31				Percentage of Variation
	2013		2012		
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 5 and 34)	$ 50,532,658	91	$ 48,768,964	99	4
INTEREST EXPENSES (Note 34)	(19,252,887)	(35)	(19,207,071)	(39)	-
NET INTEREST INCOME (Note 34)	31,279,771	56	29,561,893	60	6
NET INCOME OTHER THAN NET INTEREST INCOME (Note 5)					
Net service fee and commissions income (Note 35)	13,280,922	24	12,079,523	25	10
Gain on financial assets and liabilities at fair value through profit or loss (Note 36)	9,900,929	18	4,992,625	10	98
Gain on investment property	191,366	-	185,321	-	3
Realized gain on available-for-sale financial assets (Note 37)	2,956,234	5	478,662	1	518
Foreign exchange gain (losses)	(2,846,198)	(5)	(277,011)	(1)	927
Impairment loss on assets (Notes 10, 16 and 17)	(236,284)	-	(108,551)	-	118
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 15)	1,565	-	4,489	-	(65)
Gain on disposal of investments accounted for using equity method (Note 43)	-	-	429,047	1	(100)
Net other non-interest income					
Gain on disposal of non-performing loans	-	-	460,015	1	(100)
Dividend income	304,954	-	351,581	1	(13)
Other miscellaneous net income	993,974	2	1,267,167	2	(22)
Net income other than net interest income	24,547,462	44	19,862,868	40	24
NET REVENUE AND GAINS	55,827,233	100	49,424,761	100	13
REVERSED ALLOWANCE FOR BAD DEBTS EXPENSES AND GUARANTEE LIABILITY PROVISIONS (Notes 5 and 13)	546,409	1	1,549,930	3	(65)
OPERATING EXPENSES					
Employee benefits expenses (Note 38)	(19,834,522)	(35)	(19,225,477)	(39)	3
Depreciation and amortization expenses (Note 39)	(1,480,964)	(3)	(1,584,830)	(3)	(7)
Other general and administrative expenses	(9,654,704)	(17)	(9,497,085)	(19)	2
Total operating expenses	(30,970,190)	(55)	(30,307,392)	(61)	2
INCOME BEFORE INCOME TAX	25,403,452	46	20,667,299	42	23
INCOME TAX EXPENSE (Notes 5 and 40)	(4,829,829)	(9)	(3,796,314)	(8)	27
NET INCOME	20,573,623	37	16,870,985	34	22
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign financial statements	351,249	1	(140,152)	-	351
Unrealized gains (losses) on available-for-sale financial assets	(2,430,501)	(4)	2,261,598	5	(207)
Actuarial gains (losses) on defined benefit plans	(222,260)	(1)	(385,318)	(1)	(42)
Share of the other comprehensive income (losses) of associates and joint ventures accounted for using equity method	(230)	-	-	-	-
Income tax relating to the components of other comprehensive income (loss) (Note 40)	343,388	-	(69,127)	-	597
Other comprehensive income (loss), net of tax	(1,958,354)	(4)	1,667,001	4	(217)
TOTAL COMPREHENSIVE INCOME	$ 18,615,269	33	$ 18,537,986	38	-
NET INCOME ATTRIBUTABLE TO:					
Owners of parent	$ 13,836,248	25	$ 10,386,660	21	33
Non-controlling interests	6,737,375	12	6,484,325	13	4
	$ 20,573,623	37	$ 16,870,985	34	22
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of parent	$ 12,326,139	22	$ 11,686,867	24	5
Non-controlling interests	6,289,130	11	6,851,119	14	(8)
	$ 18,615,269	33	$ 18,537,986	38	-
EARNINGS PER SHARE (Note 41)					
Basic	$ 1.72		$ 1.21		42
Diluted	$ 1.68		$ 1.21		39

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Capital Stock			Capital Surplus		
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation
BALANCE AT JANUARY 1, 2012	$ 63,250,473	$ 11,912,963	$ -	$ 17,005,072	$ 2,075,475	$ 230,174
Appropriation of 2012 earnings						
Legal reserve	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-
Stock dividends	5,664,000	-	-	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2012, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	-
Cancellation of preferred stock C	-	(4,661,595)	-	(10,000,000)	-	-
Disposal of subsidiary	-	-	-	-	-	(1,013)
Share-based payments	-	-	-	-	-	100,049
Subsidiary cash dividends	-	-	-	-	-	-
Others	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2012	68,914,473	7,251,368	-	7,005,072	2,075,475	329,210
Special reserve under Rule No. 1010012865 is issued by FSC	-	-	-	-	-	-
Special reserve under Rule No. 1010045494 is issued by FSC	-	-	-	-	-	-
Appropriation of 2013 earnings						
Legal reserve	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-
Stock dividends	6,139,767	-	-	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2013, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-
Share-based payments	62,292	-	180,170	72,499	-	(3,929)
Subsidiary cash dividends	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2013	$ 75,116,532	$ 7,251,368	$ 180,170	$ 7,077,571	$ 2,075,475	$ 325,281

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

Equity Attributable to Owners of the Parent								
					Other Equity			
	Retained Earnings							
Other Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Non-controlling Interests	Total Equity
$ 4,411	$ 1,999,537	$ 268,505	$ 9,701,741	$ -	$ 948,726	$ 75,394,047	$ 182,791,124
-	943,184	-	(943,184)	-	-	-	-
-	-	-	(1,416,000)	-	-	-	(1,416,000)
-	-	-	(1,435,000)	-	-	-	(1,435,000)
-	-	-	(5,664,000)	-	-	-	-
-	-	-	10,386,660	-	-	6,484,325	16,870,985
-	-	-	(151,674)	(58,334)	1,510,215	366,794	1,667,001
-	-	-	10,234,986	(58,334)	1,510,215	6,851,119	18,537,986
-	-	-	(338,405)	-	-	-	(15,000,000)
(4,411)	-	-	-	-	-	(72,907)	(78,331)
-	-	-	-	-	-	82	100,131
-	-	-	-	-	-	(1,044,869)	(1,044,869)
-	-	(24,031)	24,031	-	-	-	-
-	2,942,721	244,474	10,164,169	(58,334)	2,458,941	81,127,472	182,455,041
-	-	220,376	(220,376)	-	-	-	-
-	-	518	-	-	-	-	518
-	997,049	-	(997,049)	-	-	-	-
-	-	-	(1,534,942)	-	-	-	(1,534,942)
-	-	-	(1,298,729)	-	-	-	(1,298,729)
-	-	-	(6,139,767)	-	-	-	-
-	-	-	13,836,248	-	-	6,737,375	20,573,623
-	-	-	(54,185)	127,022	(1,582,946)	(448,245)	(1,958,354)
-	-	-	13,782,063	127,022	(1,582,946)	6,289,130	18,615,269
-	-	-	-	-	-	58	311,090
-	-	-	-	-	-	(559,005)	(559,005)
$ -	$ 3,939,770	$ 465,368	$ 13,755,369	$ 68,688	$ 875,995	$ 86,857,655	$ 197,989,242

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 25,403,452	$ 20,667,299
Adjustments:		
Non-cash (revenues and gains) or expenses and losses		
Depreciation expenses	1,178,241	1,252,982
Amortization expenses	302,723	331,848
Reversed allowance for bad debts expenses and guarantee liability provisions	(546,409)	(1,549,930)
Net gain on financial assets and liabilities at fair value through profit or loss	(10,480,790)	(5,290,673)
Interest expenses	19,252,887	19,207,071
Interest income	(50,532,658)	(48,768,964)
Dividends income	(508,512)	(577,975)
Share-based payments	105,484	100,131
Share of (profit) loss of associates and joint ventures accounted for using equity method	(1,565)	(4,489)
Gain on disposal of investments	(2,758,603)	(284,045)
Gain on disposal of investments accounted for using equity method	-	(429,047)
Impairment loss on financial assets	236,284	108,551
Unrealized foreign exchange losses	579,861	298,048
Other adjustments	32,487	1,315,264
Total adjustments	(43,140,570)	(34,291,228)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(8,022,402)	(2,015,388)
Decrease in financial assets at fair value through profit or loss	19,700,128	6,283,728
Decrease (increase) in available-for-sale financial assets	22,799,549	(20,539,164)
Increase insecurities purchased under resell agreements	(747,606)	-
(Increase) decrease in receivables	(1,446,237)	2,269,119
Increase in loans	(57,953,631)	(62,785,151)
(Increase) decrease in held-to-maturity financial assets	(56,292,882)	10,084,285
(Increase) decrease in other financial assets	(33,384,319)	4,401,539
Decrease (increase) in other assets	422,370	(3,275,486)
Decrease in due to the Central Bank and banks	(3,198,813)	(9,089,009)
Decrease in financial liabilities at fair value through profit or loss	(21,794,604)	(19,636,132)
(Decrease) increase in securities sold under repurchase agreements	(18,601,472)	4,284,642
Decrease in payables	(7,647,627)	(776,465)
Increase in deposits and remittances	110,930,172	115,433,997
Decrease in reserve for liabilities	(370,784)	(24,176)
Increase in other financial liabilities	17,768,159	18,349
Increase in other liabilities	747,831	37,362
Cash (used in) generated from operations	(54,829,286)	11,048,121
Interest received	50,575,411	48,296,414
Dividend received	554,231	593,445
Interest paid	(19,737,249)	(19,048,648)
Income taxes refund	271,789	454,029

	For the Years Ended December 31	
	2013	2012
Income taxes paid	($ 1,260,020)	($ 1,067,325)
Net cash flows (used in) generated from operating activities	(24,425,124)	40,276,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction of financial assets carried at cost	656,652	120,705
Proceeds from disposal of a subsidiary	-	320,499
Acquisition of property and equipment	(953,057)	(759,185)
Proceeds from disposal of property and equipment	6,731	15,631
Acquisition of intangible assets	(127,951)	(95,387)
Acquisition of investment property	(124,757)	(383,192)
Proceeds from disposal of investment property	37,311	-
Net cash used in investing activities	(505,071)	(780,929)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and call loans from banks	26,966,053	(12,599,946)
Decrease in commercial papers payable	(7,000)	(260,953)
Proceeds from issuance of bonds	-	7,000,000
Proceeds from issuance of bank debentures	4,879,000	11,700,000
Repayments of bonds	-	(18,650,000)
Repayments of bank debentures	(11,700,000)	-
Increase in other borrowings	1,707,319	536,996
Cash dividends distributed	(2,833,671)	(2,851,000)
Exercise of employee share options	249,331	-
Cash dividends distributed from subsidiary	(559,005)	(1,044,869)
Other financing activities	-	(15,000,000)
Net cash flows generated from (used in) financing activities	18,702,027	(31,169,772)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	351,249	(140,153)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,876,919)	8,185,182
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	107,625,114	99,439,932
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 101,748,195	$ 107,625,114
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in consolidated balance sheet	$ 61,516,953	$ 50,617,800
Call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	31,508,420	52,020,049
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	8,722,822	4,987,265
Cash and cash equivalents at end of period	$ 101,748,195	$ 107,625,114

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

TAISHIN FINANCIAL HOLDING CO., 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. ORGANIZATION AND CONSOLIDATION POLICY

Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding") was established by Taishin International Bank Co., Ltd. ("Taishin Bank") and Dah An Commercial Bank Co., Ltd. ("Dah An Bank") pursuant to the ROC Financial Holding Company Act and related regulations through a share swap on February 18, 2002. Taishin Financial Holding's main business activities are investing and managing its invested financial institutions.

Taishin Bank and Dah An Bank established Taishin Financial Holding through a share swap. In forming the holding company, Taishin Bank merged with Dah An Bank, with Taishin Bank as the survivor company. In addition, Taishin Securities Co., Ltd. ("Taishin Securities A") and Taishin Bills Finance Co., Ltd. ("Taishin Bills Finance") became wholly-owned subsidiaries of Taishin Financial Holding through a share swap effective on December 31, 2002.

In order to integrate corporate resources, Taishin Financial Holding sold all of the equity of Taishin Securities A as of December 19, 2009 and Taishin Bank merged with Taishin Bills Finance, and the base date of merger was January 22, 2011. Taishin Bank acquired total assets, liabilities and operations of Taishin Bills Finance.

In the fourth quarter of 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of preferred stock - B issued by Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank") through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the Board of Directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this preferred stock - B had been converted into 1,400,000 thousand shares of common stock. The ownership interest with voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 22.81% as of December 31, 2013.

Taishin Financial Holding acquired 100% equity interest of Donshin Securities Co., Ltd. ("Donshin Securities") by cash investments on April 6, 2010. Donshin Securities became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Securities Co., Ltd. ("Taishin Securities B").

Taishin Financial Holding acquired 100% equity interest of Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust") and 92% equity interest of Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory") by cash investments on July 26, 2010. Taishin Securities Investment Trust and Taishin Securities Investment Advisory became subsidiaries of Taishin Financial Holding.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. ("Franklin Insurance Brokers") by cash investments on April 27, 2011. Franklin Insurance Brokers became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Holdings Insurance Brokers Co., Ltd. ("Taishin Holdings Insurance Brokers"). Taishin Financial Holding invested in Taishin Holdings Insurance Brokers $29,500 thousand on April 29, 2011.

Taishin Bank started its business operations on March 23, 1992. Taishin Bank provides customers with (a) general commercial banking services - commercial lending, foreign exchange transactions, installment and term loans, wire transfers, marketable security investments, receivable factoring, offshore banking business, etc. as well as (b) various financial instruments - letters of credit, bankers' acceptances, checking and savings accounts, credit cards, derivative instruments, etc.

Taishin Real-Estate Management Co., Ltd. (“Taishin Real-Estate”) was established in August 1995 and its operations include audits and consultations of construction plans, contract witness, and assessments and trades of real estate, etc.

Taishin Insurance Agency Co., Ltd. (“Taishin Insurance Agency”) was established in September 1996 and provides life insurance agent service. Taishin Insurance Agency owned 100% equity interest of Taishin Insurance Brokers Co., Ltd. (“Taishin Insurance Brokers”).

PayEasy Digital Integration Co., Ltd. (“PayEasy Digital”) was established in April 2000 and its operations include advertising agency and data processing services. Taishin Bank sold its 45% and 15.36% equity in PayEasy Digital in June and July 2012 and had lost the ability to control. Thus, PayEasy Digital and its subsidiaries were not included in the consolidated financial statements since June 2012.

Chang Hwa Bank was established on March 1, 1947 and got licensed by the Ministry of Economic Affairs in July 1950. It mainly engages in the following businesses: (a) all commercial banking operations allowed by the Banking Act; (b) trust operations; (c) international banking operations; (d) overseas branch operations authorized by the respective foreign governments; and (e) other operations as authorized by the central authority.

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

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

Taishin Securities B originally named Donshin Securities was incorporated on January 15, 1990 and its operations include services dealing with futures, securities underwriting, brokerage, margin lending and security transfer services.

Taishin Asset Management Co., Ltd. (“Taishin AMC”) was established on August 14, 2002 in accordance with the Company Law and other related laws. Taishin AMC’s operations include acquisition, evaluation, auction, and management of delinquent loans.

Taishin Marketing Consultant Co., Ltd. (“Taishin Marketing”) was established on November 20, 1998. Its operations include investment and enterprise consulting, agent services, acquisition of accounts receivable, real estates and leasing. Taishin Financial Holding had approved to dissolve its subsidiary Taishin Marketing in the board meeting on March 21, 2013 and Taishin Marketing had been liquidated in September 2013.

Taishin Venture Capital Co., Ltd. (“Taishin Venture Capital”) was approved to establish on December 25, 2002. Its operations include engagement in investment start-up.

Taishin Financial Leasing (China) Co., Ltd. (“Taishin Financial Leasing (China)”) was approved to establish on July 12, 2011 to provide financial leasing service.

Taishin Financial Leasing (Tianjin) Co., Ltd. (“Taishin Financial Leasing (Tianjin)”) was approved to establish on March 1, 2012 to provide financial leasing service.

Taishin Securities Investment Advisory was established in March 1989 and its operations include accepting a mandate from a customer and providing analytical opinions or recommendations on securities investment, acting as an agent for investment consultancy of offshore funds, issuing publications or holding lectures about securities investment and other relevant business permitted by the competent authority.

Taishin Securities Investment Trust, approved by the Securities and Future Bureau, was established on May 31, 2004. Its operations include offering securities investment trust funds and issuing beneficial interest certificates and investing in or trading securities, securities-related products, or other items approved by the competent authority. In addition, Taishin Securities Investment Trust was approved to operate full fiduciary discretionary investment business.

Taishin Holdings Insurance Brokers was originally named Franklin Insurance Brokers; its operations include property insurance broker service and life insurance broker service.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and Interpretations permitted by the Financial Supervisory Commission ("FSC-recognized IFRSs").

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 27, 2014.

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

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

The Company and entities controlled by the Company (the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB.

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 updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013

(Continued)

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

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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.
Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after 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 changes in accounting policy resulted from new and revised standards, amendments and interpretations in issue but not yet effective

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

IFRS 9 Financial Instruments

With regards to financial assets, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” to be subsequently measured at amortized

cost or fair value. Specifically, financial assets that are held within a business model by the Group 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 Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 or financial industry regulated by the FSC should prepare their consolidated financial statements in accordance with IFRSs approved by the FSC.

The Group's consolidated financial statements for the years ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 58 for the impact of IFRS conversion on the consolidated financial statements.

Basis of Preparation

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

The opening consolidated balance sheet as of the date of transition to IFRSs was prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where other IFRSs prohibit retrospective application and specified areas where IFRS 1 grants limited exemptions from the requirements of other IFRSs. For the exemptions that the Group elected, refer to Note 58.

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

The Group categorized economic activities into operating, investing, and financing activities. The consolidated statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Please refer to Note 7 for the components of cash and cash equivalents.

The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

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

Classification of Current/Noncurrent Assets and Liabilities

Since the banking companies account for a substantial portion of the consolidated statements and because of banking business characteristics, classification of consolidated assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 47.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Taishin Financial Holding and the entities controlled by Taishin Financial Holding. Control is achieved when Taishin Financial Holding has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Non-controlling interests are presented in the consolidated balance sheets within equity, separate from the equity of the owners of Taishin Financial Holding.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of Taishin Financial Holding and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the

non-controlling interests should be adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of Taishin Financial Holding.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. If the Group loses control of a subsidiary, the Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (i.e. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

b. Business combinations

Only when business combinations are in conformity with the FSC-recognized IFRS 3 “Business Combinations” can acquisitions of businesses be accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group and the equity interests issued by the Group, plus other expenses that could be directly attributed to the acquisition.

The identifiable assets acquired and the liabilities or contingent liabilities assumed as the result of business combinations are recognized at their fair value at the acquisition-date and it is not necessary to consider non-controlling interests.

Goodwill is measured as the excess of the sum of the consideration transferred over the net fair value amounts of the identifiable assets owned by the Group. If the net of the fair value amounts of the identifiable assets owned by the Group exceeds the sum of the consideration transferred, the excess is recognized immediately in profit or loss.

When the combinations do not meet the definition of “business combinations”, the Group will allocate the acquisition costs over separate identifiable assets and liabilities. The recognition bases for assets and liabilities acquired are as follows:

1) Financial assets and liabilities are recognized at acquisition-date fair value, according to the FSC - recognized IFRS 39 “Financial Instruments: Recognition and Measurement”.

2) The remaining amounts after deducting from the acquisition costs the recognition costs of financial assets and liabilities are allocated to other assets and liabilities based on the relative proportion of the acquisition-date fair value of the other assets and liabilities.

c. Subsidiaries included in the consolidated financial statements as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

Investor	Subsidiary	Ownership Interest (%)			Note
		December 31, 2013	December 31, 2012	January 1, 2012	
Taishin Financial Holding	Taishin Bank	100.00	100.00	100.00	
Taishin Financial Holding	Taishin Securities B	100.00	100.00	100.00	
Taishin Financial Holding	Taishin AMC	100.00	100.00	100.00	
Taishin Financial Holding	Taishin Marketing	-	100.00	100.00	1)
Taishin Financial Holding	Taishin Venture Capital	100.00	100.00	100.00	
Taishin Financial Holding	Chang Hwa Bank	22.55	22.55	22.55	
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00	92.00	92.00	
Taishin Financial Holding	Taishin Securities Investment Trust	100.00	100.00	100.00	
Taishin Financial Holding	Taishin Holdings Insurance Brokers	100.00	100.0	100.00	
Taishin Bank	Chang Hwa Bank	0.27	0.27	0.27	
Taishin Bank	Taishin Real-Estate	60.00	60.00	60.00	
Taishin Bank	Taishin Insurance Agency	87.40	87.40	87.40	
Taishin Bank	PayEasy Digital	5.00	5.00	65.36	2)
Taishin AMC	Taishin Real-Estate	40.00	40.00	40.00	
Taishin Insurance Agency	Taishin Insurance Brokers	100.00	100.00	100.00	
Chang Hwa Bank	CHB Life Insurance Agency	100.00	100.00	100.00	
Chang Hwa Bank	CHB Insurance Brokerage	100.00	100.00	100.00	
Taishin Venture Capital	Taishin Financial Leasing (China)	100.00	100.00	100.00	
Taishin Venture Capital	Taishin Financial Leasing (Tianjin)	100.00	100.00	-	3)

Note:
1) Taishin Financial Holding had approved to dissolve its subsidiary Taishin Marketing in the board meeting on March 21, 2013 and Taishin Marketing had been liquidated in September 2013.
2) Taishin Bank sold its 45% and 15.36% equity in PayEasy Digital in June and July 2012. Thus, PayEasy Digital and its subsidiaries were not included in the consolidated financial statements since June 2012.
3) In 2012, Taishin Venture Capital invested to set up Taishin Financial Leasing (Tianjin), and it was included in consolidated financial statements since May 25, 2012.

d. Subsidiaries not included in the consolidated financial statements as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

Investor	Subsidiary	Ownership Interest (%)			Note
		December 31, 2013	December 31, 2012	January 1, 2012	
Taishin Bank	Taishin Dah An Leasing Co., Ltd. (“Taishin Dah An Leasing”)	100.00	100.00	100.00	1)
PayEasy Digital	PayEasy Travel Service Co., Ltd. (“PayEasy Travel”)	-	-	100.00	2)
PayEasy Digital	Contect Digital Integration Co., Ltd. (“Contect Digital Integration”)	-	-	65.75	3)

Note:
1) Taishin Dah An Leasing was an equity-method investee of Taishin Bank as of December 31, 2013, December 31, 2012 and January 1, 2012. Its capital was less than 0.24% of the consolidated capital, and its total assets were less than 0.01% of the consolidated total assets; thus, it was not included in the consolidated financial statements.
2) PayEasy Travel was an equity-method investee of PayEasy Digital as of January 1, 2012. However, its capital, total assets and operating income did not reach 0.49% of consolidated capital, of consolidated total assets and of consolidated operating income. In addition, the Group had lost the ability to control since June 2012. Thus, it was not included in the consolidated financial statements.
3) Contect Digital Integration was an equity-method investee of PayEasy Digital as of January 1, 2012. However, Contect Digital Integration’s capital, total assets and operating income did not reach 0.60% of consolidated capital, of consolidated total assets and of consolidated operating income. In addition, the Group had lost the ability to control since June 2012. Therefore, it was not included in the consolidated financial statements.

Foreign Currencies

In preparing the financial statements of each individual group entity, the currency of the primary economic environment in which the entity operates (the "functional currency") is used. Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective.

Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy but different from the presentation currency are translated into the presentation currency using the following procedures:

a. Assets and liabilities are translated at the closing rate at the date of the consolidated balance sheets;

b. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used; and

c. All resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the above procedures are recognized as "Exchange differences from translation of foreign operation" in equity. Exchange differences arising from net investments in foreign operation and hedge of a monetary item regarded as part of the net investments are recognized as other comprehensive income. When the foreign operation or part of the foreign operation is disposed of, exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the closing rate.

Cash and Cash Equivalents

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

Investment in Associates

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

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

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

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

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

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

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

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

Property and Equipment

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

Freehold land is not depreciated.

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

Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

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

Investment Properties

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

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

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

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

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

Goodwill

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

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

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

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

c. Derecognition of intangible assets

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

Impairment of Non-financial Assets (Except Goodwill)

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

Bonds and Securities Purchased/Sold under Specific Agreements

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

Financial Instruments

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

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

Financial assets

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

a. Measurement category

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

1) Financial assets at fair value through profit or loss
Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.
A financial asset is classified as held for trading if:
a) It has been acquired principally for the purpose of selling it in the near term; or
b) On initial recognition it is part of a portfolio of identified financial instruments that a company manages together and has a recent actual pattern of short-term profit-taking; or
c) It is a derivative that is not designated and effective as a hedging instrument.
A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:
a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 47.

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 Group has the positive intent and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, or designates as available for sale, or meet the definition of loans and receivables.

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

3) Available-for-sale financial assets

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

Fair value is determined in the manner described in Note 47.

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

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

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

4) Loans and receivables

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

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

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

b. Impairment of financial assets

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

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

1) Significant financial difficulty of the issuer or obligor;
2) A breach of contract, such as a default or delinquency in interest or principal payments;
3) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
5) The disappearance of an active market for that financial asset because of financial difficulties; or
6) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   a) Adverse changes in the payment status of borrowers in the group; or
   b) National or local economic conditions that correlate with defaults on the assets in the group.

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

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

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

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

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

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

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

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

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

c. Derecognition of financial assets

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

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

Equity instruments

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

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

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at fair value through profit or loss
   Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.
   A financial liability is classified as held for trading if:
   a) It has been acquired principally for the purpose of repurchasing it in the near term; or
   b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
   c) It is a derivative that is not designated and effective as a hedging instrument.

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

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

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 47.

2) Financial guarantee contracts

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

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

a) The amount of the obligation under the contract, as determined in accordance with FSC-recognized IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

b) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with FSC-recognized IAS 18 the revenue recognition policies.

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

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

a) The amount of the obligation under the contract, as determined in accordance with FSC-recognized IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

b) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with FSC-recognized IAS 18 the revenue recognition policies.

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

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

Securities Trading Margin Purchase and Short Sale

Margin loans extended to customer by the Group conducting securities trading margin purchase and short sale business are recognized as securities margin loans receivable. Customers provide all the stocks purchased in trading margin operations as collaterals, which the Group records by using memorandum entries. Stocks are returned when customers pay back money.

Margins received from short selling customers by the Group conducting securities trading margin purchase and short sale business are recognized as short sale margins. In addition, short sale proceeds (less securities transaction taxes, handling fees for execution of customer orders and short sale handling fees) received as collateral from short selling customers by the Group conducting securities trading margin purchase and short sale business are recognized as payable for short sale collateral received.

The interest on the payable for short sale collateral received and short sale margins under the preceding paragraph is accrued and paid to customers. The stocks lent to customers are recorded by using memorandum entries. Short sale margins and payable for short sale collateral received are reimbursed when customers return stocks.

Hedge Accounting

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

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting the exposure of changes in fair values or cash flows of the hedged item attributable to the hedged risk. Note 11 sets out details of the fair values of the derivative instruments used for hedging purposes.

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

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

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

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

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

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

A contingent liability is:

a. A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
b. A present obligation that arises from past events but is not recognized because:
   1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   2) The amount of the obligation cannot be measured with sufficient reliability.

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

Income Recognition

a. Interest income

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

b. Service fee and commissions income

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

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

Brokerage commission is recognized on the trading day. Purchasing commission is recognized when the commission is received; underwriting commission is recognized at the completion of the underwriting contracts. The Group engages in futures introducing broker business and receives commission from its mandating futures commission merchants. The commission received is recognized as futures commission income in the consolidated statements of comprehensive income.

Leasing

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

a. The Group as lessor

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

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern over which the benefit of the leased asset is diminished.

b. The Group as lessee

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

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

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

c. Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

Employee Benefits

a. Retirement benefit costs

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

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

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

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

b. High-yield savings account for employee

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

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

Share-based Payment Arrangements

Equity-settled share-based payment

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

Cash-settled share-based payment

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Land revaluation increment tax accrued from the Group's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

c. Current and deferred tax for the period

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

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

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment of loans

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of loans were $1,845,715,026 thousand, $1,787,298,942 thousand and $1,723,226,715 thousand, respectively (net amounts after deducting doubtful debts of $22,580,509 thousand, $21,350,050 thousand and $22,319,871 thousand, respectively).

b. Income taxes

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of the deferred tax assets in relation to unused tax losses were $7,809,571 thousand, $9,798,309 thousand and $12,271,713 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

c. Impairment of goodwill

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of goodwill were all $21,012,047 thousand.

d. Retirement benefit costs

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

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

7. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 17,762,028	$ 16,441,649	$ 14,694,960
Checks for clearing	8,172,651	21,978,953	20,083,794
Due from banks	32,956,554	8,906,551	25,525,590
Others	2,625,720	3,290,647	2,819,641
	$ 61,516,953	$ 50,617,800	$ 63,123,985

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

Cash and cash equivalents as of January 1, 2012 as shown in the consolidated statement of cash flows are reconciled with the related items in the balance sheet as follows:

Please refer to the consolidated statement of cash flows for the reconciliation information as of December 31, 2013 and 2012.

	January 1, 2012
Cash and cash equivalents in consolidated balance sheet	$ 63,123,985
Call loans to banks qualifying as cash and cash equivalents under the definition of FSC-recognized IAS 7	26,580,954
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of FSC-recognized IAS 7	9,734,993
	$ 99,439,932

8. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Deposit reserve in Central Bank			
Reserve for checking account	$ 29,271,924	$ 24,057,631	$ 24,335,536
Reserve for demand account	56,286,658	54,200,232	52,160,089
Reserve for foreign deposit	362,630	231,606	181,342
	85,921,212	78,489,469	76,676,967
Call loans to banks	31,508,420	52,020,049	26,580,954
Certificate of deposits issued by Central Bank	5,700,000	5,700,000	5,700,000
Others	1,022,817	432,158	229,272
	$ 124,152,449	$ 136,641,676	$ 109,187,193

9. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets designated as at FVTPL			
Interest-rate combination instruments	$ 3,676,994	$ 1,568,591	$ 1,268,683
Financial assets held for trading			
Derivative instrument			
Futures	60,848	56,943	99,355
Forward exchange contracts	2,197,620	902,949	522,960
Currency swaps	4,670,432	4,137,609	3,488,142
Cross-currency swaps	906,828	537,760	1,159,550

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign-exchange options	2,892,427	2,588,619	1,190,943
Interest rate options	-	-	1,386
Equity-linked options	20,251	8,550	241,062
Commodity options	-	4,297	26,625
Interest rate swaps	4,927,699	3,086,932	4,567,895
Equity-linked swaps	582,731	233,098	200,720
Credit default swaps	3,436	7,409	18,022
Commodity price swaps	31,769	19,174	20,220
Fixed rate commercial papers	-	29,136	22,978
Asset based commercial papers	-	-	20,294
Non-derivative financial assets			
Investment in bills	54,263,030	56,738,429	38,559,079
Domestic and overseas stocks and beneficiary certificates	999,899	895,667	607,248
Government bonds	19,381,159	7,420,089	5,815,068
Corporate bonds, bank debentures and other bonds	6,578,965	7,234,169	8,267,740
Trading securities			
Dealing	1,063,866	548,340	1,267,796
Underwriting	559,935	264,495	447,293
Financial assets at FVTPL	$ 102,817,889	$ 86,282,256	$ 67,813,059
Financial liabilities held for trading			
Derivative instrument			
Futures	$ -	$ 771	$ -
Forward exchange contracts	2,156,783	1,704,650	612,087
Currency swaps	4,499,493	2,694,109	2,484,556
Cross-currency swaps	787,058	640,264	1,054,910
Foreign-exchange options	2,618,768	2,417,465	1,016,670
Interest rate options	13	19	5,760
Equity-linked options	259,379	205,238	111,671
Commodity options	-	4,297	26,625
Interest rate swaps	4,996,459	3,101,879	4,765,958
Equity-linked swaps	582,708	231,737	200,720
Credit default swaps	3,436	7,409	18,022
Commodity price swaps	31,769	19,174	20,220
Assets based commercial papers	-	-	17,254
Non-derivative financial liabilities			
Securities borrowing	301,503	-	54,469
Financial liabilities at FVTPL	$ 16,237,369	$ 11,027,012	$ 10,388,922

a. Taishin Bank engaged in various derivative instruments in the years ended December 31, 2013 and 2012 to fulfill customers' needs, as well as to manage Taishin Bank's asset and liability positions and risk.

Chang Hwa Bank engaged in various derivative instruments in the years ended December 31, 2013 and 2012 to eliminate the risk arising from exchange rate and interest rate fluctuations in the market. The purpose of Chang Hwa Bank's hedging strategy is to eliminate the market price risk and cash flow risk.

b. The par values of those financial assets at FVTPL provided for transactions with repurchase agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Par values	$ 12,404,900	$ 23,613,000	$ 23,281,100

c. Please refer to Note 49 for information relating to financial assets at FVTPL pledged as collaterals.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Futures	$ 18,429	$ 159,704	$ -
Forward exchange contracts	214,252,756	160,799,640	121,311,867
Currency swaps	688,324,443	608,343,812	619,339,674
Cross-currency swaps	89,181,370	39,665,676	28,362,682
Foreign-exchange options	1,539,199,910	380,637,653	203,857,005
Interest rate options	230,000	138,000	4,330,000
Equity-linked options	4,216,800	7,020,675	9,400,191
Commodity options	49,597	89,855	469,653
Interest rate swaps	1,139,528,961	931,248,363	493,983,613
Equity-linked swaps	7,555,562	7,996,578	4,081,581
Credit default swaps	1,126,917	1,096,306	1,164,772
Commodity price swaps	1,268,048	895,936	442,540
Commodity forward contracts	86,627	-	-
Fixed rate commercial papers	8,500,000	4,780,000	3,030,000
Assets based commercial papers	-	-	3,391,500

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in bills	$ 149,915,156	$ 147,893,662	$ 140,430,090
Domestic and overseas stocks	5,780,458	7,933,834	6,572,230
Beneficiary certificates	438,335	2,781,905	1,341,453
Government bonds	50,750,944	70,173,750	59,658,982
Corporate bonds	21,183,073	18,046,929	16,039,157
Bank debentures	21,628,401	23,101,145	20,948,085
Beneficiary’s securities and asset based securities	2,102,208	3,855,251	6,006,597
Bonds issued by international organization	148,714	-	-
	$ 251,947,289	$ 273,786,476	$ 250,996,594

a. Please refer to Note 47 (financial instrument) for the determination of fair values of available-for-sale financial assets.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Par values	$ 22,863,024	$ 31,019,175	$ 29,106,119

c. In six months ended June 30 2013, the Group disposed 609,144 shares of Visa and 13,517 shares of Master Card stocks, which were originally under available for sale financial assets. The proceeds from the disposal were $3,270,928 thousand. The total gain on disposal was $2,483,550 thousand and was reclassified from other comprehensive income to net income.

d. BAFO Technologies Corp. held by the Group had proposed to effect a 73.22% capital reduction, which was approved in the shareholders' meeting of BAFO Technologies Corp. on October 30, 2013. The record date of which was January 27, 2014. The Group had recognized impairment loss of $6,330 thousand according to the capital reduction ratio in 2013.

e. Please refer to Note 49 for information relating to available-for-sale financial assets pledged as collaterals.

11. DERIVATIVE FINANCIAL ASSETS FOR HEDGING

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value hedging - interest rate swap	$ 62,494	$ 105,087	$ 149,400

Chang Hwa Bank used interest rate swaps to minimize its exposure to fair value changes of its fixed-rate borrowings by swapping a portion of the fixed-rate borrowings from fixed rates to floating rates. The interest swaps and the corresponding borrowings had the same terms and management believed the interest rate swaps were highly effective hedge instruments. The nominal amounts of outstanding interest rate swap contracts of Chang Hwa Bank were all $2,000,000 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012.

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

The information of hedging transaction was as follows:

a. Hedging type: Fair value hedging.

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

c. Hedging method: By signing interest swap contract.

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

12. RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes and accounts receivable	$ 60,152,784	$ 61,862,354	$ 68,659,540
Credit card receivable	34,615,829	32,917,058	27,029,481
Acceptance receivable	7,169,741	6,610,138	7,854,090
Interest receivable	4,505,209	4,484,966	4,344,594
Revenue receivable	304,832	283,554	287,334
Securities margin loans receivable	859,532	593,661	518,630
Other receivables	1,404,604	813,397	1,131,953
	109,012,531	107,565,128	109,825,622
Less: Allowance for receivables	(1,422,341)	(1,328,936)	(1,209,596)
	$ 107,590,190	$ 106,236,192	$ 108,616,026

Please refer to Note 13 for the movements of allowance for receivables.

13. LOANS

a. The details of loans were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Negotiated	$ 5,243,309	$ 4,902,431	$ 6,057,750
Overdrafts	3,515,566	4,491,303	6,097,032
Discounts	6,310,230	3,928,696	3,621,982
Short-term loans	456,046,554	415,418,954	452,856,502
Medium-term loans	573,077,655	569,678,834	514,964,757
Long-term loans	819,393,820	805,837,245	756,804,712
Delinquent loans	5,252,713	4,832,932	5,394,532
Adjustment for discount	(544,312)	(441,403)	(250,681)
	1,868,295,535	1,808,648,992	1,745,546,586
Less: Allowance for loan losses	(22,580,509)	(21,350,050)	(22,319,871)
	$ 1,845,715,026	$ 1,787,298,942	$ 1,723,226,715

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

	For the Year Ended December 31, 2013			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2013	$ 1,328,936	$ 21,350,050	$ 404,728	$ 23,083,714
Provision for (reverse of) loan losses	112,482	(462,453)	(192,281)	(542,252)
Loans written off	(37,478)	(3,337,186)	(287,874)	(3,662,538)
Recovery of loans written off	15,410	4,998,788	618,635	5,632,833
Reclassified from reserve for guarantees	-	410	-	410
Exchange differences and others	2,991	30,900	-	33,891
Balance, December 31, 2013	$ 1,422,341	$ 22,580,509	$ 543,208	$ 24,546,058

	For the Year Ended December 31, 2012			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2012	$ 1,209,596	$ 22,319,871	$ 429,950	$ 23,959,417
Provision for (reverse of) loan losses	109,588	(1,287,076)	(499,936)	(1,677,424)
Loans written off	(26,314)	(4,570,809)	(328,397)	(4,925,520)
Recovery of loans written off	37,150	4,932,292	765,539	5,734,981
Reclassified from reserve for guarantees	293	20,959	37,120	58,372
Exchange differences and others	(1,377)	(65,187)	452	(66,112)
Balance, December 31, 2012	$ 1,328,936	$ 21,350,050	$ 404,728	$ 23,083,714

c. Details of reversed allowance for loan losses and liability guarantee provisions for 2013 and 2012 were as follows:

	2013	2012
Reversed allowance for losses of receivables, loans and other miscellaneous financial assets	$ 542,252	$ 1,677,424
(Provision for) reverse of loss on guarantees	4,157	(127,494)
	$ 546,409	$ 1,549,930

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

Receivables (including other miscellaneous financial assets)

Item		Total Receivable		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 776,898	$ 707,209	$ 1,370,901
	Combined assessment of impairment	3,249,980	2,874,305	3,360,311
Nonobjective evidence of impairment	Combined assessment of impairment	105,626,716	104,690,466	106,413,295
Total		$ 109,653,594	$ 108,271,980	$ 111,144,507

Item		Total Allowance		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 683,977	$ 602,806	$ 695,226
	Combined assessment of impairment	553,734	391,025	425,847
Nonobjective evidence of impairment	Combined assessment of impairment	727,838	739,833	518,473
Total		$ 1,965,549	$ 1,733,664	$ 1,639,546

Note: The amount of receivable did not include the amount of allowance for receivables.

Loans

Item		Total Loans		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 26,269,476	$ 29,169,293	$ 22,785,916
	Combined assessment of impairment	13,039,249	10,592,624	12,287,558
Nonobjective evidence of impairment	Combined assessment of impairment	1,829,531,122	1,769,328,478	1,710,723,793
Total		$ 1,868,839,847	$ 1,809,090,395	$ 1,745,797,267

Item		Total Allowance		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 8,272,075	$ 7,566,422	$ 10,175,860
	Combined assessment of impairment	2,530,574	2,423,480	2,370,275
Nonobjective evidence of impairment	Combined assessment of impairment	11,777,860	11,360,148	9,773,736
Total		$ 22,580,509	$ 21,350,050	$ 22,319,871

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

14. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in bills	$ 215,841,649	$ 158,549,517	$ 169,359,262
Corporate bonds	7,210,933	6,961,209	4,972,186
Bank debentures	5,890,339	7,103,047	8,466,362
	$ 228,942,921	$ 172,613,773	$ 182,797,810

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

	December 31, 2013	December 31, 2012	January 1, 2012
Par values	$ 1,647,250	$ 1,019,760	$ 1,060,150

b. Please refer to Note 49 for information relating to held-to-maturity financial assets pledged as collaterals.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. The Group's associates and joint ventures accounted for using the equity method were listed below:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights
Unlisted shares						
Taishin Dah An Leasing	$ 142,860	100.00	$ 171,378	100.00	$ 169,064	100.00
An Hsin Real-Estate Management Co., Ltd. ("An Hsin Real-Estate")	78,369	30.00	70,908	30.00	59,421	30.00
Youn Shin Artistic Co., Ltd. ("Youn Shin Artistic")	-	-	8,856	25.00	10,000	25.00
PayEasy Travel	-	-	-	-	13,834	100.00
Contect Digital Integration	-	-	-	-	(49,486)	65.75
	221,229		251,142		202,833	
Credit balance of investments accounted for using the equity method reclassified to other liabilities	-		-		49,486	
	$ 221,229		$ 251,142		$ 252,319	

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

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 753,658	$ 558,024	$ 660,069
Total liabilities	$ 311,453	$ 76,510	$ 250,466

	For the Year Ended December 31	
	2013	2012
Revenue	$ 324,391	$ 531,561
Net income	$ 61,106	($ 69,760)
Other comprehensive income	($ 767)	$ -

b. The amounts of investment income (loss) recognized under equity method were as follows:

	For the Year Ended December 31	
	2013	2012
	Investment Income (Loss) Recognized	Investment Income (Loss) Recognized
Taishin Dah An Leasing	($ 24,526)	$ 4,437
An Hsin Real-Estate	26,295	20,917
Youn Shin Artistic	(204)	(1,143)
PayEasy Digital	-	(1,791)
PayEasy Travel	-	(731)
Contect Digital Integration	-	(17,200)
	$ 1,565	$ 4,489

The equity-method investees' financial statements (except for Young Shin Artistic), which had been used to determine the carrying amount of the Group's investments share of profit and other comprehensive income of associates, had been audited.

c. The Group's equity-method investments were not pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012.

d. The Group sold 45% and 45.36% of its own PayEasy Digital's common stock in June and July 2012. The Group lost their holding percentage and did not have significant influence on PayEasy Digital. Therefore, the Group reclassified investments accounted for using equity method to financial assets carried at cost. Please refer to Note 43 for the calculation of the gain on disposal of subsidiary.

e. The Group lost their holding percentage and did not have significant influence on Youn Shin Artistic due to giving up the preemptive right of Youn Shin Artistic in December 2013. Therefore, the Group reclassified investments accounted for using equity method to financial assets carried at cost.

16. FINANCIAL ASSETS CARRIED AT COST

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic and overseas unlisted stocks	$ 7,334,016	$ 7,838,879	$ 7,919,129
Classified according to financial asset measurement category			
Available-for-sale financial assets	$ 7,334,016	$ 7,838,879	$ 7,919,129

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

The Group's domestic and overseas unlisted stocks were financial assets carried at cost, including investments in stocks of Kaohsiung Rapid Transit Corporation, Han-Shin Venture Capital Inc., Han-Hua Venture Capital Inc., PayEasy Digital, The Pacific Securities Co., Ltd., Lian He Venture Capital Inc., Chung-Yang Special Return Venture Capital Co., Ltd., O2 Medtech Inc. and Solar PV Corporation. The investment value has been impaired and possibility of restoration was very small; thus, The Group had recognized impairment loss of $229,954 thousand and $86,816 thousand for 2013 and 2012.

The Group's financial assets carried at cost were not pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012.

17. DEBT INVESTMENTS WITHOUT ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unlisted preferred stocks	$ 1,600,000	$ 1,600,000	$ 1,600,000
Beneficiary securities and asset-based securities	224,114	306,272	404,591
Corporate bonds and bank debentures	2,287,409	1,572,727	6,315,338
	$ 4,111,523	$ 3,478,999	$ 8,319,929

After evaluation, the Group identified an indication of impairment of the bond investments in Golden Belt; therefore, the Group recognized an impairment loss of $21,735 thousand for the year ended December 31, 2012.

18.OTHER MISCELLANEOUS FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Inward remittance	$ 22,055	$ 13,253	$ 23,017
Purchase credit receivables	130,506	230,623	815,082
Delinquent loans reclassified from other items (excluding loans)	495,009	463,285	516,713
Less: Allowance for bad debt	(543,208)	(404,728)	(429,950)
Time deposit with original maturity more than 3 months	35,748,015	3,031,507	1,694,762
Gold account	209,926	154,366	-
	$ 36,062,303	$ 3,488,306	$ 2,619,624

Please refer to Note 13 for the movements of allowance for other miscellaneous financial assets. Please refer to Note 49 for the information relating to time deposit with original maturity more than 3 months pledged as collaterals.

19.INVESTMENT PROPERTY

	December 31, 2013	December 31, 2012	January 1, 2012
Investment property			
Land	$ 11,323,944	$ 11,166,462	$ 10,930,753
Buildings			
Cost	777,405	706,074	558,591
Accumulated depreciation	(292,829)	(258,147)	(242,912)
	484,576	447,927	315,679
	$ 11,808,520	$ 11,614,389	$ 11,246,432

	Land	Buildings	Total
Cost			
Balance, January 1, 2013	$ 11,166,462	$ 706,074	$ 11,872,536
Additions	71,790	52,967	124,757
Disposals	(31,205)	(3,541)	(34,746)
Reclassification	116,897	21,905	138,802
Balance, December 31, 2013	$ 11,323,944	$ 777,405	$ 12,101,349
Balance, January 1, 2012	$ 10,930,753	$ 558,591	$ 11,489,344
Additions	235,709	147,483	383,192
Balance, December 31, 2012	$ 11,166,462	$ 706,074	$ 11,872,536
Accumulated depreciation			
Balance, January 1, 2013	$ -	$ 258,147	$ 258,147
Depreciation	-	16,036	16,036
Disposals	-	(966)	(966)
Reclassification	-	19,612	19,612
Balance, December 31, 2013	$ -	$ 292,829	$ 292,829
Balance, January 1, 2012	$ -	$ 242,912	$ 242,912
Depreciation	-	15,235	15,235
Balance, December 31, 2012	$ -	$ 258,147	$ 258,147

The investment properties held by the Group were depreciated on the following estimated useful lives using the straight-line method.

Buildings	
Main buildings	12-60 years
Equipment	3-10 years

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

	For the Year Ended December 31	
	2013	2012
Rental incomes	$ 187,835	$ 185,322
Direct operating expenses	81,878	88,342

The fair values of the Group's investment properties as of December 31, 2013, December 31, 2012 and January 1, 2012, were $16,653,357 thousand, $16,453,532 thousand and $15,511,494 thousand, respectively. The fair values had been arrived at on the basis of valuation procedures carried out at those dates by the management of the Group which used the valuation model that market participants usually use in determining fair value. The valuation amounts were arrived at by reference to market evidence of transaction prices for similar properties.

Please refer to Note 58 for the recognized carrying amount of investment properties as of January 1, 2012.

20.PROPERTY AND EQUIPMENT

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 28,296,400	$ 28,415,580	$ 28,429,080
Buildings	10,887,245	11,136,786	11,458,407
Machinery equipment	1,410,033	1,487,838	1,652,341
Transportation equipment	153,436	130,165	128,116
Miscellaneous equipment	228,045	221,731	257,131
Leasehold improvement	376,775	319,675	325,254
Leased assets	118,371	136,526	151,448
Prepayments for buildings, equipment and property under construction	60,362	24,024	28,553
	$ 41,530,667	$ 41,872,325	$ 42,430,330

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Leased Assets	Prepayment for Buildings, Equipment and Property under Construction	Total
Cost									
Balance, January 1, 2013	$ 28,415,580	$ 16,496,450	$ 6,400,093	$ 609,525	$ 1,539,843	$ 1,089,171	$ 168,275	$ 24,024	$ 54,742,961
Additions	-	89,157	409,573	58,387	69,154	111,494	585	214,707	953,057
Disposals	(2,284)	(22,296)	(203,463)	(32,599)	(61,941)	(32,152)	-	-	(354,735)
Reclassification	(116,896)	41,388	33,352	4,790	1,499	66,253	-	(178,330)	(147,944)
Effect of foreign currency exchange differences	-	-	(490)	(41)	361	3,051	-	(39)	2,842
Balance,December 31, 2013	$ 28,296,400	$ 16,604,699	$ 6,639,065	$ 640,062	$ 1,548,916	$ 1,237,817	$ 168,860	$ 60,362	$ 55,196,181

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Leased Assets	Prepayment for Buildings, Equipment and Property under Construction	Total
Balance, January 1, 2012	$ 28,429,080	$ 16,499,778	$ 6,557,172	$ 636,697	$ 1,686,909	$ 1,041,577	$ 164,610	$ 28,553	$ 55,044,376
Additions	-	76,436	392,438	38,343	66,381	79,172	3,665	102,750	759,185
Disposals	(13,500)	(96,635)	(580,490)	(63,981)	(106,664)	(45,121)	-	-	(906,391)
Reclassification	-	16,871	38,355	275	1,642	45,666	-	(106,766)	(3,957)
Combined individual effects	-	-	-	(1,403)	(106,807)	(29,157)	-	(221)	(137,588)
Effect of foreign currency exchange differences	-	-	(7,382)	(406)	(1,618)	(2,966)	-	(292)	(12,664)
Balance,December 31, 2012	$ 28,415,580	$ 16,496,450	$ 6,400,093	$ 609,525	$ 1,539,843	$ 1,089,171	$ 168,275	$ 24,024	$ 54,742,961
Accumulated depreciation									
Balance, January 1, 2013	$ -	$ 5,359,664	$ 4,912,255	$ 479,360	$ 1,318,112	$ 769,496	$ 31,749	$ -	$ 12,870,636
Depreciation	-	396,784	521,584	38,421	64,284	122,392	18,740	-	1,162,205
Disposals	-	(19,383)	(202,935)	(31,140)	(61,779)	(32,152)	-	-	(347,389)
Reclassification	-	(19,611)	(21)	-	-	-	-	-	(19,632)
Effect of foreign currency exchange differences	-	-	(1,851)	(15)	254	1,306	-	-	(306)
Balance,December 31, 2013	$ -	$ 5,717,454	$ 5,229,032	$ 486,626	$ 1,320,871	$ 861,042	$ 50,489	$ -	$ 13,665,514
Balance, January 1, 2012	$ -	$ 5,041,371	$ 4,904,831	$ 508,581	$ 1,429,778	$ 716,323	$ 13,162	$ -	$ 12,614,046
Depreciation	-	406,282	593,536	35,871	69,590	113,881	18,587	-	1,237,747
Disposals	-	(87,989)	(580,024)	(63,677)	(106,011)	(20,620)	-	-	(858,321)
Reclassification	-	-	13	-	(2,358)	12,373	-	-	10,028
Combined individual effects	-	-	-	(1,189)	(71,557)	(50,601)	-	-	(123,347)
Effect of foreign currency exchange differences	-	-	(6,101)	(226)	(1,330)	(1,860)	-	-	(9,517)
Balance,December 31, 2012	$ -	$ 5,359,664	$ 4,912,255	$ 479,360	$ 1,318,112	$ 769,496	$ 31,749	$ -	$ 12,870,636

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

Buildings	
Main buildings	20-60 years
Air conditioning	5-10 years
Machinery equipment	3-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	1.5-5 years
Leased assets	9 years

On January 1, 2012, the date of transition to IFRSs, the Group treated the carrying amount under ROC GAAP, determined by reference to the revaluation amount established at the date of revaluation of the land, as the deemed cost of the land. Please refer to Note 58 for details.

21. INTANGIBLE ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Goodwill	$ 21,012,047	$ 21,012,047	$ 21,012,047
Intangible assets - customer value	167,726	304,418	441,109
Intangible assets - computer software	366,635	378,662	446,089
Intangible assets - concession	17,220	30,997	44,773
Intangible assets - others	-	6,074	12,149
	$ 21,563,628	$ 21,732,198	$ 21,956,167

	Goodwill	Customer Value	Computer Software	Concession	Others	Total
Balance, January 1, 2013	$ 21,012,047	$ 304,418	$ 378,662	$ 30,997	$ 6,074	$ 21,732,198
Additions	-	-	127,951	-	-	127,951
Amortization	-	(136,692)	(143,584)	(13,777)	(6,074)	(300,127)
Reclassification	-	-	2,917	-	-	2,917
Effect of foreign currency exchange differences	-	-	689	-	-	689
Balance, December 31, 2013	$ 21,012,047	$ 167,726	$ 366,635	$ 17,220	$ -	$ 21,563,628
Balance, January 1, 2012	$ 21,012,047	$ 441,109	$ 446,089	$ 44,773	$ 12,149	$ 21,956,167
Additions	-	-	95,387	-	-	95,387
Amortization	-	(136,691)	(171,326)	(13,776)	(6,075)	(327,868)
Reclassification			8,542			8,542
Effect of foreign currency exchange differences	-	-	(30)	-	-	(30)
Balance, December 31, 2012	$ 21,012,047	$ 304,418	$ 378,662	$ 30,997	$ 6,074	$ 21,732,198

Goodwill

Taishin Bank merged with Dah An Bank through a share swap in February 2002, in which Taishin Bank issued new shares to acquire the total assets and liabilities of Dah An Bank. The difference between the fair value of the new shares issued by Taishin Bank and the fair value of net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2013, December 31, 2012 and January 1, 2012 was all $884,938 thousand with no material impairment loss noted.

Taishin AMC acquired 40% ownership of Taishin Real-Estate in April 2003. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2013, December 31, 2012 and January 1, 2012 was all $4,187 thousand.

Taishin Bank acquired the net assets of the 10th Credit Cooperative of Hsin-Chu in October 2004. The acquisition price in excess of the net assets of 10th Credit Cooperative of Hsin-Chu was recognized as goodwill. The unamortized amount as of December 31, 2013, December 31, 2012 and January 1, 2012 was all $267,336 thousand.

In the fourth quarter of 2005 and the second quarter of 2006, Taishin Financial Holding and Taishin Bank acquired 22.81% and 2.58% interest in net assets of Chang Hwa Bank, respectively. The difference between investment cost and fair value of net assets acquired was recognized as goodwill. The related information was as follows:

	Acquisition in the Fourth Quarter of 2005		Acquisition in the Second Quarter of 2006	
Total price paid by Taishin Financial Holding and subsidiaries		$ 36,844,375		$ 3,833,096
Fair value of Chang Hwa Bank's net assets	$ 81,535,281		$ 89,878,748	
Less equities attributed to stockholders of preferred stock - A	(6,275,753)		(6,536,466)	
Equities attributed to stockholders of common stock and preferred stock - B	75,259,528		83,342,282	
Multiplied by percentage of ownership interests acquired by Taishin Financial Holding and subsidiaries	22.81%		2.58%	
Fair value of Chang Hwa Bank's net assets acquired by Taishin Financial Holding and subsidiaries	$ 17,168,136	(17,168,136)	$ 2,150,507	(2,150,507)
Difference between investment cost and fair value of net assets acquired (goodwill)		$ 19,676,239		$ 1,682,589

The goodwill was amortized over 20 years by the straight-line method and subject to impairment test before December 31, 2005. Goodwill was no longer amortized since January 1, 2006, but was tested for impairment regularly each year. The amortization for 2005 was $245,953 thousand, and unamortized balance was $21,112,875 thousand as of December 31, 2006. In the second quarter of 2007, Taishin Financial Holding sold 2.58% interest in net assets of Chang Hwa Bank originally acquired in the second quarter of 2006, resulting in a decrease in consolidated goodwill amount by $1,682,589 thousand. The unamortized balance was all $19,430,286 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012.

According to February 24, 2010 ARDF Interpretation 2010-0000000061 and the instructions given by the Financial Supervisory Commission, Executive Yuan, ROC, the assets of Chang Hwa Bank which belongs to Taishin Financial Holding and Taishin Bank due to holding interest, are subject to asset impairment test. Taishin Financial Holding then used business valuation models to calculate the recoverable amount used in the impairment test. The recoverable amounts were based on the value in use which is calculated by the estimation of discounted free cash flow generated from the operating assets of Chang Hwa Bank, plus fair market value of non-operating assets minus the value of subordinated corporate bonds. The assumptions of the growth rate to estimate the future cash flows were based on the data issued by domestic and overseas research institutes and the long term growth rate issued by the Directorate General of Budget, Accounting and Statistics (DGBAS). The discount rate was determined by free cash flow. Based on the result of the test, there was no material impairment of assets.

The key assumption of recoverable amount is based on profit and loss prediction. Under the key assumption, Taishin Financial Holding refers to the past performance and predicts that the profit of Chang Hwa Bank in normal operation is consistent with the past experience. Reasonable variations in key assumption are not supposed to make the fair value exceed the recoverable amount.

Taishin Securities Investment Trust merged with IBT Securities Investment Trust Co., Ltd. on December 18, 2010, in which Taishin Securities Investment Trust acquired the total assets and liabilities of IBT Securities Investment Trust Co., Ltd. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2013, December 31, 2012 and January 1, 2012 was all $425,300 thousand.

Intangible Assets - Customer Value

To increase the number of customers, credit card usage, revolving balance, and increase profits by enhancing the operation efficiency, Taishin Bank acquired the net assets of Chinfon Bank's credit card business valued at $3,425,031 thousand and the related customer value stated at $672,969 thousand as of the base date, March 6, 2010 for the price of $4,098,000 thousand. The customer value recognized as intangible asset was amortized; the amount of monthly amortization was $11,216 thousand and the unamortized amount was $157,027 thousand, $291,622 thousand and $426,214 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

Taishin Securities Investment Trust acquired all the net assets of IBT Securities Investment Trust Co., Ltd., and the related customer value that amounted to $16,994 thousand as of the base date, December 18, 2010. The amount of monthly amortization was $175 thousand and the unamortized amount was $10,699 thousand, $12,796 thousand and $14,895 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

Intangible Assets - Concession

To maintain the framework of Taishin Financial Holding, it acquired 100% equity interest of Taishin Securities B and the related concession amounted to $68,881 thousand in 2010. The concession value recognized as intangible asset was amortized; the amount of monthly amortization was $1,148 thousand and the unamortized amounts were $17,220 thousand, $30,997 thousand and $44,773 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

22. OTHER ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Prepayments	$ 2,745,906	$ 5,705,781	$ 2,169,008
Refundable deposits	3,008,659	480,808	919,639
Operating guarantee deposits and settlement funds	162,614	149,656	130,463
Collaterals, net	424,417	425,545	426,561
Trust fund	-	-	377,014
Others	228,124	226,809	287,012
	$ 6,569,720	$ 6,988,599	$ 4,309,697

Operating Guarantee Deposits

Taishin Securities B

As stipulated in the Regulations Governing Securities Firms, underwriters, dealers, and brokers should provide $40 million, $10 million, $50 million, respectively, and $10 million for each additional branch in the form of cash, government bonds, and/or financial debentures as operating deposits to be placed in designated banks. Taishin Securities A and Taishin Securities B should also provide $50 million each as operating deposits in accordance with the Regulation Governing Margins and Stock Loans by Securities Firms.

As stipulated in the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms, the head office of a futures advisory firm should provide operating deposits of $10 million for its operations and $5 million for each of its branches.

Taishin Securities Investment Trust and Taishin Securities Investment Advisory

As stipulated in the Regulation Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises (SITE) and Securities Investment Consulting Enterprises (SICE) Article 10, a SITE or a SICE shall lodge an operating deposit of $25 million where the paid-in capital of a SITE or a SICE is $300 million or more. In May 2012, Taishin Securities Investment Advisory had applied for the termination of its discretionary investment business services. The application had been approved by the Financial Supervisory Commission. In addition, as stipulated in the Regulations Governing Offshore Funds Article 10, $30 million and $50 million of operating deposits should be lodged by Taishin Securities Investment Trust and Taishin Securities Investment Advisory as representatives of funds managed by one and two offshore fund managers, respectively. In conducting the business of selling offshore funds, Taishin Securities Investment Trust should lodge operating deposits of $20 million. The operating deposits shall be in cash, bank deposits, government bonds or financial deposits and shall be placed in designated one financial institution.

Settlement Funds

Taishin Securities B

As stipulated in the Regulations Governing Securities Firms, all brokers should place $15 million as settlement funds with the Taiwan Stock Exchange before starting trading transactions in the first year of trading and contribute a certain percentage of the transaction amounts to the fund within 10 days after the end of each quarter. In the second year, the settlement funds need to reach only $7 million, including the previous year's contribution. If the funds accumulated until the previous year are more or less than $7 million, the brokers can claim a refund from the Taiwan Stock Exchange or submit the shortage, respectively, at the end of January each year.

All dealers are required to deposit $10 million as settlement fund to the Taiwan Stock Exchange before starting trading activities.

Securities firms are required to deposit $3 million as settlement fund to the Taiwan Stock Exchange before each additional branch starts trading operations, and this deposit will be reduced to $2 million from the second year.

As stipulated in GTSM Rules Governing Settlement Funds in the Joint Liability System, except for the $3 million deposited from headquarters, the brokers should continually provide settlement funds based on a specified percentage of the executed value of OTC-listed securities which were traded through GTSM.

As stipulated in GTSM Rules Governing Settlement Reserve in the Electronic Bond Trading System, the headquarters should provide minimum amount of reserve in cash for the participation in the Electronic Bond Trading System.

23. DUE TO CENTRAL BANK AND BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Due to Central Bank	$ 24,598	$ 24,011	$ 25,292
Due to other banks	9,952,204	11,525,959	14,287,830
Deposits transferred from the Postal Bureau	34,551,988	36,177,635	42,503,490
Call loans from other banks	128,082,410	103,214,940	116,152,418
Bank overdraft	4,050,965	1,952,380	1,614,850
	$ 176,662,165	$ 152,894,925	$ 174,583,880

24. COMMERCIAL PAPER ISSUED

Guarantee or acceptance institution	December 31, 2013	December 31, 2012	January 1, 2012
Mega Bills Finance	$ -	$ 7,000	$ 200,000
China Bills Finance	-	-	68,000
Less: Discounts on commercial paper issued	-	-	(47)
	$ -	$ 7,000	$ 267,953

As of December 31, 2012 and January 1, 2012, the interest rates for commercial paper issued were 1.112% and 0.77%-0.88%, respectively.

25. PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes and accounts payable	$ 13,478,296	$ 12,919,576	$ 14,627,654
Accrued expenses	6,060,544	4,764,649	4,720,415
Interest payable	3,640,598	4,117,230	3,944,988
Acceptance payable	7,252,081	6,861,321	8,082,448
Check for clearance payable	12,004,800	22,441,208	20,934,314
Other tax payable	289,526	362,142	271,645
Collection payable	759,281	778,712	598,530
Other payables	2,885,814	2,206,636	2,118,177
	$ 46,370,940	$ 54,451,474	$ 55,298,171

26. DEPOSITS AND REMITTANCES

	December 31, 2013	December 31, 2012	January 1, 2012
Checking deposits	$ 40,586,728	$ 41,261,642	$ 43,450,706
Demand deposits	458,643,172	414,764,838	390,644,211
Time deposits	551,986,863	549,743,802	521,584,090
Negotiable certificates of deposit	6,390,900	10,744,600	19,171,700
Savings deposits	1,191,904,484	1,121,779,330	1,047,914,613
Remittances	1,064,199	1,351,962	1,446,857
	$ 2,250,576,346	$ 2,139,646,174	$ 2,024,212,177

27. BONDS PAYABLE

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured subordinated corporate bonds - par	$ 22,000,000	$ 22,000,000	$ 33,650,000
Bank debentures	68,322,818	75,151,937	63,496,086
	$ 90,322,818	$ 97,151,937	$ 97,146,086

Subordinated Corporate Bonds Issued By Taishin Financial Holding

To raise working capital and enhance financial structure, Taishin Financial Holding issued unsecured subordinated corporate bonds under SFB approval. Bond issue terms were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured Subordinated Corporate Bonds - 2005 (I)	$ -	$ -	$ 12,000,000
Unsecured Subordinated Corporate Bonds - 2005 (II)	-	-	3,650,000
Unsecured Subordinated Corporate Bonds - 2005 (III)	-	-	3,000,000
Unsecured Subordinated Corporate Bonds - 2010 (I)	5,300,000	5,300,000	5,300,000
Unsecured Subordinated Corporate Bonds - 2010 (II)	2,700,000	2,700,000	2,700,000
Unsecured Subordinated Corporate Bonds - 2011 (I)	5,200,000	5,200,000	5,200,000
Unsecured Subordinated Corporate Bonds - 2011 (II)	1,800,000	1,800,000	1,800,000
Unsecured Subordinated Corporate Bonds - 2012 (I)	7,000,000	7,000,000	-
	$ 22,000,000	$ 22,000,000	$ 33,650,000

a. Domestic Unsecured Subordinated Corporate Bonds - 2005 (I)

1) Issue amount: $12,000,000 thousand, divided into Bond A and Bond B according to the issue dates. The total issue amount for Bond A and Bond B was $11,500,000 thousand and $500,000 thousand, respectively.
2) Denomination: $10,000 thousand.
3) Maturity: Both Bond A and B mature 7 years from the issue date. Bond A was issued on September 20, 2005 and will mature on September 20, 2012. Bond B was issued on September 21, 2005 and will mature on September 21, 2012.
4) Issue price: Both Bond A and B were issued at 100% of the principal.
5) Coupon rate: 2.70% per annum for both Bond A and B.
6) Interest payment: Simple interest per annum from the issue date for both Bond A and B.
7) Redemption on maturity: In cash for both Bond A and B.
8) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

b. Domestic Unsecured Subordinated Corporate Bonds - 2005 (II)

1) Issue amount: $3,650,000 thousand.
2) Denomination: $10,000 thousand.
3) Issue date: November 15, 2005.
4) Issue price: 100% of the principal amount of the bonds.
5) Maturity: 7 years from the issue date.
6) Coupon rate: 2.70 % per annum.
7) Interest payment: Simple interest per annum from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

c. Domestic Unsecured Subordinated Corporate Bonds - 2005 (III)

1) Issue amount: $3,000,000 thousand.
2) Denomination: $50,000 thousand.
3) Issue date: December 8, 2005.
4) Issue price: 100% of the principal amount of the bonds.
5) Maturity: 7 years from the issue date.
6) Coupon rate: “Floating rate of one-year time deposit of Chunghwa Post Co., Ltd.” posted on Central Bank’s website at 10:30 a.m. of two business days prior to the interest calculation period, plus 0.5%.
7) Interest payment: Simple interest semiannual from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

d. Domestic Unsecured Subordinated Corporate Bonds - 2010 (I)

1) Issue amount: $5,300,000 thousand.
2) Denomination: $10,000 thousand.
3) Issue date: December 17, 2010.
4) Issue price: 100% of the principal amount of the bonds.

5) Maturity: 7 years from the issue date.
6) Coupon rate: 2.3% per annum.
7) Interest payment: Simple interest per annum from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

e. Domestic Unsecured Subordinated Corporate Bonds - 2010 (II)
1) Issue amount: $2,700,000 thousand.
2) Denomination: $10,000 thousand.
3) Issue date: January 27, 2011.
4) Issue price: 100% of the principal amount of the bonds.
5) Maturity: 7 years from the issue date.
6) Coupon rate: “Floating rate of one-year time deposit of Chunghwa Post Co., Ltd.” plus 0.70%.
7) Interest payment: Simple interest per annum from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

f. Domestic Unsecured Subordinated Corporate Bonds - 2011 (I)
1) Issue amount: $5,200,000 thousand.
2) Denomination: $50,000 thousand.
3) Issue date: August 5, 2011.
4) Issue price: 100% of the principal amount of the bonds.
5) Maturity: 7 years from the issue date.
6) Coupon rate: 2.2% per annum.
7) Interest payment: Simple interest per annum from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

g. Domestic Unsecured Subordinated Corporate Bonds - 2011 (II)
1) Issue amount: $1,800,000 thousand.
2) Denomination: $50,000 thousand.
3) Issue date: October 5, 2011.
4) Issue price: 100% of the principal amount of the bonds.
5) Maturity: 7 years from the issue date.
6) Coupon rate: 2.2% per annum.
7) Interest payment: Simple interest per annum from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

h. Domestic Unsecured Subordinated Corporate Bonds - 2012 (I)

1) Issue amount: $7,000,000 thousand.
2) Denomination: $50,000 thousand.
3) Issue date: May 15, 2012.
4) Issue price: 100% of the principal amount of the bonds.
5) Maturity: 7 years from the issue date.
6) Coupon rate: 2.0% per annum.
7) Interest payment: Simple interest per annum from the issue date.
8) Redemption on maturity: In cash.
9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

Bank Debentures Issued By Taishin Bank

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

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

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

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

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

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

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

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

1) Put option and redemption policies:
   On the seventh, eighth, ninth, tenth and eleventh anniversaries of the debentures issue, if the terms of exercising put option or redemption rights are satisfied, and if the holders exercise the put option or Taishin Bank exercises the redemption rights, the debentures will expire on current interest payment date. Taishin Bank will repay the holders at the principal value plus accrued interests.
2) Terms of exercising put option or redemption rights:
   The rate is provided by the Central Bank on March 10, 2012, 2013, 2014, 2015 and 2016 at 10:30 a.m. If the rate is less than or equal to 1.85%, the holders can exercise the put option; if the rate is greater than 1.85%, Taishin Bank can exercise the redemption right.
3) Exercise of put option by the holders:
   If the terms of exercising put option are satisfied and the holders plan to exercise the put option, holders should notify Taishin Bank in written form within ten days after the terms are satisfied.
4) Exercise of redemption right by Taishin Bank:
   If the terms of exercising redemption right are satisfied and Taishin Bank plans to exercise the right, Taishin Bank should post it on major local newspapers within thirty days before current interest payment date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bank Debentures Issued By Chang Hwa Bank

On September 26, 2007, May 19, 2008, December 15, 2008, September 15, 2009, June 29, 2010, March 11, 2011 and April 18, 2011 and May 29, 2011, Chang Hwa Bank issued subordinated bank debentures and senior bank debentures to enhance its capital adequacy ratio and raise medium to long-term operating funds. The details of subordinated bank debentures were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value hedged			
Subordinated Bank Debentures - 2008 (I)	$ 2,000,000	$ 2,000,000	$ 2,000,000
Valuation adjustment	59,818	101,937	146,086
	2,059,818	2,101,937	2,146,086
Non-hedged			
Subordinated Bank Debentures - 2007 (I)	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2008 (I)	3,000,000	3,000,000	3,000,000
Subordinated Bank Debentures - 2008 (II)	8,350,000	8,350,000	8,350,000
Subordinated Bank Debentures - 2009 (I)	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2010 (I)	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2011 (I)	3,300,000	3,300,000	3,300,000
Subordinated Bank Debentures - 2011 (II)	6,700,000	6,700,000	6,700,000
Subordinated Bank Debentures - 2013 (I)	4,913,000	-	-
	41,263,000	36,350,000	36,350,000
	$ 43,322,818	$ 38,451,937	$ 38,496,086

The details of subordinated bank debentures were as follows:

a. Subordinated Bank Debentures - 2007 (I)
1) Issue amount: $5,000,000 thousand.
2) Issue date: September 26, 2007.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: 7 years from the issue date.
5) Coupon rate: The 90-day commercial paper fixed rate in the secondary market plus 0.35%, provided by Reuters Limited.
6) Interest payment: Interest payable annually from the issue date.

b. Subordinated Bank Debentures - 2008 (I)
1) Issue amount: $5,000,000 thousand.
2) Issue date: May 19, 2008.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: 7 years from the issue date.
5) Coupon rate: 3.10 % per annum.
6) Interest payment: Interest payable annually from the issue date.
7) Other: To avoid loss on fair value changes of its fixed-rate borrowings, Chang Hwa Bank engaged in interest rate swaps derivative as hedging instruments under derivative financial instruments for hedging.

c. Subordinated Bank Debentures - 2008 (II)
1) Issue amount: $8,350,000 thousand.
2) Issue date: December 15, 2008.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: 7 years from the issue date.
5) Coupon rate: 3.05% per annum.
6) Interest payment: Interest payable annually from the issue date.

d. Subordinated Bank Debentures - 2009 (I)
1) Issue amount: $5,000,000 thousand.
2) Issue date: September 15, 2009.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: 7 years from the issue date.
5) Coupon rate: 2.30% per annum.
6) Interest payment: Interest payable annually from the issue date.

e. Subordinated Bank Debentures - 2010 (I)
1) Issue amount: $5,000,000 thousand.
2) Issue date: June 29, 2010.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: None.
5) Coupon rate: From first to tenth year: 3.15% per annum
After tenth year: 4.15% per annum
6) Interest payment: Interest payable annually from the issue date.

f. Subordinated Bank Debentures - 2011 (I)
1) Issue amount: $3,300,000 thousand and divided into Bank Debenture A $2,200,000 thousand and Bank Debenture B $1,100,000 thousand.
2) Issue date: March 11, 2011.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: Bank Debenture A matures 7 years from the issue date and Bank Debenture B matures 10 years from the issue date.

5) Coupon rate: 1.65% per annum for Bank Debenture A and 1.72% per annum for Bank Debenture B.
6) Interest payment: Interest payable annually from the issue date.

g. Subordinated Bank Debentures - 2011 (II)
1) Issue amount: $6,700,000 thousand.
2) Issue date: April 18, 2011.
3) Issue price: 100% of the principal amount of the bonds.
4) Maturity: 10 years from the issue date.
5) Coupon rate: The 90-day commercial paper fixed rate in the secondary market plus 0.20%, provided by Reuters Limited.
6) Interest payment: Interest payable annually from the issue date.

h. The details of senior bank debentures 2013 (I) were as follows:
1) Issue amount: RMB1,000,000 thousand.
2) Issue date: May 29, 2013.
3)Issue price: 100% of the principal amount of the bonds.
4) Maturity: 3 years from the issue date.
5) Coupon rate: Fixed rate 2.90% per annum.
6) Interest payment: Interest payable annually from the issue date.

28. OTHER BORROWINGS

	December 31, 2013	December 31, 2012	January 1, 2012
Short-term unsecured borrowings	$ 2,156,539	$ 447,471	$ 43,000
Long-term borrowings			
Nanjing Bank, medium-term working capital loan with a credit line of RMB200,000 thousand; repayable in semi-annual installments	130,776	132,525	-
	$ 2,287,315	$ 579,996	$ 43,000

As of December 31, 2013, December 31, 2012 and January 1, 2012, the interest rates on short-term unsecured borrowings ranged from 1.99% to 2.76%, from 1.30% to 1.97% and 1.18%, respectively.

As of December 31, 2013 and 2012, the interest rate of long-term borrowings ranged were both 6.46%.

29. RESERVE FOR LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Reserve for employee benefits	$ 3,663,483	$ 3,768,446	$ 3,307,075
Reserve for guarantee liabilities	451,131	456,450	387,526
Other reserves	308,089	350,488	392,147
	$ 4,422,703	$ 4,575,384	$ 4,086,748

	Reserve for Guarantee Liabilities	Other Reserves	Total
Balance, January 1, 2013	$ 456,450	$ 350,488	$ 806,938
Provision (reverse)	(4,157)	194	(3,963)
Reclassified to allowance for loan losses	(410)	-	(410)
Written off	(1,050)	-	(1,050)
Payment	-	(42,593)	(42,593)
Exchange differences	298	-	298
Balance, December 31, 2013	$ 451,131	$ 308,089	$ 759,220

(Continued)

	Reserve for Guarantee Liabilities	Other Reserves	Total
Balance, January 1, 2012	$ 387,526	$ 392,147	$ 779,673
Provision (reverse)	127,494	376	127,870
Reclassified to allowance for loan losses	(58,372)	-	(58,372)
Payment	-	(42,035)	(42,035)
Exchange differences	(198)	-	(198)
Balance, December 31, 2012	$ 456,450	$ 350,488	$ 806,938

(Concluded)

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

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

30. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Principal of structured products	$ 31,484,193	$ 14,517,130	$ 14,497,817
Appropriations for loan fund	1,023,936	252,046	376,854
Lease payable	81,017	113,830	142,324
Gold account	214,357	152,338	-
	$ 32,803,503	$ 15,035,344	$ 15,016,995

31. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Unearned revenue	$ 888,536	$ 802,945	$ 1,221,661
Unearned interest	297,102	206,326	113,628
Guarantee deposits	1,706,699	1,123,209	1,145,018
Deferred income	1,107,335	1,094,355	1,068,604
Temporary credits	286,028	256,818	260,721
Others	136,627	100,585	165,721
	$ 4,422,327	$ 3,584,238	$ 3,975,353

32. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

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

Defined Benefit Plans

The Group also have defined benefit plan under the Labor Standards Law (the "LSL"). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of six months before retirement. The Group contributes amounts equal to 2% to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

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

a. The principal assumptions used for the purposes of actuarial valuations were as follows:

	Valuation Date		
	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate used in determining present values	1.750%~2.125%	1.375%~1.625%	1.375%~1.75%
Expected rate of return on plan assets	1.75%~2.00%	1.5%~2%	1.75%~2%
Long-term expected rate of average salary increase	2.00%~3.00%	1.75%~3%	2%~3%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life 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	$ 290,968	$ 550,728
Interest cost	152,711	163,942
Expected return on plan assets	(124,166)	(136,221)
	$ 319,513	$ 578,449

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was $183,859 thousand and $320,324 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 and 2012 was $504,183 thousand and $320,324 thousand, respectively.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	($ 10,296,194)	($ 10,221,094)	($ 9,495,318)
Fair value of plan assets	7,924,230	7,751,473	7,369,939
Deficit	(2,371,964)	(2,469,621)	(2,125,379)
Prepaid pension cost	(14,477)	(11,450)	(13,783)
Others	(8,747)	(10,440)	(11,116)
Net liability arising from defined benefit obligation	($ 2,395,188)	($ 2,491,511)	($ 2,150,278)

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	$ 10,221,094	$ 9,495,318
Current service cost	290,968	550,728
Interest cost	152,711	163,942
Actuarial losses (gains)	196,682	322,808
Liabilities extinguished on settlements	(325,545)	(163,049)
Benefits paid	(239,716)	(148,653)
Closing defined benefit obligation	$ 10,296,194	$ 10,221,094

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	$ 7,751,473	$ 7,369,939
Expected return on plan assets	123,251	136,223
Actuarial losses (gains)	(25,579)	(62,508)
Contributions from the employer	637,669	619,521
Benefits paid	(237,039)	(148,653)
Assets distributed on settlements	(325,545)	(163,049)
Closing fair value of plan assets	$ 7,924,230	$ 7,751,473

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

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

The Group chose to disclose the history of experience adjustments, as determined for each accounting period, prospectively from the date of transition to IFRSs (refer to Note 58):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	($ 10,296,194)	($ 10,221,094)	($ 9,495,318)
Fair value of plan assets	$ 7,924,230	$ 7,751,473	$ 7,369,939
Deficit	($ 2,371,964)	($ 2,469,621)	($ 2,125,379)
Experience adjustment of plan liabilities	($ 314,970)	($ 319,643)	$ -
Experience adjustment of plan assets	($ 25,579)	($ 62,508)	$ -

The Group expects to make a contribution of $468,125 thousand and $614,536 thousand to the defined benefit plans within one year beginning from 2013 and 2012, respectively.

c. Plan of high-yield savings account for employee

Chang Hwa Bank has the obligation to pay premium interest on the high-yield savings account of its present employees and retired employees. Such obligation is recognized based on its internal guidelines in the Rules of Employee Preferential Deposit for Retired Employees. Please refer to Note 38 for the related information on expense.

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

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

2) Analysis of defined benefit obligation:

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

3) Movements of the present value of defined benefit obligation:

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

4) Movements of the fair value of plan assets

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

5) Details of gains and losses recognized in expenses:

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

6) Main actuarial assumptions:

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

33. EQUITY

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	12,000,000	12,000,000	12,000,000
Shares authorized	$ 120,000,000	$ 120,000,000	$ 120,000,000
Numbers of shares issued and fully paid (in thousands)			
Common stock	7,511,653	6,891,447	6,325,047
Preferred stock	725,137	725,137	1,191,296
Shares issued	82,367,900	76,165,841	75,163,436

Common Stock and Preferred Stock

As of December 31, 2013, December 31, 2012 and January 1, 2012, Taishin Financial Holding's authorized capital was all $120,000,000 thousand (12,000,000 thousand shares); share issued was all 8,236,790 thousand shares, divided into 7,511,653 thousand common shares and 725,137 thousand preferred shares at NT$10.00 par value. Details of outstanding capital stock as of December 31, 2013 were as follows:

	Common Stock	Preferred Stock	Total
First share swap	$ 23,000,000	$ 7,000,000	$ 30,000,000
Less: Cancellation of preferred stock - A	-	(3,000,000)	(3,000,000)
Less: Cancellation of preferred stock - B	-	(4,000,000)	(4,000,000)
Second share swap	13,316,236	-	13,316,236
Capital infusion with cash	8,222,223	-	8,222,223
Convertible bonds converted to common stock	5,989,867	-	5,989,867
Issue of preferred stock - C	-	5,000,000	5,000,000
Issue of preferred stock - D	-	7,777,778	7,777,778
Stock dividends distributed	31,106,030	-	31,106,030
Less: Cancellation of treasury stock	(2,733,505)	-	(2,733,505)
Less: Capital reduction to recover loss	(3,864,802)	(864,815)	(4,729,617)
Employee stock options converted to new shares	80,483	-	80,483
Less: Cancellation of preferred stock - C	-	(4,661,595)	(4,661,595)
Shares issued	$ 75,116,532	$ 7,251,368	$ 82,367,900

On February 18, 2002, Taishin Financial Holding issued 2,300,000 thousand shares of common stock, 300,000 thousand shares of preferred stock - A and 400,000 thousand shares of preferred stock - B to acquire all the issued common stock, preferred stock - A, and preferred stock - B of Taishin Bank through a share swap at a 1:1 ratio, respectively. Preferred stock - A and preferred stock - B have been redeemed and cancelled on September 20, 2002 and June 30, 2006, respectively.

As of December 31, 2002, Taishin Financial Holding issued 1,331,624 thousand common shares to acquire all the issued common stocks of Taishin Securities A and Taishin Bills Finance through share swaps at ratios of 1:1.2 and 1:1.3, respectively, with "1" representing Taishin Financial Holding.

On March 22, 2006, Taishin Financial Holding issued through private placement common stock totaling $10,000,000 thousand for 555,556 thousand shares at NT$18.00 per share. The rights and obligations are the same as those of the common stock outstanding. The mentioned common stock has been published in open market by the approval of FSC on May 17, 2011.

On December 27, 2006, Taishin Financial Holding issued through private placement common stock totaling $4,000,000 thousand for 266,667 thousand shares at NT$15.00 per share. The rights and obligations are the same as those of the common stock outstanding. The mentioned common stock has been published in open market by the approval of FSC on May 17, 2011.

Taishin Financial Holding has proposed to effect capital reduction by cancelling 386,480 thousand outstanding common shares (capital reduction ratio 6.7681%) on December 4, 2009.

Taishin Financial Holding's shareholders had resolved the transfer of $5,664,000 thousand and $6,139,767 thousand and of earnings to common stock in the shareholders' meeting on June 22, 2012 and June 21, 2013. The ex-dividend date was August 12, 2012 and August 18, 2013.

Taishin Financial Holding's group capital adequacy ratio was 127.87% and 140.74% as of December 31, 2013 and 2012.

On September 28, 2005, preferred stock - C amounting to $15,000,000 thousand (500,000 thousand shares) was issued with a cumulative, non-participating and non-convertible dividend at 3.5% per annum based on issue price; the shares were redeemed on September 28, 2012 at NT$30.00 per share. Taishin Financial Holding's shareholders should approve the financial statements and appropriation of earnings every year. Then, the Board of Directors set the ex-dividend date of preferred stock - C. Preferred stock - C has preference over common stock but inferior to preferred stock - B in dividend distribution. Taishin Financial Holding reduced its capital by cancelation of 33,841 thousand outstanding preferred shares on December 4, 2009; the remaining 466,159 thousand preferred shares expired on September 28, 2012.

On March 22, 2006, Taishin Financial Holding issued via private placement preferred stock - D totaling 777,778 thousand shares at NT$18 per share in the total amount of $14,000,000 thousand. The stock dividends are fixed at 6.5% per annum based on issue price, participating, but non-cumulative. Taishin Financial Holding's shareholders should approve the financial statements and appropriation of earnings every year. Then, the Board of Directors set the ex-dividend date of preferred stock - D. Preferred stock - D has preference over common stock but inferior to preferred stock - B and preferred stock - C. The stockholders of preferred stock - D may request to convert the preferred stock - D to common stock at ratio of 1:1 three years from the issue date. Taishin Financial Holding may redeem part or all outstanding preferred stock - D at issue price. Taishin Financial Holding has proposed to effect capital reduction by cancelling 52,641 thousand outstanding preferred shares on December 4, 2009.

Advance receipts for common stock

As of December 31, 2013, advance receipts for capital stock amounted to $180,170 thousand, representing the proceeds of the exercise of employee stock options to convert into 16,505 thousand shares of common stock, of which the registration of the conversion has not been completed.

Capital surplus

Taishin Financial Holding's capital surplus as of December 31, 2013 was $9,478,327 thousand, which included additional paid-in capital of $850,198 thousand from the unappropriated earnings of the financial institutions that swapped shares to form Taishin Financial Holding. Under Article 47-4 of the ROC Financial Holding Company Act, distribution of unappropriated earnings transferred from the original financial institutions that swapped shares is not limited to the guidelines under Article 241-1 of the ROC Company Law. The additional paid-in capital in excess of par of preferred stock - D should not be capitalized in the period the preferred stock - D is outstanding.

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital, limited to a certain percentage of the company's paid-in capital and once a year.

Retained earnings and dividend policy

Taishin Financial Holding's Articles of Incorporation provide that annual net income, after payment of taxes and offset of any accumulated deficit should be appropriated in the following order:

a. Legal reserve and, if needed, special reserve;

b. Dividends to holders of preferred stock;

c. 0.01% of the remainder as bonuses to employees and 1% of the remainder as remuneration to directors and supervisors;

d. The remainder, together with the unappropriated retained earnings of previous years, as dividends.

Taishin Financial Holding's Board of Directors should prepare a proposal on above item (d) for approval in the stockholders' regular annual meeting. However, under the requirements of the MOF, if the group's capital adequacy ratio is less than 100%, distributions of dividends may also be restricted.

For the years ended December 31, 2013 and 2012, the bonus to employees was $1,147 thousand and $767 thousand, respectively, and the remuneration to directors and supervisors was $114,698 thousand and $76,747 thousand, respectively. The bonus to employees and remuneration to directors, and supervisors were calculated based on the rates described above (percentage of net income net of the bonus to employees, directors, and supervisors) and based on the Articles of Incorporation. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve the total amount of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of Taishin Financial Holding's use of exemptions under IFRS 1. However, at the date of transition to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough, i.e. smaller than the total revaluation and translation differences, only the increase

in retained earnings that resulted from all IFRSs adjustments is appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated at the first-time adoption of IFRSs may be used to offset deficit in subsequent years. No appropriation of earnings shall be made until the aforementioned special reserve used to offset deficit shall have been appropriated back in subsequent years when Taishin Financial Holding has earnings, unless the requirement to appropriate for special reserve is eliminated.

The increase in retained earnings that resulted from all IFRSs adjustments was not enough, i.e. smaller than the total revaluation and translation differences; therefore, Taishin Financial Holding appropriated to special reserve the amount of $220,376 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transition to IFRSs.

Under Rule No. 1010045494 issued by the FSC on October 9, 2012, Taishin Securities Investment Trust reclassified loss provision to special reserve. Therefore, Taishin Financial Holding appropriated to special reserve $518 thousand.

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

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

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

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For Year 2012	For Year 2011	For Year 2012	For Year 2011
Legal reserve	$ 997,049	$ 943,184	$ -	$ -
Preferred stock - C cash dividends	388,729	525,000	-	-
Preferred stock - D cash dividends	910,000	910,000	-	-
Common stock cash dividends	1,534,942	1,416,000	0.22273	0.22387
Common stock dividends	6,139,767	5,664,000	0.89092	0.89548

The bonus to employees and remuneration to directors and supervisors for 2012 and 2011, which were approved by the shareholders in their meetings on June 21, 2013 and June 22, 2012, respectively, were as follows:

	For Year 2012	For Year 2011
Bonus to employees	$ 767	$ 705
Remuneration to directors and supervisors	76,747	70,537

The appropriations of earnings for 2012 were proposed according to Taishin Financial Holding's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies and ROC GAAP, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies (revised) and IFRSs.

There were no differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements for the year ended December 31, 2012 and 2011.

Information about the earnings appropriation, the bonus to employees, directors and supervisors proposed by Taishin Financial Holding's Board of Directors and shareholders' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Other equity items

a. Exchange differences on translation of foreign financial statements

	For the Year Ended December 31	
	2013	2012
Beginning balance	($ 58,334)	$ -
Exchange differences arising on translating the net assets of foreign operations	133,355	(58,334)
Income tax relating to exchange differences arising on translating the net assets of foreign operations	(6,333)	-
Ending balance	$ 68,688	($ 58,334)

b. Unrealized gains (losses) on available-for-sale financial assets

	For the Year Ended December 31	
	2013	2012
Beginning balance	$ 2,458,941	$ 948,726
Unrealized gains (losses) on available-for-sale financial assets	686,197	1,727,805
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	334,056	(134,121)
Cumulative gains (losses) reclassified to profit or loss on sale of available-for-sale financial assets	(2,603,199)	(83,469)
Ending balance	$ 875,995	$ 2,458,941

Non-controlling interests

	For the Year Ended December 31	
	2013	2012
Beginning balance	$ 81,127,472	$ 75,394,047
Attributable to non-controlling interests		
Net income	6,737,375	6,484,325
Exchange differences on translation of foreign financial statements	217,894	(81,819)
Income tax relating to exchange differences arising on translating the foreign operations	(21,756)	-
Unrealized gains (losses) on available-for-sale financial assets	(513,499)	617,261
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	(980)	-
Actuarial gain (loss) on defined benefit plans	(156,505)	(203,174)
Income tax related to actuarial gain (loss)	26,601	34,526
Non-controlling interest relating to outstanding vested share options held by the employees of subsidiaries	58	82
Cash dividends	(559,005)	(1,044,869)
Disposal of subsidiary	-	(72,907)
Ending balance	$ 86,857,655	$ 81,127,472

34.NET INTEREST INCOME

	For the Year Ended December 31	
	2013	2012
Interest income		
Loans	$ 41,340,537	$ 40,447,254
Due from and call loans to banks	1,533,115	838,878
Investment in marketable securities	4,746,430	4,968,852
Revolving interest of credit card	1,361,221	1,536,102
Others	1,551,355	977,878
	50,532,658	48,768,964
Interest expense		
Deposits	(14,985,922)	(14,696,021)
Due to the Central Bank and call loans from banks	(1,252,727)	(1,527,853)
Issuance of bonds and securities	(1,971,323)	(2,332,713)
Structured products	(630,664)	(242,841)
Others	(412,251)	(407,643)
	(19,252,887)	(19,207,071)
Net interest income	$ 31,279,771	$ 29,561,893

35.NET SERVICE FEE AND COMMISSIONS INCOME

	For the Year Ended December 31	
	2013	2012
Service fee and commissions income		
Fees from import and export	$ 361,681	$ 458,194
Remittance fees	592,130	513,385
Interbank fees	728,049	762,895
Loan and guarantees fees	954,647	881,145
Fees from certification, underwriting and brokerage	331,620	202,884
Fees from trustee business	2,911,802	2,336,747
Agency fees	$ 6,570,047	$ 6,109,217
Fees from credit card and cash card	2,957,347	2,666,004
Others	1,000,110	1,064,096
	16,407,433	14,994,567
Service fee and commissions expense		
Interbank fees	(272,972)	(238,799)
Fees from trustee business	(169,118)	(144,083)
Marketing fees	(385,638)	(371,126)
Agency fees	(456,815)	(527,014)
Fees from credit card	(1,061,769)	(981,218)
Others	(780,199)	(652,804)
	(3,126,511)	(2,915,044)
Net service fee and commissions income	$ 13,280,922	$ 12,079,523

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

	For the Year Ended December 31	
	2013	2012
Disposal gains (losses) on financial assets and liabilities at FVTPL		
Stocks and beneficiary certificates	$ 218,136	$ 80,424
Bills	21,535	2,089
Bonds	(419)	145,036
Derivative financial instruments	5,288,638	3,055,485
	5,527,890	3,283,034
Valuation gains (losses) on financial assets and liabilities at FVTPL		
Stocks and beneficiary certificates	16,399	102,799
Bills	(10,378)	(2,946)
Bonds	222,188	462,845
Derivative financial instruments	3,474,701	632,972
	3,702,910	1,195,670
Net interest income on financial assets and liabilities at FVTPL	647,006	510,008
Dividend revenue on financial assets at FVTPL	23,123	3,913
	$ 9,900,929	$ 4,992,625

37. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Year Ended December 31	
	2013	2012
Disposal gains		
Stock and beneficiary certificates	$ 2,682,352	($ 88,902)
Bills	(677)	(3,734)
Bonds	92,714	344,904
Other	(21,713)	-
	2,752,676	252,268
Dividends and bonuses	203,558	226,394
	$ 2,956,234	$ 478,662

38. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2013	2012
Short-term benefits	$ 18,171,669	$ 17,210,943
Post-employment benefits (Note 32)		
Defined contribution plans	442,392	503,969
Defined benefit plans	325,513	583,631
High-yield savings account for employees	249,549	382,268
Other post-employment benefits	198,372	54,838
Share-based payment		
Equity-settled share-based payment	61,769	100,131
Cash-settled share-based payment	43,715	-
Other employee benefits expenses	341,543	389,697
	$ 19,834,522	$ 19,225,477

39. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2013	2012
Property and equipment	$ 1,162,205	$ 1,237,747
Investment property	16,036	15,235
Intangible assets and other deferred assets	302,723	331,848
	$ 1,480,964	$ 1,584,830

40. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing with subsidiaries Taishin Bank, Taishin Securities A, Taishin Bills Finance, Taishin AMC and Taishin Marketing. Taishin Venture Capital was included in this tax system in 2004. Taishin Securities A, Taishin Bills Finance and Taishin Marketing were excluded from the linked tax system in 2009, in 2011 and in 2013, respectively. Taishin Securities B, Taishin Securities Investment Trust and Taishin Securities Investment Advisory were included in this tax system in 2011. Taishin Holdings Insurance Brokers was included in this tax system in 2012.

Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current period	$ 1,915,526	$ 985,636
Additional income tax on unappropriated earnings	13,584	43,387
Adjustments for prior years	221,306	477,097
Offshore income tax expense	173,198	187,432
Others	426,749	2,908
Deferred tax		
In respect of the current period	2,079,806	2,123,248
Adjustments for prior years	(340)	(23,394)
Income tax expense recognized in profit or loss	$ 4,829,829	$ 3,796,314

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2013	2012
Income from continuing operation before income tax	$ 25,403,452	$ 20,667,299
Income tax expense calculated at the statutory rate 17%	$ 4,307,156	$ 3,516,348
Nondeductible expenses in determining taxable income	84,934	57,086
Tax-exempt income	(767,230)	(718,975)
Additional income tax on unappropriated earnings	13,584	43,387
Unrecognized temporary differences	123,134	(33,488)
Unrecognized loss carryforwards	149,886	173,709
Others	524,201	117,112
Offshore income tax expense	173,198	187,432
Adjustments to prior years' tax	221,306	477,097
Adjustments to prior years' deferred tax	(340)	(23,394)
Income tax expense recognized in profit or loss	$ 4,829,829	$ 3,796,314

The Group's income tax statutory tax rate was 17% for the years ended December 31, 2013 and 2012. The subsidiaries in Mainland China income tax rate was 25%.

Income Tax Recognized in Other Comprehensive Income

	For the Year Ended December 31	
	2013	2012
Deferred tax		
Recognized in other comprehensive income		
Exchange differences on translation of foreign financial statements	$ 28,089	$ -
Unrealized gains (losses) on available-for-sale financial assets	(333,076)	134,121
Actuarial gains and losses on defined benefit plan	(38,401)	(64,994)
	($ 343,388)	$ 69,127

Current Tax Assets and Liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	$ 1,751,083	$ 1,721,159	$ 2,151,147
Prepaid income tax	8,787	12,074	-
	$ 1,759,870	$ 1,733,233	$ 2,151,147
Current tax liabilities			
Income tax payable	$ 4,248,028	$ 2,602,123	$ 1,938,721

Deferred Tax

Deferred tax assets and liabilities reported in consolidated financial statement were analyzed as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Deferred tax assets	$ 7,809,571	$ 9,798,309	$ 12,271,713
Deferred tax liabilities	(6,711,208)	(6,821,004)	(7,123,580)
	$ 1,098,363	$ 2,977,305	$ 5,148,133

	For the Year Ended December 31, 2013				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	$ 2,952,330	$ 137,637	$ -	$ 517	$ 3,090,484
Others	957,517	7,136	38,401	70,733	1,073,787
	3,909,847	144,773	38,401	71,250	4,164,271
Loss carryforwards	5,888,462	(2,255,335)	-	12,173	3,645,300
	$ 9,798,309	($ 2,110,562)	$ 38,401	$ 83,423	$ 7,809,571
Deferred tax liabilities					
Land value increment tax	$ 6,210,244	$ -	$ -	$ -	$ 6,210,244
Temporary differences	610,760	(31,096)	(304,987)	226,287	500,964
	$ 6,821,004	($ 31,096)	($ 304,987)	$ 226,287	$ 6,711,208

	For the Year Ended December 31, 2012				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	$ 3,148,717	($ 198,157)	$ -	($ 17)	$ 2,950,543
Others	1,400,358	(565,340)	64,994	51,688	951,700
	4,549,075	(763,497)	64,994	51,671	3,902,243
Loss carryforwards	7,722,638	(1,829,209)	-	2,637	5,896,066
	$ 12,271,713	($2,592,706)	$ 64,994	$ 54,308	$ 9,798,309
Deferred tax liabilities					
Land value increment tax	$ 6,210,244	$ -	$ -	$ -	$ 6,210,244
Temporary differences	913,336	(492,852)	134,121	56,155	610,760
	$ 7,123,580	($ 492,852)	$ 134,121	$ 56,155	$ 6,821,004

The Group's Loss Carryforwards as of December 31, 2013

Expiry Year	Unused Amount
2015	$ 825,460
2016	1,955,680
2017	430,233
2018	428,958
2020	4,969
	$ 3,645,300

Taishin Financial Holding's Information about Integrated Income Tax

	December 31, 2013	December 31, 2012	January 1, 2012
Balance of ICA	$ 61,421	$ 51,951	$ 94,601
Unappropriated earnings generated after January 1, 1998	$ 13,755,369	$ 10,164,169	$ 9,701,741

As stipulated in the Ministry of Finance Letter No. (91) Tai-Tsai-Tax 0910454466, the denominator to be used in the imputed tax credit ratio should include the capital surplus which is originally the un-appropriated earnings generated after January 1, 1998 before the share swap in establishing a financial holding company. As of December 31, 2013, the capital surplus of Taishin Financial Holding mentioned above amounted to $757,662 thousand.

Taishin Financial Holding's creditable ratio for distribution of earnings of 2013 and 2012 was 0.42% (estimate) and 5.49% (actual), respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credit allocated to ROC resident shareholders of Taishin Financial Holding was calculated based on the creditable ratio as of the date of dividend distribution.

The actual imputation credit allocated to shareholders of Taishin Financial Holding was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

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

Assessments of The Group's Income Tax

Taishin Financial Holding's income tax returns through 2007 had been assessed by the tax authorities.

The tax authorities had disapproved the related expenses of Taishin Financial Holding in 2004, 2005, 2006 and 2007 due to their disagreement to the direct and reasonable attribution of operating and interest expenses to investment and expenditures on management of investees, resulting in the increase of taxable amount by $812,875 thousand, $1,149,862 thousand, $1,721,715 thousand and $1,326,854 thousand, respectively. The tax authorities ruled that a holding company is a company specialized in investment business so the related operating and interest expenses are not tax deductible because the dividends or net surplus received by a company from its investment in another domestic company are exempted from income tax. Taishin Financial Holding had filed appeals and litigations to the tax authorities and the administrative courts and these cases were entrusted to the Taiwan Financial Services Roundtable and had recognized reasonable reserve.

Taishin Bank's income tax returns through 2007 had been assessed by the tax authorities. On July 1, 2013, Taishin Insurance Agency received the assessment of the 2011 income tax return from the tax authorities that shows tax payable of $4,198 thousand on the 2010 unappropriated earnings. Because it is double taxation, Taishin Insurance Agency is applying for recheck of the assessment. The income tax returns of Taishin Real-Estate and Taishin Insurance Brokers through 2012 and 2011 had been assessed by the tax authorities.

In regard to the amortization of $632,098 thousand, $758,518 thousand, $758,518 thousand, $758,518 thousand, $758,518 thousand and $126,420 thousand of goodwill from the merger of Dah An Bank reported in the 2002, 2003, 2004, 2005, 2006 and 2007 income tax returns of Taishin Bank, the tax authorities had disapproved the amortization as deductible because the goodwill resulted from the negotiations of the dealing parties rather than from a purchase in active market. Taishin Bank had filed appeals and litigations to the tax authorities and the administrative courts. Taishin Bank had recognized the loss as income tax expense for the years ended December 31, 2013 and 2012.

In regard to the amortization of $18,109 thousand, $71,577 thousand, $71,405 thousand and $71,405 thousand on goodwill from the acquisition of the 10th Credit Cooperative of Hsin-Chu in the 2004, 2005, 2006 and 2007 income tax returns of Taishin Bank, the tax authorities had disapproved the related expense due to the reason that the goodwill was not assessed by applying professional valuation procedures and the identifiable assets and liabilities were not analyzed by fair value. Taishin Bank is filing appeals to the tax authorities. Taishin Bank had recognized the loss as income tax expense through the year ended December 31, 2013.

Taishin AMC's income tax returns through 2007 had been assessed by the tax authorities.

Taishin Marketing's income tax returns through 2007 had been assessed by the tax authorities.

Taishin Venture Capital's income tax returns through 2007 had been assessed by the tax authorities.

Taishin Securities Investment Trust's income tax returns through 2010 had been assessed by the tax authorities.

Taishin Securities B's income tax returns through 2010 had been assessed by the tax authorities.

Taishin Securities Investment Advisory's income tax returns through 2010 had been assessed by the tax authorities.

Chang Hwa Bank's income tax returns through 2011 had been assessed by the tax authorities. Though, Chang Hwa Bank had filed appeals and litigations to the tax authorities and the administrative courts because of the income tax returns through 2010 and 2011. Chang Hwa Bank had recognized the loss as income tax expense base on the conservation. Both CHB Life Insurance Agency's and CHB Insurance Brokerage's income tax returns through 2012 had been assessed by the tax authorities.

Taishin Holdings Insurance Brokers' income tax returns through 2011 had been assessed by the tax authorities.

41. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2013	2012
Basic earnings per share	$ 1.72	$ 1.21
Diluted earnings per share	$ 1.68	$ 1.21

The earnings per share computation was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on August 18, 2013. The basic and diluted after-tax earnings per share were adjusted retrospectively as followings:

Unit: NT$ Per Share

	For the Year Ended December 31	
	2013	2012
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	$ 1.30	$ 1.21
Diluted earnings per share	$ 1.30	$ 1.21

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

Net Income for the Periods

	For the Year Ended December 31	
	2013	2012
Net income for the periods attributable to owner of the parent	$ 13,836,248	$ 10,386,660
Less:Dividends on preferred stocks	(910,000)	(1,298,730)
Earnings used in computation of basic earnings per share	12,926,248	9,087,930
Effect of dilutive potential ordinary share:		
Convertible preferred stocks	910,000	-
Earnings used in computation of diluted earnings per share	$ 13,836,248	$ 9,087,930

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

	For the Year Ended December 31	
	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	7,510,179	7,505,417
Effect of dilutive potential ordinary shares:		
Convertible preferred stocks	725,137	-
Employees bonus	109	99
Employees stock options	20,313	-
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	8,255,738	7,505,516

If the Group could settle the bonus to employees by cash or shares, the Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolved the number of shares to be distributed to employees at their meeting in the following year.

42. SHARE-BASED PAYMENT ARRANGEMENTS

a. Equity-settled share-based payments of employee share option plan

Taishin Financial Holding adopted the Employee Share Option Plan on August 31, 2011, October 13, 2010, March 15, 2007 and August 2, 2005 (Plan of 2010 (II), 2010 (I), Plan of 2007 and Plan of 2005, respectively).

For vested share-based payment exercised before the transition date, the Group chose the exemption from the adoption of FSC-recognized IFRS 2 “Share-Based Payment”. Thus, only the employee share options unvested on the transition date adopted the regulation of FSC-recognized IFRS 2 “Share-Based Payment”. All the employee share options were measured at fair value at grant date. Options were priced using the appropriate pricing model.

Under the Plan of 2010, 2007 and 2005, Taishin Financial Holding has to grant 77,000 units (first grant 75,390 units, second grant 1,610 units), 150,000 units and 150,000 units, respectively, of stock warrant to its qualified employees. Each unit represents the right to obtain 1,000 shares of Taishin Financial Holding’s common stock, and the exercise price is equal to the stock closing price on the Taiwan Stock Exchange on the grant date.

The exercise price of the employee share options is subject to adjustments based on certain situations specified in the compensation plan.

Share options under the Plan of 2010 and 2007 can be exercised in two years from the grant date and will expire in ten years from the grant date. The exercisable percentages were as follows:

Share Options Grant Period	Percentage Exercisable	Cumulative Percentage Exercisable
Over 2 years	15% ～ 40%	15% ～ 40%
Over 3 years	15% ～ 40%	30% ～ 80%
Over 4 years	15% ～ 40%	45% ～ 100%
Over 5 years	15% ～ 40%	60% ～ 100%
Over 6 years	15% ～ 40%	100%

Share options under the Plan of 2005 can be exercised in two years from the grant date and will expire in ten years from the grant date. The exercisable percentages were as follows:

Share Options Grant Period	Percentage Exercisable	Cumulative Percentage Exercisable
Over 2 years	20%	20%
Over 3 years	20%	40%
Over 4 years	20%	60%
Over 5 years	20%	80%
Over 6 years	20%	100%

The quantity and weighted-average exercise price of the share options were as follows:

	For the Year Ended December 31			
	2013		2012	
Plan of 2010 (II)	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	1,507	$ 11.80	1,610	$ 13.10
Forfeited	-	-	(103)	13.10
Outstanding, ending balance	1,507		1,507	
Exercisable, ending balance	317		-	

Plan of 2010 (I)	For the Year Ended December 31			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	61,710	$ 11.70	66,250	$ 13.00
Exercise	(11,096)	10.61	-	-
Forfeited	(2,308)	11.64	(4,540)	12.75
Outstanding, ending balance	48,306		61,710	
Exercisable, ending balance	19,129		15,721	

Plan of 2007	For the Year Ended December 31			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	109,118	$ 12.50	115,970	$ 13.90
Exercise	(11,638)	11.31	-	-
Forfeited	(1,220)	12.34	(6,852)	13.12
Outstanding, ending balance	96,260		109,118	
Exercisable, ending balance	96,260		94,458	

Plan of 2005	For the Year Ended December 31			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	40,450	$ 17.20	41,450	$ 19.10
Forfeited	-		(1,000)	19.10
Outstanding, ending balance	40,450		40,450	
Exercisable, ending balance	40,450		40,450	

The weighted-average of stock prices at the dates of exercise of share options exercised during the year ended December 31, 2013 was $14.26.

The exercise price and expected weighted-average outstanding period of the share option warrants for the years ended December 31, 2012 and 2013 were as follows:

	For the Year Ended December 31			
	2013		2012	
	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)
Plan of 2010 (II)	$ 10.70	7.67	$ 11.80	8.67
Plan of 2010 (I)	10.60	6.79	11.70	7.79
Plan of 2007	11.30	3.20	12.50	4.20
Plan of 2005	15.50	1.58	17.20	2.58

The valuation models of the share options for the year ended December 31, 2013 were as follows:

Valuation Model	Black-Scholes Options Valuation Model	Plan of 2010 (II)	Plan of 2010 (I)	Plan of 2007
Assumption	Dividend yield	-	-	7.00%
	Expected price volatility	37.71% ~ 39.71%	38.02% ~ 38.73%	33.26%
	Risk-free interest rate	1.22% ~ 1.52%	1.06% ~ 1.23%	2.15%
	Expected outstanding periods	10 years	10 years	10 years

b. Cash-settled share-based payment of Taishin appreciation rights plan

The Group issued to employees share appreciation rights (the SARs) that require the Group to pay the intrinsic value of the SAR to the qualified people at the date of exercise. The fair value of the SARs was determined using the Black-Scholes pricing model based on the following assumptions.

	December 31, 2013
Balance sheet date share price	$14.65
Exercise price	$9.90
Outstanding period	2 years, 3 years
Expected volatility	31.15%, 33.47%
Risk-free interest rate	0.91%, 0.97%

The movements in the appreciation rights plan were as follows:

	For the Year Ended December 31, 2013	
Appreciation Rights Plan	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	-	$ -
Granted	24,323	10.97
Forfeited	(580)	10.75
Outstanding, ending	23,743	
Exercisable, ending	-	
Weighted-average fair value of appropriation rights (NT$)	$ 4.9384	

43. DISPOSAL OF SUBSIDIARY

a. Gain on disposal of subsidiary

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

	For the Year Ended December 31, 2012
First time	
Consideration received	$ 346,557
Add: Fair value of the remaining equity (25.36%)	220,400
Less: Disposed of net assets	(218,992)
Add: Non-controlling interests	72,907
Add: Original share of the other comprehensive income	5,434
Gain on disposal	426,306
Second time	
Proceeds from disposal of subsidiary	43,330
Add: Fair value of the remaining investments (20.36%)	176,941
Less: Carrying value on the disposal date	(218,209)
Gain on disposal	2,062
Third time	
Proceeds from disposal of subsidiary	133,090
Add: Fair value of the remaining investments (5%)	43,450
Less: Carrying value on the disposal date	(175,861)
Gain on disposal	679
	$ 429,047

b. Net cash inflow on disposal of subsidiary

	For the Year Ended December 31, 2012
Consideration received in cash and cash equivalents	$ 522,977
Less: Cash and cash equivalent balances disposal of	(202,478)
	$ 320,499

44. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of operating place which were tenanted by Taishin Bank, Chang Hwa Bank with lease terms between 1 and 10 years.

As of December 31, 2013, December 31, 2012 and January 1, 2012, refundable deposits paid under operating leases amounted to $263,959 thousand, $290,657 thousand and $287,512 thousand, respectively.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 976,806	$ 858,634	$ 818,553
Later than 1 year and not later than 5 years	1,895,610	1,750,342	1,591,324
Later than 5 years	349,138	189,133	193,015
	$ 3,221,554	$ 2,798,109	$ 2,602,892

b. The group as lessor

Operating leases relate to the investment property owned by the Group with lease terms from 0.5 to 10 years.

As of December 31, 2013, December 31, 2012 and January 1, 2012, deposits received under operating leases amounted to $51,733 thousand, $48,294 thousand and $48,664 thousand, respectively.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 229,830	$ 210,051	$ 205,701
Later than 1 year and not later than 5 years	483,164	490,679	430,694
Later than 5 years	74,197	80,481	81,665
	$ 787,191	$ 781,211	$ 718,060

45. CAPITAL RISK MANAGEMENT

a. Summary

To efficiently control the capital adequacy of the Group and its subsidiaries on the premise of balancing the Group's business development and risk control, Taishin Financial Holding had codified its "principles of capital adequacy management" and compiles related information reported to the Asset and Liability Management Committee periodically.

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

1) To ensure the Group and its subsidiaries conform to related capital adequacy regulations and minimum basic criteria set by each industry administration.

2) To ensure every subsidiary is able to meet the capital needs of operating plan and the capital requirement, as well as to reach the optimization of capital allocation within the Group.
3) To implement capital management, Taishin Financial Holding and its significant subsidiaries should assess capital adequacy periodically and make proper arrangement of capital structure and application of capital instruments and adjustments of asset portfolio.

b. Capital management procedures

In order to meet the Group's capital adequacy goals, Taishin Financial Holding established the Asset and Liability Committee to review capital performance of Taishin Financial Holding and its significant subsidiaries' every month. If there is concern that the Group's capital adequacy may be below the legal standard, the Committee would immediately find measures to increase the Group's net qualified capital or to reduce the Group's legal capital requirement so as to improve the Group's performance and meet capital adequacy ratio.

The Group's capital adequacy is calculated based on the accounting reports and related data of capital adequacy provided by Taishin Financial Holding and its subsidiaries. Taishin Financial Holding and each of its subsidiaries should respectively report to local administrations using the calculation formula and forms according to the regulations before deadline.

c.

Item / Company	December 31, 2013		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		128,950,996	127,499,631
Taishin Bank	100.00%	90,295,339	66,037,993
Chang Hwa Bank	22.55%	28,399,433	20,444,920
Taishin Securities B	100.00%	2,182,995	773,097
Taishin Venture Capital	100.00%	1,985,115	993,671
Taishin AMC	100.00%	1,883,796	1,061,427
Taishin Securities Investment Trust	100.00%	832,027	455,496
Taishin Securities Investment Advisory	92.00%	324,076	172,843
Taishin Holdings Insurance Brokers	100.00%	899,216	577,510
Exclusive items amounts subtracted		(139,724,165)	(127,279,651)
Total		116,028,828	90,736,937
Group's capital adequacy ratio (Note)			127.87%

Item / Company	December 31, 2012		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		120,406,805	119,183,205
Taishin Bank	100.00%	98,496,750	59,727,868
Chang Hwa Bank	22.55%	27,648,658	19,193,529
Taishin Securities B	100.00%	2,066,367	411,474
Taishin Venture Capital	100.00%	2,085,221	1,043,244
Taishin AMC	100.00%	1,778,834	1,003,100
Taishin Securities Investment Trust	100.00%	3,761	1,959
Taishin Securities Investment Advisory	100.00%	810,855	434,692
Taishin Holdings Insurance Brokers	92.00%	316,281	164,325
Exclusive items amounts subtracted	100.00%	767,553	517,932
Total		(137,975,891)	(118,970,022)
Group's capital adequacy ratio (Note)		116,405,194	82,711,306
			140.74%

d. Financial Holding Company Eligible Capital

Item	December 31, 2013
Common stock	$ 75,116,532
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	13,397,329
Other preferred stock and subordinated corporate bonds	17,940,000
Advance receipts for capital stock	180,170
Capital surplus	3,332,366
Legal reserve	3,939,770
Special reserve	465,368
Retained earnings	13,755,369
Equity adjustment	944,683
Subtracted:	
Goodwill	-
Deferred assets	120,591
Treasury stock	-
Total	128,950,996

Item	December 31, 2012
Common stock	$ 68,914,473
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	13,397,329
Other preferred stock and subordinated corporate bonds	20,940,000
Advance receipts for capital stock	-
Capital surplus	3,157,267
Legal reserve	2,942,721
Special reserve	244,474
Retained earnings	9,970,487
Equity adjustment	1,073,198
Subtracted:	
Goodwill	-
Deferred assets	233,144
Treasury stock	-
Total	120,406,805

Note a: The above list was prepared according to “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company.”

Note b: Group’s capital adequacy ratio = Group’s eligible capital ÷ Group’s statutory capital requirement.

46. DISCLOSURES ACCORDING TO ARTICLE 46 OF FINANCIAL HOLDING ACT

According to Article 46 of Financial Holding Company Act, all subsidiaries of financial holding company should disclose the balance of credit, endorsements and other transactions to the same person, the same related person or the same related enterprise.

Details for the balance of credit, endorsements and other transactions to the same person as of December 31, 2013 were as follows:

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
a. To the same person or the same enterprise		
Central Bank	$ 394,030,109	199.02%
Taiwan Power Co., Ltd.	50,154,788	25.33%
Taiwan High Speed Rail Co., Ltd.	34,578,231	17.46%
CPC Corporation, Taiwan	17,089,777	8.63%
Innolux Corporation	13,428,014	6.78%
Formosa Chemicals & Fibers Corp	11,920,207	6.02%
AU Optronics Corp.	10,490,027	5.30%
Formosa Petrochemical Corp.	8,840,846	4.47%
Ruentex Development Co., Ltd.	6,468,270	3.27%
Formosa Plastics Corp.	6,031,607	3.05%
Wan Bao Development Corp.	5,608,800	2.83%
Taiwan Railways Administration	5,000,000	2.53%
EVA Airways Corp.	4,690,654	2.37%
Lin Yuan Investment Corp.	4,577,670	2.31%
EVA Marine Transport Corp.	4,521,481	2.28%
Quanta Computer Inc.	4,423,605	2.23%
Dragon Steel Corp.	4,228,586	2.14%
Wistron Corp.	4,170,897	2.11%
Continental Development Corp.	4,036,036	2.04%
China Airline Co.	3,954,029	2.00%
U-Ming Marine Transport Corp.	3,951,605	2.00%
Chi Mei Corp.	3,921,532	1.98%
Pujen Land Development Co., Ltd.	3,917,361	1.98%
Taiwan Water Corp.	3,762,667	1.90%
Nan Ya Plastics Corp.	3,753,450	1.90%
Farglory Land Development Co., Ltd.	3,676,785	1.86%
China Steel Corp	3,663,550	1.85%
Pacific Electric Wire & Cable Co., Ltd.	3,347,520	1.69%
Greencompass Marine S.A.	3,314,357	1.67%
Tatung Co.	3,189,155	1.61%
Intora Memories Inc.	3,174,288	1.60%
Yieh United Steel Corp.	3,107,402	1.57%
Chailease Finance Co., Ltd.	3,092,023	1.56%

(Continued)

Transaction Party		Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
	Taiwan Mobile Corp.	$ 3,075,403	1.55%
	United Microelectronics Corp	3,065,041	1.55%
	Cheng Shin Rubber Ind. Co., Ltd.	3,014,471	1.52%
	Total	653,270,244	
b.	To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
	Individual A	6,959,890	3.52%
	Individual B	4,853,843	2.45%
	Individual C	3,779,955	1.91%
	Individual D	3,398,677	1.72%
	Individual E	3,240,857	1.64%
	Individual F	3,171,560	1.60%
	Individual G	3,019,908	1.53%
	Total	28,424,690	
c.	To the same related party enterprise		
	Formosa Plastics Group	25,843,226	13.05%
	Formosa Chemicals & Fibers Corp.	14,241,060	7.19%
	CPC Corp.	13,506,850	6.82%
	Evergreen Group	12,568,695	6.35%
	Far Eastern Group	10,880,271	5.50%
	Hon Hai Group	8,726,028	4.41%
	Lin Yuan Group	8,067,745	4.07%
	Shun Shin Development Corp.	7,619,204	3.85%
	Darfon Electronics Corp.	6,983,681	3.53%
	Walsin Lihwa Corp.	6,839,985	3.45%
	Quanta Computer Enterprise Group	6,639,490	3.35%
	Ruentex Group	6,531,061	3.30%
	AU Optronics (L) Corp.	6,411,356	3.24%
	HannStar Board International Holdings Ltd.	6,409,010	3.24%
	AUO Sunpower Sdn Bhd	6,328,884	3.20%
	AUO Energy Corp.	6,236,422	3.15%
	HannStar Board Holdings (HK) Limited	6,108,618	3.09%
	Hannstar Display Corp.	6,075,009	3.07%
	E United Group	5,889,872	2.97%
	AU Optronics Inc.	5,858,556	2.96%
	Lextar Electronics Corporation	5,858,556	2.96%
	BenQ Corp.	5,778,762	2.92%
	Innolux Corporation	5,386,164	2.72%
	HannStar Board Corp.	5,333,538	2.69%
	Continental Holding Group	5,139,732	2.60%
	China Steel Corp.	4,935,241	2.49%
	Chi Mei Lighting Technology Corp.	4,927,657	2.49%
	Kinpo Group	4,560,576	2.30%
	Chi Mei Group	4,488,839	2.27%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Wistron Corp.	$ 4,242,372	2.14%
Uni-president Group	4,210,757	2.13%
Walton Advanced Engineering Inc.	4,190,387	2.12%
Tatung Group	4,053,293	2.05%
Farglory Group	3,751,319	1.89%
Taiwanglass Group	3,681,487	1.86%
Walsin Technology Corp.	3,617,778	1.83%
Yang Ming Line Group	3,547,954	1.79%
SinoPac Holdings Group	3,535,982	1.79%
CMP Group	3,237,861	1.64%
Wan Bao Development Corp.	3,181,600	1.61%
USI Group	3,118,146	1.57%
YFY Inc.	3,088,000	1.56%
Total	271,631,024	

(Concluded)

47. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Cash and cash equivalents	$ 61,516,953	$ 61,516,953	$ 50,617,800	$ 50,617,800	$ 63,123,985	$ 63,123,985
Due from the Central Bank and call loans to banks	124,152,449	124,152,449	136,641,676	136,641,676	109,187,193	109,187,193
Financial assets at FVTPL	102,817,889	102,817,889	86,282,256	86,282,256	67,813,059	67,813,059
Available-for-sale financial assets	251,947,289	251,947,289	273,786,476	273,786,476	250,996,594	250,996,594
Derivative financial assets for hedging	62,494	62,494	105,087	105,087	149,400	149,400
Securities purchased under resell agreements	9,470,428	9,470,428	4,987,265	4,987,265	9,734,993	9,734,993
Receivables	107,590,190	107,590,190	106,236,192	106,236,192	108,616,026	108,616,026
Loans	1,845,715,026	1,845,715,026	1,787,298,942	1,787,298,942	1,723,226,715	1,723,226,715
Held-to-maturity financial assets	228,942,921	228,986,269	172,613,773	172,744,983	182,797,810	182,740,704
Financial assets carried at cost	7,334,016	7,334,016	7,838,879	7,838,879	7,919,129	7,919,129
Debt investments without active market	4,111,523	4,142,161	3,478,999	3,521,962	8,319,929	8,302,151
Other miscellaneous financial assets	36,062,303	36,062,303	3,488,306	3,488,306	2,619,624	2,619,624
	$ 2,779,723,481	$ 2,779,797,467	$ 2,633,375,651	$ 2,633,549,824	$ 2,534,504,457	$ 2,534,429,573

(Continued)

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Due to the Central Bank and banks	$ 176,662,165	$ 176,662,165	$ 152,894,925	$ 152,894,925	$ 174,583,880	$ 174,583,880
Financial liabilities at FVTPL	16,237,369	16,237,369	11,027,012	11,027,012	10,388,922	10,388,922
Securities sold under repurchase agreements	37,932,722	37,932,722	56,534,194	56,534,194	52,249,552	52,249,552
Commercial paper	-	-	7,000	7,000	267,953	267,953
Payables	46,370,940	46,370,940	54,451,474	54,451,474	55,298,171	55,298,171
Deposits and remittances	2,250,576,346	2,250,576,346	2,139,646,174	2,139,646,174	2,024,212,177	2,024,212,177
Bonds payable	90,322,818	91,638,159	97,151,937	99,006,042	97,146,086	99,436,650
Other borrowings	2,287,315	2,287,315	579,996	579,996	43,000	43,000
Other financial liabilities	32,803,503	32,803,503	15,035,344	15,035,344	15,016,995	15,016,995
	$ 2,653,193,178	$ 2,654,508,519	$ 2,527,328,056	$ 2,529,182,161	$ 2,429,206,736	$ 2,431,497,300

(Concluded)

a. Financial instruments disclosed at carrying amounts

The Group disclosed the following financial assets at carrying amount:

1) Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other miscellaneous financial assets, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings and other miscellaneous financial liabilities, are disclosed at their carrying amounts in the consolidated balance sheet since the maturity is very short or the amount of future payment/receipt approximates their carrying amount.
2) Loans (including delinquent loans)
   The Group's loan interest rate is usually determined based on the prime rate plus or minus basic points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.
   Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.
3) Deposits
   Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.
4) Bonds payable
   Except that Chang Hwa Bank's fair-value-hedge bonds payable is disclosed at fair value, the rest are disclosed at their carrying amounts. Those bonds were issued to enhance liquidity or capital management instead of earning short-term profits.
5) Financial assets carried at cost
   Since the fair value of financial assets carried at cost can not be reliably measured, the carrying amount is disclosed instead of fair value.

b. Financial instruments measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stocks and beneficiary certificates	$ 1,622,851	$ 1,128,744	$ 494,107	$ -
Bond investments	26,960,973	13,839,329	13,121,644	-
Others	54,263,030	-	54,263,030	-
Financial assets designated as at FVTPL	3,676,994	-	124,067	3,552,927
Available-for-sale financial assets				
Stocks and beneficiary certificates	6,218,793	6,218,793	-	-
Bond investments	93,711,132	14,624,401	79,086,731	-
Others	152,017,364	-	151,284,596	732,768
Liabilities				
Financial liabilities at FVTPL	301,503	301,503	-	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	16,294,041	60,848	11,105,254	5,127,939
Derivative financial assets for hedging	62,494	-	62,494	-
Liabilities				
Financial liabilities at FVTPL	15,935,866	-	11,029,673	4,906,193

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficiary certificates	$ 1,224,545	$ 957,302	$ 267,243	$ -
Bond investments	15,138,215	14,373,019	765,196	-
Others	56,738,429	-	56,738,429	-
Financial assets designated as at FVTPL	1,568,591	-	116,241	1,452,350
Available-for-sale financial assets				
Stocks and beneficiary certificates	10,715,739	10,715,739	-	-
Bond investments	111,321,824	31,456,129	79,865,695	-
Others	151,748,913	-	149,692,892	2,056,021
Derivative financial instruments				
Assets				
Financial assets at FVTPL	11,612,476	56,943	10,235,239	1,320,294
Derivative financial assets for hedging	105,087	-	105,087	-
Liabilities				
Financial liabilities at FVTPL	11,027,012	771	10,009,714	1,016,527

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	January 1, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficiary certificates	$ 1,262,125	$ 905,396	$ 356,729	$ -
Bond investments	15,143,020	15,128,014	15,006	-
Others	38,559,079	-	38,559,079	-
Financial assets designated as at FVTPL	1,268,683	-	360,433	908,250
Available-for-sale financial assets				
Stocks and beneficiary certificates	7,913,683	7,913,683	-	-
Bond investments	96,646,224	32,497,016	64,149,208	-
Others	146,436,687	-	143,570,099	2,866,588
Liabilities				
Financial liabilities at FVTPL	54,469	54,469	-	-

Fair Value Measurement of Financial Instruments	January 1, 2012			
	Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at FVTPL	11,580,152	99,355	9,822,419	1,658,378
Derivative financial assets for hedging	149,400	-	149,400	-
Liabilities				
Financial liabilities at FVTPL	10,334,453	-	9,371,814	962,639

1) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) easiness of finding buyers and sellers in the principal (or most advantageous) market for the asset or liability that are both able and willing to transact, (C) pricing information are readily available to the public.
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. value derived from price), in the active markets.
   a) Quoted prices of similar financial instruments in active market are the company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.
   b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
   c) Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).
   d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model since historical volatilities are not representative of the expectation of volatilities of market participants.

c. Reconciliation of Level 3 fair value measurements of financial assets

(In Thousands of New Taiwan Dollars)

For the Year Ended December 31, 2013								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehen-sive Income	Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial assets at FVTPL	$ 2,772,644	$ 511,744	$ -	$ 6,193,533	$ -	($ 797,055)	$ -	$ 8,680,866
Available-for-sale financial assets	2,056,021	50,240	2,739	18,447	-	(1,394,679)	-	732,768
Total	$ 4,828,665	$ 561,984	$ 2,739	$ 6,211,980	$ -	($ 2,191,734)	$ -	$ 9,413,634

(In Thousands of New Taiwan Dollars)

For the Year Ended December 31, 2012								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehen-sive Income	Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial assets at FVTPL	$ 2,566,628	$ 231,046	$ -	$ 2,121.143	$ -	($2,146,173)	$ -	$ 2,772,644
Available-for-sale financial assets	2,866,588	(92,892)	(546)	1,132,091	-	(1,849,220)	-	2,056,021
Total	$ 5,433,216	$ 138,154	($ 546)	$ 3,253,234	$ -	($3,995,393)	$ -	$ 4,828,665

Valuation gains (losses) above recognized in current profits or losses in the amounts of $244,709 thousand and $193,273 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2013 and 2012, respectively.

Valuation gains (losses) above recognized in other comprehensive income in the amounts of $2,331 thousand and $3,346 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2013 and 2012, respectively.

Reconciliation of Level 3 financial liabilities

For the Year Ended December 31, 2013							
Balance	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial liabilities at FVTPL	$ 1,016,527	$ 615,388	$ 3,970,797	$ -	($ 696,519)	$ -	$ 4,906,193

For the Year Ended December 31, 2012							
Balance	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial liabilities at FVTPL	$ 962,639	$ 256,382	$ 584,213	$ -	($ 786,707)	$ -	$ 1,016,527

Valuation gains (losses) above recognized in current profits or losses in the amounts of $300,912 thousand and $221,798 thousand were attributed to gains (losses) on liabilities owned during the years ended December 31, 2013 and 2012, respectively.

d. Valuation techniques and assumptions adopted for measuring fair value

Fair value is the price that would be received to exchange an asset in an orderly transaction between willing market participants with full understanding.

Financial instruments at FVTPL are initially measured at fair value, which usually means transaction price. Subsequent measurement of financial instruments is measured at fair value except for part of financial instruments being measured at amortized costs. The best evidence for fair value is the trading price or the quoted price in the active market. If financial instruments are not in an active market, the Group will adopt valuation techniques or refer to Bloomberg or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument is quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the GreTai Securities Market are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time and frequently, then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Group's financial instruments with active markets and the basis of their fair values are described as follows:

Foreign currency products

Since the foreign exchange market is very active, the Group adopts the market prices of each respective currency or the last trading prices as fair values.

Government bonds and part of interest rate derivatives

1) New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the GreTai Securities Market is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.
2) Interest rate derivatives: The quoted price from Reuters is the fair value.

Stock-related products

The Group adopts stock market quoted prices or the last trading prices as fair values.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the GreTai Securities Market or the average quoted price from Reuters commercial paper interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Group will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Group will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. This type of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the Group makes appropriate estimates based on assumptions.

Valuation models generate estimated approximate values. However, valuation techniques may not be able to reflect all the relevant factors of the Group's financial instruments. Expected values from valuation models are adjusted appropriately by additional parameters, such as model risks, liquidity risks or the counterparty's credit risks. According to Taishin Financial Holding's valuation basis manual and model management principles, the price information and parameters used in the valuation process are cautiously assessed and appropriately adjusted based on the market status.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as discount rate method or option pricing models. Foreign exchange contracts are valued based on the current foreign exchange rate.

e. Reclassification information

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

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

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

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

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

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

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

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

Financial Risk Management Objectives and Policies

a. Summary

The Group’s goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk taken, and external legal restrictions. The major risks the Group sustains includes in- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices and commodity price risks) and liquidity risks.

Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by the Board of Directors or Risk Management Committee, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The Board of Directors is the highest level in the risk management function in the company and takes the full responsibility for risk management issues. Risk Management Committee is formed under the Board of Directors to examine policies and standards and establish risk management system. The chairman of Risk Management Committee takes charge of risk management and reports to the Board of Directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

c. Market risk

1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Group are equity securities price risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public, OTC, and emerging market stocks, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

2) Market risk management policy

Taishin Financial Holding's risk management policy was approved by the Board of Directors and is the highest guidance and principle of risk management.

Risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits and stress tests of various financial assets.

3) Market risk management procedures

a) Identifying risks and measuring possible effects

The Group's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards; the risk management department calculates price sensitivity and gains and losses on positions are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading book monthly. The Group wants to avoid tremendous losses that will harm the Group's operations due to overwhelming changes in market risk factors.

b) Controlling of risk and reporting of issues

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the Board of Directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the Board of Directors and prepares reports to the high-level management and the Board of Directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee in order to improve the effectiveness of the market risk management.

4) Trading book market risk management

Based on the related risk management standards, the Group classifies financial instruments into trading books and banking books according to the purpose of holding the instruments and manages them with different methods. Trading book position consists of trading purpose financial instruments or commodities held to hedge positions in trading books. A position is for trading purpose if it is intended to be sold within a short period; profit can be earned from actual or expected short-term price fluctuations which are the reasons for dealing, matched principal brokering or market making position.

Principles of trading book market risk management are as follows:

a) Management strategy

The goal of trading book market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' interest.

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b) Management principles

The Group stipulated "Principles of Market Risk Limit Management", "Regulations Governing Market Risk Management", "Procedures for Operating Derivative Assets Transactions" and operating principles for various financial instruments to manage trading book limits.

c) Valuation gains and losses

If objective prices of financial instruments in various trading books exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

i. Measure the price sensitivity of various risk factors (i.e. Greeks), such as the effect on the valuations of foreign currency position of a 1% change in exchange rate or the effect on option position valuation due to changes in Greeks.

ii. Please refer to item 9 for the risk assumptions and calculation methods.

iii. Measure potential losses resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments.

5) Trading book interest rate risk management

a) Definition of interest rate risk

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

b) Measuring methods

The risk management department applies sensitivity analysis or Value at Risk to measure interest rate risk and calculates stress loss of risk position held. In sensitivity analysis, the interest rate factor sensitivity is measured by DV01, which is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp). Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department defines the interest rate related products that can be undertaken among trading book investment portfolio and set the total limit of DV01, the limit of DV01 in each time band and the stop-loss limits in order to control exposure risks on position losses. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure positions so as to control losses.

6) Exchange rate risk management
   a) Definition of exchange rate risk
      Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Group's exchange rate risk mainly comes from spot and forward exchange positions and forward exchange options.
   b) Measuring methods
      The risk management department applies sensitivity analysis or Value at Risk to measure exchange rate risk and calculates stress loss of risk position held. In sensitivity analysis, Delta is applied to measure the exchange rate risk of the first order change and Gamma is applied to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate. Please refer to item 9 for the risk assumptions and calculation methods.
   c) Management procedures
      The risk management department sets the position limit and stop-loss limit of trading book investment combinations in order to control exchange rate risk. If the losses reach the stop-loss limit, the trading department should decrease risk exposure positions so as to control losses.
7) Equity security price risk management
   a) Definition of equity security price risk
      Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and OTC stocks, index futures and options.
   b) Measuring methods
      The risk management department applies sensitivity analysis or Value at Risk to measure equity security price risk and calculates stress loss of risk position held. In sensitivity analysis, Delta is applied to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks. Please refer to item 9 for the risk assumptions and calculation methods.
   c) Management procedures
      The risk management department sets the position limit and stop-loss limit of trading book investment portfolio in order to control equity security price risk. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure position so as to control losses.
8) Banking book interest rate risk management

   Taishin Bank

   Banking book interest rate risk involves bonds and bills and their hedge position, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding banking book investment position is to establish deposit reserve. This is different from short-term holding for pursuing profit in trading book. Banking book interest rate risks are regulated separately by the risk management department.
   a) Management strategy
      The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.
   b) Management principles
      Taishin Bank stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank measures the effect on net interest income when the yield curve moves upward by 1bp.

d) Management procedures

Taishin Bank defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

Chang Hwa Bank

a) Definition of banking book interest rate risk

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

b) Management policy on banking book interest rate risk

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

c) Banking book interest rate risk report/scope of measuring system

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

9) Methods for measuring market risk

Taishin Bank

a) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility. The risk management unit is required to execute the stress test at least once a month to calculate trading book stress loss. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee. Since there are so many market risk factors that affect trading book position, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall trading book loss does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distribution.

b) Value at risk, "VaR"

Taishin Bank uses variety of methods to control market risk; the VaR is one of them. Taishin Bank is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is Taishin Bank's important internal risk control system, and the board of directors reviews and establishes trading portfolio's limits annually. Actual exposures of Taishin Bank are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

	For the Year Ended December 31, 2013			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 9,968	$ 106,580	$ 2,936	$ 9,783
Interest rate VaR	18,291	27,316	10,922	22,008
Equity securities VaR	19,786	32,803	11,692	22,540
Value at risk	32,899	122,749	11,767	27,294

	For the Year Ended December 31, 2012			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 8,127	$ 15,425	$ 2,150	$ 7,698
Interest rate VaR	25,158	46,003	14,743	17,394
Equity securities VaR	15,537	26,217	6,707	12,229
Value at risk	35,031	53,498	22,425	29,009

c) Information of exchange rate risk concentration

For information regarding Taishin Bank's non-functional currency financial assets and liabilities on the balance sheet date, please refer to Note 55.

Chang Hwa Bank

a) Stress testing

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

b) Value at Risk, "VaR"

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

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

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

As of December 31, 2013, Chang Hwa Bank's VaR factors were as follows:

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

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

c) Information of exchange rate risk concentration

With regard to Chang Hwa Bank's information of non-functional currency financial assets and liabilities on the balance sheet date, please refer to Note 55.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. For the year ended December 31, 2013, Taishin Securities B's VaR factors were as follows:

	December 31, 2013			
	Highest	Average	Lowest	Ending Balance
Value at risk (VaR)	$ 21,874	$ 16,763	$ 13,220	$ 15,937

d. Credit risk

1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collaterals and market liquidity risk of the collaterals.

Credit risk can be divided into the following categories based on the object and nature of business:

a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debts or fulfill its debt commitments in credit loans operation.

b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debts, bills and other securities mature.

c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Group had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d) Other credit risks

Country risk, custodian risk and brokers risk, etc.

2) Credit risk management policies

Taishin Bank

To ensure its credit risk under control within the tolerable range, Taishin Bank has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on- and off-balance-sheet transactions in the banking and trading books, Taishin Bank should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, Taishin Bank ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, Taishin Bank also establishes risk management system described in the related rules and guidelines.

Unless the assessment of asset qualities and provision for potential losses of the overseas business department is regulated by the local authorities, it is in accordance with Taishin Bank's risk management policies and guidelines.

The measurement and management procedures of credit risks in Taishin Bank's main businesses are as follows:

a) Credit granting business (including loans and guarantees)

Classification of credit assets and level of credit quality are summarized as follows:

i. Classification of credit assets

Taishin Bank's credit assets are classified into five categories. Except for normal credit assets classified as "Category One", the remaining unsound credit assets are evaluated based on the status of the loan collaterals and the length of time overdue. Assets that require special mention are classified as "Category Two", assets that are substandard are classified as "Category Three", assets that are doubtful are classified as "Category Four", and assets with existing loss are classified as "Category Five". In order to manage the problematic credit loans, the reorganization of loan loss provisions, allowance for bad debts or guarantee liability provisions, measures are adopted for overdue loans and procedures and for collecting default loans. In the management of credit assets, Taishin Bank is also guided by the "Regulations Governing the Procedures for Corporation Credit Business to Evaluate Assets and Deal with Non-performing Assets", "Measures for Corporation Credit Business to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures", "Regulations Governing the Procedures for Consumer Business to Evaluate Assets and Deal with Non-performing Assets", "Regulations Governing the Procedures for Overdue Loan, Non-accrual Loans and Doubtful Loans".

ii. Credit risk rating

For risk management purposes, Taishin Bank rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The credit risk rating system is internal rating based on the definition of Basel II of internal rating method (IRB). It covers operation procedures, methodology, control mechanism, information system and data collection, which is used to assist risk assessment, rating approval and loss assessment.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up the shortage of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up the shortage of the model.

b) Due from and call loans to banks

Taishin Bank evaluates the credit status of counterparties before deals are closed. Taishin Bank grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security Investment and Financial Derivatives Transaction

Regarding the credit risk of security investments and financial derivatives, Taishin Bank manages the risk by internal credit rating of issuers, issued underlying, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which Taishin Bank conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, Taishin Bank has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

Chang Hwa Bank

a) To meet the needs of risk management, Chang Hwa Bank continues to enhance corporate finance credit application management system and various risk management techniques and efficiency.
b) Chang Hwa Bank continues to develop methods of credit risk quantification models to elevate credit risk management techniques, which enable Chang Hwa Bank's capital requirement and expected loss to become more risk sensitive.
c) Chang Hwa Bank continues to develop and implement credit risk stress testing in compliance with the requirements of the competent authority supervising risk management and improve the effectiveness of Chang Hwa Bank's risk management.
d) Chang Hwa Bank is building a complete after-loan monitoring mechanism to efficiently identify and manage potential problematic loans, establish appropriate monitoring procedures, track the frequency and the specific responsive measures in order to achieve active management in the process of credit risk identification, measurement, monitoring and reporting.
e) Chang Hwa Bank is building a knowledge base to facilitate learning and assessment. To meet the business demand, it holds risk management seminars and trainings to shape the Bank's risk management culture.

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

a) Credit business (including loan commitments and guarantees)

Levels are as follows:

i. Classification of credit assets

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

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

ii. Credit quality level

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

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

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

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

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

b) Call loans to banks

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

c) Debt instrument and derivatives financial instruments

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

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

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

3) Credit risk hedging or mitigation policies

Taishin Bank

a) Collaterals

Taishin Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the loans, Taishin Bank manages and assesses the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, Taishin Bank stipulates the security mechanism for loans and the conditions and terms for collaterals and offsetting to state clearly that Taishin Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in Taishin Bank in order to reduce the credit risks.

The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

b) Credit risk concentration limits and control

To avoid the concentration of credit risks, Taishin Bank has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, Taishin Bank has set a ratio, which is the credit limit of a single issuer in relation to the total security position. Taishin Bank has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on the financial assets, Taishin Bank has set credit limits by industry, conglomerate, country and transactions collateralized by stocks, and integrated within one system to supervise concentration of credit risk in these categories. Taishin Bank monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, nations.

c) Net settlement

Taishin Bank settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

Chang Hwa Bank

a) Collaterals

Chang Hwa Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the loans, Chang Hwa Bank manages and assesses the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, Chang Hwa Bank stipulates the security mechanism for loans and the conditions and terms for collaterals offsetting to state clearly that Chang Hwa Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in Chang Hwa Bank in order to reduce the credit risks.

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

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

4) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Please refer to the notes to the consolidated financial statements.

As of December 31, 2013 and 2012, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrepealable maximum amount of exposure) were as follows:

Taishin Bank

Financial Instrument Type	December 31, 2013	December 31, 2012
Guarantees	$ 15,506,129	$ 10,686,811
Letters of credit	3,020,095	3,914,509
Unused loan commitments (excluding credit card)	102,392,804	91,455,710
Unused loan commitments (credit card only)	354,607,803	337,268,417

Chang Hwa Bank

Financial Instrument Type	December 31, 2013	December 31, 2012
Guarantees in guarantee business	$ 28,761,247	$ 29,638,924
Unused issued letters of credit	24,074,108	23,171,635
Loan commitments	136,682,789	159,693,488

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

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

Taishin Bank

Industry Type	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	$ 125,911,128	18	$ 131,563,896	20	$ 129,854,589	21
Wholesale and retailing	47,684,051	7	36,678,593	6	33,091,780	6
Finance and insurance	63,480,151	9	64,982,196	10	51,518,906	8
Real estate and leasing	26,504,943	4	22,642,995	3	23,461,021	4
Service	7,443,049	1	8,133,458	1	7,333,517	1
Individuals	411,959,640	58	377,912,422	56	341,117,005	56
Others	29,780,750	3	24,815,328	4	21,900,610	4
	$ 712,763,712		$ 666,728,888		$ 608,277,428	

Chang Hwa Bank

Industry Type	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Finance and insurance	$ 52,337,795	5	$ 47,593,468	4	$ 59,216,271	5
Manufacturing	319,034,125	27	309,446,879	27	332,726,195	29
Wholesale and retailing	104,835,224	9	97,484,713	9	100,549,653	9
Real estate and leasing	71,807,021	6	65,671,197	6	53,371,293	5
Service	19,520,424	2	20,891,098	2	20,036,264	2
Individuals	411,181,778	36	409,025,425	36	387,410,482	34
Others	177,661,267	15	192,532,048	16	184,529,938	16
	$ 1,156,377,634		$ 1,142,644,828		$ 1,137,840,096	

Taishin Bank

Geographic Location	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	$ 674,378,089	95	$ 623,698,449	94	$ 574,796,514	95
Europe	1,437,279	-	1,060,669	-	1,819,307	-
America	585,240	-	1,420,074	-	661,662	-
Others	36,363,104	5	40,549,696	6	30,999,945	5
	$ 712,763,712		$ 666,728,888		$ 608,277,428	

Chang Hwa Bank

Geographic Location	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	$ 1,104,891,801	96	$ 1,098,153,184	96	$ 1,086,678,847	96
America	31,487,029	3	30,647,698	3	37,888,609	3
Europe	18,614,242	1	12,536,152	1	9,453,868	1
Others	1,384,562	-	1,307,794	-	3,818,772	-
	$ 1,156,377,634		$ 1,142,644,828		$ 1,137,840,096	

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

Part of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreement, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Except for those mentioned above, the credit quality of Taishin Banks and Chang Hwa Bank's remaining financial assets were analyzed as follows:

Taishin Bank

a) Credit quality analysis of loans and receivables (including delinquent loans reclassified from other items)

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013									
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables (including delinquent loans reclassified from other items)	$ 57,481,393	$ 15,906,588	$ 1,582,641	$ 5,742,653	$ 80,713,275	$ 54,647	$ 3,700,042	$ 84,467,964	$ 1,012,774	$ 312,429	$ 83,142,761
Loans	541,046,898	144,519,192	8,319,060	-	693,885,150	198,998	18,679,564	712,763,712	5,451,650	3,618,390	703,693,672

Item	December 31, 2012									
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables (including delinquent loans reclassified from other items)	$ 65,151,173	$ 12,201,737	$ 3,887,599	$ 2,852,081	$ 84,092,590	$ 64,612	$ 3,216,565	$ 87,373,767	$ 740,697	$ 354,471	$ 86,278,599
Loans	518,262,698	116,808,538	15,054,559	-	650,125,795	327,180	16,275,913	666,728,888	4,125,681	3,707,669	658,895,538

Item	January 1, 2012									
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables (including delinquent loans reclassified from other items)	$ 71,883,598	$ 7,722,205	$ 2,528,151	$ 3,469,701	$ 85,603,655	$ 67,187	$ 4,295,449	$ 89,966,291	$ 855,371	$ 214,585	$ 88,896,335
Loans	478,195,504	100,038,389	11,145,428	-	589,379,321	414,138	18,483,969	608,277,428	4,431,925	2,786,693	601,058,810

b) Credit quality analysis of loans neither past due nor impaired based on credit ratings of clients

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	$ 378,051,404	$ -	$ 7,595,401	$ -	$ 385,646,805
Corporation finance	162,995,494	144,519,192	723,659	-	308,238,345
Total	$ 541,046,898	$ 144,519,192	$ 8,319,060	$ -	$ 693,885,150

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	$ 347,534,976	$ -	$ 11,473,853	$ -	$ 359,008,829
Corporation finance	170,727,722	116,808,538	3,580,706	-	291,116,966
Total	$ 518,262,698	$ 116,808,538	$ 15,054,559	$ -	$ 650,125,795

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	$ 312,946,043	$ -	$ 8,738,591	$ -	$ 321,684,634
Corporation finance	165,249,461	100,038,389	2,406,837	-	267,694,687
Total	$ 478,195,504	$ 100,038,389	$ 11,145,428	$ -	$ 589,379,321

c) Credit quality analysis of non-credit financial assets

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Call loans to banks	$ 5,110,570	$ -	$ -	$ -	$ 5,110,570	$-	$ -	$ 5,110,570	$ -	$ -	$ 5,110,570
Securities purchased under resell agreements	1,942,716	-	-	-	1,942,716	-	-	1,942,716	-	-	1,942,716
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	149,915,156	-	-	-	149,915,156	-	-	149,915,156	-	-	149,915,156
Bonds and beneficiary securities	59,350,750	346,043	-	-	59,696,793	-	-	59,696,793	-	-	59,696,793
Held-to-maturity financial assets											
Bonds	1,953,739	-	-	-	1,953,739	-	-	1,953,739	-	-	1,953,739
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	183,218	183,218	93,197	-	90,021

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Call loans to banks	$ 5,455,195	$ -	$ -	$ -	$ 5,455,195	$ -	$ -	$ 5,455,195	$ -	$ -	$ 5,455,195
Securities purchased under resell agreements	4,269,494	-	-	-	4,269,494	-	-	4,269,494	-	-	4,269,494
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	147,893,662	-	-	-	147,893,662	-	-	147,893,662	-	-	147,893,662
Bonds and beneficiary securities	53,699,871	-	-	-	53,699,871	-	-	53,699,871	-	-	53,699,871
Held-to-maturity financial assets											
Bonds	1,917,473	-	-	-	1,917,473	-	-	1,917,473	-	-	1,917,473
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	163,235	163,235	65,708	-	97,527

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Call loans to banks	$ 3,847,298	$ -	$ -	$ -	$ 3,847,298	$ -	$ -	$ 3,847,298	$ -	$ -	$ 3,847,298
Securities purchased under resell agreements	1,058,738	-	-	-	1,058,738	-	-	1,058,738	-	-	1,058,738
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	140,430,090	-	-	-	140,430,090	-	-	140,430,090	-	-	140,430,090
Bonds and beneficiary securities	47,223,764	68,246	-	-	47,292,010	-	-	47,292,010	-	-	47,292,010
Held-to-maturity financial assets											
Bills	272,903	-	-	-	272,903	-	-	272,903	-	-	272,903
Bonds	2,148,338	-	-	-	2,148,338	-	-	2,148,338	-	-	2,148,338
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	296,210	296,210	105,512	-	190,698

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

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013			December 31, 2012			January 1, 2012		
	Past Due Up to Two Months	Past Due Two to Three Months	Total	Past Due Up to Two Months	Past Due Two to Three Months	Total	Past Due Up to Two Months	Past Due Two to Three Months	Total
Receivables (including delinquent loans reclassified from other items)	$ 33,268	$ 21,379	$ 54,647	$ 39,105	$ 25,507	$ 64,612	$ 44,412	$ 22,775	$ 67,187
Consumer finance	33,063	21,376	54,439	39,046	25,485	64,531	43,583	22,724	66,307
Corporation finance	205	3	208	59	22	81	829	51	880
Loans	168,289	30,709	198,998	266,676	60,504	327,180	333,512	80,626	414,138
Consumer finance	147,672	30,661	178,333	236,119	60,079	296,198	228,944	79,394	308,338
Corporation finance	20,617	48	20,665	30,557	425	30,982	104,568	1,232	105,800

e) Impairment analysis of loans and receivables

Receivables (including delinquent loans reclassified from other items)

Item		Gross Receivables		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 502,276	$ 406,626	$ 1,006,555
	Combined assessment of impairment	3,197,766	2,809,939	3,288,894
Non objective evidence of impairment	Combined assessment of impairment	80,767,922	84,157,202	85,670,842
Total		$ 84,467,964	$ 87,373,767	$ 89,966,291

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

Loans

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

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

Chang Hwa Bank

a) Credit quality analysis of loans and receivables

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables	$ 6,952,565	$ 6,852,011	$ 99,640	$ 6,338,132	$ 20,242,348	$ 8,053	$ 326,836	$ 20,577,237	$ 224,937	$ 150,073	$ 20,202,227
Credit cards	-	-	-	1,176,886	1,176,886	-	17,049	1,193,935	8,325	3,833	1,181,777
Other	6,952,565	6,852,011	99,640	5,161,246	19,065,462	8,053	309,787	19,383,302	216,612	146,240	19,020,450
Loans	258,771,754	423,895,645	25,273,628	425,183,626	1,133,124,653	2,623,822	20,629,159	1,156,377,634	5,350,999	8,159,470	1,142,867,165

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables	$ 7,639,515	$ 4,749,878	$ 59,853	$ 5,234,942	$ 17,684,188	$ 11,970	$ 318,171	$ 18,014,329	$ 229,403	$ 144,577	$ 17,640,349
Credit cards	-	-	-	1,011,898	1,011,898	-	16,251	1,028,149	5,616	1,834	1,020,699
Other	7,639,515	4,749,878	59,853	4,223,044	16,672,290	11,970	301,920	16,986,180	223,787	142,743	16,619,650
Loans	241,128,240	397,806,741	29,504,323	447,779,126	1,116,218,430	2,940,395	23,486,003	1,142,644,828	5,864,221	7,652,479	1,129,128,128

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables	$ 7,937,742	$ 5,795,300	$ 226,713	$ 5,007,193	$ 18,966,948	$ 10,665	$ 378,875	$ 19,356,488	$ 231,191	$ 138,155	$ 18,987,142
Credit cards	-	-	-	860,442	860,442	-	16,715	877,157	3,999	2,217	870,941
Other	7,937,742	5,795,300	226,713	4,146,751	18,106,506	10,665	362,160	18,479,331	227,192	135,938	18,116,201
Loans	252,362,693	304,498,812	69,443,360	491,896,168	1,118,201,033	3,049,559	16,589,504	1,137,840,096	8,114,210	6,987,043	1,122,738,843

b) Credit quality analysis of loans neither past due nor impaired based on credit ratings of clients

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013				
	Neither Past Due Nor Impaired				
	High	Medium	Weak	Non-ratings	Total
Consumer finance	$ -	$ -	$ -	$ 407,294,032	$ 407,294,032
Corporation finance	258,771,754	423,895,645	25,273,628	17,889,594	725,830,621
Total	$ 258,771,754	$ 423,895,645	$ 25,273,628	$ 425,183,626	$ 1,133,124,653

(In Thousands of New Taiwan Dollars)

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

(In Thousands of New Taiwan Dollars)

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

c) Credit quality analysis of non-credit financial assets

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013									
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)	
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Available-for-sale financial assets	$ 37,755,819	$ -	$ -	$ 98,292	$ 37,854,111	$ -	$ 150,000	$ 38,004,111	$ 120,000	$ -	$ 37,884,111
Bonds	36,018,255	-	-	98,292	36,116,547	-	-	36,116,547	-	-	36,116,547
Stocks	1,737,564	-	-	-	1,737,564	-	150,000	1,887,564	120,000	-	1,767,564
Held-to-maturity financial assets	226,989,182	-	-	-	226,989,182	-	-	226,989,182	-	-	226,989,182
Bonds	11,147,533	-	-	-	11,147,533	-	-	11,147,533	-	-	11,147,533
Bills	215,841,649	-	-	-	215,841,649	-	-	215,841,649	-	-	215,841,649
Other financial assets	2,570,678	-	-	1,240,845	3,811,523	-	137,578	3,949,101	137,578	-	3,811,523
Bonds	2,570,678	-	-	1,240,845	3,811,523	-	137,578	3,949,101	137,578	-	3,811,523

Note: Cost on the reclassification date.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012									
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)	
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Available-for-sale financial assets	$ 63,501,438	$ -	$ -	$ 90,406	$ 63,591,844	$ -	$ 150,000	$ 63,741,844	$ 120,000	$ -	$ 63,621,844
Bonds	61,386,798	-	-	90,406	61,477,204	-	-	61,477,204	-	-	61,477,204
Stocks	2,114,640	-	-	-	2,114,640	-	150,000	2,264,640	120,000	-	2,144,640
Held-to-maturity financial assets	170,696,300	-	-	-	170,696,300	-	-	170,696,300	-	-	170,696,300
Bonds	12,497,841	-	-	-	12,497,841	-	-	12,497,841	-	-	12,497,841
Bills	158,198,459	-	-	-	158,198,459	-	-	158,198,459	-	-	158,198,459
Other financial assets	2,864,395	-	-	314,604	3,178,999	-	134,133(note)	3,313,132	134,133	-	3,178,999
Bonds	2,864,395	-	-	314,604	3,178,999	-	134,133(note)	3,313,132	134,133	-	3,178,999

Note: Cost on the reclassification date.

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012									
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)	
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Available-for-sale financial assets	$ 57,698,449	$ -	$ -	$ -	$ 57,698,449	$ -	$ 150,000	$ 57,848,449	$ 120,000	$ -	$ 57,728,449
Bonds	55,360,811	-	-	-	55,360,811	-	-	55,360,811	-	-	55,360,811
Stocks	2,337,638	-	-	-	2,337,638	-	150,000	2,487,638	120,000	-	2,367,638
Held-to-maturity financial assets	180,376,569	-	-	-	180,376,569	-	-	180,376,569	-	-	180,376,569
Bonds	11,476,569	-	-	-	11,476,569	-	-	11,476,569	-	-	11,476,569
Bills	168,900,000	-	-	-	168,900,000	-	-	168,900,000	-	-	168,900,000
Other financial assets	7,330,486	-	651,784	-	7,982,270	-	336,871(note)	8,319,141	299,212	-	8,019,929
Bonds	7,330,486	-	651,784	-	7,982,270	-	336,871(note)	8,319,141	299,212	-	8,019,929

Note: Cost on the reclassification date.

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

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013			December 31, 2012		
	Past Due Up to One Month	Past Due Over One Month	Total	Past Due Up to One Month	Past Due Over One Month	Total
Loans						
Consumer finance	$ 2,019,418	$ 473,743	$ 2,493,161	$ 1,920,016	$ 561,571	$ 2,481,587
Corporation finance	118,370	11,291	129,661	457,324	1,484	458,808

(In Thousands of New Taiwan Dollars)

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

e) Impairment analysis of loans and receivables

Receivables

Item		Gross Receivable		
		December 31,2013	December 31, 2012	January 1,2012
Objective evidence of impairment	Individual assessment of impairment	$ 274,622	$ 253,805	$ 307,458
	Combined assessment of impairment	52,214	64,366	71,417
Nonobjective evidence of impairment	Combined assessment of impairment	20,250,401	17,696,158	18,977,613
Total		$ 20,577,237	$ 18,014,329	$ 19,356,488

Item		Allowance		
		December 31,2013	December 31, 2012	January 1,2012
Objective evidence of impairment	Individual assessment of impairment	$ 202,569	$ 202,057	$ 202,192
	Combined assessment of impairment	22,368	27,346	28,999
Non objective evidence of impairment	Combined assessment of impairment	150,073	144,577	138,155
Total		$ 375,010	$ 373,980	$ 369,346

Note: The amount of gross receivables excluded the amount of allowance for receivables and adjustments for discount (premium).

Loans

Item		Gross Loans		
		December 31,2013	December 31, 2012	January 1,2012
Objective evidence of impairment	Individual assessment of impairment	$ 17,986,505	$ 19,492,812	$ 12,586,334
	Combined assessment of impairment	2,642,654	3,993,191	4,003,171
Non objective evidence of impairment	Combined assessment of impairment	1,135,748,475	1,119,158,825	1,121,250,591
Total		$ 1,156,377,634	$ 1,142,644,828	$ 1,137,840,096

Item		Allowance		
		December 31,2013	December 31, 2012	January 1,2012
Objective evidence of impairment	Individual assessment of impairment	$ 4,627,909	$ 4,762,285	$ 7,230,080
	Combined assessment of impairment	723,090	1,101,936	884,130
Non objective evidence of impairment	Combined assessment of impairment	8,159,470	7,652,479	6,987,043
Total		$ 13,510,469	$ 13,516,700	$ 15,101,253

Note: The amount of gross receivables excluded the amount of allowance for receivables and adjustments for discount (premium).

e. Liquidity Risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.

b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.

c) Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Group's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, RS or RP transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

Taishin Bank

The objective of liquidity risk management is to ensure that Taishin Bank can acquire funds at reasonable price to pay off debts, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances. Taishin Bank has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the Board of Directors.

Basic principles of liquidity risk management policy are as follows:

a) Principle of risk diversification: Taishin Bank should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.

b) Principle of stability: Taishin Bank should follow stable strategies and pay attention to market and internal funding liquidity. For example, Taishin Bank should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.

c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, Taishin Bank should make sure total assets can pay off total liabilities and maintain certain proportion of assets with high liquidity or collaterals in order to finance funds and pay off current liabilities in critical and urgent time.

d) Principle of matching asset and liability maturity: Taishin Bank should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, Taishin Bank has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

Chang Hwa Bank

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

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

Taishin Securities B

Taishin Securities B's funding liquidity risk management incorporates funding sources, funding application and gap management. Key control points are as follows:

a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.
b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.
c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching

Market liquidity risk includes on- and off-balance-sheet transactions. To make sure that market liquidity of positions with low liquidity is within tolerable range, Taishin Securities B stipulated in its risk management rules that it should carefully analyze and efficiently identify existing and potential market liquidity risk in order to operate in coordination with Taishin Securities B's business development and Taishin Financial Holding's overall risk appetite. Before promoting new products and business, Taishin Securities B should also scrutinize related operation rules and confirm related market liquidity risk.

The market liquidity management procedures and measuring methods of Taishin Securities B's major business are as follows:

a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.
b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC stocks over one-day average volume, of the investment portfolio. The ratio is set to implement control.
c) The volume of holding a single stock and the volume of accounting for investment portfolio is limited to a certain amount in order to implement control.
d) The proportion of the volume of a single convertible bond issued to the volume of outstanding portfolio is limited to a certain amount in order to implement control.

3) Financial assets held to manage liquidity risk and maturity analysis

Financial assets held to manage liquidity risk:

The Group holds cash and cash equivalents, due from the Central Bank and banks and available-for-sale and held-to-maturity financial assets held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

Maturity analysis:

Taishin Bank

a) Maturity analysis of non-derivative financial liabilities

Taishin Bank's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2013									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	$ 21,615,966	$ 7,058,032	$ 8,919,940	$ 12,240,533	$ -	$ -	$ -	$ -	$ -	$ 49,834,471
Financial liabilities at fair value through profit or loss	301,503	-	-	-	-	-	-	-	-	301,503
Securities sold under repurchase agreements	29,202,114	4,221,742	10,000	-	-	-	-	-	-	33,433,856
Payables	17,070,853	307,280	489,607	1,572,251	136,013	-	-		-	19,576,004
Deposits and remittances	118,989,020	213,173,415	134,562,057	185,279,124	225,143,727	2,367,394	332		-	879,515,069
Bank debentures	-	-	-	-	-	-	13,300,000	-	11,700,000	25,000,000
Other financial liabilities	3,694,148	3,209,644	267,645	1,146,598	1,996,033	353,714	1,336,351	2,620,233	17,507,109	32,131,475
	$ 190,873,604	$ 227,970,113	$ 144,249,249	$ 200,238,506	$ 227,275,773	$ 2,721,108	$ 14,636,683	$ 2,620,233	$ 29,207,109	$1,039,792,378

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	$ 24,719,027	$ 6,952,189	$ 5,919,940	$ 14,757,990	$ 17,000	$ -	$ -	$ -	$ -	$ 52,366,146
Securities sold under repurchase agreements	47,298,811	6,200,522	-	-	-	-	-	-	-	53,499,333
Payables	17,673,916	469,004	640,275	1,230,851	167,990	-	-	-	-	20,182,036
Deposits and remittances	116,842,936	204,361,640	125,262,674	180,871,420	196,679,512	1,878,229	735	-	-	825,897,146
Bank debentures	-	-	-	-	-	1,508,000	-	23,492,000	11,700,000	36,700,000
Other financial liabilities	4,395,921	2,648,912	823,793	2,834,747	344,188	104,016	54,000	615,275	1,866,819	13,687,671
	$ 210,930,611	$ 220,632,267	$ 132,646,682	$ 199,695,008	$ 197,208,690	$ 3,490,245	$ 54,735	$ 24,107,275	$ 13,566,819	$1,002,332,332

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	January 1, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	$ 28,945,847	$ 6,886,607	$ 8,373,755	$ 18,309,191	$ -	$ 16,998	$ -	$ -	$ -	$ 62,532,398
Financial liabilities at fair value through profit or loss	54,469	-	-	-	-	-	-	-	-	54,469
Securities sold under repurchase agreements	39,362,090	4,017,948	106,887	-	-	-	-	-	-	43,486,925
Payables	19,998,575	391,595	767,403	630,197	33,523	-	-	-	-	21,821,293
Deposits and remittances	13,267,246	173,660,599	105,794,213	177,874,967	182,930,730	1,633,735	651	-	-	755,162,141
Bank debentures	-	-	-	-	-	-	1,508,000	-	23,492,000	25,000,000
Other financial liabilities	3,041,941	2,809,414	986,821	2,473,723	-	706,967	285,752	122,553	2,913,161	13,340,332
	$204,670,168	$187,766,163	$116,029,079	$199,288,078	$182,964,253	$ 2,357,700	$ 1,794,403	$ 122,553	$ 26,405,161	$921,397,558

The maturity analysis of time deposits in “deposits and remittances” is allocated to each time band based on Taishin Bank’s historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been $369,734,112 thousand, $331,318,728 thousand and $306,442,176 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

b) Maturity analysis of derivative financial liabilities

Taishin Bank disclosed amounts of derivative financial liabilities at fair value through profit or loss using fair values recognized in the earliest time band as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2013									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	$ 14,220,502	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,220,502

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	$ 9,114,382	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,114,382

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	January 1, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	$ 8,298,639	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,298,639

c) Maturity analysis of off-balance-sheet items

Below are the amounts of Taishin Bank’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of irrevocable loan commitments, guarantees or letters of credit. As of December 31, 2013 and 2012, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been $15,506,129 thousand and $10,686,811 thousand, respectively, for guarantees; $3,020,095 thousand and $3,914,509 thousand, respectively, for letters of credit; $102,392,804 thousand and $1,832,497 thousand, respectively, for loans commitments (excluding credit card); and $354,607,803 thousand and $337,268,417 thousand, respectively, for credit cards commitments.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 6,016,711	$ 2,684,669	$ 1,573,253	$ 2,035,920	$ 3,195,576	$ 15,506,129
Letters of credit	630,954	2,166,499	180,589	42,053	-	3,020,095
Loans commitments (excluding credit cards)	1,812,815	13,466,530	28,576,372	55,505,757	3,031,330	102,392,804
Credit cards commitments	474,357	4,144,660	11,366,053	39,440,295	299,182,438	354,607,803

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 2,166,361	$ 2,022,743	$ 2,208,047	$ 1,134,529	$ 3,155,131	$ 10,686,811
Letters of credit	866,685	2,637,102	188,766	179,484	42,472	3,914,509
Loans commitments (excluding credit cards)	1,832,497	13,629,470	22,230,187	50,108,535	3,655,021	91,455,710
Credit cards commitments	1,749	2,889,129	3,924,906	7,337,250	323,115,383	337,268,417

Chang Hwa Bank

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

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

(In Thousands of New Taiwan Dollars)

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

Note: The amounts listed above were the position in N.T. dollars of Chang Hwa Bank.

(In Thousands of New Taiwan Dollars)

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

Note: The amounts listed above were the position in N.T. dollars of Chang Hwa Bank.

(In Thousands of New Taiwan Dollars)

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

Note: The amounts listed above were the position in N.T. dollars of Chang Hwa Bank.

(In Thousands of New Taiwan Dollars)

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

Note: The amounts listed above were the position in U.S. dollars of Chang Hwa Bank.

(In Thousands of United States Dollars)

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

Note: The amounts listed above were the position in U.S. dollars of Chang Hwa Bank.

(In Thousands of United States Dollars)

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

Note: The amounts listed above were the position in U.S. dollars of Chang Hwa Bank.

b) Maturity analysis of derivative financial assets and liabilities

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

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

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

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

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

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

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

c) Maturity analysis of off-balance-sheet items

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

(In Thousands of New Taiwan Dollars)

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

(In Thousands of New Taiwan Dollars)

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

(In Thousands of New Taiwan Dollars)

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

48. RELATED-PARTY TRANSACTIONS

a. Names and relationships of related parties were as follows:

Name	Relationship
Taishin Bank	Wholly owned by Taishin Financial Holding
Taishin AMC	Same as above
Taishin Marketing	Wholly owned by Taishin Financial Holding (it had been liquidated by the end of September 2013)
Taishin Venture Capital	Wholly owned by Taishin Financial Holding
Taishin Securities B	Same as above
Taishin Securities Investment Trust	Same as above
Taishin Holdings Insurance Brokers	Same as above
Taishin Securities Investment Advisory	Owned by Taishin Financial Holding
Chang Hwa Bank	Same as above
Taishin Dah An Leasing	Equity-method investee by Taishin bank
Taishin Insurance Agency	Owned by Taishin bank
Taishin Real-Estate	Same as above
An Hsin Real-Estate	Equity-method investee by Taishin bank
Youn Shin Artistic	Its corporate director is Taishin Venture Capital
PayEasy Digital	Equity-method investee by Taishin bank (became non-related party in July 2012)
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Its director is the person in charge of Taishin Financial Holding's corporate director

(Continued)

Name	Relationship
Shinkong Synthetic Fibers Co., Ltd. (“Shinkong Synthetic Fibers”)	Same as above
Anlon Co., Ltd. (“Anlon”)	Its director is Taishin Financial Holding’s director
Taishin Insurance Broker	Wholly owned by Taishin Insurance Agency
CHB Life Insurance Agency	Wholly owned by Chang Hwa Bank
CHB Insurance Brokerage	Same as above
Dah Chung Bills Finance Corp. (“Dah Chung Bills”)	Its corporate director is Taishin Bank
Taiwan Shin Kong Commercial Bank Co., Ltd. (“Shin Kong Bank”)	Related party in substance
MasterLink Securities Corp. (“MasterLink Securities”)	Its supervisor is Chang Hwa Bank
Taishin Financial Leases (China)	Wholly owned by Taishin Venture Capital
Taishin Financial Leases (Tianjin)	Same as above
Ming Huang International Property Co., Ltd. (“Ming Huang International Property”)	Taishin Financial Holding’s supervisor
CyberSoft Digital Service Corp. (“CyberSoft Digital Service”)	Related party in substance
Shin Kong Mitsukoshi Department Store Co., Ltd. (“Shin Kong Mitsukoshi”)	Its director is Taishin Financial Holding’s chairman
Central Reinsurance Corporation (“Central Re”)	Its director is Chang Hwa Bank’s corporate director
Vanguard International Semiconductor Corp. (“Vanguard International Semiconductor)	Its director is Chang Hwa Bank’s corporate supervisor
Scino Pharm Taiwan, Ltd. (“Scino Pharm Taiwan”)	Same as above
Taiwan High Speed Rail Corp. (“Taiwan High Speed Rail”)	Same as above
Taiwan Semiconductor Manufacturing Company Limited (“TSMC”)	Same as above
GreTai Securities Market	Its supervisor is Taishin Financial Holding’s director (become non-related party after the fourth quarter of 2013)
Kai Fa International Investment Co., Ltd. (“Kai Fa International Investment”)	Its corporate director is Chang Hwa Bank
Shin Kong Insurance Co., Ltd. (“Shin Kong Insurance”)	Its director is the person in charge of Taishin Financial Holding’s corporate directors
Diamond Biotech Investment Corp. (“Diamond Biotech Investment”)	Its director is Taishin Financial Holding’s senior vice general manager
China Airlines Co., Ltd. (“China Airlines”)	Its director is Chang Hwa Bank’s corporate supervisor
Nan Ya Plastics Corp. (“Nan Ya Plastics”)	Its director is Taishin Financial Holding’s independent director
National Aerospace Fasteners Corp (“NAFCO”)	Its director is Chang Hwa Bank’s corporate supervisor
Darfon Corp. (“Darfon”)	Its independent director is Taishin Financial Holding’s independent director
Mega International Commercial Bank (“Mega Bank”)	Its director is Chang Hwa Bank’s vice general manager’s spouse
Taiwan Business Bank Co., Ltd. (“Taiwan Business Bank”)	Its director is Chang Hwa Bank’s corporate director
Industrial Bank of Taiwan (“Industrial Bank”)	Its director is Taishin Financial Holding’s director’s spouse (become non-related party after the third quarter of 2013)
Tang Eng Iron Works Co., Ltd. (“Tang Eng”)	Its independent director is Taishin Securities B’s chairman
Kaohsiung Rapid Transit Corp. (“KRTC”)	Its director is Chang Hwa Bank’s corporate supervisor
Land Bank of Taiwan (“Land Bank”)	Its director is Chang Hwa Bank’s corporate director
Taiwan Finance Corp. (“TFC”)	Its director is Chang Hwa Bank’s vice general manager’s spouse
Chunghwa Telecom Co., Ltd. (“Chunghwa Telecom”)	Its supervisor is Chang Hwa Bank’s corporate supervisor
Taiwan Tabaco & Liquor Corp. (“TTL”)	Its director is Chang Hwa Bank’s corporate director
Fu Mei Inc. (“Fu Mei”)	Its chairman is the chairman of Taishin Financial Holding’s corporate supervisor
Taiwan Cooperative Bank	Its director is Chang Hwa Bank’s corporate director (became non-related party after the second quarter of 2012)
Bank of Taiwan	Its director is Chang Hwa Bank’s corporate director (became non-related party after the third quarter of 2012)
E-Ton Solar Inc. (“E-Ton Solar”)	Its independent director is Taishin Financial Holding’s supervisor

(Continued)

Name	Relationship
Ralec Electronic Corp. (“Ralec Electronic”)	Its director is Chang Hwa Bank’s director (became non-related party after the third quarter of 2012)
Teco Electric & Machinery Company Limited (“TECO”)	Its supervisor is the chairman of Taishin Venture Capital and Taishin AMC (became non-related party after the third quarter of 2012)
Tuntex Petrochemicals Inc. (“Tuntex Petrochemicals”)	Its chairman is Taishin Financial Holding’s director
PChome Online Inc. (“PChome Online”)	Its chairman is PayEasy Digital’s director (became non-related party in July 2012)
Sercomm Corp. (“Sercomm”)	Its supervisor is Taishin Financial Holding’s director
Ri Chang Electronics Co., Ltd. (“Ri Chang Electronics”)	Its director is Taishin Bank’s senior manager
Dah Chung Futures Co., Ltd. (“Dah Chung Futures”)	Its director is Taishin Securities B’s vice general manager’s spouse (became non-related party after the fourth quarter of 2012)
National Culture and Arts Foundation	Its director is Taishin Financial Holding’s chairman (became non-related party after the fourth quarter of 2012)
Shin Zu Shing Co., Ltd. (“Shin Zu Shing”)	Its supervisor is Taishin Financial Holding’s supervisor
Straits Exchange Foundation (“SEF”)	Its director is Taishin Financial Holding’s independent director (became non-related party after the fourth quarter of 2013)
Wan Hai Lines Ltd. (“Wan Hai Lines”)	Its director is Chang Hwa Bank’s director
Han-Shin Venture Capital Inc. (“Han-Shin Venture Capital”)	Its corporate director is the Taishin Financial Holding (had became liquidated at the fourth quarter of 2013)
The General Association of Chinese Culture (“GACC”)	Its director is Taishin Financial Holding’s independent director (became non-related party after the fourth quarter of 2013)
PChome Store Inc. (“PChome Store”)	Its chairman is PayEasy Digital’s director (became non-related party in July 2012)
Thunder Power Co., Ltd. (“Thunder Power”)	Its supervisor is Taishin Financial Holding’s supervisor (became non-related party after the second quarter 2012)
PChome eBay Co., Ltd. (“PChome eBay”)	Its chairman is PayEasy Digital’s director (became non-related party in July 2012)
Digimax Inc. (“Digimax”)	Its director is Chang Hwa Bank’s corporate supervisor
I-Mei Foods Co. (“I-Mei Foods”)	Its chairman is the chairman of Taishin Financial Holding’s corporate supervisor
Aero Win Technology Corp. (“Aero Win Technology”)	Its supervisor is Taishin Securities B’s independent director
Formosa Sumco Technology Corp. (“Formosa Sumco Technology”)	Its independent director is Taishin Financial Holding’s independent director
Kuang Lung Vocational High School (“Kuang Lung”)	Its director is Taishin AMC’s director (become non-related party after the third quarter of 2013)
Taiwan Flower Biotechnology Co., Ltd. (“TFB”)	Its director is Chang Hwa Bank’s corporate supervisor
The Export-Import Bank of the ROC (“The Export-Import Bank”)	Its director is Chang Hwa Bank’s corporate director
Formosa International Hotels Corporation (“GFRT”)	Its supervisor is the chairman of Taishin Financial Holding’s corporate supervisor
China Media Communication Co., Ltd. (“China Media”)	Its director is Taishin Financial Holding’s corporate supervisor
Ubright Optronics Corporation (“UBright”)	Related party in substance
Peng Cheng Co., Ltd.	Its chairman is Taishin Financial Holding’s director
Individual A	The chairman of Taishin Financial Holding
Individual B	The chairman of Taishin Financial Holding’s corporate director
Others	Other related parties based on the FSC-recognized IAS 24 “Disclosures of Related Parties”

(Concluded)

b. Material transactions with related parties were as follows:

1) Loans, Deposits and Guaranteed Loans

Loans to related parties of Taishin Bank and subsidiaries were as follows:

Loans

	Ending Balance	Percentage of Loans (%)
December 31, 2013	$ 4,061,831	0.57
December 31, 2012	5,302,415	0.80
January 1, 2012	3,861,796	0.63

For the years ended December 31, 2013 and 2012, interest ranged from 0.0001% to 20.00%, and interest revenues were $85,139 thousand and $74,407 thousand, respectively.

	December 31, 2013					
	Ending Balance	Highest Amount	Normal Loan	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
114 accounts	$ 237,965	$ 311,178	$ 237,965	$ -	Land, building, chattels	None
Self-used residence mortgage loans						
99 accounts	614,847	727,305	614,847	-	Land, building	None
Other loans						
Nan Ya Plastics	2,001,499	2,904,497	2,001,499	-	Land, building, chattels, securities	None
China Airlines	1,000,000	1,000,000	1,000,000	-	Credit	None
Others	207,520	769,453	202,166	5,354	Land, building, chattels, securities	None
	$ 4,061,831		$ 4,056,477			

	December 31, 2012					
	Ending Balance	Highest Amount	Normal Loan	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
91 accounts	$ 167,246	$ 202,873	$ 167,174	$ 72	Land, building, chattels	None
Self-used residence mortgage loans						
106 accounts	588,891	714,025	588,891	-	Land, building	None
Other loans						
Nan Ya Plastics	2,904,497	2,904,497	2,904,497	-	Land, building, chattels, securities	None
China Airlines	1,000,000	1,000,000	1,000,000	-	-	
KRTC	400,000	400,000	400,000	-	Securities	None
Others	241,781	837,982	236,427	5,354	Land, building, chattels, securities	None
	$ 5,302,415		$ 5,296,989			

	January 1, 2012				
	Ending Balance	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans					
86 accounts	$ 120,939	$ 120,939	$ -	Land, building, chattels	None
Self-used residence mortgage loans					
106 accounts	490,150	490,150	-	Land, building	None
Other loans					
TECO	1,600,000	1,600,000	-	-	None
Shin Kong Synthetic Fibers	400,000	400,000	-	Securities, chattels	None
Ming Huang International Property	220,000	220,000	-	Land, building	None
Fu Mei	215,000	215,000	-	Land, building	None
Ralec Electronic	200,000	200,000	-	-	None
KRTC	200,000	200,000	-	-	None
E-Ton Solar	110,000	110,000	-	Land, building	None
Others	305,707	250,775	54,932	Land, building, chattels, securities	None
	$ 3,861,796	$ 3,806,864			

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Deposits

	Ending Balance	Percentage of Deposits (%)
December 31, 2013	$ 16,356,029	2.06
December 31, 2012	16,056,466	1.95
January 1, 2012	18,113,314	2.40

For the years ended December 31, 2013 and 2012, interest rates ranged from 0.00% to 4.00% and from 0.00% to 5.12%, respectively, and interest expenses were $163,574 thousand and $143,282 thousand, respectively.

	December 31, 2013		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	$ 3,574,866	0.17 ~ 1.36	($ 26,490)
Taiwan High Speed Rail	1,955,070	0.01 ~ 1.05	(17,142)
Shin Kong Mitsukoshi	1,563,149	0.00 ~ 0.17	(1,253)
Central Re	1,098,946	0.05 ~ 1.00	(9,917)
Vanguard International Semiconductor	1,017,849	0.17 ~ 1.22	(10,174)
Diamond Biotech Investment	914,433	0.05 ~ 1.22	(14,981)
Shin Kong Insurance	829,320	0.00 ~ 1.36	(6,432)
Scino Pharm Taiwan	714,383	0.00 ~ 0.94	(7,774)
Dah Chung Bills	425,567	0.00 ~ 0.90	(3,552)
Kai Fa International Investment	408,652	0.17 ~ 0.96	(3,575)
Wan Hai Lines	329,850	0.01 ~ 1.30	(1,991)
GFRT	300,212	0.00 ~ 0.77	(1,385)
Shin Kong Synthetic Fibers	234,669	0.00 ~ 0.35	(60)
Ri Chang Electronics	170,988	0.00 ~ 1.86	(1,225)
Taishin Dah An Leasing	142,440	0.00 ~ 1.36	(875)
Ubright	106,321	0.00 ~ 0.17	(33)
Others	2,569,314		(56,715)
	$ 16,356,029		$ 163,574

	December 31, 2012		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	$ 2,076,751	0.00 ~ 1.36	($ 10,358)
Taiwan High Speed Rail	1,941,273	0.01 ~ 1.75	(22,318)
GreTai Securities Market	1,388,960	0.12 ~ 1.38	(14,626)
Vanguard International Semiconductor	1,231,790	0.17 ~ 1.22	(9,926)
Central Re	1,148,480	0.02 ~ 1.00	(11,207)
Scino Pharm Taiwan	1,127,942	0.00 ~ 0.94	(6,766)
Shin Kong Insurance	1,088,474	0.00 ~ 1.36	(4,643)
Shin Kong Mitsukoshi	815,747	0.00 ~ 0.17	(1,284)
Dah Chung Bills	416,271	0.00 ~ 1.00	(3,947)
Kai Fa International Investment	403,382	0.12 ~ 1.05	(3,902)
Individual A	400,985	0.04 ~ 0.75	(184)
KRTC	400,287	0.02 ~ 1.05	(3,935)
Wan Hai Lines	236,162	0.01 ~ 1.00	(1,602)
SEF	204,780	0.12 ~ 1.38	(2,112)
Han-Shin Venture Capital	184,456	0.00 ~ 1.00	(450)
Taishin Dah An Leasing	172,476	0.17 ~ 0.80	(1,039)
Sercomm	157,616	0.01 ~ 1.00	(674)
Others	2,660,634		(44,309)
	$ 16,056,466		($ 143,282)

	January 1, 2012
	Ending Balance
Taiwan High Speed Rail	$ 2,101,814
Chunghwa Telecom	2,056,581
TTL	1,850,000
Central Re	1,119,296
GreTai Securities Market	1,090,612
Shin Kong Mitsukoshi	1,027,073
Vanguard International Semiconductor	659,365
Scino Pharm Taiwan	639,230
Shin Kong Insurance	547,022
PChome Online	442,766
Dah Chung Bills	421,405
KRTC	400,004
Kai Fa International Investment	400,002
China Media	300,000
E-Ton Solar	281,379
Thunder Power	208,884
PChome Store	200,634
Dah Chung Futures	190,471
Taishin Da An Leasing	178,394
Sercomm	155,961
National Culture and Arts Foundation	153,301
SEF	152,130
GACC	123,293
Master Link Securities	120,221

(Continued)

	January 1, 2012
	Ending Balance
PChome eBay	117,660
Shin Zu Shing	112,282
Shin Kong Synthetic Fibers	107,446
Others	2,956,088
	$ 18,113,314

(Concluded)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Guaranteed loans

	December 31, 2013				
	Ending Balance	Highest Amount	Interest Rate (Per Annum %)	Reserve for Guarantee Liabilities	Collateral
Scino Pharm Taiwan	$ 6,889	$ 6,914	-	$ -	Credit
Darfon	600	600	0.70	-	Certificate of deposit

	December 31, 2012				
	Ending Balance	Highest Amount	Interest Rate (Per Annum %)	Reserve for Guarantee Liabilities	Collateral
Anlon	$ 20,000	$ 20,000	0.65	$ -	Stock, land, building
Scino Pharm Taiwan	8,229	41,504	-	-	Credit
Darfon	600	600	0.70	-	Certificate of deposit

	January 1, 2012		
	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Scino Pharm Taiwan	$ 42,048	$ -	Credit
Anlon	20,000	-	Stock, land, building
Peng Cheng	16,000	-	Land, building
Tuntex Petrochemicals	10,966	-	Land, building
E-ton Solar	641	-	Credit
Darfon	600	-	Certificate of deposit

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Loans to related parties of Chang Hwa Bank and subsidiaries were as follows:

Loans

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

For the years ended December 31, 2013 and 2012, interest rates ranged from 0% to 3.88% and from 0% to 4.00%, respectively, and interest income amounted to $688,773 thousand and $710,489 thousand, respectively.

	December 31, 2013					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
27 accounts	$ 8,910	$ 9,500	$ 8910	$ -	Credit	None
Self-used residence mortgage loans						
222 accounts	1,117,505	1,181,098	1,117,505	-	Real estate	None
Other loans						
Taiwan High Speed Rail	33,688,317	33,809,373	33,688,317	-	Equipment	None
China Airlines	1,622,500	2,085,000	1,622,500	-	Credit, aircraft	None
KRTC	715,000	715,000	715,000	-	Credit	None
Nan Ya Plastics	317,192	317,192	317,192	-	Credit, plant, equipment	None
Aero Win Technology	252,492	259,693	252,492	-	Credit, plant, equipment	None
Cybersoft Digital service	194,000	204,000	194,000	-	Real estate	None
11 corporate accounts (Note)	492,798	567,141	492,798	-	Credit, equipment, real estate	None
15 individual accounts (Note)	8,731	9,713	8,731	-	Deposit	None
	$ 38,417,445		$ 38,417,445			

	December 31, 2012					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
27 accounts	$ 8,667	$ 11,066	$ 8,667	$ -	Credit	None
Self-used residence mortgage loans						
229 accounts	1,167,685	1,254,237	1,167,685	-	Real estate	None
Other loans						
Taiwan High Speed Rail	33,241,779	33,730,340	33,241,779	-	Equipment	None
China Airlines	3,417,500	3,880,000	3,417,500	-	Credit, aircraft	None
KRTC	1,421,615	1,436,589	1,421,615	-	Credit	None
Nan Ya Plastics	440,406	583,582	440,406	-	Credit, real estate	None
Tang Eng	300,000	391,498	300,000	-	Credit	None
Wan Hai Lines	290,000	483,333	290,000	-	Shipping	None
Aero Win Technology	197,052	229,585	197,052	-	Credit, plant, equipment	None
Formosa Sumco Technology	115,256	144,070	115,256	-	Plant, equipment	None
8 corporate accounts (Note)	360,788	373,740	360,788	-	Credit, equipment, real estate	None
17 individual accounts (Note)	16,179	16,686	16,179	-	Deposit	None
	$ 40,976,927		$ 40,976,927			

	January 1, 2012				
	Ending Balance	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans					
27 accounts	$ 10,247	$ 10,247	$ -	Credit	None
Self-used residence mortgage loans					
222 accounts	1,118,768	1,118,768	-	Real estate	None
Other loans					
Taiwan High Speed Rail	33,359,208	33,359,208	-	Equipment	None
KRTC	746,563	746,563	-	Credit	None
TECO	422,180	422,180	-	Credit	None
Nan Ya Plastics	604,194	604,194	-	Credit, real estate	None
Wan Hai Lines	483,333	483,333	-	Shipping	None
Tang Eng	300,000	300,000	-	Credit	None
Aero Win Technology	207,523	207,523	-	Credit, plant, equipment	None
E-Ton Solar	170,549	170,549	-	Credit	None
Formosa Sumco Technology	144,070	144,070	-	Plant, equipment	None
7 corporate accounts (Note)	298,837	298,837	-	Credit, equipment, real estate	None
9 individual accounts (Note)	8,989	8,989	-	Deposit	None
	$ 37,874,461	$ 37,874,461			

Note: Others: Corporate accounts less than $100 million were summarized and disclosed in aggregate.
Others: Individual accounts less than 1% of the total ending balance were summarized and disclosed in aggregate.

Chang Hwa Bank's mortgage loans with balance below $8,000 thousand and consumer loans with balance below $800 thousand to natural persons such as managers both had interest rates of 1.54%, 1.54% and 1.64% as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. Regular interest rates are used for ordinary loan borrowers.

Deposits

	Ending Balance	Percentage of Deposits (%)
December 31, 2013	$ 3,834,596	0.28
December 31, 2012	11,615,996	0.88
January 1, 2012	7,212,946	0.56

For the years ended December 31, 2013 and 2012, the interest rates ranged from 0%-13% and interest expenses were $60,178 thousand and $82,866 thousand, respectively.

	December 31, 2013		
	Ending Balance	Interest Rate (Per Annum%)	Interest Expense for the Year Ended December 31
Wan Hai Lines	$ 154,128	0.05 ～ 3.10	($ 620)
Individual B	108,443	0.05 ～ 1.39	(720)
Others	3,572,025	0.00 ～ 13.00	(58,838)
	$ 3,834,596		($ 60,178)

	December 31, 2012		
	Ending Balance	Interest Rate (Per Annum%)	Interest Expense for the Year Ended December 31
TSMC	$ 7,718,645	0.00 ～ 0.94	($ 8,498)
SEF	156,276	0.00 ～ 0.17	(112)
Individual B	138,384	0.32 ～ 1.37	(652)
Kuang Lung	111,308	0.00 ～ 1.39	(1,315)
Shin Kong Life Insurance	109,276	0.05 ～ 0.80	(115)
Others	3,382,107	0.00 ～ 13.00	(72,174)
	$ 11,615,996		($ 82,866)

	January 1, 2012
	Ending Balance
TSMC	$ 3,092,026
Shin Zu Shine	154,275
Kuang Lung	126,611
Shin Kong Insurance	115,176
TFB	110,622
KRTC	100,628
Others	3,513,608
	$ 7,212,946

Chang Hwa Bank provides interest rate at 13% per annum to managers of the above affiliates for their savings deposits with a balance below $480 thousand. For any excess amount, the interest is calculated at the rate given to regular savings deposits. The rest is the same as regular depositors.

Guaranteed loans

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

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

	January 1, 2012		
	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Taiwan High Speed Rail	$ 1,536,484	$ -	Equipment
KRTC	400,000	-	Certificate of deposit
I-Mei Foods	15,000	-	Real estate
Digimax	3,388	-	Machinery

2) Call loans to banks and call loans from banks

Taishin Bank and subsidiaries

Call loans to banks

	December 31, 2012		
	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Year Ended December 31
Mega Bank	$ 203,952	0.14 ～ 1.70	$ 1,126
Land Bank	108,954	0.08 ～ 3.65	4,009

Call loans from banks

	December 31, 2013		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Year Ended December 31
Mega Bank	$ 3,144,750	0.10 ～ 7.00	($ 7,716)
Taiwan Business Bank	737,901	0.27 ～ 7.00	(3,050)
Land Bank	599,000	0.19 ～ 11.00	(2,399)

	December 31, 2012		
	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Year Ended December 31
Mega Bank	$ 874,080	0.23 ～ 6.25	($ 19,867)
Land Bank	582,720	0.15 ～ 4.70	(5,516)
Taiwan Business Bank	291,360	0.05 ～ 4.00	(3,051)

	January 1, 2012
	Ending Balance
Land Bank	$ 3,270,236
Bank of Taiwan	3,059,290
Taiwan Cooperative Bank	1,968,850
Mega Bank	302,900
Taiwan Business Bank	212,030

Chang Hwa and subsidiaries

Call loans to banks

(In Thousands of Original Currencies)

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

(In Thousands of Original Currencies)

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

(In Thousands of Original Currencies)

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

Call loans to banks

(In Thousands of Original Currencies)

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

(In Thousands of Original Currencies)

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

(In Thousands of Original Currencies)

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

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Due from banks and due to banks

Taishin Bank and subsidiaries

Due from banks

	Item	December 31, 2013 Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Year Ended December 31
Mega Bank	Due from banks	$ 35,259	0.00 ~ 0.15	$ 194

	Item	December 31, 2012 Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Year Ended December 31
Mega Bank	Due from banks	$ 32,794	0.10 ~ 0.15	$ 99

	January 1, 2012 Item	Ending Balance
Shin Kong Bank	Due from banks	$ 93
Mega Bank		288,475

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Chang Hwa Bank and subsidiaries

Due from banks

(In Thousands of Original Currencies)

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

Due to banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31,2013 Ending Balance	December 31,2012 Ending Balance	January 1, 2012 Ending Balance
The Export-Import Bank	DBU	TWD	$ 641	$ 3,545	$ 2,890
Land Bank	DBU	TWD	277	277	277
Taiwan Business Bank	DBU	TWD	124	124	124
Mega Bank	DBU	TWD	6	6	6
Taiwan Cooperative Bank	DBU	TWD	-	-	1

Bank overdraft

(In Thousands of Original Currencies)

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

4) Trading securities

	December 31, 2013					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 1,942,224	$ 1,713,954	$ -	-	$ -	-
MasterLink Securities	4,865,662	4,522,456	952,218	0.13 ~ 0.73	-	-
China Airlines	35,000	-	299,552	0.60 ~ 0.70	-	-
Taiwan High Speed Rail	-	-	920,000	0.65 ~ 0.74	-	-
TFC	6,506,098	-	-	-	-	-
Shin Kong Insurance	-	-	49,956	0.62 ~ 0.76	-	-
Land Bank	203,715	307,338	-	-	-	-
Taiwan Business Bank	1,899,342	149,024	1,397,692	0.60 ~ 0.76	-	-
Shin Kong Bank	-	49,479	-	-	-	-
	$ 15,452,041	$ 6,742,251	$ 3,619,418		$ -	

	December 31, 2012					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 1,077,146	$ 1,063,867	$ -	-	$ -	-
MasterLink Securities	4,376,297	5,106,817	380,611	0.73～0.76	-	-
TFC	3,480,262	-	-	-	-	-
Shin Kong Insurance	-	-	19,988	0.75～0.77	-	-
Taiwan Business Bank	3,459,532	1,714,628	2,697,705	0.77～0.86	-	-
Chunghwa Telecom	-	-	1,997,336	0.70～0.75	-	-
Mega Bank	100,476	-	-	-	-	-
Industrial Bank	4,095,215	3,449,216	-	-	-	-
E-Ton Solar	-	40,298	-	-	-	-
Scino Pharm Taiwan	-	-	59,962	0.70～0.75	-	-
Taiwan High Speed Rail	-	-	1,454,000	0.71～0.74	-	-
	$ 16,588,928	$ 11,374,826	$ 6,609,602		$ -	

	January 1, 2012
	Repurchase Agreements
	Ending Balance
Shin Kong Life Insurance	$ 1,999,466
Taiwan Business Bank	299,567
Chunghwa Telecom	1,098,855
Taiwan High Speed Rail	1,096,000
	$ 4,493,888

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

5) Derivatives

	December 31, 2013					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Taiwan Business Bank	Currency swaps and interest rate swaps	2007.08.15-2015.09.17	$ 1,999,500	($ 22,847)	Financial assets at FVTPL	$ 26,627
Dah Chung Bills	Interest rate swaps	2011.11.09-2018.03.08	1,800,000	(966)	Financial liabilities at FVTPL	(1,956)
Mega Bank	Currency swaps and interest rate swaps	2007.11.05-2017.05.09	1,399,000	(10,950)	Financial assets at FVTPL	15,906
China Airlines	Interest rate swaps	2012.05.23-2015.06.22	1,000,000	234	Financial assets at FVTPL	168
Vanguard International Semiconductor	Currency swaps	2013.11.04-2018.11.30	703,825	1,042	Financial assets at FVTPL	5,456
Scino Pharm Taiwan	Foreign exchange contracts	2013.12.05-2014.03.07	82,662	212	Financial assets at FVTPL	212

Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
		December 31, 2012				
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	$ 1,500,000	($ 3,547)	Financial liabilities at FVTPL	($ 3,546)
China Airlines	Interest rate swaps and currency options	2012.05.23-2015.06.22	1,203,952	(5,638)	Financial liabilities at FVTPL	(5,626)
Industrial Bank	Currency swaps	2012.12.06-2013.04.10	874,080	145	Financial assets at FVTPL	646
MasterLink Securities	Interest rate swaps	2008.01.11-2013.01.17	600,000	(2,474)	Financial liabilities at FVTPL	(2,474)
Vanguard International Semiconductor	Currency swaps	2012.10.02-2013.04.24	437,040	167	Financial liabilities at FVTPL	(1,155)
Darfon	Cross-currency swaps	2012.12.18-2013.01.24	233,088	19	Financial assets at FVTPL	227
Scino Pharm Taiwan	Foreign exchange contracts	2012.11.19-2013.01.18	25,640	3	Financial assets at FVTPL	3
NAF Co.	Foreign exchange contracts	2012.12.20-2013.02.25	14,568	50	Financial assets at FVTPL	50
Shin Kong Life Insurance	Currency swaps	2012.04.30-2013.01.31	US$ 50,000 thousand	(17,710)	Financial liabilities at FVTPL	(17,710)
		2012.05.09-2013.05.09	US$ 30,000 thousand	(3,919)	Financial liabilities at FVTPL	(3,919)
		2012.11.30-2013.05.31	US$ 25,000 thousand	(534)	Financial liabilities at FVTPL	(534)

Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Account	Balance
		January 1, 2012			
MasterLink Securities	Interest rate swaps	2007.05.11-2013.01.17	$ 2,100,000	Financial liabilities at FVTPL	($ 11,396)
Taiwan Cooperative Bank	Currency swaps and interest rate swaps	2008.01.22-2013.01.24	1,614,500	Financial liabilities at FVTPL	(8,705)
Industrial Bank	Currency swaps	2011.09.13-2012.03.15	1,363,050	Financial assets at FVTPL	27,581
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	1,500,000	Financial liabilities at FVTPL	(9,483)
Vanguard International Semiconductor	Currency swaps	2011.11.30-2012.02.17	363,480	Financial assets at FVTPL	1,504
TECO	Foreign exchange contracts	2011.12.15-2012.02.01	242,320	Financial assets at FVTPL	55
Taiwan High Speed Rail	Foreign exchange contracts	2011.12.22-2012.01.06	179,783	Financial liabilities at FVTPL	(487)
Darfon	Cross-currency swaps	2011.12.13-2012.02.16	90,870	Financial assets at FVTPL	81
Scino Pharm Taiwan	Foreign exchange contracts	2011.11.21-2012.01.20	43,118	Financial liabilities at FVTPL	(1,720)
Shin Kong Life Insurance	Currency swaps	2011.04.29-2012.04.30	US$ 50,000 thousand	Financial assets at FVTPL	82,827
		2011.05.09-2012.05.09	US$ 30,000 thousand	Financial assets at FVTPL	56,441
		2011.11.30-2012.11.30	US$ 25,000 thousand	Financial liabilities at FVTPL	(731)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

6) Property transactions

Taishin Bank sold its ownership in PayEasy Digital common stock to the following transaction party in June and July 2012. The transaction price was set based on mutual negotiation and on the opinion letter on fair price issued by experts.

Transaction Party	Date of Disposal	Disposition of the Shares	Proceeds from Disposal	Gain on Disposal
Shin Kong Mitsukoshi	2012.06.25	17,380,000	$ 346,557	$ 260,482
Cyber Soft Digital Service	2012.07.13	2,329,501	46,450	35,251

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

7) Other material transactions

	For the Year Ended December 31			
	2013		2012	
	Item	Amount	Item	Amount
Shin Kong Mitsukoshi	Fee income	$ 312,168	Fee income	$ 306,134
Shin Kong Mitsukoshi	Operating expense	350,509	Operating expense	342,942
Cyber Soft Digital Service	Operating expense	528,468	Operating expense	540,697
Diamond Biotech Investment	Financial assets carried at cost	450,000		

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c. Compensation of key management personnel:

The remuneration of directors and other members of key management personnel for the years ended December 31, 2013 and 2012 included the following:

	For the Year Ended December 31	
	2013	2012
Short-term benefits	$ 270,407	$ 329,059
Post-employment benefits	11,639	2,160
Share-based payments	16,263	14,243
	$ 298,309	$ 345,462

d. Related-party transactions of subsidiaries with amounts more than $100,000 thousand.

1) Taishin Bank

Material transactions with related parties were as follows:

a) Loans, deposits and guaranteed loans

Loans

	December 31, 2013					
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Nan Ya Plastics	$ 2,001,499	$ 2,904,497	$ 2,001,499	$ -	Land, building, chattels, securities	None
China Airline	1,000,000	1,000,000	1,000,000	-	Credit	None

Related Parties	December 31, 2012 Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Nan Ya Plastics	$ 2,904,497	$ 2,904,497	$ 2,904,497	$ -	Land, building, chattels, securities	None
KRTC	400,000	400,000	400,000	-	Securities	None
China Airline	1,000,000	1,000,000	1,000,000	-	—	None

	December 31, 2013 Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	$ 3,574,866	0.17 ~ 1.36	($ 26,490)
Taiwan High Speed Rail	1,955,070	0.01 ~ 1.05	(17,142)
Shin Kong Mitsukoshi	1,563,149	0.00 ~ 0.17	(1,253)
Central Re	1,098,946	0.05 ~ 1.00	(9,917)
Vanguard International Semiconductor	1,017,849	0.17 ~ 1.22	(10,174)
Taishin Insurance Agency	1,016,563	0.00 ~ 0.17	(1,661)
Taishin Holding Insurance Brokers	928,958	0.00 ~ 0.17	(1,386)
Diamond Biotech Investment	914,433	0.05 ~ 1.22	(14,981)
Shin Kong Insurance	829,320	0.00 ~ 1.36	(6,432)
Scino Pharm Taiwan	714,383	0.00 ~ 0.94	(7,774)
Dah Chung Bills	425,567	0.00 ~ 0.90	(3,552)
Kai Fa International Investment	408,652	0.17 ~ 0.96	(3,575)
Wan Hai Lines	329,850	0.01 ~ 1.30	(1,991)
Taishin Securities Investment Advisory	309,926	0.05 ~ 1.36	(2,743)
GFRT	300,212	0.00 ~ 0.77	(1,385)
Shin Kong Synthetic Fibers	234,669	0.00 ~ 0.35	(60)
Taishin Securities B	212,040	0.17 ~ 1.36	(2,288)
Taishin Financial Holding	183,391	0.17 ~ 1.36	(2,108)
Ri Chang Electronics	170,988	0.00 ~ 1.86	(1,225)
Taishin AMC	165,168	0.00 ~ 0.88	(990)
Taishin Dah An Leasing	142,440	0.00 ~ 1.36	(875)
Ubright	106,321	0.00 ~ 0.17	(33)

	December 31, 2012 Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	$ 2,076,751	0.00 ~ 1.36	($ 10,358)
Taiwan High Speed Rail	1,941,273	0.01 ~ 1.75	(22,318)
GreTai Securities Market	1,388,960	0.12 ~ 1.38	(14,626)
Vanguard International Semiconductor	1,231,790	0.17 ~ 1.22	(9,926)
Central Re	1,148,480	0.02 ~ 1.00	(11,207)
Scino Pharm Taiwan	1,127,942	0.00 ~ 0.94	(6,766)
Shin Kong Insurance	1,088,474	0.00 ~ 1.36	(4,643)
Taishin Insurance Agency	975,719	0.00 ~ 0.17	(1,716)
Shin Kong Mitsukoshi	815,747	0.00 ~ 0.17	(1,284)
Taishin Financial Holding	803,141	0.12 ~ 1.36	(118,576)
Taishin Holding Insurance Brokers	714,828	0.17	(827)
Dah Chung Bills	416,271	0.00 ~ 1.00	(3,947)
Kai Fa International Investment	403,382	0.12 ~ 1.05	(3,902)

(Continued)

	December 31, 2012		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Individual A	400,985	0.04 ～ 0.75	(184)
KRTC	400,287	0.02 ～ 1.05	(3,935)
Taishin Securities Investment Advisory	302,134	0.02 ～ 1.36	(2,627)
Taishin AMC	245,610	0.00 ～ 0.88	(1,070)
Taishin Securities B	239,204	0.01 ～ 1.36	(1,849)
Wan Hai Lines	236,162	0.01 ～ 1.00	(1,602)
SEF	204,780	0.12 ～ 1.38	(2,112)
Han-Shin Venture Capital	184,456	0.00 ～ 1.00	(450)
Taishin Dah An Leasing	172,476	0.17 ～ 0.80	(1,039)
Sercomm	157,616	0.01 ～ 1.00	(674)

(Concluded)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

b) Call loans to banks and call loans from banks

		December 31, 2012		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue (Expense)
Mega Bank	Call loans to banks	$ 203,952	0.14-1.70	$ 1,126
Land Bank		108,954	0.08-3.65	4,009

		December 31, 2013		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue (Expense)
Mega Bank	Call loans from banks	$ 3,144,750	0.10-7.00	($ 7,716)
Taiwan Business Bank		737,901	0.27-7.00	(3,050)
Land Bank		599,000	0.19-11.00	(2,399)

		December 31, 2012		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue (Expense)
Mega Bank	Call loans from banks	$ 874,080	0.23 ～ 6.25	($ 19,867)
Taiwan Business Bank		582,720	0.15 ～ 4.70	(5,516)
Land Bank		291,360	0.05 ～ 4.00	(3,051)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c) Trading securities

	December 31, 2013					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 1,942,224	$ 1,713,954	$ -	-	-	-
MasterLink Securities	4,865,662	4,522,456	952,218	0.13-0.73	-	-
China Airlines	35,000	-	299,552	0.60-0.70	-	-
Taiwan High Speed Rail	-	-	920,000	0.65-0.74	-	-
TFC	6,506,098	-	-	-	-	-
Chang Hwa Bank	799,514	961,809	-	-	-	-
Land Bank	203,715	307,338	-	-	-	-
Taiwan Business Bank	1,899,342	149,024	1,397,692	0.60-0.76	-	-

	December 31, 2012					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Chang Hwa Bank	$1,021,535	$1,622,683	$ -	-	$ -	-
Dah Chung Bills	1,077,146	1,063,867	-	-	-	-
Taishin Financial Holding	-	-	2,594,693	0.71-0.73	-	-
MasterLink Securities	4,376,297	5,106,817	380,611	0.73-0.76	-	-
TFC	3,480,262	-	-	-	-	-
Taiwan Business Bank	3,459,532	1,714,628	2,697,705	0.77-0.86	-	-
Chunghwa Telecom	-	-	1,997,336	0.70-0.75	-	-
Mega Bank	100,476	-	-	-	-	-
Industrial Bank	4,095,215	3,449,216	-	-	-	-
Taiwan High Speed Rail	-	-	1,454,000	0.71-0.74	-	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

d) Derivatives

	December 31, 2013					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Taiwan Business Bank	Currency swaps and interest rate swaps	2007.08.15-2015.09.17	$ 1,999,500	($ 22,847)	Financial assets at FVTPL	$ 26,627
Dah Chung Bills	Interest rate swaps	2010.11.09-2018.11.30	1,800,000	(966)	Financial liabilities at FVTPL	(1,956)
Mega Bank	Currency swaps and interest rate swaps	2007.11.05-2017.05.09	1,399,000	(10,950)	Financial assets at FVTPL	15,906
China Airlines	Interest rate swaps	2012.05.23-2015.06.22	1,000,000	234	Financial assets at FVTPL	168
Vanguard International Semiconductor	Currency swaps	2013.11.04-2014.02.24	703,825	1,042	Financial assets at FVTPL	5,456

	December 31, 2012					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	$ 1,500,000	($ 3,547)	Financial liabilities at FVTPL	($ 3,546)
China Airlines	Interest rate swaps and foreign exchange options	2012.05.23-2015.06.22	1,203,952	(5,638)	Financial liabilities at FVTPL	(5,626)
Industrial Bank	Currency swaps	2012.12.06-2013.04.10	874,080	145	Financial assets at FVTPL	646
MasterLink Securities	Interest rate swaps	2008.01.11-2013.01.17	600,000	(2,474)	Financial liabilities at FVTPL	(2,474)
Vanguard International Semiconductor	Currency swaps	2012.10.02-2013.04.24	437,040	167	Financial liabilities at FVTPL	(1,155)
Darfon	Cross-currency swaps	2012.12.18-2013.01.24	233,088	19	Financial assets at FVTPL	229

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

e) Property transactions

Taishin Bank sold its ownership in PayEasy Digital common stock to the following transaction party in June and July 2012. The transaction price was set based on mutual negotiation and on the opinion letter on fair price issued by experts.

Transaction Party	Date of Disposal	Disposition of the Shares	Proceeds from Disposal	Gain on Disposal
Shin Kong Mitsukoshi	2012.06.25	17,380,000	$ 346,557	$ 260,482
Cybers Soft Digital Service	2012.07.13	2,329,501	46,450	35,251
Taishin Venture Capital	2012.07.13	2,172,500	43,320	32,874
Taishin AMC	2012.07.13	2,172,500	43,320	32,874

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

f) Other material transactions

	For the Year Ended December 31			
	2013		2012	
	Item	Amount	Item	Amount
Taishin Holding Insurance Brokers	Fee income	$ 2,303,047	Fee income	$ 2,029,349
Taishin Holding Insurance Brokers	Receivables, net	150,595	Receivables, net	121,555
Shin Kong Mitsukoshi	Fee income	312,168	Fee income	306,134
Shin Kong Mitsukoshi	Operating expenses	347,800	Operating expenses	341,935
Cybers Soft Digital Service	Operating expenses	521,395	Operating expenses	533,973

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

g) Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2013 and 2012 included the following:

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 322,861	$ 275,874
Post-employment benefits	5,179	5,055
Share-based payment	25,179	20,727
	$ 353,219	$ 301,656

2) Chang Hwa Bank

Material transactions with related parties were as follows:

a) Loan

Loans to related parties of Chang Hwa Bank were as follows:

	December 31, 2013					
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Taiwan High Speed Rail	$ 33,688,317	$ 33,809,373	$ 33,688,317	$ -	Equipment	None
China Airlines	1,622,500	2,085,000	1,622,500	-	Credit, aircraft	None
KRTC	715,000	715,000	715,000	-	Credit	None
Nan Ya Plastics	317,192	317,192	317,192	-	Credit, plant, equipment	None
Aero Win Technology	252,492	259,693	252,492	-	Credit, plant, equipment	None
Cyber Soft Digital Service	194,000	204,000	194,000	-	Real estate	None

Related Parties	December 31, 2012 Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Taiwan High Speed Rail	$ 33,241,779	$ 33,730,340	$ 33,241,779	$ -	Equipment	None
China Airlines	3,417,500	3,880,000	3,417,500	-	Credit, aircraft	None
KRTC	1,421,615	1,436,589	1,421,615	-	Credit	None
Nan Ya Plastics	440,406	583,582	440,406	-	Credit, real estate	None
Tang Eng	300,000	391,498	300,000	-	Credit	None
Wan Hai Lines	290,000	483,333	290,000	-	Shipping	None
Aero win Technology	197,052	229,585	197,052	-	Credit, plant, equipment	None
Formosa Sumco Technology	115,256	144,070	115,256	-	Plant, equipment	None

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

b) Guarantees

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

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

c) Deposits

	December 31, 2013 Ending Balance	Interest Rate (Per Annum %)	Interest Expense
CHB Life Insurance Agency	$ 667,506	0.00 ~ 0.41	($ 2,089)
Wan Hai Lines	154,128	0.05 ~ 3.10	(620)
Individual B	108,443	0.05 ~ 1.39	(720)

	December 31, 2012 Ending Balance	Interest Rate (Per Annum %)	Interest Expense
TSMC	$ 7,718,645	0.00 ~ 0.94	($ 8,498)
CHB Life Insurance Agency	566,203	0.00 ~ 1.36	(2,308)
SEF	156,276	0.00 ~ 0.17	(112)
Individual B	138,384	0.32 ~ 1.37	(652)
Kung Lung	111,308	0.00 ~ 1.39	(1,315)
Shin Kong Life Insurance	109,276	0.05 ~ 0.80	(115)

Chang Hwa Bank provides interest rate at 13% per annum to the board of directors, supervisors, and managers of the above affiliates for their savings deposits with a balance below $480 thousand. For any excess amount, the interest is calculated at the rate given to regular savings deposits. The rest is the same as regular depositors.

d) Derivatives

Related Party	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
			December 31, 2012			
Shin Kong Life Insurance	Currency swaps	101/04/30 ~ 102/01/31	US$ 50,000 thousand	($ 17,710)	Financial liabilities at FVTPL	($ 17,710)
		101/05/09 ~ 102/05/09	30,000 thousand	(3,919)	Financial liabilities at FVTPL	(3,919)
		101/11/30 ~ 102/05/31	25,000 thousand	(534)	Financial liabilities at FVTPL	(534)

e) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

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

(In Thousands of Original Currencies)

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
			December 31, 2013		
Land Bank	OBU	USD	$ 25,000	0.22-0.60	$ 7
	Singapore Branch	USD	22,000	0.25-0.80	50
	London Branch	USD	10,000	0.47-0.81	52
	Hong Kong Branch	USD	5,000	0.23-0.98	86
Taiwan Business Bank	OBU	USD	20,000	0.22-2.00	16
	London Branch	USD	10,000	0.47-0.77	38
	Hong Kong Branch	USD	15,000	0.16-1.48	87
Mega Bank	OBU	USD	50,000	0.22-0.43	23
	OBU	NZD	20,000	2.64	21
	Singapore Branch	USD	10,000	0.14-0.46	5
	Singapore Branch	AUD	55,000	3.15-3.83	68
	New York Branch	USD	5,200	0.28-0.30	4
	London Branch	USD	10,000	0.34-1.39	30
	Hong Kong Branch	USD	20,000	0.14-1.15	52
Industrial Bank	London Branch	USD	5,000	0.50-1.40	41
	Hong Kong Branch	USD	5,000	0.51-1.25	30

Call loans from banks

(In Thousands of Original Currencies)

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

(In Thousands of Original Currencies)

Name	Department	Currency	December 31, 2013 Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Mega Bank	OBU	USD	$ 30,000	0.21-0.70	$ 94
	Singapore Branch	USD	12,000	0.27-1.47	433
	New York Branch	USD	56,000	0.20-0.97	168
	Los Angeles Branch	USD	13,000	0.25-0.78	69
Others	London Branch and Los Angeles	EUR	5,000	0.16-0.35	51
	Branch	USD	25,000	0.15-1.38	350
		GBP	5,000	0.70	18

f) Others

Chang Hwa Bank provided CHB Life Insurance Agency with personnel resources and distribution channels, and recognized service revenue of $1,021,861 thousand and $1,013,118 thousand for the years ended December 31, 2013 and 2012.

g) Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2013 and 2012 included the following:

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 123,612	$ 124,771
Post-employment benefits	1,281	17,108
	$ 124,893	$ 141,879

The remuneration of directors and other members of key management personnel is determined by Remuneration Committee according to personal achievements and market trends.

3) Taishin Securities B

Liability contracts with related parties:

Item	Name	December 31, 2013 Amount	December 31, 2013 % to Total	December 31, 2012 Amount	December 31, 2012 % to Total
Operating guarantee deposits	Taishin Bank	$ 175,000	92	$ 175,000	92

4) Taishin AMC

Names and relationships of related parties were as follows:

a) Liability contracts with related parties

Item	Name	December 31, 2013		December 31, 2012	
		Amount	% to Total	Amount	% to Total
Bank deposits	Taishin Bank	$ 165,168	28	$ 245,610	22
Financial assets carried at cost	Diamond Biotech Investment	100,000	75	-	-

b) Credit receivable

In July 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for $546,697 thousand with book value of $9,494,153 thousand. According to the contract, December 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of $546,697 thousand will be paid off in two installments by September 15, 2006. In September 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for $158,000 thousand with book value of $5,490,584 thousand. According to the contract, August 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of $158,000 thousand will be paid off in two installments by October 31, 2006. Also defined in the contract, 5 years from measurement date, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay the 30% of loans collected as service fee and 40% of remaining 70% of loan collected paid as commission. The service contracts mentioned were terminated on June 30, 2011 and August 31, 2011, respectively. From July 1, 2011 and September 1, 2011, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay 32.5% of loans collected as service fee.

i. Loans with transferred ownership

	For the Year Ended December 31, 2013			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	$ 16,643,138	$ -	($ 394,027)	$ 16,249,111
	For the Year Ended December 31, 2012			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	$ 16,943,145	$ -	($ 300,007)	$ 16,643,138

ii. Credit receivable, net

	For the Year Ended December 31, 2012			
	Beginning Balance	Purchased	Collected	Ending Balance
Credit receivable	$ 15,043	$ -	($ 15,403)	$ -
Allowance for bad debt	-	-	-	-
Credit receivable, net	$ 15,043	$ -	($ 15,043)	$ -

Credit receivable, net above had all been collected as of December 31, 2012.

5) Taishin Venture Capital

Liability contracts with related parties:

Item	Related Party	December 31, 2013 Amount	December 31, 2013 % to Total	December 31, 2012 Amount	December 31, 2012 % to Total
Financial assets measured at cost	Diamond Biotech Investment	$ 350,000	53.61	$ -	-

6) Taishin Securities Investment Trust

There were no related party transactions with amounts more than $100,000 thousand for the year ended December 31, 2013.

7) Taishin Securities Investment Advisory

Liability contracts with related parties:

Item	Related Party	December 31, 2013 Amount	December 31, 2013 % to Total	December 31, 2012 Amount	December 31, 2012 % to Total
Other financial assets	Taishin Bank	$ 250,290	100	$ 252,134	100

8) Taishin Holdings Insurance Brokers

Liability contracts with related parties

Item	Related Party	December 31, 2013 Amount	December 31, 2013 % to Total	December 31, 2012 Amount	December 31, 2012 % to Total
Bank deposits	Taishin Bank	$ -	-	$ 714,828	100
Accounts payable	Taishin Bank	928,958	100	121,555	100
Service fee	Taishin Bank	3,303,047	100	2,029,549	98

49. PLEDGED ASSETS

Pledged Assets	Description	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits	Cash and certificates of time deposits	$ 3,008,659	$ 480,808	$ 919,639
Operating deposits and settlement funds	Cash and cash paid to stock exchange	162,614	149,656	130,463
Financial assets at FVTPL	Convertible corporate bonds	238,370	131,590	231,895
Available-for-sale financial assets	Certificates of time deposits and bonds	8,910,427	8,535,824	8,624,270
Held-to-maturity financial assets	Certificates of time deposits and bonds	37,238,183	37,232,263	37,742,175

50. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those mentioned in Note 9, Taishin Financial Holding and subsidiaries have the following contingent liabilities and commitments as of December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Repayment note and time deposit held for custody	$ 7,065,533	$ 7,003,867
Liabilities on joint loans	1,127,218	952,202
Guarantees	44,267,376	40,325,735
Letters of credit	27,094,203	27,086,144
Trust liabilities	457,605,055	478,876,445
Unpaid equipment purchase contracts	259,645	369,458
Unused loan commitments (excluding credit card)	239,075,593	251,149,198
Unused loan commitments (credit card only)	354,607,803	337,268,417

The Department of National Defense of Iran as the recipient requested Chang Hwa Bank to release US$15,000 thousand. On August 1, 2002, the Supreme Court decided in favor of Chang Hwa Bank. The Department of National Defense of Iran filed another legal suit against Chang Hwa Bank in the Taipei District Court. On September 10, 2004 and July 13, 2010, the Taipei District Court and the Taiwan High Court decided in favor of Chang Hwa Bank. However, the Department of National Defense of Iran filed another legal suit against Chang Hwa Bank in the Taiwan High Court on August 10, 2010. On November 4, 2010, the Supreme Court ordered the Taiwan High Court to review the ruling. On December 27, 2011, the Taiwan High Court decided in favor of Chang Hwa Bank. The Department of National Defense of Iran filed another legal suit against Chang Hwa Bank in the Supreme Court on January 19, 2012. On July 31, 2012, the Supreme Court had judged “the original verdict should be abandoned” and the ruling was sent back to the Taiwan High Court for a second review. On September 24, 2013 the Taiwan High Court decided in favor of Chang Hwa Bank. The department of National Defense of Iran filed another legal suit against Chang Hwa Bank in the Taiwan Supreme Court on October 16, 2013. The mentioned case in currently in trial in Taiwan Supreme Court.

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

Taishin Financial Holding has appointed Lee and Li Attorney-at-Law to help Taishin Bank’s customers to assert their legal rights to Lehman Brother about the loss on investment in Lehman Brother’s securities. The related fees for the legal services will be paid by Taishin Bank. However, this case is a worldwide affair. Thus, Taishin Bank cannot reasonably estimate related litigation fee.

51. FINANCIAL INFORMATION BY BUSINESS

The financial information by business for the years ended December 31, 2013 and 2012 was as follows:

Item \ Bank Business	December 31, 2013			
	Bank Business	Securities Business	Other Business	Total
Net interest income (expense)	31,541,191	29,112	(290,532)	31,279,771
Net income other than net interest income	19,861,453	539,051	4,146,958	24,547,462
Net revenue and gains	51,402,644	568,163	3,856,426	55,827,233
Reversed allowance for bad debts expenses and guarantee liability provisions	524,446	(748)	22,711	546,409
Total operating expenses	(29,247,322)	(391,746)	(1,331,122)	(30,970,190)
Income (loss) before income tax of continued operations	22,679,768	175,669	2,548,015	25,403,452
Income tax expense	(4,076,908)	(2,915)	(750,006)	(4,829,829)
Income (loss) after income tax of continued operations	18,602,860	172,754	1,798,009	20,573,623

Item \ Bank Business	December 31, 2012			
	Bank Business	Securities Business	Other Business	Total
Net interest income (expense)	30,252,942	23,897	(714,946)	29,561,893
Net income other than net interest income	15,544,154	395,872	3,922,842	19,862,868
Net revenue and gains	45,797,096	419,769	3,207,896	49,424,761
Reversed allowance for bad debts expenses and guarantee liability provisions	1,625,250	-	(75,320)	1,549,930
Total operating expenses	(28,853,296)	(398,374)	(1,055,722)	(30,307,392)
Income (loss) before income tax of continued operations	18,569,050	21,395	2,076,854	20,667,299
Income tax expense	(3,521,075)	(7,117)	(268,122)	(3,796,314)
Income (loss) after income tax of continued operations	15,047,975	14,278	1,808,732	16,870,985

52. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 183,391	$ 803,141
Securities purchased under resell agreements	7,435,522	2,594,693
Receivables	1,057,882	382,232
Current tax assets	803,305	1,075,094
Investments accounted for using the equity method	127,277,451	120,583,201
OTHER FINANCIAL ASSETS		
Financial assets carried at cost	2,200	2,200
Property and equipment, net	9,257	5,796
Deferred tax assets	120,591	230,359
Other assets	209,531	205,955
TOTAL	$ 137,099,130	$ 125,882,671

LIABILITIES AND EQUITY	December 31, 2013	December 31, 2012
LIABILITIES		
Payables	$ 762,690	$ 640,342
Current tax liabilities	3,204,575	1,899,912
Bonds payable	22,000,000	22,000,000
Reserve for liabilities	-	14,848
Other liabilities	278	-
Total liabilities	25,967,543	24,555,102
EQUITY		
Capital stock		
Common stock	75,116,532	68,914,473
Preferred stock	7,251,368	7,251,368
Advance receipts for capital stock	180,170	-
Capital surplus	9,478,327	9,409,757
Retained earnings		
Legal reserve	3,939,770	2,942,721
Special reserve	465,368	244,474
Unappropriated earnings	13,755,369	10,164,169
Other equity		
Exchange differences on translation of foreign financial statements	68,688	(58,334)
Unrealized gains (losses) on available-for-sale financial assets	875,995	2,458,941
Total equity	111,131,587	101,327,569
TOTAL	$ 137,099,130	$ 125,882,671

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31	
	2013	2012
INCOME		
Share of profit of subsidiaries associates and joint ventures accounted for using equity method	$ 15,356,975	$ 11,517,961
Interest income	38,650	186,668
Other revenue	42,933	84,909
Total income	15,438,558	11,789,538
EXPENSES AND LOSSES		
Share of loss of subsidiaries associated and joint ventures accounted for using equity method	(168,711)	(96,883)
Operating expenses	(431,219)	(403,591)
Interest expenses	(471,120)	(790,234)
Other expenses and losses	-	(16,072)
Total expenses and losses	(1,071,050)	(1,306,780)
INCOME BEFORE INCOME TAX	14,367,508	10,482,758
INCOME TAX (EXPENSE) BENEFIT	(531,260)	(96,098)
NET INCOME	13,836,248	10,386,660
OTHER COMPREHENSIVE INCOME (NET OF TAX)	(1,510,109)	1,300,207
TOTAL COMPREHENSIVE INCOME	$ 12,326,139	$ 11,686,867
EARNINGS PER SHARE		
Basic	$ 1.72	$ 1.21
Diluted	$ 1.68	$ 1.21

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In Thousands of New Taiwan Dollars)

	Capital Stock			Capital Surplus			
	Common Stock	Preferred Stock	Advance receipts for capital stock	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation	Other Capital Surplus
BALANCE, JANUARY 1, 2012	$ 63,250,473	$ 11,912,963	$ -	$ 17,005,072	$ 2,075,475	$ 230,174	$ 4,411
Appropriation of 2012							
Legal reserve	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-	-
Stock dividend	5,664,000	-	-	-	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2012, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	-	-
Cancellation of preferred stock C	-	(4,661,595)	-	(10,000,000)	-	-	-
Disposal of subsidiary	-	-	-	-	-	(1,013)	(4,411)
Share-based payments	-	-	-	-	-	100,049	-
Other	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2013	$ 68,914,473	$ 7,251,368	$ -	$ 7,005,072	$ 2,075,475	$ 329,210	$ -
Special reserve under Rule No. 1010012865 is issued by FSC	-	-	-	-	-	-	-
Special reserve under Rule No. 1010045494 is issued by FSC	-	-	-	-	-	-	-
Appropriation of 2013							
Legal reserve	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-	-
Stock dividend	6,139,767	-	-	-	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	-
Share-based payments	62,292	-	180,170	72,499	-	(3,929)	-
BALANCE, DECEMBER 31, 2013	$ 75,116,532	$ 7,251,368	$ 180,170	$ 7,077,571	$ 2,075,475	$ 325,281	$ -

Retained Earnings			Other Equity		
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total
$ 1,999,537	$ 268,505	$ 9,701,741	$ -	$ 948,726	$ 107,397,077
943,184	-	(943,184)	-	-	-
-	-	(1,416,000)	-	-	(1,416,000)
-	-	(1,435,000)	-	-	(1,435,000)
-	-	(5,664,000)	-	-	-
-	-	10,386,660	-	-	10,386,660
-	-	(151,674)	(58,334)	1,510,215	1,300,207
-	-	10,234,986	(58,334)	1,510,215	11,686,867
-	-	(338,405)	-	-	(15,000,000)
-	-	-	-	-	(5,424)
-	-	-	-	-	100,049
-	(24,031)	24,031	-	-	-
$ 2,942,721	$ 244,474	$ 10,164,169	($ 58,334)	$ 2,458,941	$ 101,327,569
-	220,376	(220,376)	-	-	-
-	518	-	-	-	518
997,049	-	(997,049)	-	-	-
-	-	(1,534,942)	-	-	(1,534,942)
-	-	(1,298,729)	-	-	(1,298,729)
-	-	(6,139,767)	-	-	-
-	-	13,836,248	-	-	13,836,248
-	-	(54,185)	127,022	(1,582,946)	(1,510,109)
-	-	13,782,063	127,022	(1,582,946)	12,326,139
-	-	-	-	-	311,032
$ 3,939,770	$ 465,368	$ 13,755,369	$ 68,688	$ 875,995	$ 111,131,587

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 14,367,508	$ 10,482,758
Depreciation expenses	2,007	1,420
Amortization expenses	-	1,753
Interest expense	471,120	790,234
Interest revenue	(38,650)	(186,668)
Dividend revenue	(110)	(2,056)
Share-based payments	10,981	13,250
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(15,188,264)	(11,421,078)
Gain on disposal of investment	-	(37,469)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease in receivables	342,376	359,276
Decrease in other assets	14,132	168
Net changes in operating liabilities		
Increase (decrease) in payables	118,306	(59,858)
(Decrease) increase in reserve for employee benefits	(14,848)	1,254
Increase in reserve for other liabilities	278	-
Interest received	38,907	192,200
Dividend received	7,021,349	5,982,973
Interest paid	(471,131)	(807,469)
Income taxes refunded	271,789	-
Income taxes paid	(138,496)	(125,715)
Net cash flows generated from operating activities	6,807,254	5,184,973
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction of financial assets carried out at cost	-	67,993
Disposal (acquisition) of investments accounted for using equity method	3,633	(600,000)
Acquisition of property and equipment	(5,468)	(1,571)
Net cash used in investing activities	(1,835)	(533,578)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from insurance of bonds	-	7,000,000
Prepayment of bonds	-	(18,650,000)
Exercise of employee share options	249,331	-
Cancellation of preferred stock C	-	(15,000,000)
Cash dividends distributed	(2,833,671)	(2,851,000)
Net cash flows used in financing activities	(2,584,340)	(29,501,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,221,079	(24,849,605)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,397,834	28,247,439
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 7,618,913	$ 3,397,834
CASH AND CASH EQUIVALENTS IN BALANCE SHEET	$ 183,391	$ 803,141
SECURITIES PURCHASED UNDER RESELL AGREEMENTS QUALIFYING FOR CASH AND CASH EQUIVALENTS UNDER THE DEFINITION OF IAS 7 PERMITTED BY THE FINANCIAL SUPERVISORY COMMISSION	7,435,522	2,594,693
	$ 7,618,913	$ 3,397,834

53. PROFITABILITY OF TAISHIN FINANCIAL HOLDING (STAND-ALONE AND CONSOLIDATED)

Stand-alone

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	10.93%	7.78%
	After tax	10.52%	7.71%
Return on net equity - common stock	Pretax	14.77%	11.27%
	After tax	14.19%	11.15%
Profit margin		89.62%	88.10%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

Consolidated

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	0.91%	0.77%
	After tax	0.73%	0.63%
Return on net equity - common stock	Pretax	17.85%	14.11%
	After tax	14.19%	11.15%
Profit margin		36.85%	34.13%

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

Note b: Return on net equity - common stock = $\frac{\text{Income before (after) tax (of the parent company's stockholders)}}{\text{Average net equity - common stock}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

54. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME AND IMPORTANT FINANCIAL NOTES OF SUBSIDIARIES

Taishin Bank

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 13,582,195	$ 12,385,086
Due from Central Bank and call loans to banks	39,353,726	33,230,520
Financial assets at FVTPL	40,717,742	49,237,888
Securities purchased under resell agreements	1,942,716	4,269,494
Receivables, net	83,029,535	85,994,142
Current tax assets	174,636	128,229
Loans, net	703,149,360	658,454,135
Available-for-sale financial assets, net	214,044,825	210,147,891
Held-to-maturity financial assets, net	1,953,739	1,917,473
Investments accounted for using the equity method, net	1,692,659	1,785,303
Other financial assets, net	6,214,295	2,151,056
Property and equipment, net	17,404,330	17,475,160
Intangible assets, net	1,541,000	1,688,796
Deferred tax assets	4,454,289	4,953,398
Other assets, net	3,427,580	818,683
	$ 1,132,682,627	$ 1,084,637,254
Liabilities		
Due to the Central Bank and banks	$ 49,834,471	$ 52,366,146
Financial liabilities at FVTPL	14,522,005	9,114,382
Securities sold under repurchase agreements	33,433,856	53,499,333
Payables	19,290,731	20,086,471
Current tax liabilities	1,822,269	721,349
Deposits and remittances	880,624,807	826,959,852
Bonds payable	25,000,000	36,700,000
Reserve for liabilities	722,565	744,050
Other financial liabilities	32,131,475	13,670,671
Deferred tax liabilities	249,439	631,051
Other liabilities	1,616,824	1,426,468
	1,059,248,442	1,015,919,773
Equity		
Capital stock	49,157,526	49,157,526
Capital surplus	3,362,989	3,310,519
Retained earnings	19,921,242	13,825,716
Other equity	992,428	2,423,720
	73,434,185	68,717,481
	$ 1,132,682,627	$ 1,084,637,254

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Interest income	$ 22,967,849	$ 22,023,627
Interest expense	(8,551,868)	(8,344,498)
Net interest income	14,415,981	13,679,129
Net income other than net interest income	15,125,084	10,253,208
Net revenue and gains	29,541,065	23,932,337
Reversed allowance for bad debts expenses and guarantee liability provisions	(114,212)	617,039
Operating expenses	(15,124,609)	(14,173,446)
Income before income tax	14,302,244	10,375,930
Income tax expense	(2,120,971)	(1,695,821)
Net income	12,181,273	8,680,109
Other comprehensive income	(1,464,616)	1,223,816
Total comprehensive income	$ 10,716,657	$ 9,903,925
Basic earnings per share (dollar)	$ 2.52	$ 1.81
Diluted earnings per share (dollar)	$ 2.48	$ 1.77

c. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	1.29%	1.00%
	After tax	1.10%	0.83%
Return on net equity	Pretax	20.12%	15.62%
	After tax	17.14%	13.06%
Profit margin		41.24%	36.27%

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

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

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and Gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

2) Asset quality

Nonperforming loans and receivables

Item / Business Type			December 31, 2013					December 31, 2012				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		$ 652,640	$170,287,594	0.38%	$ 3,584,207	549.19%	$ 397,141	$141,348,888	0.28%	$ 2,876,979	724.42%
	Unsecured		29,120	148,425,225	0.02%	1,100,426	3,778.89%	50,404	161,212,404	0.03%	1,093,233	2,168.95%
Consumer finance	Mortgage loans (Note d)		156,581	218,171,588	0.07%	2,127,890	1,358.97%	162,955	217,680,801	0.07%	1,756,305	1,077.78%
	Cash cards		47,799	4,747,282	1.01%	248,734	520.37%	57,114	6,156,205	0.93%	375,581	657.60%
	Credit loans (Note e)		87,906	34,187,468	0.26%	616,120	700.89%	142,743	27,216,977	0.52%	715,829	501.48%
	Others (Note f)	Secured	104,147	135,618,420	0.08%	1,255,058	1,205.08%	65,476	111,407,408	0.06%	826,626	1,262.48%
		Unsecured	18,731	1,326,135	1.41%	137,605	734.64%	27,904	1,706,205	1.64%	188,797	676.60%
Subtotal			1,096,924	712,763,712	0.15%	9,070,040	826.86%	903,737	666,728,888	0.14%	7,833,350	866.77%
Credit card			88,727	33,806,072	0.26%	614,463	692.53%	94,496	32,453,086	0.29%	436,685	462.12%
Accounts receivable factoring with no recourse (Note g)			-	41,710,904	-	229,882	-	-	41,567,908	-	315,848	-

Note a : Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b : Nonperforming loans ratio = Nonperforming loans ÷ Loans
Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note c : Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Nonperforming loans of credit cards

Note d : Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e : Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f : The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g : In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within year.

Exempted from report as nonperforming loans and receivables

Item / Business Type	December 31, 2013		December 31, 2012	
	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
Amounts negotiated in accordance with the agreement (Note a)	$ 2,868,309	$ 881,173	$ 3,820,789	$ 1,190,424
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,807,038	1,373,205	1,901,402	1,364,786
Total	4,675,347	2,254,378	5,722,191	2,555,210

Note a : Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b : Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

3) Concentration of credit risk

Year	December 31, 2013			December 31, 2012		
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Group (manufacture of liquid crystal panel and components)	$ 12,535,811	17.07%	A Group (manufacture of liquid crystal panel and components)	$ 13,966,999	20.33%
2	B Group (other financial intermediaries not elsewhere classified)	9,798,950	13.34%	C Group (other financial intermediaries not elsewhere classified)	8,594,907	12.51%
3	C Group (other financial intermediaries not elsewhere classified)	8,531,168	11.62%	B Group (other financial intermediaries not elsewhere classified)	8,516,764	12.39%
4	D Group (other financial intermediaries not elsewhere classified)	5,778,290	7.87%	E Group (manufacture of liquid crystal panel and components)	6,887,869	10.02%
5	E Group (manufacture of liquid crystal panel and components)	5,431,253	7.40%	D Group (other financial intermediaries not elsewhere classified)	6,070,350	8.83%
6	F Group (other financial intermediaries not elsewhere classified)	4,985,890	6.79%	K Group (manufacture of man-made fiders)	5,589,766	8.13%
7	G Group (manufacture of printed circuit board)	4,784,622	6.52%	F Group (other financial intermediaries not elsewhere classified)	5,513,070	8.02%
8	H Group (Visual electronic products manufacturing industry)	4,713,113	6.42%	L Group (manufacture of other computer peripheral equipment)	5,280,023	7.68%
9	I Group (manufacture of computer)	4,518,622	6.15%	G Group (packaging and testing of semi - conductors)	5,059,442	7.36%
10	J Group (whole sale of other specialized products not elsewhere classified)	4,412,999	6.01%	M Group (manufacture of monitors and terminals)	5,019,127	7.30%

Note a: Sorted by the balance of loans on December 31, 2013 and 2012, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

4) Interest rate sensitivity

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 768,884,539	$ 25,062,166	$ 55,597,848	$ 137,629,623	$ 987,174,176
Interest-sensitive liabilities	419,177,557	131,568,517	155,083,996	253,139,545	958,969,615
Interest sensitivity gap	349,706,982	(106,506,351)	(99,486,148)	(115,509,922)	28,204,561
Net equity					73,413,877
Ratio of interest-sensitive assets to liabilities					102.94%
Ratio of interest sensitivity gap to net equity					38.42%

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 686,375,750	$ 20,450,808	$ 41,173,328	$ 116,147,795	$ 864,147,681
Interest-sensitive liabilities	337,779,320	117,004,143	152,177,880	236,837,927	843,799,270
Interest sensitivity gap	348,596,430	(96,553,335)	(111,004,552)	(120,690,132)	20,348,411
Net equity					66,721,962
Ratio of interest-sensitive assets to liabilities					102.41%
Ratio of interest sensitivity gap to net equity					30.50%

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

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	December 31, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 7,354,199	$ 980,707	$ 765,386	$ 1,410,509	$ 10,510,801
Interest-sensitive liabilities	7,098,162	2,763,073	877,210	338,396	11,076,841
Interest sensitivity gap	256,037	(1,782,366)	(111,824)	1,072,113	(566,040)
Net equity					51,707
Ratio of interest-sensitive assets to liabilities					94.89%
Ratio of interest sensitivity gap to net equity					(1,094.71%)

(In Thousands of U.S. Dollars)

Item	December 31, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 2,768,004	$ 1,312,602	$ 527,994	$ 1,540,581	$ 6,149,181
Interest-sensitive liabilities	2,936,901	2,783,811	930,382	383,627	7,034,721
Interest sensitivity gap	(168,897)	(1,471,209)	(402,388)	1,156,954	(885,540)
Net equity					32,187
Ratio of interest-sensitive assets to liabilities					87.41%
Ratio of interest sensitivity gap to net equity					(2,751.23%)

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2013				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$1,055,068,277	$ 326,413,537	$ 131,784,204	$ 43,660,415	$ 93,510,548	$ 459,699,573
Major maturity cash outflow	1,144,636,734	208,732,167	188,331,987	181,763,908	214,554,351	351,254,321
Gap	(89,568,457)	117,681,370	(56,547,783)	(138,103,493)	(121,043,803)	108,445,252

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2012				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 926,991,170	$ 314,097,741	$ 87,875,554	$ 37,299,015	$ 75,454,069	$ 412,264,791
Major maturity cash outflow	1,012,702,885	167,631,668	144,116,407	168,038,368	203,455,566	329,460,876
Gap	(85,711,715)	146,466,073	(56,240,853)	(130,739,353)	(128,001,497)	82,803,915

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

(In Thousands of U.S. Dollars)

	Total	December 31, 2013				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 17,066,621	$ 8,547,858	$ 3,644,430	$ 1,722,612	$ 1,085,675	$ 2,066,046
Major maturity cash outflow	17,020,565	7,094,779	3,574,226	3,428,455	1,328,172	1,594,933
Gap	46,056	1,453,079	70,204	(1,705,843)	(242,497)	471,113

(In Thousands of U.S. Dollars)

	Total	December 31, 2012				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 11,298,158	$ 4,742,890	$ 2,453,978	$ 1,523,883	$ 842,732	$ 1,734,675
Major maturity cash outflow	11,261,236	4,333,937	1,830,973	2,895,994	1,354,881	845,451
Gap	36,922	408,953	623,005	(1,372,111)	(512,149)	889,224

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

6) Capital adequacy

Item \ Period			December 31, 2013
Self-owned capital	Common equity Tier I		$ 67,391,696
	Other Tier I capital		1,173,025
	Tier II capital		21,730,618
	Self-owned capital		90,295,339
Risk-weighted assets	Credit risk	Standardized approach	753,873,729
		IRB	-
		Securitization	420,834
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	42,494,713
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	28,685,638
		Internal model approach	-
	Total		825,474,914
Capital adequacy ratio			10.94%
Common equity Tier I to risk-weighted assets ratio			8.16%
Tier I capital to risk-weighted assets ratio			8.31%
Leverage ratio			4.08%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on November 26, 2012 and January 4, 2007 (Ref. No. Jin-Guan-Yin 10110007010 and 09610000025).

Note 2: Formula:

a.Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital

b.Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5

c.Capital adequacy = Self-owned capital/Risk-weighted assets

d.Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital/Risk-weighted assets

e.Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital)/Risk-weighted assets

f.Leverage ratio = Tier I capital/Adjusted average assets

Item	Period		December 31, 2012
Self-owned capital	Tier I capital		$ 62,993,938
	Tier II capital		35,502,812
	Tier III capital		-
	Self-owned capital		98,496,750
Risk-weighted assets	Credit risk	Standardized approach	679,515,233
		IRB	-
		Securitization	725,766
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	39,101,650
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	27,255,700
		Internal model approach	-
	Total		746,598,349
Capital adequacy ratio			13.19%
Tier I capital to risk-weighted assets ratio			8.44%
Tier II capital to risk-weighted assets ratio			4.75%
Tier III capital to risk-weighted assets ratio			-
Common stock equity to total assets ratio			4.37%
Leverage ratio			6.08%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on June 30, 2009 and January 4, 2007 (Ref. No. Jin-Guan-Yin 0981003110 and 09610000025).

Note 2: Formula:

a.Self-owned capital = Tier I capital + Tier II capital + Tier III capital
b.Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
c.Capital Adequacy = Self-owned capital/Risk-weighted assets
d.Tier I capital to risk-weighted assets ratio = Tier I capital/Risk-weighted assets
e.Tier II capital to risk-weighted assets ratio = Tier II capital/Risk-weighted assets
f.Tier III capital to risk-weighted assets ratio = Tier III capital/Risk-weighted assets
g.Common stock equity to total assets ratio = Common stock equity/Total assets
h.Leverage ratio = Tier I capital/Adjusted average assets

7) Securities department balance sheet: Table 4.
Securities department statements of income: Table 5.

Chang Hwa Bank

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 46,802,004	$ 37,401,145
Due from Central Bank and call loans to banks	84,798,723	103,411,156
Financial assets at FVTPL, net	60,001,473	35,613,670
Derivative financial assets for hedging	62,494	105,087
Receivables, net	20,270,254	17,675,076
Current tax assets	780,220	527,442
Loans, net	1,142,867,165	1,129,128,128
Available-for-sale financial assets, net	37,884,111	63,621,844
Held-to-maturity financial assets, net	226,989,182	170,696,300
Investments accounted for using the equity method, net	590,974	465,745
Other financial assets	39,272,679	10,692,940
Property and equipment, net	23,932,468	24,216,288
Investment property, net	10,937,868	10,825,104
Intangible assets, net	80,006	86,991
Deferred tax assets	3,107,599	4,483,006
Other assets, net	2,322,770	5,360,732
	$ 1,700,699,990	$ 1,614,310,654

	December 31, 2013	December 31, 2012
Liabilities		
Due to the Central Bank and banks	$ 126,829,032	$ 100,530,198
Financial liabilities at FVTPL	1,715,364	1,912,629
Securities sold under repurchase agreements	4,504,591	5,629,554
Payables	25,169,989	32,997,192
Current tax liabilities	76,190	139,624
Deposits and remittances	1,373,647,685	1,316,727,161
Bonds payable	43,322,818	38,451,937
Other financial liabilities	672,028	1,364,673
Reserve for liabilities	3,673,201	3,786,664
Deferred tax liabilities	6,461,749	6,189,798
Other liabilities	2,224,013	1,685,614
	1,588,296,660	1,509,415,044
Equity		
Capital stock	77,490,592	72,421,114
Retained earnings	35,279,846	32,423,518
Other equities	(367,108)	50,978
	112,403,330	104,895,610
	$ 1,700,699,990	$ 1,614,310,654

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Interest income	$ 27,321,411	$ 26,636,837
Interest expense	(10,243,358)	(10,240,638)
Net interest income	17,078,053	16,396,199
Net income other than net interest income	6,565,361	6,692,097
Net revenue and gains	23,643,414	23,088,296
Reversed allowance for bad debts expenses and guarantee liability provisions	637,773	987,971
Operating expenses	(13,618,490)	(13,898,246)
Income before income tax	10,662,697	10,178,021
Income tax expense	(1,844,448)	(1,732,822)
Net income	8,818,249	8,445,199
Total other comprehensive income	(586,318)	480,992
Total comprehensive income	$ 8,231,931	$ 8,926,191
Basic earnings per share (dollar)	$ 1.14	$ 1.09
Diluted earnings per share (dollar)	$ 1.13	$ 1.08

c. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	0.64%	0.63%
	After tax	0.53%	0.53%
Return on net equity	Pretax	9.81%	10.07%
	After tax	8.12%	8.35%
Profit margin		37.30%	36.58%

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

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

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

2) Asset quality

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

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

Item / Business Type	December 31, 2013		December 31, 2012	
	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note i)	$ 516	$ 5,242	$ 713	$ 6,819
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note j)	8,840	7,288	9,120	6,765
Total	9,356	12,530	9,833	13,584

Note a : Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/ Non-performing Loans and Bad Debts issued by the MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005. (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b : Nonperforming loans ratio = Nonperforming loans ÷ Loans
Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note c : Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Nonperforming loans of credit cards

Note d : Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e : Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f : The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g : In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within year.

Note h : Chang Hwa Bank does not engage in cash card business.

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

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

3) Concentration of credit risk

Year	December 31, 2013			December 31, 2012		
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Co. (railway transportation industry)	$ 34,578,191	30.65%	A Co. (railway transportation industry)	$ 34,646,792	33.03%
2	B Group (other chemical products manufacturing industry)	32,993,746	29.24%	B Group (other chemical products man	27,278,032	26.00%
3	C Group (air transportation industry)	17,412,359	15.43%	D (liquid crystal panel and components manufacturing industry)	18,150,083	17.30%
4	D (liquid crystal panel and components manufacturing industry)	9,263,092	8.21%	C Group (air transportation industry)	16,744,929	15.96%
5	E Group (ocean freight industry)	8,533,283	7.56%	F Group (architecture industry)	9,866,673	9.41%
6	F Group (architecture industry)	7,952,032	7.05%	H Group (liquid crystal panel and components manufacturing industry)	8,542,536	8.14%
7	G Group (iron and steel smelting industry)	7,136,485	6.33%	G Group (iron and steel smelting industry	6,883,215	6.56%
8	H Group (liquid crystal panel and components manufacturing industry)	6,643,097	5.89%	J (other financial intermediation not elsewhere classified industry)	6,354,700	6.06%
9	I Group (computer manufacturing industry)	6,639,490	5.88%	L Group (computer manufacturing industry)	5,699,272	5.43%
10	J (other financial intermediation not elsewhere classified industry)	6,208,180	5.50%	K Group (audio electronic product manufacturing industry)	5,648,120	5.38%

Note a : Sorted by the balance of loans on December 31, 2013 and 2012, excluding government or state-owned business.

Note b : Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c : Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Note d : Ratio of loans to net equity = Loans ÷ Net equity (the head office's net equity of domestic banks or the local branches' net equity of foreign banks)

4) Interest rate sensitivity

(In Thousands of New Taiwan Dollars)

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

(In Thousands of New Taiwan Dollars)

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

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

Note b : Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c : Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d : Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

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

(In Thousands of U.S. Dollars)

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

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

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

(In Thousands of New Taiwan Dollars)

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

Note:The above data included only accounts denominated in New Taiwan dollars of Chang Hwa Bank and its branches.

(In Thousands of U.S. Dollars)

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

(In Thousands of U.S. Dollars)

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

Note:The above data included only accounts denominated in U.S. dollars of the head office, domestic branches and OBU.

6) Transferring ownerships of loans

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

Note a: Book value = Original loan balance - Allowance
Note b: Gain on disposal = Transferring price - Book value - Related cost

7) Capital adequacy

Item \ Period			December 31, 2013
Self-owned capital	Common equity Tier I capital		$ 96,516,072
	Other Tier I capital		3,453,503
	Tier II capital		25,991,559
	Self-owned capital		125,961,134
Risk-weighted assets	Credit risk	Standardized approach	1,073,505,460
		IRB	-
		Real estate securitization	59,772
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	39,393,925
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	20,542,888
		Internal model approach	-
	Total		1,133,502,045
Capital adequacy ratio			11.11%
Common equity Tier I capital to risk weighted assets ratio			8.51%
Tier I capital to risk weighted assets ratio			8.82%
Gearing ratio			3.66%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on January 4, 2007 (Ref. No. Jin-Guan-Yin 09610000025) and on November 26, 2012 (Ref. No. Jin-Guan-Yin 10110007010).
Note 2: Capital adequacy should be disclosed current and same period for the years ended December 31.
Note 3: Formula:
a. Self-owned capital = Common equity Tier I capital + Other Tier I capital + Tier II capital
b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk Capital + Market price risk Capital) × 12.5
c. Capital Adequacy = Self-owned capital ÷ Risk-weighted assets
d. Common equity Tier I capital to risk weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets
e. Tier I capital to risk weighted assets ratio = (Common equity Tier I capital + Other Tier I capital) ÷ Risk-weighted assets
f. Gearing ratio = Tier I capital ÷ Average-assets adjusted
Note 4: Not applicable for review.

Item \ Period			December 31, 2012
Self-owned capital	Tier I capital		$ 94,358,061
	Tier II capital		28,273,128
	Tier III capital		-
	Self-owned capital		122,631,189
Risk-weighted assets	Credit risk	Standardized approach	1,021,263,260
		IRB	-
		Real estate securitization	249,337
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	35,279,000
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	7,331,175
		Internal model approach	-
	Total		1,064,122,772
Capital adequacy ratio			11.52%
Tier I capital to risk weighted assets ratio			8.87%
Tier II capital to risk weighted assets ratio			2.66%
Tier III capital to risk weighted assets ratio			-
Common stock equity to total assets ratio			4.50%
Gearing ratio			5.91%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on January 4, 2007 (Ref. No. Jin-Guan-Yin 09610000025) and on June 30, 2009 (Ref. No. Jin-Guan-Yin 09810003110).

Note 2: Formula:
a.Self-owned capital = Tier I capital + Tier II capital + Tier III capital
b.Risk-weighted assets = Credit risk-weighted assets + (Operation risk Capital + Market price risk Capital) × 12.5
c.Capital Adequacy = Self-owned capital ÷ Risk-weighted assets
d.Tier I capital to risk weighted assets ratio = Tier I capital ÷ Risk-weighted assets
e.Tier II capital to risk weighted assets ratio = Tier II capital ÷ Risk-weighted assets
f.Tier III capital to risk weighted assets ratio = Tier III capital ÷ Risk-weighted assets
g.Common stock equity to total assets ratio = Common stock equity ÷ Total assets
h.Gearing ratio = Tier I capital ÷ Average-assets adjusted

8) Securities department balance sheet: Table 6.
Securities department statements of income: Table 7.

Taishin Securities B

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets	$ 2,844,345	$ 2,316,115
Current assets	6,470	6,470
Financial assets carried at cost- noncurrent	31,539	34,198
Property and equipment	31,311	28,705
Intangible assets	3,755	4,713
Deferred tax assets	230,684	239,195
Other noncurrent assets	$ 3,148,104	$ 2,629,396

	December 31, 2013	December 31, 2012
Liabilities		
Current liabilities	$ 667,654	$ 295,621
Other noncurrent liabilities	18,835	22,411
	686,489	318,032
Equity		
Capital stock	2,280,000	2,280,000
Capital surplus	74,034	93,829
Retained earnings	107,581	(62,465)
	2,461,615	2,311,364
	$ 3,148,104	$ 2,629,396

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Revenue	$ 568,785	$ 428,643
Expense	(427,995)	(417,977)
Non-operating income	7,227	9,703
Non-operating expense	(15)	(169)
Income before income tax	148,002	20,200
Income tax (expense) benefit	(2,916)	(7,118)
Net income	145,086	13,082
Other comprehensive income	2,650	(4,478)
Total comprehensive income	$ 147,736	$ 8,604
Basic earnings per share (dollar)	$ 0.64	$ 0.06

c. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	5.12%	0.78%
	After tax	5.02%	0.51%
Return on net equity	Pretax	6.20%	0.88%
	After tax	6.08%	0.57%
Profit margin		25.19%	2.98%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

d. Capital adequacy

Item	December 31, 2013	December 31, 2012
Eligible capital		
Tier I capital	$ 2,458,966	$ 2,352,446
Tier I capital - Minus assets	153,641	159,005
Tier II capital - Minus assets in excess of Tier II capital	122,330	130,300
Tier I capital, net	2,182,995	2,063,141
Tier II capital	-	-
Tier II capital - Minus assets	-	-
Tier II capital, net	-	-
Tier III capital	-	-
Total net of eligible capital	$ 2,182,995	$ 2,063,141
Equivalent amount of operating risk		
Equivalent amount of credit risk	$ 35,594	$ 20,132
Equivalent amount of operation risk	52,075	29,871
Equivalent amount of market risk	427,729	224,313
	$ 515,398	$ 274,316
Capital adequacy ratio	424.00%	752.00%

Note a: Capital adequacy ratio = Net of eligible capital ÷ Equivalent amount of operating risk

Note b: Net of eligible capital = Tier I capital + Tier II capital + Tier III capital - Minus assets

Note c: Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operation risk

1) Net of eligible capital

a) Tier I capital

	December 31, 2013		December 31, 2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Common stock	$ 2,280,000	93	$ 2,280,000	97
Capital surplus	74,034	3	87,834	4
Retained earnings	(40,155)	(2)	-	-
Income for the year ended December 31	145,087	6	(15,388)	(1)
	$ 2,458,966	100	$ 2,352,446	100

b) Tier II: None.

c) Tier III: None.

d) Minus assets

	December 31, 2013		December 31, 2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Intangible assets	$ 31,311	11	$ 28,705	10
Prepayments	2,615	1	1,735	1
Domestic unlisted stocks	3,470	1	3,470	1
Investment in a finance-related enterprise	6,040	2	13,500	5
Operating guarantee deposits	190,000	69	190,000	66
Settlements funds	27,451	10	24,948	8
Refundable deposits	8,645	3	9,458	3
Deferred expenses	2,688	1	4,408	1
Deferred tax assets	3,751	2	8,130	3
Accounts receivable - related party	-	-	4,951	2
	$ 275,971	100	$ 289,305	100

2) Equivalent amount of operating risk

a) Equivalent amount of market risk

	December 31, 2013		December 31, 2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Interest rate risks	$ 62,882	15	$ 32,781	15
Equity security risks	364,847	85	191,532	85
	$ 427,729	100	$ 224,313	100

b) Equivalent amount of credit risk

	December 31, 2013		December 31, 2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Client's position and credit transactions	$ 33,055	93	$ 16,405	81
Repurchase agreements transactions	16	-	161	1
In-balance-sheet transactions	2,523	7	3,566	18
	$ 35,594	100	$ 20,132	100

c) Equivalent amount of operation risk

	December 31, 2013		December 31, 2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Operation risk	$ 52,075	100	$ 29,871	100

Taishin AMC

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets	$ 822,638	$ 794,931
Current assets	131,119	129,045
Investments accounted for using the equity method	183,700	186,000
Property and equipment	741,147	644,284
Investment property	53,690	64,432
Deferred tax assets	190,560	190,558
Other noncurrent assets	$ 2,122,854	$ 2,009,250
Liabilities	$ 234,656	$ 222,559
Current liabilities	4,402	3,874
Other noncurrent liabilities	239,058	226,433
Equity		
Capital stock	1,445,000	1,445,000
Capital reserve	3,085	2,514
Retained earnings	435,711	335,303
	1,883,796	1,782,817
	$ 2,122,854	$ 2,009,250

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Operating revenue	$ 452,340	$ 423,344
Operating cost and expenses	(180,570)	(227,741)
Operating income	271,770	195,603
Non-operating income	78,027	14,115
Non-operating expenses	(35,398)	(3,673)
Income before income tax	314,399	206,045
Income tax expense	(58,081)	(32,894)
Net income	256,318	173,151
Other comprehensive income	(664)	(1,963)
Total comprehensive income	$ 255,654	$ 171,188
Basic earnings per share (dollar)	$ 1.77	$ 1.20

c. Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	15.22%	9.83%
	After tax	12.41%	8.26%
Return on net equity	Pretax	17.15%	12.05%
	After tax	13.98%	10.13%
Profit margin		48.33%	39.58%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

Taishin Venture Capital

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets	$ 179,627	$ 450,062
Current assets	654,125	492,554
Financial asset measured at cost	6,269	13,302
Available-for-sale financial assets	1,146,807	1,130,013
Investments accounted for using the equity method	92	119
Property and equipment	439	438
Other noncurrent assets	$ 1,987,359	$ 2,086,488
Liabilities	$ 2,244	$ 1,267
Current liabilities	-	-
Current tax liabilities	2,244	1,267
Equity		
Capital stock	2,219,035	2,219,035
Capital surplus	604	464
Retained earnings	(269,548)	(100,949)
Other equity	35,024	(33,329)
	1,985,115	2,085,221
	$ 1,987,359	$ 2,086,488

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Revenue	$ 28,198	$ 32,978
Expense	(196,797)	(116,253)
Loss before income tax	(168,599)	(83,275)
Income tax expense	-	-
Net loss	(168,599)	(83,275)
Other comprehensive income	68,353	(33,329)
Total comprehensive income	($ 100,246)	($ 116,604)
Basic loss per share (dollar)	($ 0.76)	($ 0.38)

c. Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	(8.28%)	(4.51%)
	After tax	(8.28%)	(4.51%)
Return on net equity	Pretax	(8.28%)	(4.52%)
	After tax	(8.28%)	(4.52%)
Profit margin		(597.91%)	(252.52%)

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

Taishin Securities Investment Trust

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets	$ 383,703	$ 333,010
Current assets	6,018	6,728
Property and equipment	441,010	450,576
Intangible assets	162	264
Deferred tax assets	80,366	80,246
Other noncurrent assets	$ 911,259	$ 870,824
Liabilities	60,751	39,531
Current liabilities	18,481	18,998
Other noncurrent liabilities	79,232	58,529
Equity		
Capital stock	754,545	754,545
Capital surplus	46,955	46,847
Retained earnings	30,527	10,903
	832,027	812,295
	$ 911,259	$ 870,824

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Operating revenue	$ 303,221	$ 306,065
Operating cost and expenses	(277,162)	(276,667)
Operating income	26,059	29,398
Nonoperating income	8,101	11,470
Nonoperating expenses	(102)	(276)
Income before income tax	34,058	40,592
Income tax expenses	(6,517)	(7,128)
Net income	27,541	33,464
Other comprehensive income	81	(38)
Total comprehensive income	$ 27,622	$ 33,426
Basic earnings per share (dollar)	$ 0.37	$ 0.44

c. Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	3.82%	4.73%
	After tax	3.09%	3.90%
Return on net equity	Pretax	4.14%	5.10%
	After tax	3.35%	4.21%
Profit margin		8.85%	10.54%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

Taishin Securities Investment Advisory

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets		
Current assets	$ 317,211	$ 296,431
Property and equipment	1,482	1,448
Deferred tax assets	5,507	7,696
Other noncurrent assets	51,833	51,832
	$ 376,033	$ 357,407
Liabilities		
Current liabilities	$ 20,582	$ 12,807
Deferred tax liabilities	20	-
Other noncurrent liabilities	3,168	2,852
	23,770	15,659
Equity	300,000	300,000
Capital stock	54,486	54,403
Capital surplus	(2,223)	(12,655)
Retained earnings	352,263	341,748
	$ 376,033	$ 357,407

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Operating revenue	$ 96,680	$ 92,920
Operating cost and expenses	(87,141)	(78,136)
Operating income	9,539	14,784
Nonoperating income	3,553	3,617
Nonoperating expenses	(162)	(199)
Income before income tax	12,930	18,202
Income tax expenses	(2,258)	(3,028)
Net income	10,672	15,174
Other comprehensive income	(239)	(158)
Total comprehensive income	$ 10,433	$ 15,016
Basic earnings per share (dollar)	$ 0.36	$ 0.51

c. Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	3.53%	5.15%
	After tax	2.91%	4.29%
Return on net equity	Pretax	3.73%	5.45%
	After tax	3.08%	4.54%
Profit margin		10.65%	15.72%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

Taishin Holdings Insurance Brokers

a. Balance sheet

	December 31, 2013	December 31, 2012
Assets	$ 1,141,390	$ 1,016,553
Current assets	3,538	5,238
Property and equipment	4,544	6,306
Intangible assets	839	775
Deferred tax assets	4,708	4,956
Other noncurrent assets	$ 1,155,019	$ 1,033,828
Liabilities		
Current liabilities	$ 250,868	$ 265,228
Other noncurrent liabilities	4,935	4,558
	255,803	269,786
Equity		
Capital stock	30,000	30,000
Retained earnings	869,216	734,042
	899,216	764,042
	$ 1,155,019	$ 1,033,828

b. Statements of comprehensive income

	For the Year Ended December 31	
	2013	2012
Operating revenue	$ 3,492,021	$ 3,100,263
Operating cost	(2,372,953)	(2,077,308)
Operating expenses	(184,284)	(164,756)
Operating income	934,784	858,199
Nonoperating income	1,534	1,089
Income before income tax	936,318	859,288
Income tax expenses	(159,178)	(146,082)
Net income	777,140	713,206
Other comprehensive income	(193)	(909)
Total comprehensive income	$ 776,947	$ 712,297
Basic earnings per share (dollar)	$ 259.05	$ 237.74

c. Profitability

Item		For the Year Ended December 31	
		2013	2012
Return on total assets	Pretax	85.55%	114.78%
	After tax	71.01%	95.27%
Return on net equity	Pretax	112.59%	165.88%
	After tax	93.45%	137.68%
Profit margin		22.24%	23.00%

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

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

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

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

55. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

Taishin Bank

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
AUD	$ 76,327	26.72	$ 2,039,211	$ 69,396	30.27	$ 2,100,269	$ 90,903	30.75	$ 2,795,583
RMB	3,008,019	4.94	14,870,048	644,390	4.68	3,015,573	677,030	4.77	3,232,541
EUR	60,371	41.28	2,492,216	35,861	38.61	1,384,633	33,611	39.20	1,317,495
HKD	1,980,964	3.86	7,651,766	1,178,031	3.76	4,427,816	872,507	3.90	3,401,582
JPY	13,431,474	0.29	3,829,891	23,885,244	0.34	8,060,243	23,503,001	0.39	9,175,830
USD	5,167,127	29.95	154,755,447	4,779,802	29.14	139,264,298	4,085,416	30.29	123,747,248
Non-monetary items									
AUD	298,319	26.72	7,970,157	262,464	30.27	7,943,485	261,523	30.75	8,042,721
RMB	4,983,529	4.94	24,635,918	4,614,091	4.68	21,592,700	240,874	4.77	1,150,075
EUR	262,447	41.28	10,834,229	375,499	38.61	14,498,395	101,776	39.20	3,989,428
HKD	153,842	3.86	594,237	330,389	3.76	1,241,819	363,964	3.90	1,418,961
JPY	6,935,646	0.29	1,977,651	14,332	0.34	4,837	44,432,933	0.39	17,347,106
USD	6,320,568	29.95	189,300,999	1,179,374	29.14	34,362,275	2,226,666	30.29	67,445,722
ZAR	6,247,420	2.86	17,877,910	2,570,128	3.43	8,813,164	1,333,218	3.73	4,971,890
Financial liabilities									
Monetary items									
AUD	366,038	26.72	9,779,401	330,133	30.27	9,991,469	349,493	30.75	$ 10,748,108
RMB	3,114,275	4.94	15,395,321	1,540,205	4.68	7,207,743	684,157	4.77	3,266,570
EUR	54,027	41.28	2,230,328	108,209	38.61	4,178,047	118,156	39.20	4,631,524
HKD	1,183,778	3.86	4,572,516	827,473	3.76	3,110,188	933,160	3.90	3,638,044
JPY	15,141,366	0.29	4,317,455	7,512,731	0.34	2,535,224	8,498,102	0.39	3,317,753
USD	6,152,182	29.95	184,257,853	5,720,927	29.14	166,684,918	5,126,610	30.29	155,285,014
ZAR	5,745,774	2.86	16,442,378	2,539,846	3.43	8,709,325	1,328,264	3.73	4,953,416
Non-monetary items									
RMB	4,714,427	4.94	23,305,620	3,705,444	4.68	17,340,476	2,919	4.77	13,937
EUR	308,090	41.28	12,718,449	278,842	38.61	10,766,394	7,703	39.20	301,927
HKD	937,590	3.86	3,621,580	746,468	3.76	2,805,720	434,501	3.90	1,693,957
JPY	71,018	0.29	20,250	14,389,188	0.34	4,855,732	62,619,872	0.39	24,447,487
USD	5,384,363	29.95	161,261,671	210,303	29.14	6,127,385	1,147,286	30.29	34,751,306
ZAR	558,602	2.86	1,598,520	31,949	3.43	109,556	2,765	3.73	10,310

Chang Hwa Bank

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	$ 5,404,324	29.78	$160,940,769	$ 4,568,002	29.04	$132,631,938	$ 4,141,817	30.28	$125,393,510
GBP	81,587	49.14	4,009,185	24,043	46.78	1,124,732	53,665	46.68	2,505,082
AUD	695,630	26.59	18,493,324	628,656	30.13	18,938,262	556,645	30.75	17,114,051
HKD	1,858,439	3.84	7,136,406	909,233	3.75	3,405,987	491,730	3.90	1,916,272
CAD	51,687	27.98	1,446,202	26,662	29.19	778,264	55,438	29.67	1,644,845
ZAR	236,019	2.86	675,014	1,045,642	3.43	3,586,552	54,302	3.71	201,460
JPY	49,284,378	0.28	13,996,763	61,956,266	0.34	20,817,305	65,128,380	0.39	25,380,530
EUR	349,304	41.12	14,363,380	406,205	38.45	15,618,582	280,386	39.22	10,996,739
NZD	51,662	24.50	1,265,719	96,138	23.81	2,289,046	109,577	23.41	2,565,198
RMB	12,942,152	4.91	63,584,793	686,931	4.66	3,199,725	249,267	4.80	1,195,734
Financial liabilities									
Monetary items									
USD	6,217,419	29.78	185,154,738	5,486,603	29.04	159,303,518	5,170,223	30.28	$156,528,501
GBP	127,283	49.14	6,254,687	39,211	46.78	1,834,291	96,268	46.68	4,493,790
AUD	832,273	26.59	22,125,978	657,544	30.13	19,808,513	603,469	30.75	18,553,654
HKD	1,394,370	3.84	5,354,381	779,048	3.75	2,918,314	594,916	3.90	2,318,388
CAD	66,764	27.98	1,868,057	41,636	29.19	1,215,355	100,176	29.67	2,972,222
ZAR	1,668,055	2.86	4,770,637	1,962,497	3.43	6,731,365	1,083,276	3.71	4,018,954
JPY	52,689,808	0.28	14,963,905	45,856,137	0.34	15,407,662	59,723,939	0.39	23,274,419
EUR	368,134	41.12	15,137,670	437,055	38.45	16,804,765	386,071	39.22	15,141,705
NZD	134,493	24.50	3,295,079	171,918	23.81	4,093,368	270,849	23.41	6,340,575
RMB	9,443,643	4.91	46,396,618	636,740	4.66	2,965,935	204,760	4.80	982,234

56. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions are summarized as follows:

No.	Item	Explanation
1	Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	None
2	Acquisition or disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital	None
3	Discounts of service charges for related parties amounting to at least $5 million	None
4	Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital	Table 9
5	Sales of NPL from subsidiaries	None
6	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
7	Other transactions that may have significant impact on the decision made by the financial statement users	None

b. Information on Taishin Financial Holding's investees:

No.	Item	Explanation
1	Names, locations, and related information of investees	Table 1
2	Financings provided	Note
3	Endorsements/guarantees provided	Note
4	Marketable securities held	Table 2 (Note)
5	Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	Table 3 (Note)
6	Acquisition or disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital	None
7	Discounts of service charges for related parties amounting to at least $5 million	None
8	Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital	None
9	Sales of NPL from subsidiaries	None
10	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Security	None
11	Other transactions that may have significant impact on the decision made by the financial statement users	None
12	Derivative transactions of investees	Notes 9 and 47

Note:None, or not required to disclose No. 2 to 5 if the investee is a bank, insurance or security company.

c. Information of investment in Mainland China, significant commitments and contingencies, significant losses and subsequent events is summarized as follows:

No.	Item	Explanation
1	Information of investment in Mainland China	Table 8
2	Significant commitments and contingencies	Note 50
3	Significant losses	None
4	Subsequent events	None

d. According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, a company should disclose business relationships and material transactions in consolidation. Please refer to Table 9.

57. SEGMENT INFORMATION

a. General information

The report of Taishin Financial Holding and subsidiaries is the same as the report for internal use of policy makers. Main policy makers distribute the resources to the operation department and evaluate its efficiency. Taishin Financial Holding's main policy makers are the Board of Directors.

Interdepartmental transactions are normal transactions. Taishin Financial Holding consolidates all its subsidiaries, and writes off interdepartmental transaction gains and losses. The subsidiaries evaluate their own operation efficiency.

The Board of Directors, the main policy maker, reviews company operation result, distributes resources, and evaluates operation efficiency.

Financial information of departments

	For the Year Ended December 31, 2013					
	Taishin Bank (Consolidated)	Chang Hwa Bank (Consolidated)	Others	Total	Adjustments and Eliminations	Total
Net interest income (expense)	$ 14,418,623	$ 17,080,428	($ 219,280)	$ 31,279,771	$	$ 31,279,771
Net income other than net interest income	15,693,419	6,742,781	2,366,668	24,802,868	(255,406)	24,547,462
Net revenue and gains	30,112,042	23,823,209	2,147,388	56,082,639	(255,406)	55,827,233
Reversed allowance for bad debts expenses and guarantee liability provisions	(113,327)	637,773	21,963	546,409		546,409
Operating expenses	(15,627,185)	(13,713,262)	(1,765,300)	(31,105,747)	135,557	(30,970,190)
Income before income tax	14,326,530	10,747,720	449,051	25,523,301	(119,849)	25,403,452
Income tax expense	(2,147,437)	(1,929,471)	(752,921)	(4,829,829)		(4,829,829)
Net income (loss)	$ 12,179,093	$ 8,818,249	($ 303,870)	$ 20,693,472	($ 119,849)	$ 20,573,623
Total assets	$ 1,132,408,782	$ 1,700,055,541	$ 149,234,898	$ 2,981,699,221	($ 110,712,535)	$ 2,870,986,686
Total liabilities	$ 1,058,723,701	$ 1,587,652,211	$ 29,689,278	$ 2,676,065,190	($ 3,067,746)	$ 2,672,997,444

	For the Year Ended December 31, 2012					
	Taishin Bank (Consolidated)	Chang Hwa Bank (Consolidated)	Others	Total	Adjustments and Eliminations	Total
Net interest income (expense)	$ 13,683,675	$ 16,398,792	($ 520,574)	$ 29,561,893	$	$ 29,561,893
Net income other than net interest income	10,957,268	6,861,807	2,288,189	20,107,264	(244,396)	19,862,868
Net revenue and gains	24,640,943	23,260,599	1,767,615	49,669,157	(244,396)	49,424,761
Reversed allowance for bad debts expenses and guarantee liability provisions	637,279	987,971	(75,320)	1,549,930		1,549,930
Operating expenses	(14,901,008)	(14,004,574)	(1,520,915)	(30,426,497)	119,105	(30,307,392)
Income before income tax	10,377,214	10,243,996	171,380	20,792,590	(125,291)	20,667,299
Income tax expense	(1,722,278)	(1,798,797)	(275,239)	(3,796,314)		(3,796,314)
Net income (loss)	$ 8,654,936	$ 8,445,199	($ 103,859)	$ 16,996,276	($ 125,291)	$ 16,870,985
Total assets	$ 1,084,239,654	$ 1,613,823,532	$ 133,791,207	$ 2,831,854,393	($ 104,488,547)	$ 2,727,365,846
Total liabilities	$ 1,015,259,735	$ 1,508,927,922	$ 26,178,261	$ 2,550,365,918	($ 5,455,113)	$ 2,544,910,805

b. Financial information by region

The operating income of Taishin Financial Holding and subsidiaries' overseas departments is not over 10% of consolidated operating income. In addition, their assets are not over 10% of consolidated total assets either. Thus, no financial information by region is required.

c. Information of foreign sales

The revenue from foreign sales made by the domestic departments of Taishin Financial Holding and subsidiaries to individuals is not over 10% of consolidated total operating income.

d. Information of important customers

Taishin Financial Holding and subsidiaries do not have important customers contributing revenue more than 10% of consolidated operating income.

58. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation of financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 5 but also applies the requirements under FSC recognized IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Exemptions under IFRS 1

IFRS 1 recognized by the FSC establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

1) The Group elected to take the optional exemption from applying FSC-recognized IFRS 2 "Share-based payment" retrospectively for the share-based payment transactions granted and vested before the transition date.

2) The Group elected to recognize all cumulative actuarial gains and losses and transferred them to retained earnings at the date of transition. In addition, the Group elected to disclose historical information about experience adjustments in each accounting period prospectively from the date of transition to IFRSs.

3) The Group elected not to apply FSC-recognized IFRS 3 "Business Combinations" retrospectively to business combination that occurred before the date of transition to IFRSs. Thus, there was no adjustment to book value for business combination that occurred before the date of transition.

4) The Group elected to designate some previously designated financial instruments carried at cost as available for sale at the date of transition to IFRSs.

5) The Group elected to use ROC GAAP revaluation of property and equipment and investment property at, or before, the date of transition to IFRSs as deemed cost at the transition date. Since sufficient evidence showed that certain investment properties are continuously in lease status that could generate medium- and long-term steady cash flows, the Group elected to measure certain investment properties at the date of transition to IFRSs at fair value and that fair value is deemed cost at that date. Other property and equipment, investment properties and intangible assets were accounted under IFRSs retrospectively.

6) The Group elected to deem as zero cumulative translation differences on all foreign operations at the date of transition to IFRSs. Afterwards, the exchange differences will be processed according to FSC-recognized IAS 21 "The Effects of Changes in Foreign Exchange Rates" recognized by Financial Supervisory Commission.

The effects of the adoption of the abovementioned optional exemptions are discussed below in item 8) - Explanations of significant reconciling items in the transition to IFRSs.

c. Explanations of compulsory non-retroactive items

Except for the estimates reflecting the differences between the FSC-recognized IFRSs and ROC GAAP accounting policies, all estimates are the same as the ones made based on ROC GAAP at the date of transition.

d. Effects of transition to IFRSs

The effects of the transition to IFRSs on the Group's consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are stated as follows:

1) The reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Cash and cash equivalents	$ 64,818,747	$ -	($ 1,694,762)	$ 63,123,985	Cash and cash equivalents	a)
Due from Central Bank and call loans to banks	109,187,193	-	-	109,187,193	Due from the Central Bank and call loans to banks	
Financial assets at fair value through profit or loss	67,515,650	297,409	-	67,813,059	Financial asset at fair value through profit or loss	b), p)
Available-for-sale financial assets, net	248,786,716	2,209,878	-	250,996,594	Available-for-sale financial assets, net	q)
		-	149,400	149,400	Derivative financial assets for hedging	o)
Bonds and securities purchased under resell agreements	9,734,993	-	-	9,734,993	Securities purchased under resell agreements	
Receivables, net	110,761,564	366,384	(2,511,922)	108,616,026	Receivables, net	b), c), f), s)
		-	2,151,147	2,151,147	Current tax assets	c)
Loans, net	1,723,226,715	-	-	1,723,226,715	Loans, net	
Held-to-maturity financial assets, net	182,797,810	-	-	182,797,810	Held-to-maturity financial assets, net	
Investments accounted for by the equity method, net	252,698	(379)	-	252,319	Investments accounted for using the equity method, net	t)
Other financial assets, net	18,005,451	(1,355,238)	2,208,469	18,858,682	Other financial assets, net	a), o), p), q), s)
		3,214,608	8,031,824	11,246,432	Investment property, net	d), e)
Property and equipment, net	41,205,348	939,197	285,785	42,430,330	Property and equipment, net	d), e)
Goodwill and intangible assets	21,956,167	-	-	21,956,167	Intangible assets, net	
		530,390	11,741,323	12,271,713	Deferred tax assets	c), i), j), k)
Other assets, net	23,728,944	(38,387)	(19,380,860)	4,309,697	Other assets, net	c), d), e), f), i)
Total	2,621,977,996	6,163,862	980,404	2,629,122,262	Total	
Deposits from banks and Central Bank	174,583,880	-	-	174,583,880	Due to the Central Bank and banks	
Financial liabilities at fair value through profit or loss	10,388,922	-	-	10,388,922	Financial liabilities at fair value through profit or loss	

(Continued)

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Bonds and securities sold under repurchase agreements	$ 52,249,552	$ -	$ -	$ 52,249,552	Securities sold under repurchase agreements	
Commercial paper payable, net	267,953	-	-	267,953	Commercial paper issued, net	
Payables	57,275,031	374,794	(2,351,654)	55,298,171	Payables	b), c), f), g), k)
		-	1,938,721	1,938,721	Current tax liabilities	c)
Deposits and remittances	2,024,212,177	-	-	2,024,212,177	Deposits and remittances	
Bonds payable	97,146,086	-	-	97,146,086	Bonds payable	
Other borrowings	43,000	-	-	43,000	Other borrowings	
Reserve for operations and liabilities	779,673	2,811,966	495,109	4,086,748	Reserve for liabilities	h), i), j)
Other financial liabilities	15,016,995	-	-	15,016,995	Other financial liabilities	
		529,160	6,594,420	7,123,580	Deferred tax liabilities	c), d), q)
Other liabilities	9,671,545	-	(5,696,192)	3,975,353	Other liabilities	c), g), h)
Total	2,441,634,814	3,715,920	980,404	2,446,331,138	Total	
Taishin Financial Holding stockholders' equity					Equity attributable to owners of parent	
Capital stock					Capital stock	
Common stock	63,250,473	-	-	63,250,473	Common stock	
Preferred stock	11,912,963	-	-	11,912,963	Preferred stock	
Capital surplus					Capital surplus	
Additional paid-in capital in excess of par	17,005,072	-	-	17,005,072	Additional paid-in capital in excess of par	
Other capital surplus	2,212,227	97,833	-	2,310,060	Other capital surplus	l)
Retained earnings	11,749,407	220,376	-	11,969,783	Retained earnings	d), e), i), j), k), l), m), p), t)
Other items of stockholders' equity					Other equity	
Unrealized revaluation increment	288,459	(288,459)	-	-		d)
Cumulative translation adjustments	(23,269)	23,269	-	-	Exchange differences on translation of foreign financial statements	m)
Unrealized gains or losses on financial instruments	(145,971)	1,094,697	-	948,726	Unrealized gain (loss) on available-for-sale financial assets	q)
Net loss not recognized as pension cost	(30,432)	30,432	-	-		i)
Total Taishin Financial Holding stockholders' equity	106,218,929	1,178,148	-	107,397,077	Total equity attributable to owners of parent	
Minority interests	74,124,253	1,269,794	-	75,394,047	Non-controlling interest	d), e), i), j), k), q)
Total stockholders' equity	180,343,182	2,447,942	-	182,791,124	Total equity	
Total	2,621,977,996	6,163,862	980,404	2,629,122,262	Total	

(Concluded)

2) The reconciliation of consolidated balance sheet as of December 31, 2012

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Cash and cash equivalents	$ 53,649,307	$ -	($ 3,031,507)	$ 50,617,800	Cash and cash equivalents	a)
Due from Central Bank and call loans to banks	136,641,676	-	-	136,641,676	Due from the Central Bank and call loans to banks	
Financial assets at fair value through profit or loss	85,988,202	294,054	-	86,282,256	Financial asset at fair value through profit or loss	b), p)
Available-for-sale financial assets, net	270,722,899	3,063,577	-	273,786,476	Available-for-sale financial assets, net	q)
		-	105,087	105,087	Derivative financial assets for hedging	o)
Bonds and securities purchased under resell agreements	4,987,265	-	-	4,987,265	Securities purchased under resell agreements	
Receivables, net	107,547,734	44,899	(1,356,441)	106,236,192	Receivables, net	b), c), f), s)
		-	1,733,233	1,733,233	Current tax assets	c)
Loans, net	1,787,298,942	-	-	1,787,298,942	Loans, net	
Held-to-maturity financial assets, net	172,613,773	-	-	172,613,773	Held-to-maturity financial assets, net	
Investments accounted for by the equity method, net	251,278	(136)	-	251,142	Investments accounted for using the equity method, net	t)
Other financial assets, net	12,885,644	(1,045,194)	2,965,734	14,806,184	Other financial assets, net	a), o), p), q), r), s)
		3,005,296	8,609,093	11,614,389	Investment property, net	e)
Property and equipment, net	41,597,105	-	275,220	41,872,325	Property and equipment, net	e)
Goodwill and intangible assets	21,732,198	-	-	21,732,198	Intangible assets, net	
		601,205	9,197,104	9,798,309	Deferred tax assets	c), i), j), k)
Other assets, net	24,830,699	(33,936)	(17,808,164)	6,988,599	Other assets, net	c), e), f), i)
Total	2,720,746,722	5,929,765	689,359	2,727,365,846	Total	
Deposits from banks and Central Bank	152,894,925	-	-	152,894,925	Due to the Central Bank and banks	
Financial liabilities at fair value through profit or loss	11,027,012	-	-	11,027,012	Financial liabilities at fair value through profit or loss	
Bonds and securities sold under repurchase agreements	56,534,194	-	-	56,534,194	Securities sold under repurchase agreements	
Commercial paper payable, net	7,000	-	-	7,000	Commercial paper issued, net	
Payables	57,162,211	190,730	(2,901,467)	54,451,474	Payables	b), c), f), g), k)
		-	2,602,123	2,602,123	Current tax liabilities	c)
Deposits and remittances	2,139,646,174	-	-	2,139,646,174	Deposits and remittances	
Bonds payable	97,151,937	-	-	97,151,937	Bonds payable	
Other borrowings	579,996	-	-	579,996	Other borrowings	

(Continued)

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Reserve for operations and liabilities	$ 806,938	$ 2,956,216	$ 812,230	$ 4,575,384	Reserve for liabilities	h), i), j)
Other financial liabilities	15,035,344	-	-	15,035,344	Other financial liabilities	
		320,909	6,500,095	6,821,004	Deferred tax liabilities	c), q)
Other liabilities	9,907,860	-	(6,323,622)	3,584,238	Other liabilities	c), f), g), h)
Total	2,540,753,591	3,467,855	689,359	2,544,910,805	Total	
Taishin Financial Holding stockholders' equity					Equity attributable to owners of parent	
Capital stock					Capital stock	
Common stock	68,914,473	-	-	68,914,473	Common stock	
Preferred stock	7,251,368	-	-	7,251,368	Preferred stock	
Capital surplus					Capital surplus	
Additional paid-in capital in excess of par	7,005,072	-	-	7,005,072	Additional paid-in capital in excess of par	
Other capital surplus	2,298,156	106,529	-	2,404,685	Other capital surplus	l)
Retained earnings	13,157,682	193,682	-	13,351,364	Retained earnings	d), e), i), j), k), l), m), p), r), t)
Other items of stockholders' equity					Other equity	
Unrealized revaluation increment	579,640	(579,640)	-	-		d)
Cumulative translation adjustments	(81,603)	23,269	-	(58,334)	Exchange differences on translation of foreign financial statements	m)
Unrealized gains or losses on financial instruments	675,432	1,783,509	-	2,458,941	Unrealized gain (loss) on available-for-sale financial assets	q)
Net loss not recognized as pension cost	(100,271)	100,271	-	-		i)
Total Taishin Financial Holding stockholders' equity	99,699,949	1,627,620	-	101,327,569	Total equity attributable to owners of parent	
Minority interests	80,293,182	834,290	-	81,127,472	Non-controlling interest	e), i), j), k), q)
Total stockholders' equity	179,993,131	2,461,910	-	182,455,041	Total equity	
Total	2,720,746,722	5,929,765	689,359	2,727,365,846	Total	

(Concluded)

3) The reconciliation of consolidated statements of comprehensive income for the year ended December 31, 2012

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Interest income	$ 49,293,049	$ -	($ 524,085)	$ 48,768,964	Interest income	n)
Interest expenses	(20,062,524)	-	855,453	(19,207,071)	Interest expenses	j), n)
Net interest income	29,230,525	-	331,368	29,561,893	Net interest income	
Net income other than interest income					Net income other than net interest income	
Fee and commission income, net	12,086,135	-	(6,612)	12,079,523	Net service fee and commissions income	g)

(Continued)

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Gain on financial assets and liabilities at fair value through profit or loss	$ 4,387,487	$ 95,130	$ 510,008	$ 4,992,625	Gain on financial assets and liabilities at fair value through profit or loss	n), p)
		-	185,321	185,321	Gain on investment property	e)
Realized gain on available-for-sale financial assets	452,292	-	26,370	478,662	Realized gain on available-for-sale financial assets	q)
Investment loss recognized under the equity method	4,247	242	-	4,489	Share of profit (loss) of associates and joint ventures accounted for using equity method	t)
Gain on disposal of investments accounted for by the equity method	330,294	98,753	-	429,047	Gain on disposal of investments accounted for using equity method	r)
Foreign exchange loss, net	(277,011)	-	-	(277,011)	Foreign exchange gain (losses)	
Asset impairment loss	(108,551)	-	-	(108,551)	Impairment loss on assets	
Other non-interest net income and loss	2,349,294	(58,840)	(211,691)	2,078,763	Net other non-interest income	e), p), q)
Gross income	48,454,712	135,285	834,764	49,424,761	Net revenue and gains	
Reversed allowance for loan losses	1,549,930	-	-	1,549,930	Reversed allowance for bad debts expenses and guarantee liability provisions	
Operating expenses					Operating expenses	
Personnel expenses	(18,348,261)	(35,840)	(841,376)	(19,225,477)	Employee benefits expenses	i), j), k), l)
Depreciation and amortization	(1,584,830)	-	-	(1,584,830)	Depreciation and amortization expenses	
Others	(9,503,697)	-	6,612	(9,497,085)	Other general and administrative expenses	g)
Income before income tax	20,567,854	99,445	-	20,667,299	Income before income tax	
Estimated income tax expense	(3,802,135)	5,821	-	(3,796,314)	Income tax expense	i), j), k)
Consolidated net income	16,765,719	105,266	-	16,870,985	Net income	
					Other comprehensive income	
				(140,152)	Exchange differences on translation of foreign financial statements	
				2,261,598	Unrealized gain (losses) on available-for-sale financial assets	
				(385,318)	Actuarial gains (losses) on defined benefit plans	
				(69,127)	Income tax relating to components of other comprehensive income	

(Continued)

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
				$ 1,667,001	Comprehensive income, net of tax	
				$ 18,537,986	Total comprehensive income	
Attributable to					Net income attributable to:	
Taishin Financial Holding's stockholders	$ 10,261,680	$ 124,980		$ 10,386,660	Owners of parent	
Minority interests	6,504,039	(19,714)		6,484,325	Non-controlling interests	
	$ 16,765,719	$ 105,266		$ 16,870,985		
					Total comprehensive income attributable to:	
				$ 11,686,867	Owners of parent	
				6,851,119	Non-controlling interests	
				$ 18,537,986		

(Concluded)

4) Reconciliation of equity as of January 1, 2012, December 31, 2012

	January 1, 2012	December 31, 2012
Equity under ROC GAAP	$ 180,343,182	$ 179,993,131
Adjustments:		
Revaluation increment of property and equipment	809,949	-
Investment property	3,005,296	3,005,296
Employee benefits - defined benefit plan	(1,388,551)	(1,352,735)
Employee's high-yield savings account	(960,140)	(1,059,856)
Employee's bonus for complete attendance in work	(143,850)	(115,444)
Stock traded in the emerging stock market	(60,548)	(24,258)
Financial instrument designation	1,186,165	1,910,290
Accounting for a parent's loss of control over a subsidiary	-	98,753
Associates adjustments	(379)	(136)
Equity under the FSC-recognized IFRSs	$ 182,791,124	$ 182,455,041

5) The explanations of significant adjustments of consolidated statement of cash flows

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under FSC-recognized IAS 7 "Statement of Cash Flows", cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with a carrying amount of $3,031,507 thousand and $1,694,762 thousand as of December 31, 2012 and January 1, 2012, respectively, held by the Group were for investment purposes and thus no longer classified as cash under IFRSs.

The consolidated statements of cash flows were prepared by indirect method according to ROC GAAP. Interest paid and received, dividends received and income tax paid are classified as operating activities and not disclosed separately. However, under FSC-recognized IAS 7 "Statement of Cash Flows", interest

received of $48,296,414 thousand, interest paid of $19,048,648 thousand and income tax returned of $454,029 thousand and income tax paid of $1,067,325 thousand are classified as operating activities in the statement of cash flows for the year ended December 31, 2012.

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

6) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

a) Cash and cash equivalents

According to FSC-recognized IAS No. 7 “Statement of Cash Flows”, the Group reclassified demand deposits that require over 3 months prior notice of withdrawal to other financial assets.

As of December 31, 2012 and January 1, 2012, cash and cash equivalents decreased by $3,031,507 thousand and $1,694,762 thousand, respectively, while other financial assets increased by $3,031,507 thousand and $1,694,762 thousand, respectively.

b) Regular way purchase or sale of a financial asset

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

As of December 31, 2012, financial assets at FVTPL-net increased by $6,743 thousand while payables and receivables increased by $51,642 thousand and $44,899 thousand, respectively.

As of January 1, 2012, financial assets at FVTPL-net decreased by $164,903 thousand while payables and receivables increased by $201,481 thousand and $366,384 thousand, respectively.

c) Income taxes

According to FSC-recognized IAS No. 12 “Income Taxes” and FSC-recognized SIC Interpretation No. 21 “Income Taxes - Recovery of Revalued Non-Depreciable Assets”, the Group reclassified accrued land value increment tax payable, a taxable temporary difference, to deferred tax liabilities.

According to FSC-recognized IAS No. 1 “Presentation of Financial Statements”, the Group presented deferred tax assets and deferred tax liabilities separately in balance sheet.

According to FSC-recognized IAS No. 12 “Income Taxes”, deferred income tax assets and deferred tax liabilities cannot be offset with each other; thus, they are presented at gross amounts.

As of December 31, 2012 and January 1, 2012, receivables decreased by $1,721,159 thousand and $2,151,147 thousand, respectively; current tax assets increased by $1,733,233 thousand and $2,151,147 thousand, respectively; deferred tax assets increased by $9,197,104 thousand and $11,741,323 thousand, respectively; other assets decreased by $8,923,871 thousand and $11,019,322 thousand, respectively; payables decreased by $2,613,896 thousand and $1,950,493 thousand, respectively; current tax liabilities increased by $2,602,123 thousand and $1,938,721 thousand, respectively; deferred income tax liabilities increased by $6,500,095 thousand and $6,594,420 thousand, respectively; and other liabilities decreased by $6,203,015 thousand and $5,860,647 thousand, respectively.

d) Revaluation increment of property and equipment

Parts of land, buildings and investment properties were revalued in accordance with ROC GAAP at or before the date of transition to IFRSs. The Group used the revalued amount as the cost of the assets at the date of transition to IFRSs.

As of December 31, 2012 and January 1, 2012, retained earnings all increased by $579,640 thousand; other equity decreased by $579,640 thousand and $288,459 thousand, respectively; property and equipment increased by $0 thousand and $939,197 thousand, respectively; investment properties increased by $0 thousand and $209,312 thousand, respectively; other assets decreased by $0 thousand and $735 thousand, respectively. Non-controlling interest increased by $0 thousand and $518,768 thousand, respectively while deferred tax liabilities increased by $0 thousand and $337,825 thousand, respectively.

e) Investment property

The Group reclassified fixed assets and other assets that conformed to the definition of investment properties as investment properties based on the FSC-recognized IAS 40 “Investment Property.” Thus, the Group also reclassified income related to investment properties as gains or losses on investment properties based on Rule 17 of the “Regulations Governing the Preparation of Financial Statements by Financial Holding Companies.” In addition, since sufficient evidence showed that certain investment properties were continuously in lease status that could generate medium- and long-term steady cash flows, the Group elected to measure those investment properties at the date of transition to IFRSs at fair value and used that fair value as deemed cost at the date of transition to IFRSs and increased retained earnings.

As of December 31, 2012 and January 1, 2012, investment properties increased by $11,614,389 thousand and $11,037,120 thousand, respectively; property and equipment increased by $275,220 thousand and $285,785 thousand, respectively; other assets decreased by $8,884,313 thousand and $8,317,609 thousand, respectively; non-controlling interest all increased by $2,521,177 thousand, and retained earnings all increased by $484,119 thousand. For the year ended December 31, 2012, the gain or loss on investment properties increased by $185,321 thousand and net other non-interest income and loss decreased by $185,321 thousand.

f) Client’s position-debit or credit

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

As of December 31, 2012 and January 1, 2012, receivables increased by $404,032 thousand and $302,332 thousand, respectively; other assets increased by $20 thousand and decreased by $43,929 thousand, respectively; payables increased by $404,787 thousand and $258,403 thousand, respectively, and other liabilities decreased by $735 thousand and $0 thousand, respectively.

g) Customer loyalty programmes

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

As of December 31, 2012 and January 1, 2012, payables decreased by $692,358 thousand, and $659,564 thousand, respectively while other liabilities increased by $692,358 thousand and $659,564 thousand, respectively.

In addition, for the year ended December 31, 2012, the net service fee and commission income decreased by $6,612 thousand and other general and administrative expenses decreased by $6,612 thousand respectively.

h) Reserve for liabilities

The Group classified accrued pension liability under reserve for liabilities in accordance with FSC-recognized IAS 1 “Presentation of Financial Statements”.

As of December 31, 2012 and January 1, 2012, reserve for liabilities increased by $812,230 thousand and $495,109 thousand, respectively, while other liabilities decreased by $812,230 thousand and $495,109 thousand, respectively. The amount of total liabilities did not change due to the reclassification.

i) Employee benefits - defined benefit plan

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

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

As of December 31, 2012 and January 1, 2012, other assets decreased by $33,936 thousand and $37,652 thousand, respectively; deferred tax assets increased by $360,482 thousand and $304,272 thousand, respectively; reserve for liabilities increased by $1,679,281 thousand and $1,655,171 thousand, respectively; retained earnings decreased by $546,530 thousand and $409,513 thousand, respectively; other equity increased by $100,271 thousand and $30,432 thousand, respectively, and non-controlling interests decreased by $906,476 thousand and $1,009,470 thousand, respectively.

In addition, for the year ended December 31, 2012, the employee benefits expenses decreased by $58,771 thousand while income tax expense increased by $8,784 thousand.

j) Employee's high-yield savings account

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

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

As of December 31, 2012 and January 1, 2012, reserve for liabilities increased by $1,276,935 thousand and $1,156,795 thousand, respectively; deferred tax assets increased by $217,079 thousand and $196,655 thousand, respectively; retained earnings decreased by $241,773 thousand and $219,026 thousand, respectively, and non-controlling interests decreased by $818,083 thousand and $741,114 thousand, respectively.

In addition, for the year ended December 31, 2012, the employee benefits expenses increased by $961,514 thousand, interest expenses decreased by $841,376 thousand and income tax expense decreased by $20,423 thousand.

k) Employee's bonus for complete attendance in work

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

As of December 31, 2012 and January 1, 2012, payables increased by $139,088 thousand and $173,313 thousand, respectively; deferred tax assets increased by $23,644 thousand and $29,463 thousand, respectively; retained earnings decreased by $26,335 thousand and $32,815 thousand, respectively and non-controlling interests decreased by $89,109 thousand and $11,035 thousand, respectively.

In addition, for the year ended December 31, 2012, the employee benefits expenses decreased by $34,224 thousand and income tax expenses increased by $5,818 thousand.

l) Share-based payment

Electing the requirements of share-based payment under FSC-recognized IFRS 1, the Group retrospectively applied FSC-recognized IFRS 2 "Employee Benefits" only for the unvested ones.

As of December 31, 2012 and January 1, 2012, other capital surplus increased by $106,529 thousand and $97,833 thousand, respectively and retained earnings decreased by $106,529 thousand and $97,833 thousand, respectively.

In addition, for the year ended December 31, 2012, the employee benefits expenses increased by $8,697 thousand.

m) Cumulative translation differences

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

As of December 31, 2012 and January 1, 2012, other equity both increased by $23,269 thousand and retained earnings both decreased by $23,269 thousand.

n) Interes t revenue and expense on financial instruments at fair value through profit or loss

Under the requirements of the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies Article 17 and Regulations Governing the Preparation of Financial Reports by Public

Banks Article 13, the Group reclassified interest income and expense on financial instruments at fair value through profit or loss into gain (loss) on financial assets and liabilities at fair value through profit or loss.

For the year ended December 31, 2012, the gain or loss on the financial assets and liabilities at FVTPL increased by $510,008 thousand, interest income decreased by $524,085 thousand and interest expenses decreased by $14,077 thousand.

o) Derivative financial assets for hedging

Under the requirements of the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies Article 14 and Regulations Governing the Preparation of Financial Reports by Public Banks Article 10, the Group presented hedging derivative financial assets on the balance sheet separately.

As of December 31, 2012 and January 1, 2012, derivative financial assets for hedging increased by $105,087 thousand and $149,400 thousand, respectively, and other financial assets decreased by $105,087 thousand and $149,400 thousand, respectively. The amount of total assets did not change due to the reclassification.

p) Stocks traded in the emerging stock market

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

As of December 31, 2012 and January 1, 2012, financial assets at FVTPL assets increased by $287,311 thousand and $462,312 thousand, respectively; other financial assets decreased by $311,569 thousand and $522,860 thousand, respectively and retained earnings decreased by $24,258 thousand and $60,548 thousand, respectively.

In addition, for the year ended December 31, 2012, the gains or losses on financial assets and liabilities at FVTPL increased by $95,130 thousand while net other non-interest income and loss decreased by $58,840 thousand.

q) Financial instrument designation

Under FSC-recognized IFRS 1, the Group reclassified other financial assets to available-for-sale financial assets.

As of December 31, 2012 and January 1, 2012, available-for-sale financial assets increased by $3,063,577 thousand $2,209,878 thousand, respectively; other financial assets decreased by $832,378 thousand $832,378 thousand, respectively; deferred tax liabilities increased by $320,909 thousand $191,335 thousand, respectively; other equity increased by $1,783,509 thousand $1,094,697 thousand, respectively and non-controlling interests increased by $126,781 thousand and $91,468 thousand.

r) Accounting for a parent's loss of control over a subsidiary

On the loss of control over a subsidiary, any investment retained in the former subsidiary at the date when control is lost was regarded as the fair value on initial recognition of a financial asset. The resulting difference between the fair value of investment retained in the former subsidiary, the proceeds from disposal of investment, and the carrying value of investment at the date when control is lost is recognized as a gain or loss in profit or loss attributable to the parent.

As of December 31, 2012, other financial assets and retained earnings both increased by $98,753 thousand. In addition, for the year ended December 31, 2012, the gain on disposal of investments accounted for using the equity method increased by $98,753 thousand.

s) Purchase credit receivable

According to Regulations Governing the Preparation of Financial Statements by Financial Holding Companies Article 14, the Group reclassified purchase credit receivable to other financial assets.

As of December 31, 2012 and January 1, 2012, receivables decreased by $39,314 thousand and $663,107 thousand, respectively, while other financial assets increased by $39,314 thousand and $663,107 thousand, respectively. The amount of total assets did not change due to the reclassification.

t) Adjustments of associates

The Group recognized its share of the associates' adjustments in employee benefits (mainly from adjustments of items i) and k)) by using equity method.

As of December 31, 2012 and January 1, 2012, investments accounted for using the equity method decreased by $136 thousand and $379 thousand, respectively, and retained earnings decreased by $136 thousand and $379 thousand, respectively. In addition, for the year ended December 31, 2012, the share of profit (loss) of associates and joint ventures accounted for using equity method increased by $242 thousand.

e. Others

1) Appropriation for special reserve

Under the FSC Order No. Jin-Guan-Zheng-Fa 1010012865 issued on April 6, 2012, Taishin Financial Holding and subsidiaries reclassified unrealized revaluation increment and cumulative translation adjustments to retained earnings. The amount reclassified to retained earnings is appropriated to special reserve. However, if the amount of the increase in retained earnings from the first-time adoption of IFRSs is less than the amount reclassified to retained earnings, then the appropriation to special reserve is limited to the amount of the increase in retained earnings. Upon subsequent usage, disposal or reclassification of the related assets, special reserve shall be proportionately reversed to retained earnings. Since the amount of the increase in retained earnings from the first-time adoption of IFRSs is less than the amount reclassified to retained earnings, Taishin Financial Holding appropriated to special reserve the amount of $220,376 thousand as of January 1, 2013.

Under the FSC Order No. Jin-Guan-Zheng-Tou 1010045494 issued on October 9, 2012, Taishin Securities Investment Trust reclassified loss provision to special reserve. Therefore, Taishin Financial Holding appropriated to special reserve the amount of $518 thousand as of January 1, 2013.

2) Functional currency

The functional currency remained New Taiwan dollar after the date of transition. Therefore, no differences occurred.

TABLE 1

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES' NAMES, LOCATIONS, ETC.
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance
Financial business				
Taishin Bank	86519539	B1, 1F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Commercial bank business, trust, and bills discounting	100.00
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Taichung, Taiwan	Commercial bank business, trust, and offshore banking unit	22.55
Taishin Securities B	23534956	2F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Multiple securities and future transaction assistant	100.00
Taishin AMC	80341022	2F-3, No. 9, Dehuei St., Zhongshan district, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	100.00
Taishin Securities Investment Trust	27326178	13F, No. 96, Jianguo N. Rd., Sec. 1, Zhong Shan District, Taipei, Taiwan	Investment trust	100.0
Taishin Securities Investment Advisory	23285289	16F, No. 118, Ren-Ai Rd., Sec. 4, Taipei, Taiwan	Investment trust, advisory, and publication	92.00
Taishin Holdings Insurance Brokers	29030974	11F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Property insurance manager, life insurance manager	100.00
Nonfinancial business				
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Taipei, Taiwan	Investment start-up	100.00
Nonfinancial business				
Metro Consulting Service Ltd.	27974096	6F-2, No. 3-1, Yuancyu St. Nangang Dist., Taipei, Taiwan	Consultancy, information service and human resource dispatch	4.40

Note : Imputed shares are considered if equity securities such as convertible bond, warrant, etc., or derivative contract such as stock options, are converted to shares.

Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership						Note
		Current Shares		Imputed Shares (Note)	Total			
						Total Shares	Ownership Interest (%)	
$ 73,396,067	$ 12,183,166	Common share	4,915,752,571	-		4,915,752,571	100.00	Investments accounted for using equity method
45,445,720	1,971,682	Common share	1,768,735,286			1,768,735,286	22.83	"
2,511,434	131,310		228,000,000	-		228,000,000	100.00	
1,883,796	256,318		144,500,000	-		144,500,000	100.00	"
832,027	27,541		75,454,545	-		75,454,545	100.00	"
324,076	9,818		27,599,513	-		27,599,513	92.00	"
899,216	777,140		3,000,000	-		3,000,000	100.00	"
1,985,115	(168,599)		221,903,495	-		221,903,495	100.00	"
2,200,000	-		520,000	-		520,000	10.40	Financial assets carried at cost

TABLE 2

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars; in Thousands of U.S. Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account
Taishin Real Estate	Stock		
	Metro Consulting Service Ltd.	Taishin Real Estate is the supervisor of the Metro Consulting Service.	Financial assets carried at cost
	Beneficiary certificates		
	Taishin 1699 Money Market Fund	Fund issued by Taishin Securities Investment Trust	Financial assets at FVTPL - current
Taishin Insurance Agency	Stock		
	Taishin Insurance Broker	Parent and subsidiary	Investment accounted for using equity method
	Chi-Long Technology Co., Ltd.	None	Financial assets carried at cost
Taishin Dah An Leasing	Stock		
	Yuan Tai Forex Brokerage Co., Ltd.	Taishin Dah An Leasing is the director of Yuan Tai Forex Brokerage.	Financial assets carried at cost - noncurrent
	Bon-Li International Technology Co., Ltd	None	〃
Taishin Venture Capital	Stock		
	Darfon Electronics Corp.	Its independent director is Taishin Financial Holding's independent director	Available-for-sale financial assets - noncurrent
	BAFO Technologies Corp.	None	〃
	First Bio Venture Capital Corporation	None	Financial assets carried at cost
	Kwan-Hwa Venture Capital Corp.	Its corporate director is Taishin Venture Capital	〃
	Chi-Ting Venture Capital Investment Co., Ltd.	None	〃
	Hwei-Yang Venture Capital Investment Co., Ltd.	None	〃
	Chung-Yang Special Return Venture Capital Co., Ltd.	Its corporate director is Taishin Venture Capital	〃
	CC Media Co., Ltd.	None	〃
	Double Edge Entertainment Co., Ltd.	Its corporate director is Chang Hwa Bank's corporate supervisor	〃
	Century Development Corp.	Its supervisor is Taishin Venture Capital	〃
	United Investment Fund	None	〃
	Cyberheart Inc.	〃	〃
	Cyberheart Inc. A-1	〃	〃
	Solar PV Corp.	〃	〃
	OME Technology Co., Ltd.	〃	〃
	Innostar Technology Corporation	〃	〃
	Youn Shin Artistic Co., Ltd.	Its corporate director is Taishin Venture Capital	〃
	WinkingEntertainmentLtd.B-2	None	〃

December 31, 2013				Note
Shares/Units/Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
300,000.00	$ 3,000	6.00	$ 3,000	
606,543.08	8,014	-	8,014	
6,000,000.00	77,029	100.00	-	
950,000.00	4,275	4.13	-	
600,000.00	6,000	5.00	-	
125,000.00	-	1.50	-	Go out of business
242,550.00	5,433	0.08	5,433	
174,045.00	835	3.48	835	
907,200.00	3,602	7.50	-	
3,200,000.00	27,840	5.56	-	
3,000,000.00	30,000	1.30	-	
2,100,000.00	21,000	1.54	-	
9,908,257.00	20,807	7.06	-	
400,000.00	164	0.48	-	
1,163,361.00	3,095	5.95	-	
7,782,543.00	85,176	3.03	-	
1,300,000.00	-	18.57	-	
12,500.00	79	0.05	-	
285,958.00	1,659	-	-	
1,665,000.00	8,503	1.09	-	
1,457,152.00	25,767	2.30	-	
1,077,000.00	34,464	2.20	-	
1,000,000.00	8,650	12.69	-	
709,178.00	29,626	-	-	

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account
	PayEasy Digital Integration Co., Ltd.	〃	〃
	Diamond Biotech Investment Corp.	Its director is the director of Taishin Venture Capital	〃
	Microbio Co., Ltd.	None	Financial assets at FVTPL - current
	Primax Electronics Ltd.	〃	〃
	Beneficiary certificates		
	Jih Sun Asian High Yield Bond Fund	None	Financial assets at FVTPL - current
	Jih Sun Global New Bond Fund	〃	〃
	Capital US opportunity Fund	〃	〃
	Capital Global Biotech Fund	〃	〃
	Franklin Templeton Sinoam Money Market Fund	〃	〃
	PIMCO Funds: Global Investors Series plc Total Return Bond Class E	〃	〃
Taishin AMC	Stock		
	Linkou Golf Country Club	None	Financial assets carried at cost
	Dah Chung Bills	〃	〃
	PayEasy Digital	〃	〃
	Diamond Biotech Investment Corp.	〃	〃
	Taishin Real Estate	Equity-method investee	Investment accounted for using equity method
	Beneficiary certificates		
	Taishin Latin America Fund	Issued by Taishin Securities Investment Trust	Financial assets at FVTPL - current
	Taishin Emerging Europe Fund	〃	〃
	Taishin Ta-Chong Money Market Fund	〃	〃

TABLE 3

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES' ACCUMULATED PURCHASES AND SALES OF SPECIFIC MARKETABLE SECURITIES OVER NT$300 MILLION OR 10% OF OUTSTANDING CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period	
					Shares (Units)	Amount
Taishin Venture Capital	Diamond Biotech Investment Stock	Financial assets carried at cost	Diamond Biotech Investment	Its director is the director of Taishin Venture Capital	-	$ -

December 31, 2013				Note
Shares/Units/Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
2,172,500.00	3,693	5.00	-	
35,000,000.00	350,000	8.75	-	
1,709,150.00	53,155	0.40	53,155	
1,000,000.00	27,150	0.23	27,150	
950,597.45	10,352	-	10,352	
1,037,602.72	15,000	-	15,000	
100,000.00	1,003	-	1,003	
1,000,000.00	10,010	-	10,010	
2,976,367.64	30,001	-	30,001	
21,998.90	8,090	-	8,090	
3.00	$ 1,800	0.30	$ -	
2,200,000.00	28,886	0.51	-	
2,172,500.00	3,693	5.00	-	
10,000,000.00	100,000	2.50	-	
8,000,000.00	131,119	40.00	-	
1,000,000.00	7,270	-	7,270	
1,000,000.00	8,090	-	8,090	
5,077,136.20	70,448	-	70,448	

Purchases		Sales				End of the Period	
Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Value	Disposal Gain (Loss)	Shares (Units)	Amount
35,000	$ 350,000		$	$	$	35,000	$ 350,000

TABLE 4

TAISHIN INTERNATIONAL BANK CO., LTD.

SECURITIES DEPARTMENT
BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Financial assets at fair value through profit or loss - current	$ 5,281,841	12	$ 5,258,289	14	$ 3,112,492	12
Other current assets	587,471	1	386,852	1	553,139	2
Total current assets	5,869,312	13	5,645,141	15	3,665,631	14
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent	7,105	-	6,647	-	8,070	-
Available-for-sale financial assets - noncurrent	38,821,957	87	30,922,024	85	21,853,368	86
Refundable deposits	22,317	-	21,170	-	20,700	-
Total noncurrent assets	38,851,379	87	30,949,841	85	21,882,138	86
TOTAL	$ 44,720,691	100	$ 36,594,982	100	$ 25,547,769	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - current	$ 301,492	1	$ -	-	$ -	-
Securities sold under repurchase agreements	18,977,462	42	27,687,389	76	19,271,497	75
Other current liabilities	336,274	1	37,094	-	211,607	1
Total current liabilities	19,615,228	44	27,724,483	76	19,483,104	76
TRANSACTIONS BETWEEN HOME						
OFFICE AND BRANCHES	24,000,710	54	7,483,672	20	4,953,919	20
Total liabilities	43,615,938	98	35,208,155	96	24,437,023	96
EQUITY						
Appropriated working capital	800,000	2	800,000	2	800,000	3
Retained earnings						
Special reserve	189,340	-	189,340	-	189,340	1
Unappropriated earnings	225,317	1	262,042	1	51,777	-
Unrealized gains (losses) on available-for-sale financial asset	(109,904)	(1)	135,445	1	69,629	-
Total equity	1,104,753	2	1,386,827	4	1,110,746	4
TOTAL	$ 44,720,691	100	$ 36,594,982	100	$ 25,547,769	100

TABLE 5

TAISHIN INTERNATIONAL BANK CO., LTD.

SECURITIES DEPARTMENT

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

	2013		2012	
	Amount	%	Amount	%
REVENUES AND GAINS				
Gain (loss) on sale of securities held for operations - dealing	($ 11,368)	(2)	$ 52,292	11
Interest income	447,673	96	429,222	87
Gain on valuation of securities held for operations - dealing	21,808	5	2,798	1
Gain (loss) on financial derivatives	6,937	1	6,267	1
Total revenues and gains	465,050	100	490,579	100
EXPENSES AND LOSSES				
Interest expense	(214,769)	(46)	(205,812)	(42)
Employee benefit expense	(10,199)	(2)	(9,579)	(2)
Other operating expenses	(14,765)	(3)	(13,147)	(3)
Total expenses and losses	(239,733)	(51)	(228,538)	(47)
INCOME BEFORE INCOME TAX	225,317	49	262,041	53
INCOME TAX EXPENSE	(36,529)	(8)	(35,182)	(7)
NET INCOME	$ 188,788	41	$ 226,859	46

TABLE 6

CHANG HWA COMMERCIAL BANK, LTD.

SECURITIES DEPARTMENT
BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Financial assets at fair value through profit or loss - current	$ 14,245,942	52	$ 2,496,045	11	$ 2,937,290	10
Available-for-sale financial assets - current	11,944,310	44	20,523,688	86	24,658,891	87
Margin loan receivables	301,498	1	283,321	1	320,257	1
Receivables, net	739,025	3	476,740	2	444,369	2
Current tax assets	22,262	-	37,667	-	16,765	-
Total current assets	27,253,037	100	23,817,461	100	28,377,572	100
NONCURRENT ASSETS						
Equipment, net	2,062	-	2,718	-	3,009	-
Other noncurrent assets	31,796	-	32,430	-	40,376	-
Total noncurrent assets	33,858	-	35,148	-	43,385	-
TOTAL	$ 27,286,895	100	$ 23,852,609	100	$ 28,420,957	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Bonds sold under repurchase agreements	$ 2,589,524	10	$ 2,900,301	12	$ 3,600,106	13
Deposits received from securities borrowers	1,388	-	1,847	-	1,453	-
Deposit payable for securities financing	1,502	-	2,024	-	1,606	-
Payables	631,930	2	335,203	2	225,503	1
Total current liabilities	3,224,344	12	3,239,375	14	3,828,668	14
NONCURRENT LIABILITIES						
Other noncurrent liabilities	22,269,220	81	18,415,383	77	22,471,709	79
Total liabilities	25,493,564	93	21,654,758	91	26,300,377	93
EQUITY						
Appropriated working capital	2,000,000	8	2,000,000	8	2,000,000	7
Retained earnings						
Unappropriated earnings	52,825	-	197,746	1	159,789	-
Unrealized gains (losses) on available-for-sale financial assets	(259,494)	(1)	105	-	(39,209)	-
Total equity	1,793,331	7	2,197,851	9	2,120,580	7
TOTAL	$ 27,286,895	100	$ 23,852,609	100	$ 28,420,957	100

TABLE 7

CHANG HWA COMMERCIAL BANK, LTD.

SECURITIES DEPARTMENT
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

	2013		2012	
	Amount	%	Amount	%
REVENUES AND GAINS				
Brokerage revenue	$ 51,337	15	$ 49,891	10
Revenue from underwriting business	172	-	2,813	1
Gain on sale of securities held for operations	-	-	154,168	33
Interest income	287,564	85	264,723	56
Futures commission revenue	229	-	237	-
Nonoperating income	423	-	464	-
Total revenues and gains	339,725	100	472,296	100
EXPENSES AND LOSSES				
Brokerage handling fee	(2,765)	(1)	(2,518)	(1)
Dealing handling fee	(255)	-	(424)	-
Loss on sale of securities held for operations	(133,391)	(39)	-	-
Interest expense	(13,945)	(4)	(17,573)	(4)
Unrealized loss on valuation of securities held for operations	(39,560)	(12)	(6,912)	(1)
Employee benefits expense	(38,340)	(11)	(44,038)	(9)
Depreciation and amortization	(656)	-	(743)	-
Other operating expense	(13,919)	(4)	(14,115)	(3)
Nonoperating expenses	(154,225)	(46)	(177,886)	(38)
Total expenses and losses	(397,056)	(117)	(264,209)	(56)
INCOME BEFORE INCOME TAX	(57,331)	(17)	208,087	44
INCOME TAX EXPENSE	(19,644)	(6)	(10,341)	(2)
NET INCOME	($ 76,975)	(23)	$ 197,746	42

TABLE 8

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Main Businesses and Products of Investee	Total Amount of Paid-in Capital of Investee (US$ in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013 (US$ in Thousand)	Investment Flows(US$ in Thousand)	
						Outflow	Inflow
Chang Hwa Bank	Chang Hwa Commercial Bank, Ltd. Kunshan Branch	Banking	$ 4,618,293 (USD 155,174)	Note 1.c.	$ 2,202,168 (USD 74,650)	$ 2,416,125 (USD 80,524)	$ -
Taishin Venture Capital	Taishin Financial Leasing (China)	Financial leasing	591,240 (USD 20,000)	Note 1.a.	591,240 (USD 20,000)		
	Taishin Financial Leasing (Tianjin)	Financial leasing	600,828 (USD 20,000)	Note 1.a.	600,828 (USD 20,000)		

Investor	Accumulated Investment in Mainland China as of December 31, 2013 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment (US$ in Thousand)
Chang Hwa Bank	$ 4,618,293 (USD 155,174)	$ 4,766,850 (USD 159,001)	$ 14,351,693
Taishin Venture Capital	$ 1,192,068 (USD 40,000)	$ 1,192,068 (USD 40,000)	10,453,608

Note 1 : The three methods of investment are as follows:
a. Direct investment in Mainland China.
b. Investment in Mainland China through reinvestment in existing enterprise in a third area.
c. Others.

Note 2 : Equity in the profits (losses):
a. If the entity is still in preparation stage and there is no equity in profits (losses), the condition should be noted.
b. The basis of recognizing equity in profits (losses) is categorized in the following three types and each entity should be noted according to its condition.
1) Financial statement audited (reviewed) by international accounting firms that cooperate with accounting firms in ROC.
2) Financial statements audited (reviewed) by Taiwan parent company's CPA.
3) Others.

Accumulated Outflow of Investment from Taiwan as of December 31, 2013 (US$ in Thousand)	Investee's Net Income	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
$ 4,618,293 (USD 155,174)	$ -	-	$ -	$ -	$ -
591,240 (USD 20,000)	(31,340)	100%	(31,340) Note 2.b.(1)	556,799	-
600,828 (USD 20,000)	(12,066)	100%	(12,066) Note 2.b.(1)	590,009	-

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			
				Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
1	Taishin Bank	Taishin AMC	3	Deposits and remittances	$ 165,168	Under arm's length terms	0.01%
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	212,040	Under arm's length terms	0.01%
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	309,926	Under arm's length terms	0.01%
0	Taishin Financial Holding	Taishin Bank	1	Accounts receivable, net	952,792	Under arm's length terms	0.03%
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Accounts receivable, net	150,595	Under arm's length terms	0.01%
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Deposits and remittances	928,958	Under arm's length terms	0.03%
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Fee income	2,303,047	Under arm's length terms	4.13%
0	Taishin Financial Holding	Taishin Bank	1	Cash and cash equivalents	183,391	Under arm's length terms	0.01%

Note a: Business between the parent and subsidiaries is numbered as follows:
1. Parent: 0
2. Subsidiaries are numbered from 1 in order

Note b: Relationship between the main party and the counterparty is numbered as follows:
1. Parent to subsidiary
2. Subsidiary to parent
3. One subsidiary to another subsidiary

Note c: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULES OF MAJOR ACCOUNTING ITEMS

FOR THE YEAR ENDED DECEMBER 31, 2013

Items	Index
Schedules of Asset, Liability and Equity	
Financial Assets at Fair Value Through Profit or Loss	Schedule 1
Securities Purchased Under Resell Agreements	Schedule 2
Available-for-sale Financial Assets	Schedule 3
Held-to-Maturity Financial Assets	Schedule 4
Changes in Investments Accounted for Using Equity Method	Schedule 5
Other Financial Assets	Schedule 6
Changes in Property and Equipment	Note 20
Changes in Accumulated Depreciation	Note 20
Securities Sold Under Repurchase Agreements	Schedule 7
Schedules of Profit and Loss	
Detailed Schedule of Gain (Loss) on Financial Assets and Liabilities at Fair Value Through Profit or Loss	Note 36
Detailed Schedule of Foreign Exchange Gain (Loss)	Schedule 8
Detailed Schedule of Net Other Non-interest Income (Loss)	Schedule 9
Detailed Schedule of Operating Expenses	Schedule 10

SCHEDULE 1

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Financial Instrument Item	Summary	Face Value/Unit	Cost	Fair Value
Financial assets designated as at fair value through profit or loss	Interest-rate combination instruments	$ -	$ 3,696,964	$ 3,676,994
Derivative financial instrument				
	Currency swaps	-	-	4,670,432
	Interest rate swaps	-	-	4,927,699
	Currency options	-	-	2,892,427
	Forward exchange contracts	-	-	2,197,620
	Cross-currency swaps	-	-	906,828
	Equity-linked swaps	-	-	582,731
	Futures	-	-	60,848
	Commodity price swaps	-	-	31,769
	Equity-linked options	-	-	20,251
	Credit default swaps	-	-	3,436
		-	-	16,294,041
Investment in bills				
	Commercial paper	45,831,800	45,772,755	45,767,571
	Negotiable certificate of deposits - banks	8,494,800	8,500,598	8,495,459
		54,326,600	54,273,353	54,263,030
Domestic listed stocks		5,784	213,888	218,807
Domestic OTC stocks		2,364	84,347	109,014
Mutual funds		35,428	652,563	672,078
Government bonds				
	Treasury Bond 101-1	6,050,000	6,080,911	6,075,378
	Treasury Bond 100-6	4,200,000	358,077	4,331,141
	Treasury Bond 102-11	3,050,000	3,074,038	3,074,078
	Treasury Bond 102-8	2,000,000	1,996,782	2,000,822
	Treasury Bond 102-12	1,800,000	1,813,055	1,814,521
	Treasury Bond 102-6	900,000	873,309	861,671
	Treasury Bond 100-1	300,000	302,094	302,042
	Others (Note)	920,970	925,056	921,506
		19,220,970	19,423,322	19,381,159
Convertible bonds				
	Acer II	862,600	862,075	820,333
	SOLRAMO 07/22/16	599,000	599,000	578,741
	AGV Products III	433,800	434,066	434,885
	1102 Asia Cement Corporation ECB	299,500	299,500	319,629
	AUOPT 0 10/13/15	299,500	299,500	309,700
	Others (Note)	2,316,283	2,370,066	2,633,321
		4,810,683	4,864,207	5,096,609

(Continued)

Financial Instrument Item	Summary	Face Value/Unit	Cost	Fair Value
Corporate bonds				
	Amipeace Ltd.	$ 446,700	$ 444,042	$ 446,084
	Others (Note)	211,085	211,085	212,980
		657,785	655,127	659,064
Bank debentures				
	Bank of China Sydney	638,040	638,040	637,313
	Others (Note)	186,095	186,095	185,979
		824,135	824,135	823,292
Trading securities - dealing	Domestic listed stocks	2,121	42,747	51,029
Trading securities - dealing	Domestic OTC stocks	212	28,043	27,301
Trading securities - dealing	Convertible bonds	4,627	472,193	491,428
Trading securities - dealing	Domestic emerging stock	13,908	465,272	460,047
Trading securities - dealing	Others	506	34,085	34,061
Trading securities - underwriting	Domestic listed stocks	276	3,036	4,154
Trading securities - underwriting	Domestic OTC stocks	298	41,170	46,361
Trading securities - underwriting	Convertible bonds	4,420	438,816	509,420
		$ 79,910,117	$ 86,213,268	$ 102,817,889

(Concluded)

Note: "Others" means the aggregated disclosure of items under $300,000.

SCHEDULE 2

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SECURITIES PURCHASED UNDER RESELL AGREEMENTS
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Item	Face Value	Amount
Government bonds		
Treasury Bond 96-3	$ 1,491,400	$ 1,535,192
Treasury Bond 101-9	810,000	900,000
Treasury Bond 88 II-1	720,000	800,000
01 Kaohsiung City Government bond I	517,000	517,000
Treasury Bond 100-6	501,100	501,202
Treasury Bond 102 II-1	450,000	500,000
Treasury Bond 101-5	405,000	450,000
Treasury Bond 88-2	300,000	333,300
Others (Note)	1,780,300	1,917,102
Bills purchased under resell agreements		
Issued by - China Bills Finance Corporation	1,900,000	1,894,490
Others (Note)	74,000	73,916
Others (Note)	50,000	48,226
	$ 8,998,800	$ 9,470,428

Note: "Others" means the aggregated disclosure of items under $300,000.

SCHEDULE 3

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

AVAILABLE-FOR-SALE FINANCIAL ASSETS
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Item	Summary	Face Value	Amount
Investment in bills			
	Negotiable certificates of deposit - Central Bank	$ 138,210,000	$ 138,210,000
	Commercial bills - guaranteed by other banks	7,627,000	7,618,498
	BCHINA Float 16	459,531	458,878
	SDBC Float 12/15	449,250	449,023
	Others (Note)	3,178,134	3,210,621
		149,923,915	149,947,020
Domestic listed stocks			
	Taiwan Cement Corp.	59,600	2,074,491
	MasterLink Securities Corp.	60,047	665,710
	Asia Pacific Telecom Corp.	30,000	165,000
	Others (Note)	74,376	2,076,240
		224,023	4,981,441
Domestic OTC stocks		174	8,645
Mutual funds		39,568	426,406
Government bonds			
	Treasury Bond 101-9	11,100,000	11,056,729
	Treasury Bond 100-6	9,900,000	10,162,608
	Treasury Bond 101-1	6,570,000	6,598,683
	Treasury Bond 101-6	5,950,000	6,162,575
	Treasury Bond 102-1	3,400,000	3,374,437
	Hong Kong Exchange Fund	1,250,951	1,249,064
	Treasury Bond 96-3	950,000	975,533
	Treasury Bond 88-2	750,000	907,477
	Treasury Bond 90-6	650,000	696,803
	China Government Bond	670,994	685,462
	Treasury Bond 89 II-1	500,000	643,303
	Treasury Bond 99-6	600,000	610,503
	Treasury Bond 90-3	550,000	591,728
	US Treasury N/B	595,746	595,755
	Treasury Bond 90-7	500,000	534,482
	Treasury Bond 94-7	500,000	505,538
	99 Kaohsiung City Government bond II	500,000	490,118
	98 Kaohsiung City Government bond II	500,000	494,972
	Treasury Bond 93-8	450,000	454,515
	Treasury Bond 95-6	400,000	410,065
	Treasury Bond 95-3	400,000	406,591
	Treasury Bond 100-1	400,000	400,115
	Treasury Bond 94-4	350,000	354,960
	Treasury Bond 98-3	350,000	355,977
	93 Taipei City Development Bond II	300,000	303,189
	Treasury Bond 102-11	300,000	302,376
	Others (Note)	1,956,800	1,960,213
		50,344,491	51,283,771
Corporate bonds			
	01 FPCC 2A	850,000	850,497
	00 Hon Hai 1	800,000	802,362
	02 Taipower 1C	800,000	799,289

Accumulated Impairment	Adjustment	Fair Value	Note
$ -	($ 36,384)	$ 138,173,616	
-	(1,737)	7,616,761	
-	460	459,338	
-	4,822	453,845	
-	975	3,211,596	
-	(31,864)	149,915,156	
-	682,009	2,756,500	
-	(32,134)	633,576	
-	298,500	463,500	
(16,168)	(134,025)	1,926,047	
(16,168)	814,350	5,779,623	
(6,330)	(1,480)	835	
-	11,929	438,335	
-	(421,302)	10,635,427	
-	43,469	10,206,077	
-	(1,102)	6,597,581	
-	1,624	6,164,199	
-	(186,768)	3,187,669	
-	175	1,249,239	
-	5,139	980,672	
-	(4,337)	903,140	
-	2,921	699,724	
-	(3,198)	682,264	
-	(8,815)	634,488	
-	2,881	613,384	
-	5,021	596,749	
-	(8,427)	587,328	
-	2,627	537,109	
-	3,223	508,761	
-	7,307	497,425	
-	(257)	494,715	
-	2,479	456,994	
-	1,468	411,533	
-	2,558	409,149	
-	2,607	402,722	
-	2,097	357,057	
-	(969)	355,008	
-	349	303,538	
-	44	302,420	
-	16,359	1,976,572	
-	(532,827)	50,750,944	
-	(561)	849,936	
-	2,997	805,359	
-	(17,128)	782,161	

(Contined)

Item	Summary	Face Value	Amount
	00 TSMC 1A	$ 750,000	$ 751,767
	02 UMC 1A	750,000	750,020
	00 Taipower 5A	500,000	501,183
	01 TSMC 1A	500,000	500,968
	02 Taipower 1A	500,000	499,571
	HKMTGC 3.5 08/14	449,250	452,732
	00 Taipower 2B	450,000	454,707
	95 Taipower 1B	400,000	407,224
	00 Yuan Ding 1	400,000	400,225
	99 CPC Corp. 1B	400,000	399,176
	01 FPC 1A	400,000	400,222
	00 FPCC 1	350,000	351,159
	Brave Rise Investments Ltd.	344,072	346,043
	PSASP 5.9 06/16	272,994	301,842
	00 Hon Hai 3	300,000	299,628
	01 UMC 1A	300,000	300,928
	Others (Note)	11,529,776	11,611,544
		21,046,092	21,181,087
Bank debentures	Goldman Sachs Group Inc.	1,221,543	1,243,796
	Morgan Stanley	899,458	890,501
	ING bank NV Sydney branch	850,720	850,720
	Eib 8.5 11/04/14	815,569	835,794
	Societe Generale	784,735	784,735
	Jpmorgan Chase & Co.	523,960	523,857
	Rabobank Nederland Au	491,822	491,769
	National Australia Bank	446,305	446,226
	BNP Paribas Australia	425,360	425,360
	Kdb Float 12/15	427,470	427,767
	Icbcas Float 16	424,799	425,101
	Westpac Banking Corp	398,775	398,775
	Citnat 7.25 05/14	389,350	396,267
	Standard Chartered Plc	387,140	386,858
	Intned Float 16	374,036	378,200
	Kofcor Float 17	347,320	347,297
	Raiffeisen Bank Intl	322,365	322,384
	Barclays Bank Plc/Aust	319,020	319,020
	Woori Bank	311,165	316,378
	Others (Note)	11,162,450	11,324,493
		21,323,362	21,535,298
Beneficiary's securities			
	Government National Mortgage Association	1,115,374	1,202,598
	Others (Note)	2,760,662	903,788
		3,876,036	2,106,386
Bonds issued by International Organization		148,900	148,900
		$ 246,926,561	$ 251,618,954

Note: "Others" means the aggregated disclosure of items under $300,000.

Accumulated Impairment	Adjustment	Fair Value	Note
$ -	$ 2,521	$ 754,288	
-	(2,138)	747,882	
-	22	501,205	
-	(260)	500,708	
-	(1,463)	498,108	
-	2,960	455,692	
-	(1,339)	453,368	
-	584	407,808	
-	1,441	401,666	
-	1,094	400,270	
-	(1,594)	398,628	
-	170	351,329	
-	-	346,043	
-	2,966	304,808	
-	2,709	302,337	
-	(101)	300,827	
-	9,106	11,620,650	
-	1,986	21,183,073	
-	10,598	1,254,394	
-	6,707	897,208	
-	1,429	852,149	
-	(1,919)	833,875	
-	3,949	788,684	
-	745	524,602	
-	3,822	495,591	
-	1,130	447,356	
-	3,408	428,768	
-	(340)	427,427	
-	(695)	424,406	
-	5,435	404,210	
-	3,557	399,824	
-	1,119	387,977	
-	595	378,795	
-	(828)	346,469	
-	5,253	327,637	
-	2,520	321,540	
-	1,565	317,943	
-	45,053	11,369,546	
-	93,103	21,628,401	
-	(6,339)	1,196,259	
-	2,161	905,949	
-	(4,178)	2,102,208	
-	(186)	148,714	
($ 22,498)	$ 350,833	$ 251,947,289	

(Concluded)

SCHEDULE 4

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

HELD-TO-MATURITY FINANCIAL ASSETS
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Item	Summary	Face Value
Investment in bills		
	Negotiable certificates of deposit - Central Bank	$ 215,500,000
	Others (Note)	341,800
		215,841,800
Corporate bonds		
	98 CPC 1A	700,000
	02 UMC 1A	600,000
	00 Nanya 2	500,000
	00 FPCC 1	500,000
	02 Far Eastone 3B	500,000
	01 FCFC 2A	500,000
	02 Uni-President. 1	500,000
	00 TSMC 1A	400,000
	01 UMC 1A	400,000
	01 FPCC 2A	300,000
	00 Evaair 2B	300,000
	00 FPC 2	300,000
	Others (Note)	1,711,392
		7,211,392
Bank debentures		
	00 HSBC 1D	500,000
	01 HSBC 1A	500,000
	02 HSBC 1A	500,000
	01The Export-Import Bank of R.O.C. 2	500,000
	WFC 3.75 10/01/14	449,250
	BAC 7 3/8 05/15/14	299,500
	RBS 4.875 08/25/14	299,500
	Others (Note)	2,833,390
		5,881,640
		$ 228,934,832

Note: "Others" means the aggregated disclosure of items under $300,000.

SCHEDULE 5

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars, Except Unit Price)

	Beginning Balance		Increase	
Name	Shares	Amounts	Shares	Amounts
Unlisted shares				
Taishin Dah An Leasing	20,000,000	$ 171,378	-	$ -
An-Hsin Real-Estate	3,900,000	70,908	-	26,295
Youn Shin Artistic	1,000,000	8,856	-	-
		$ 251,142		$ 26,295

Interest Rate (%)	Unamortized Premium (Discount)	Book Value	Note
0.388~1.05	$ -	$ 215,500,000	
	(151)	341,649	
	(151)	215,841,649	
0.012	(505)	699,495	
0.0135	(495)	599,505	
0.0135	1,144	501,144	
0.014	(451)	499,549	
0.0127	(723)	499,277	
0.0123	(836)	499,164	
0.0122	(1,010)	498,990	
0.014	(221)	399,779	
0.0143	(276)	399,724	
0.0135	1,071	301,071	
0.0144	1,043	301,043	
0.0135	791	300,791	
	9	1,711,401	
	(459)	7,210,933	
0.0137	-	500,000	
0.0125	-	500,000	
0.0123	-	500,000	
0.0125	-	500,000	
0.03875	(77)	449,173	
0.06	2,100	301,600	
0.0375	631	300,131	
	6,045	2,839,435	
	8,699	5,890,339	
	$ 8,089	$ 228,942,921	

Decrease		Ending Balance			Market Price or Equity	
Shares	Amounts	Shares	Ownership Interest (%)	Amounts	Unit Price	Total
-	($ 28,518)	20,000,000	100.00	$ 142,860	7.14	$ 142,860
-	(18,834)	3,900,000	30.00	78,369	20.09	78,369
(1,000,000)	(8,856)	-		-		-
	($ 56,208)	-		$ 221,229		$ 221,229

SCHEDULE 6

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

OTHER FINANCIAL ASSETS, NET
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Items		Amount
Financial assets carried at cost		
Taiwan Power Co., Ltd.	$	2,279,704
Taiwan Asset Management Corp.		1,612,471
Dah Chung Bills		942,527
Kai Fa International Investment		500,000
Diamond Biotech Investment		450,000
Taiwan Sugar Corporation		434,213
Others (Note)		1,115,101
		7,334,016
Debt investments without active market		
Class A Convertible Preferred Stock of Taiwan High Speed Rail Corp.		1,600,000
98 Cathay Holdings 1		800,000
Brave Rise Investments Ltd.		491,300
Others (Note)		1,220,223
		4,111,523
Other miscellaneous financial assets		
Time deposit with original maturity more than 3 months		35,748,015
Others		314,288
		36,062,303
	$	47,507,842

Note: "Others" means the aggregated disclosure of items under $300,000.

SCHEDULE 7

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Item	Face Value	Amount
Commercial paper		
Issued by - Taiwan Business Bank	$ 1,400,000	$ 1,397,692
Issued by - Chang Gung Hospital	1,316,400	1,314,606
Issued by - National Health Insurance Administration	1,300,000	1,298,284
Issued by - Taiwan Stock Exchange	970,000	968,648
Issued by - HSBC Pension 98	550,000	549,038
Issued by - Cathay Financial Holdings	466,000	465,059
Issued by - Yuanta De-Li Money Market Fund	400,000	399,791
Issued by - Yuanta Securities	400,000	399,341
Issued by - Taipei Fubon Bank	400,000	399,083
Issued by - Yu Yang Investment	380,000	379,700
Issued by - Radium Life Tech.	350,000	349,600
Issued by - Hotai Motor Co., Ltd.	350,000	349,288
Issued by - Bank Sinopac Banking Division	348,100	347,606
Others (Note)	3,483,400	3,478,483
	12,113,900	12,096,219
Government bonds		
Treasury Bond 100-6	4,492,000	4,920,320
Treasury Bond 101-6	4,421,100	4,781,555
Treasury Bond 96-3	600,000	640,000
Treasury Bond 99-6	600,000	600,000
Treasury Bond 90-6	531,800	568,260
99 Kaohsiung City Government bond II	499,300	541,762
Treasury Bond 88-2	499,100	537,021
98 Kaohsiung City Government bond II	493,700	501,594
Treasury Bond 101-1	424,600	467,802
Treasury Bond 90-3	300,000	315,600
Treasury Bond 100-1	294,700	310,049
Others (Note)	1,162,963	1,252,560
	14,319,263	15,436,523

(Continued)

Item	Face Value	Amount
Bank debentures		
WFC 3.75 10/01/14	$ 449,250	$ 441,170
CITNAT 7.25 05/14	389,350	381,867
Others (Note)	2,090,593	2,043,195
	2,929,193	2,866,232
Corporate bonds		
00 Hon Hai 1	630,000	630,000
01 FPCC. 2A	500,000	500,058
95 Taipower 1B	400,000	400,686
01 FPC 1A	400,000	400,000
02 UMC 1A	360,000	361,663
00 Yuan Ding 1	358,000	358,065
01 FCFC 2A	300,000	300,000
02 FCFC 2A	300,000	300,000
Others (Note)	3,166,557	3,168,683
	6,414,557	6,419,155
Beneficiary certificates	721,798	697,538
Certificate of deposit	416,463	417,055
	$ 36,915,174	$ 37,932,722

(Concluded)

Note: "Others" means the aggregated disclosure of items under $300,000.

SCHEDULE 8

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Items	Amount
Spot	$ 4,916,117
Forward	(8,045,909)
Margin	198,069
Self-owned capital	44,168
Others	41,357
	($ 2,846,198)

SCHEDULE 9

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF NET OTHER NON-INTEREST INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Items	Amount
Revenue excluding interest	
Dividend revenue	$ 304,954
Leasing revenue	81,839
Loans management revenue	423,317
Gain on hedge derivatives	43,921
Other revenue	617,399
	1,471,430
Expense excluding interest	
Loans manage cost	(39,516)
Lease payments	(48,937)
Other expenses	(84,049)
	(172,502)
	$ 1,298,928

SCHEDULE 10

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Items		Amount
Employee benefits expenses	$	19,834,522
Depreciation		1,178,241
Amortization		302,723
Leases		1,357,294
Stationeries		119,982
Postage and remittance fee		667,686
Advertisement fee		770,369
Insurance		715,592
Tax and levies		1,970,321
Allowance for entertainment		178,646
Donation		381,689
Labor service fee		1,077,737
Freight		34,008
Others		2,381,380
	$	30,970,190

E. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company's Financial Status: Nil.

2013 ANNUAL REPORT

Taishin Holdings

07

Financial Status, Review of Business Performance, and Risk Management

VII. Financial Status, Review of Business Performance, and Risk Management

A. Financial Status

Unit: NT$1,000

Item	2012	2013	Variation	
			Amount	%
Cash and cash equivalent	803,141	183,391	(619,750)	(77.17)
Securities purchased under resell agreements	2,594,693	7,435,522	4,840,829	186.57
Receivables	382,232	1,057,882	675,650	176.76
Current tax assets	1,075,094	803,305	(271,789)	(25.28)
Investments accounted for using the equity method, net	120,583,201	127,277,451	6,694,250	5.55
Other financial Assets	2,200	2,200	0	-
Property and Equipment, net	5,796	9,257	3,461	59.71
Deferred tax assets	230,359	120,591	(109,768)	(47.65)
Other assets	205,955	209,531	3,576	1.74
Total assets	125,882,671	137,099,130	11,216,459	8.91
Payables	640,342	762,690	122,348	19.11
Current tax liabilities	1,899,912	3,204,575	1,304,663	68.67
Bonds payable	22,000,000	22,000,000	0	-
Reserve for liabilities	14,848	0	(14,848)	(100.00)
Other liabilities	0	278	278	-
Total liabilities	24,555,102	25,967,543	1,412,441	5.75
Capital stock	76,165,841	82,548,070	6,382,229	8.38
Capital surplus	9,409,757	9,478,327	68,570	0.73
Retained earnings	13,351,364	18,160,507	4,809,143	36.02
Other equity	2,400,607	944,683	(1,455,924)	(60.65)
Total equity	101,327,569	111,131,587	9,804,018	9.68

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

Explan of variations:

(1) Increases in cash, cash equivalent and securities purchased under resell agreement as at December 31, 2013 over December 31, 2012, were mainlythe result of increased cash inflows from operating activities.
(2) Increases in receivables as at December 31, 2013 over December 31, 2012, mainly comprised of consolidated taxes receivable fromsubsidiaries.
(3) Decreases in current tax assets as at December 31, 2013 over December 31, 2012, were mainly due to lower tax refunds received for the year.
(4) Increases in property and equipment as at December 31, 2013 over December 31, 2012, were mainly the result of additional real estate andequipment acquired.
(5) Decreases in deferred tax assets as at December 31, 2013 over December 31, 2012, were mainly due to new tax treatments agreed betweenthe company and the National Taxation Bureau on previous operating and interest expenses.
(6) Increases in current tax liabilities as at December 31, 2013 over December 31, 2012, were mainly due to increases in tax payable.
(7) Decreases in reserve for liabilities as at December 31, 2013 over December 31, 2012, were mainly attributable to the removal of employeewelfare provisions following the latest actuarial report.
(8) Increases in retained earnings as at December 31, 2013 over December 31, 2012, were mainly the result of net profits earned in the currentyear.
(9) Decreases in other equity as at December 31, 2013 over December 31, 2012, were mainly due to decreases of unrealized gains on availablefor-sale financial assets.

B. Business Performance

Unit: NT$1,000

Item	2012	2013	Variation	
			Amount	%
share of profit of subsidiaries associates and joint rentures accounted for using equity method	11,517,961	15,356,975	3,839,014	33.33
Other income and rerenue	271,577	81,583	(189,994)	(69.96)
share of loss of subsidiaries associates and joint rentures accounted for using equity method	(96,883)	(168,711)	(71,828)	74.14
Operating expenses	(403,591)	(431,219)	(27,628)	6.85
Other expenses and losses	(806,306)	(471,120)	335,186	(41.57)
Income before income tax	10,482,758	14,367,508	3,884,750	37.06
Income tax (expense) benefit	(96,098)	(531,260)	(435,162)	452.83
Net Income	10,386,660	13,836,248	3,449,588	33.21
Other comprehensive income (loss), net of tax	1,300,207	(1,510,109)	(2,810,316)	(216.14)
Tatal comprehensive income	11,686,867	12,326,139	639,272	5.47

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

Explan of variations:
(1) Increases of share of loss of subsidiaries associates and joint ventures accounted for using equity method in 2013 over 2012 were mainly theresult of improved profitability among subsidiaries.
(2) Decreases of other income and revenue in 2013 over 2012 were mainly attributed to reduced interest income.
(3) Decreases of other expenses and losses in 2013 over 2012 were mainly attributed to reduced interest expenses.
(4) Increases of income tax expense in 2013 over 2012 were mainly due to the new tax treatments agreed between the company and NationalTaxation Bureau on previous operating and interest expenses.
(5) Decreases of other comprehensive income in 2013 over 2012 were mainly due to the fact that subsidiaries' gains on disposal of available-forsaleassets were reclassified from other comprehensive income into different categories.

C. Cash Flow

Analysis of cash flow in the coming year

Unit: NT$1,000

Initial cash balance 1	Expected cash flow from business activities for the whole year 2	Expected cash outflow (inflow) for the whole year 3	Expected cash surplus (shortage) 1+2-3	Remedies for expected cash shortage	
				Investment plan	Financing plan
7,618,913	7,244,596	4,372,735	10,490,774	Nil	Nil

D. Influence on finance of major capital outlays in the recent one year

The company did not incur any major capital outlay in 2013.

E. Investment policy in the recent year

The company carries out investments according to article 36 and 37 of the Financial Holding Company Law, the returns rate, and cross selling among subsidiaries, in the hope of the returns on equity. In response to the demand of clients for assets accumulation and wealth management planning, the company will expand its business scope, on top of providing comprehensive professional financial services. Looking ahead, in the face of acute competition and a fast changing financial environment, the company will continue, via own or external growth, expanding the scale and market shares in the operations of banking, securities, insurance, investment finance, commercial paper/ bond, and other financial sectors, as well as overseas deployment, in order to tap the businesses of clients in various sections, strengthen competitive edge, and expand profit sources.

F. Assessment of risk management

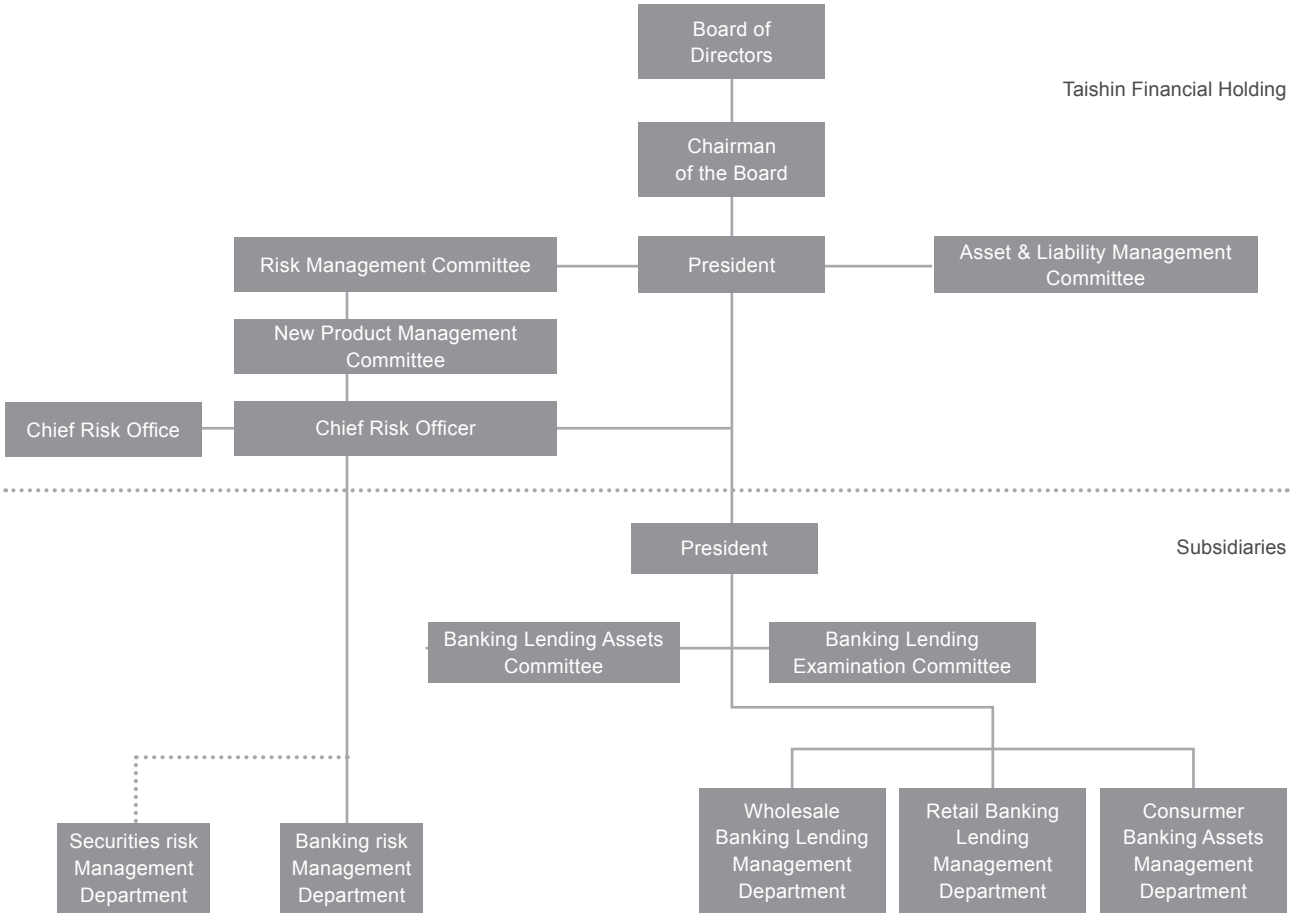
a. Risk management framework and policy of the financial holding company and subsidiaries

To cope with its comprehensive business scope, the company needs to identify, assess, consolidate, and manage the risks, to properly allocate capital to various business units. The company manages through risk management policy, organizational framework, risk assessment, and business activities. According to overall risk management planning, the financial holding company has instituted an independent risk management organization, with its frameworks listed below:

Organization	Contents
Board	1. Approval of risk management policy and procedure. 2. Approval of market risk, credit risk, and operational risk of the financial holding company.
Risk Management Committee	1. The president of the financial holding company serves as the convener of the committee. 2. Review of the risk management policy and procedure of the financial holding company. 3. Ratification of the policy, and guidelines for the market risk, credit risk, and operating risk of subsidiaries. 4. Supervising and establish market risk, credit risk, and operating risk mechanism. 5. Reviewing performance report of the risk management units of subsidiaries and the overall risk analytical report of the financial holding company. 6. Reviewing and finalizing risk model, risk parameters and indicators, and pressure test plan. 7. The committee oversees a new product management committee, responsible for reviewing risks involving new products and complicated trading of subsidiaries' trading units. 8. Monitoring various risks undertaken by the company, adopting necessary measures for controlling large risk exposure. 9. Report of other risk related projects. 10.Execution of risk management related resolutions of the board.
Chief Risk Officer	1. Vice convener of the Risk Management Committee. 2. Implementing risk management strategy and instituting risk management framework approved by the board. 3. Supervising Risk Management Department and risk management units of subsidiaries in executing related policy. 4. Assuring effective cross department communication and coordinate risk management functions.
Chief Risk Office	1. Formulation and institution of risk management mechanism. 2. Disclosure of risk management implementation. 3. Producing overall risk analytical report for the financial holding company. 4. Coordination and contact for risk management affairs with subsidiaries. 5. Instituting integrated risk management information system. 6. Introducing the risk management norm of Basel II Capital Accord, so as to institute a risk management mechanism complying with international standards.
Risk management units in subsidiaries	1. Provision of risk management related information. 2. Implementing the financial holding company's risk management policy.

Risk Management Organizational Chart of Taishin Financial Holding

Base date: Dec 31, 2013



b. Risk assessment method and quantified information on the risk exposure of the financial holding company and subsidiaries

1. Holdings common regular disclosure

The subsidiaries all operate in financial business, facing credit risk, market risk, and operating risk in operation and legal aspects. Therefore, the financial holding company's risk management covers an extensive scope, including systems and measures suited to the respective operations of subsidiaries and the institution of the integrated risk management policy and organizational framework of the financial holding company, meant to achieve comprehensive and efficient grasp various risks.

(1) Credit risk management

Wholesale banking

(a) Pinpoint target loan clients, enhance profit margin, and expand low risk business, so as to strengthen risk enduring capability and reduce overall risks.

(b) Ascertain credit analytical report and strengthen the training of credit officers.

(c) Further strengthen internal credit rating mechanism.
(d) Further strengthen post lending management and review system.
(e) Institute the evaluation system for individual risks and overall credit risk involving securities underwriting and investment position.
(f) Strengthen the management of credit risk concentration associated with loan, investment, and trading of various financial products such as derivatives.
(g) Institute individual management measures for businesses involving specific risk (such as ceiling for loans mortgaged with specific stocks, tracking the price threshold for margin calls, and the undertaking and post management of realty financing).
(h) Institute the system for the alert, notification, and control of abnormal accounts.
(i) Centralized NPL management.

Retail banking

(a) In order to analyzing and monitoring risks, the company has formulated various qualitative indicators by product, as well as the NPL ratio, aging analysis, NPL sttus,loan loses, recovery of loans, write off and return rates.
(b) Further enhancement of risk management technique: introduction and deep cultivation of rating model and policy making model; monitor, adjust, and upgrade of the models' efficacy.
(c) Core risk analytical team: Core professional talents with analytical capability, product design capability, risk management capability, and execution capability.
(d) Lending policy based on client group analysis: Analyze client risks according clients' external and internal behaviors, and flexibly adjust lending policy according to the risk levels of various client groups, as to maintain proper client group ratio.
(e) Prevention of NPL and fraud: Further track the behavioral modes of NPL and fraud cases and repayment status, thereby forging policy and credit examination/lending flow, as to institute a proactive preventive mechanism.
(f) Client management based on risk analysis, rating model, and policy model, debt collection, and case review system.
(g) Single client credit management.

(2) Market risk management

To consolidate the management of risks deriving from interest rate, exchange rate, and equity securities, the company uses marked-to-market method of trading positions for various financial products held by subsidiaries.

(3) Operating risk management

To achieve a consistent and complete operating risk management system, daily operation and decision making, the company has formulated operating risk management policy and operating risk endurable extent. It has also established "operating risk reporting procedure," "self-evaluation and auditing operation procedure," "key risk indicator procedure," and risk offsetting procedure, featuring mutually linked analysis to uphold operating risk forecast capability.

2. Risk management methods and quantified risk exposure information of subsidiaries

(1) Taishin Bank

(a) Credit risk

Credit Risk Management aims at protecting the interests of shareholders by maximizing profits under reasonable risk appetite. As the basis for adjustments in credit policy and collection policy, changes in net cash flow are regularly monitored to catch the trend in asset qualities. Strategies and processes for hedging and/or mitigating risk are reviewed and adjusted according to changes in factors such as macro economy or financial regime. Taking collaterals is the main credit risk mitigation technique. Collaterals include real estate, chattels, and securities. Each of them has its own appraisal method and period. The continuing effectiveness of hedges/mitigations is monitored by applying the internal credit rating system, credit portfolio management and review, plus credit exposures diversification and credit limit setting.

I. Wholesale banking

(i) Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group. It consists of credit management, screening, global trade, and asset management departments. Credit extension management department is in charge of the planning of internal credit evaluation system, the monitoring of credit extension position, the diversification of credit extension risk, the planning and formulation of management measures, the appraisal of the value of mortgaged properties, and the review and credit examination after the extension of loans. Auditing department is in charge of the review of credit extension cases, the property management department is in charge of the statistics of credit extension assets for wholesale banking, the evaluation of the provisions for bad debts, and collection of overdue loans, non-performing loans, and bad debts.

(ii) The evaluation and management of credit risk is undertaken by using internal credit rating system. In addition to credit rating undertaken upon application, all credit extension cases are subject to follow up tracking and management. The internal credit rating system consists of two aspects; one is the credit rating of borrowers, mainly for the evaluation of their capability to fulfill financial commitment, which is undertaken by using a statistical model and an evaluation table as assistant tools. The second aspect is credit line rating, which is undertaken according to the factors of the existence of collateral, the order of lien, and type of products.

(iii) Regular analysis of rating migration is carried out every year, to ascertain the stability of the existing rating system. Migration risk analysis and stress/scenario testing is also undertaken, in order to delineate risk exposure with more sensitive risk analysis and ascertain capital adequacy.

II. Retail banking

(i) Retail business units evaluate and review cases based on the credit policy. Retail Banking Non Performing Asset Recovery Division is responsible for collection and management of delinquent cases.

(ii) Formulate proper lending risk management policy by using Application Scoring System, Behavior Scoring System, Collection Scoring System and Credit Bureau Scoring System, along with the product profit model, to pinpoint optimal lending terms to provide profit model for different client groups with different loaning conditions.

(iii) Flexibly adjust various risk management indicators and segmentation management via periodical assets analysis and default analysis, so as to achieve operating objectives.

III. Quantified information on risk exposure

Risk Exposure after Deducting Risk on Credit Risk Method and Risk Based Capital Requirement

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

Kinds of Risk Exposure	Risk Exposure After Deduction	Risk Based Capital Requirement
Sovereign state	198,674,511	0
Non-central Government Public Sector	1,494,393	23,972
Bank (Including Multilateral Development Bank)	46,262,390	1,381,768
Enterprise (Including Securities and Insurance Companies)	373,200,078	27,827,174
Retail Debt Claim	151,292,150	9,330,154
Housing Realty	307,548,538	17,876,098
Equity Investment	4,348,200	1,092,989
Other Assets	204,876,336	2,316,316
Total	1,287,696,596	59,848,470

(b) Liquidity risk

Manage well liquidity position for basic operating and growth need, so as to assure adequate liquidity. Assets/Liabilities Management Committee formulates liquidity risk management policy and oversees its execution, with the fund management units of subsidiaries undertaking the execution and reporting to the Assets/Liabilities Management Committee monthly.

I. Analysis for the Structure of NTD Due Dates

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

	Total	Value for Balance Period Before Due Dates					
		0 to 10days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main Fund Inflow Due	1,055,068,277	142,559,643	183,853,894	131,784,204	43,660,415	93,510,548	459,699,573
Main Fund Outflow Due	1,144,636,734	75,653,033	133,079,134	188,331,987	181,763,908	214,554,351	351,254,321
Expected Gap	(89,568,457)	66,906,610	50,774,760	(56,547,783)	(138,103,493)	(121,043,803)	108,445,252

Note: The table only contains NTD funds of the headquarters and domestic branches.

II. Analysis for the Structure of USD Due Dates

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

	Total	Value for balance period before due dates				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main fund Inflow Due	17,066,621	8,547,858	3,644,430	1,722,612	1,085,675	2,066,046
Main fund Outflow Due	17,020,565	7,094,779	3,574,226	3,428,455	1,328,172	1,594,933
Expected Gap	46,056	1,453,079	70,204	(1,705,843)	(242,497)	471,113

(c) Market risk

I. Strategy and flow

(i) The bank's risk management strategy calls for setting restrictions on capital according to risk adjusted returns rate, whereby seeking maximum value for shareholders. Accordingly, various business units have to seek approved quota before trading and independent risk management units assess income or loss for trading positions daily, in addition to reporting income/loss and risk exposure of trading position to executives regularly.

(ii) The scope and features of risk report and assessment system

Risk report is meant to disclose risk as an important reference for executives in formulating countermeasure and adjusting investment portfolio for achieving business objectives. The bank dedicates to integrating trading management systems for various products, in order to reporting income/loss and risk exposure of trading position immediately.

II. Trading and risk management system

(i) Quality

The bank stresses the formulation and implementation of risk management policy and norms, as well as the establishment of risk management culture. Risk management units are independent from risk undertaking units and responsible for assessing and analyzing risk exposure and reporting the results to executives for use in policy making, in addition to instituting assessment flow, the flow for new product launch, and certification procedure model, in the hope of complying with the regulations of the regulator, precisely assess risking, and standardizing operating and risk management flows.

(ii) Quantity

The bank sets price sensitivity quota for various products with different risk factors as criteria for risk assessment. In compliance with the regulations of Basel Capital Accord and the regulator, it plans to calculate integrated VaR (Value at Risk) for investment portfolio with internal model and set up VaR ceiling, so as to control the impact of market swings on the bank's positions.

III. Quantitative information on risk exposure

Capital Requirement for Market Risk

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

Kinds of risks	Capital requirement
Interest Rate Risk	1,909,619
Equity Securities Risk	216,583
Orex Risk	168,649
Commodity Risk	0
Total	2,294,851

(d) Operating risk

I. Operating risk management policy and framework

To attain effective operating risk management, the bank has formulated its operating risk management policy, according to the norms set by the Basel Committee on Banking Supervision, the Bank for International Settlements, and the Financial Supervisory Commission (FSC). The policy covers operating risk management framework, operating risk management principles, risk identification and assessment technique, and risk reporting/supervision, in order to foster consistent operating risk awareness inside the bank, establish operating risk management culture, and implement risk management system, in addition to specifying the operating risk tolerability of the bank. To assure consistency between the bank's operating risk management mechanism and corporate strategy, the company has established independent risk management units, further consolidating the bank's operating risk management.

II. Identification of operating risk

The company defines operating risk as "Risk of loss triggered by the impropriety or mistake involving internal flow, staffers, system, or external incidents, including legal risk but excluding strategic or credit standing risks." In order to identify existing and potential risks, the bank has formulated various operating risk management flow, as well as companywide risk glossary, loss incidence reporting system, risk self-evaluation system, key risk indicators, and risk reporting/disclosure procedure, so as to establish operating risk identification, assessment, and supervision method. Meanwhile, for the purpose of controlling various operating risks within endurable range, enhance operating efficacy, and create corporate value, the bank carries out regular analysis of existing and potential operating risk, thereby putting forward action plan to cut related operating risks.

III. Operating risk assessment and supervision

(i) Taishin Bank has made trial calculation itself of the chance and exposure value of operating risk with information in loss database, a practice which will be applied to other subsidiaries to grasp the operating risk value of the entire company.

(ii) To strengthen the management of operating risk loss of Taishin Bank and Taishin Securities, the company already set up operating risk ceilings for various units of the companies by the end of 2010 and incorporated the ceilings into annual KPI (key performance index), so as to include operating risk in daily management.

IV. Operating risk reporting and disclosure

The company has formulated operating risk reporting and disclosure mechanism, in order to help executives grasp the company's overall operating risk and make key decisions properly with the timely provision of key operating risk information and help market participants make proper decisions with the timely provision of key market information, thereby augmenting the company's responsive capability for operating risk and upholding the confidence of investors.

V. Quantitative information on risk exposure

Operating Risk Accrued Capital

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

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

(2)Taishin Securities Co., Ltd.

(a) Risk management method

As of 2013, Taishin Securities have effectively evaluated and rigorously control flow, in the hope of effectively control risk. The strategy, organization, and evaluation of the company's risk management as follows.

(b) Risk management strategy and flow

I. Purpose for risk management

The company's risk management policy is formulated according to the risk management policy of Taishin Financial Holding, in order to achieve the following goals:

(i) The establishment and operation of the integrated risk management mechanism for market risk, credit risk, operating risk, liquidity risk, and legal risk, to attain effective risk management via centralized management and diversified risks.

(ii) Upgrade assets quality.

(iii)Upgrade the efficacy of capital allocation, so as to maximize returns after risk adjustment.

II. Flow for formulation and approval of risk policy

(i) Formulation principle

The company's risk management policy is formulated according to the following three principles:

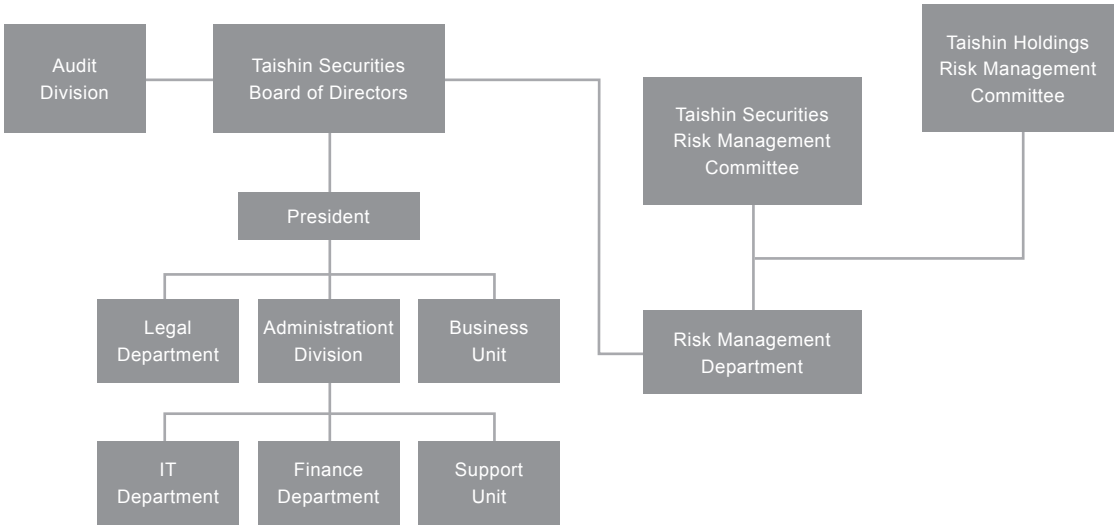
- Establish a risk evaluation mechanism to grasp the company's diversified risks and form the basis of the company's sustainable development.
- Emphasize the efficacy of the company's risk based assets.
- Emphasize related risks in the pursuit of maximum returns, thereby incorporating risk factors into performance evaluation.

(ii) Approval flow

The company's risk management policy is formulated by risk management unit and approved by the board of directors before its implementation.

(c) Organization and framework of risk management system

I. Chart for overall risk management system framework



II. Rights and obligations of various risk management units

(i) Board of directors：The highest guiding unit of the company's risk management

- Approve the company's risk management policy and procedure.
- Approve yearly quota for market risk, credit risk, operating risk, and liquidity risk.

(ii) Risk management committee

Set up "Risk Management Committee" to effectively and timely integrate the company's various risk functions, with the board of directors dispatching at least one director to take part and dispatch persons to be the convener and chairperson of its meetings.

- Review the company's risk management policy and procedure.
- Review various risk related measures and guidelines.
- Establish various risk management mechanism.
- Review analytical report on overall risk, report the execution of risk management to the board of directors timely, and propose necessary improvement suggestions.
- Set up management meeting for new businesses and review his risk of new products undertaken by business unit.
- Execute risk management related resolutions of the board of directors.

(iii) Risk Management Department

The Risk Management Department is responsible for monitoring risk exposure of the company and of individual departments. It also makes regular reports during Risk Management Committee meetings regarding the company's profitability and financial risk exposure. The Risk Management Department operates independently from any profit center and reports directly to the board of directors on risk-related issues.

- To devise risk management policies, measures, and limits.
- To implement risk measurement methods.
- To monitor risk limit usage.
- To implement risk management information system.
- To report and disclose the status of risk management practices.
- To handle other risk management related matters.

(iv)Audit Division

Carry out operating auditing according the company's internal control system, regularly understand compliance of various units with various measures and systems, notify the existence of defects and abnormal items timely, and track follow up improvements.

(v)Legal Department

In charge of the management of the company's legal risk; planning, management, and execution of various legal compliances, revision of legal affairs, and collection and study of business related affairs.

(vi)Finance Department

In charge of the management of the company's fund liquidity risk, establish emergent response mechanism for liquidity crisis, formulate fund risk limit, in consideration of market environment, the company's financial structure, risk endurability, and fund maneuvering capability.

(vii)Information Technology Department

In charge of the planning, promotion, and management of the company's information security, assures the continuity and correctness of various systems.

(viii)Business units

Undertake business operation according to the quota granted by the board of directors and materialize the execution of various risk management measures.

(d) The scope and features of risk management report and evaluation system

I. The evaluation of various risk management

Kinds of Risk	Management Method
Market risk	1. The company has imposed VaR (Value at Risk) limits based on its risk tolerance. Portfolio risks are monitored in terms of VaR, market value and losses. In addition, the company has measures in place to control losses, holding periods, liquidity and concentration of individual investments. 2. Set up stress scenarios for various financial products, conduct stress testing to calculate stress loss, so as to evaluate possible loss to be endured by the company under extreme market status and manifest the risk status of existing position, as reference for the company in capital allocation.
Credit risk	1. In charge of the credit risk of issuer risk and counterparty credit risk, distinguish liquid and illiquid positions, and set up quotas according to the nature of financial trading and credit rating. Credit rating is based on the internal credit rating granted by Taishin Financial Holding, which regularly examine the period for credit rating granting, to assure the effectiveness of credit rating. 2. Risk management of spot stock concentration and set up ceiling for single stock holding, to avoid concentration of large position on specific issuing companies. 3. Organize credit risk position for the same person and the same related party in a group, and submit the position to risk management unit of the financial holding firm for unified management. 4. Risk management for margin trading and short sale of brokerage business, compliance with the company's internal control system for credit account opening, and management of quota for margin trading and short sale, as well as maintenance rate, according to legal requirement.
Liquidity risk	1. Market liquidity management: Due to limited trading volume and insufficient liquidity position, there may result in value reduction when clearing position, due to expanded gap between buying and selling prices and prolonged time for offsetting position, leading to reserves for liquidity risk, to avoid deviation of price evaluation. 2. Set up fund maneuvering mechanism by the financial division according to "guidelines for management of liquid fund shortfall," to manage fund liquidity risk.
Operating risk	According to the definition of Basel II Capital Accord, operating risk is classified into seven types of loss and eight kinds of businesses, which are identified by various units of the company and reported to risk management unit for arrangement and establishment of operating risk loss database by the financial holding company.

II. Information, frequency, and flow of risk management report

Information	Frequency	Flow
Compilation of market risk management table for established position 1.Outstanding amount of position 2.Loss/profit 3.Liqudiity 4.Duration	 Daily Daily Daily Monthly	Daily market risk management tool for risk management unit
Compile credit risk management table for established position, including: Risk exposure information of issuer and trading counterparty	Daily	Daily credit risk management tool of risk management unit
Compilation of risk based assets report 1.Key Risk Indicator 2.Self-evaluation operation	 Monthly Half Year	Submit to risk management committee
Compilation of non-stop loss tracking report	Monthly	Submit to risk management committee
Compilation of various quantitative risk indices report : 1. Indicator of Market risk: (1)Operational limit MV、Delta (2)Stress test report 2. Indicator of Credit risk: (1) Bonds and notes in a single issuer (2) Single file limit (3) The same credit rating (4) Stock concentration 3. Indicator of Operating risk	Monthly	Submit to risk management committee
Compilation of exception report	Monthly	Submit to risk management committee
Evaluation of liquidity reserves	Monthly	Submit to the president and provide to financial/accounting unit as reference for performance evaluation
Report for various business risk evaluation	Quarterly	Submit to the board of directors

(e) Quantitative information for risk exposure

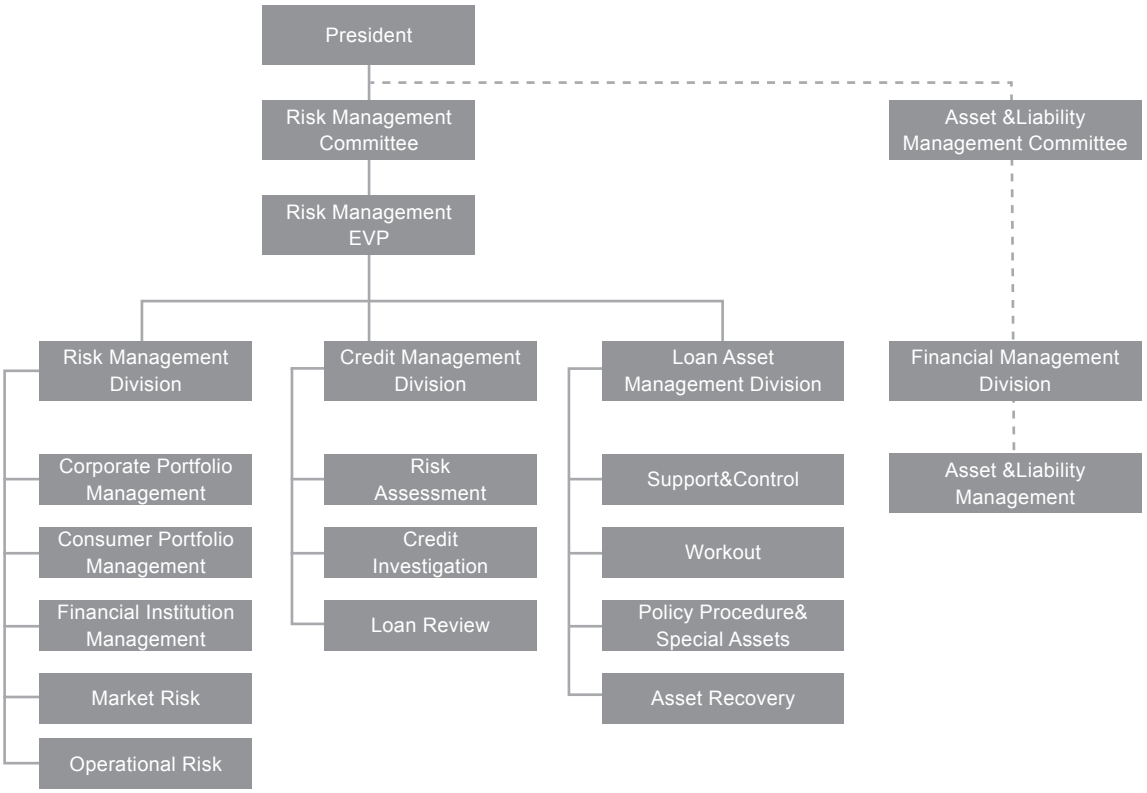
Equivalent Value for Management Risk

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

Kinds of Risk	Equivalent Value of Risks
Market risk	427,729
Credit risk	35,594
Operating risk	52,074
Total	515,398

(3) Chang Hwa Commercial Bank, Ltd.,

(a) Chart for overall risk management system framework



I. Organization and Structure of Risk Management

The bank has established under the headquarters an independent risk management unit to be responsible for monitoring risks and formulating strategies and policies in order to ensure that the bank maintains neutrality and consistency in identification, measurement and monitoring of risks. The Bank have also set up a Risk Management Committee and Asset & Liability Management Committee, chaired by our President who convenes the monthly meetings. The Committee is responsible for evaluating and monitoring the Bank's risk taking capacity and the actual risk exposure, determining our risk response strategies and compliance with risk procedures, and submitting risk management reports to the Board of Directors on a quarterly basis in order to enhance our risk management quality by consolidating relevant review, monitoring and coordination actions. Please refer to the chart "2013 Organization and Structure Of Risk Management.

II. Policies for Risk Management

Response the features of business development,meet the risk management requirements of Basel II and qualitative indicators,and base on the highest guiding principles "integrated risk management policies,"the Bank's risk management mechanism continues to be improved in order to effectively identify,measure,monitor,and communicate various risks,as well as to raise risk management performance.

(b) Common regular disclosure ~Strategy& Policy and Process

I. Credit risk

(i) Continuing to improve the corporate loan application management system and various risk management techniques and efficiency in order to meet the risk management requirements.

(ii) Continuing to develop methods required by the credit risk quantitative model in order to improve the Bank's credit risk management techniques so that its capital requirements and expected losses are more risk sensitive.

(iii) Continuing to develop and implement credit risk stress test in order to meet the regulatory authority's requirements and improve the Bank's risk management performance.

(iv) Comprehensive loan monitoring mechanism are established to effectively identify and manage potentially problematic loans in a timely manner.Adequent monitoring procedure,tracking frenquencies,and concrete countermeasures are established to achieve proactive management objectives,and comply with risk management procedures that require identification,evaluation,and monitoring and reporting of credit risk.

(v) Establishing a knowledge database to facilitate learning and evaluation. Providing lectures and training in risk management to raise employees' risk awareness.

(vi) Periodically inspecting and monitoring the concentration of exposure at default (EAD) for the Bank's corporate customers and disclosing the EAD balance of any single customer, affiliate/ group, industry, collateral, interested party, and potentially problematic loan in order to provide risk management with accurate, timely information for assuming risks and making decisions.

(vii) Establishing an internal rating system to effectively differentiate loan risks, and to be used as a tool to decide whether to grant a loan application, and for pricing and loan management purposes.

(viii) Setting up a credit limit management, credit line review approval system, and establishing a relevant risk measurement mechanism to be used as a tool for monitoring credit risks.

(ix) Establishing an operating procedure for evaluating loan assets to ensure steady operations. Using quantitative and qualitative methods to evaluate and identify the quality of loan assets and to determine whether the allowance for loan losses is adequate provisioned.

(x) With a system for periodically evaluating property collateral, the value of collateral and the increase/decrease in risk exposure may be timely reflected to effectively identify the extent of risk to which the Bank is exposed.

(xi) To compile the Consumer Banking Risk Management rules, the Standard Operation Procedure and other related operational rules; to utilize the credit risk database and the automated credit risk system for the generation of various risk information. In order to enhance the quality of risk management, we strengthen identification, measurement and monitor of credit risk.

(xii) In underwriting procedures, the Bank uses a credit scorecard for rating and an upgrade approval mechanism for special cases as a reference for underwriting review and credit risk management. The scoring card is regularly validated for effectiveness.

(xiii) The Bank uses a regular automatic evaluation mechanism for real estate mortgage securities to track the credit of these cases. If there are signs of credit deterioration, the Bank launches a review mechanism to protect the Bank's creditor rights.

(xiv) Implement mortgage loan application sorecards and behavior sorecards so as to provide parameters and reference for approval and a pricing.This could effectively lower the probability of bad loans and improve the asset quality of the bank's mortgage loans.

II. Risk of financial trading partner

(i) The bank embraces external credit rating for financial trading partners, as the basis for internal credit risk classification and rating.

(ii) Based on the category and rating of each counterparty, the net worth of the company is used for the calculation of its total risk limit, or the consolidated net worth is used for the calculation of its business group’s total risk limit as the ceiling of the total risk exposure to this counterparty. In addition, the counterparty’s credit risk, pre settlement risk and settlement risk are included in the calculation of its various risk limits and quotas.

(iii) Determine the overall quota and various risk quotas for financial trading partners according to their book values and set credit lines for various businesses within the overall quota.

(iv) Effectively manage the risks of the bank's financial trading partners via monitoring and reporting procedure.

III. Market risk

(i) Plan the management procedure for market risk, to assure effective discerning, evaluation, monitoring, and reporting of market risks.

(ii) Evaluate and monitor market risk, thereby containing risk within risk appetite, in the hope of lowering unexpected loss from market risk.

(iii) Formulate and execute norms for market risk management in compliance with the regulations of the regulator and Basel Capital Accord.

(iv) Establish and develop market risk management system and procedure for economic capital allocation.

(v) Market risk management flow is divided into discerning, evaluation, monitoring, reporting, and management execution; it is implemented according to the bank's "guidelines for market risk management.

IV. Operational risk

Manage the banking operating risk according to clear cut definition, including formulating risk management methods in various business guidelines and the development of application tools by risk management units to assist staffers carrying out the risk management procedure of identifying, evaluating, controlling, supervising, and reporting risks.

V. Country risk

(i) Use country credit rating information from Moody's, S&P, and Fitch to develop the Bank's own country risk ratings.

(ii) To use the net worth figure disclosed in our latest annual financial report for the calculation of the total country risk limit that will serve as the ceiling of our bank's exposure to country risk.

(iii) Within the total country risk limit, the individual limits for various countries for the next year are determined based on each country's political and economic situations, as well as the actual needs of relevant business units.

(iv) Risk exposure is constantly measured and monitored. For countries that are experiencing political and economic instability, or whose ratings have been downgraded due to defaults, their country risk limits will be either frozen or eliminated.

(v) On a monthly basis, country risk exposure data will be gathered, analyzed and compiled into a Country Risk Management Report.

VI. Liquidity risk

Liquidity risk indicators are clearly specified and the capacity to respond to liquidity risks evaluated based on the liquidity risk management policies. Meanwhile, the measures for monitoring, regularly assessing, and producing instant reports are implemented. In addition, emergency response strategies for liquidity risks and responsibilities are planned for each department in the bank in order to ensure appropriate actions are taken in a timely manner.

(c) Scope and features of the risk report and evaluation system

I. Credit Risk

(i) Corporate Credit Risk

Periodically inspecting and monitoring the concentration of exposure at default (EAD) for the Bank's corporate customers and disclosing the EAD balance of any single customer, affiliate/ group, industry, collateral, interested party, and potentially problematic loan in order to provide risk management with accurate, timely information for assuming risks and making decisions.

(ii) Scope and Features of the Credit Risk Evaluation Coporate Credit Risk

(ii.1) Effectively evaluating the Bank's capital adequacy and carrying out rigorous and proactive stress test to cope with possible adverse events or chances.

(ii.2) Establishing an internal rating system to effectively differentiate loan risks, and to be used as a tool to decide whether to grant a loan application, and for pricing and loan management purposes.

(ii.3) Setting up a credit limit management, credit line review approval system, and establishing a relevant risk measurement mechanism to be used as a tool for monitoring credit risks.

(ii.4) Establishing an operating procedure for evaluating loan assets to ensure steady operations. Using quantitative and qualitative methods to evaluate and identify the quality of loan assets and to determine whether the allowance for loan losses is adequate provisioned.

(ii.5) With a system for periodically evaluating property collateral, the value of collateral and the increase/decrease in risk exposure may be timely reflected to effectively identify the extent of risk to which the Bank is exposed.

(iii)Consumer Credit Risk

Senior management and relevant business units are provided various risk information in order to have a clear understanding of the credit risk situation so that they can adjust risk policies or business strategic accordingly.

(iv)Consumer risk identification and evaluation

Using a scorecard system (credit cards and small amount loans business), expenditure-to-income ratio, and credit loan semiannual review and property periodic evaluation mechanisms to evaluate the risks assumed before and after granting a loan to facilitate the taking of adequate measures.

(v)Country risk and financial counterparty risk

The Bank regularly reviews the exposure of the country risk and financial counterparty risk. The Bank also disclose the category of asset quality,concentration,exposure of portfolio management, and the exposure distribution of the top 20 financial counterparties so that risk managers have correct information to adjust risk distribution accordingly. The Bank use risk management systems and risk weight of derivatives. The goal is to evaluate and control risk.

II. Market risk

(i) Periodically briefing the risk management committee on the current status of market risk monitoring in order to provide senior management with sufficient information.

(ii) In the event of exceeding limits or irregularities, relevant information shall be provided pursuant to the established framework and procedure.

(iii)Periodically briefing the board and the risk management committee on the status and concentration of the Bank's portfolio to help them determine whether the Bank's strategies should be adjusted.

III. Operational risk

(i) To facilitate the evaluation and management of assessment result of operational risk, the Bank has set up a loss data collection system, an operational risk control and self-assessment system and a system to monitor key risk indicators.

(ii)The Bank collects operational risks loss events through systems, and then categorizes the risk according to regulations and type of loss. This helps the Bank to understand the loss situation internally.

(iii)The risk control and self-assessment (RCSA) system of the Bank begin at the business management units at the headquarter, where they conduct self-assessment according to the risk and controls of their respective business,complie and edit their self-assessment tables, and review the rules and regulations of their respective business. Execution units then conduct self-

assessment and register the results in the system for the Bank to analyze potential operation risk exposure.

(iv)The Bank establishes Key Risk Indicators (KRIs) and their respective limit or threshold values for the Bank's major risk exposures. Continuous monitoring and management provides red flags.

(v)The Bank integrates risk related items and complies them into operational risk management reports for the board of directors, senior management, and divisions of management so that they fully understand the situation and can make decisions accordingly.

IV. Liquidity risk

(i)Assessment and analysis of the status of liquidity risk management will be conducted and reported to the Asset &Liability Management Committee and to the Board of Dirctors on a regular basis to enable senior management to keep abreast of the Bank's latest liquidity position.

(ii)When a warning signal occurs with respect to a market crisis or emergency liquidity condition that affects the Bank, relevant emergency measures shall be adopted in accordance with the Bank's liquidity risk management policies. The Asset &Liability Management Committee shall then formulate measures to address the emergency and reported to the standing directors regarding the follow up actions and results.This will enable senior management to closely monitor the status of liquidity risk management.

(d) Hedging or mitigation policies; Strategies and procedures for assessing the effectiveness of Hedging or mitigation

I. Credit risk

(i) Policy

Actively use qualified and effective risk mitigation tools to reduce or transfer the underwriting credit risk of the Bank so as to strengthen protection of the Bank's creditor's right and reduce amount to regulatory reserve.

(ii) Monitoring strategies and procedures

Establish relevant rules,procedures,or systems for the usage of risk mitigation tools.Through appropriate evaluation mechanisms and review systems,the Bank constantly monitors the value change of such tools and validity of their relevant legal document.This prevents the negative impact of risk concentration and the mutual influence of the credit risk.

(ii.1) Application is rejected if the incidence of loss is too high in certain underwriting case. In addition,if certain loan products incur severe loss,or if underwriting to risky sectors or customers with bad credit records,cases are also rejected.An alternative is to set higher prices.

(ii.2) The Bank periodically reviews the operation result, financial condition,and repayment ability of the client so as to understand and review the credit limit and actual exposure of the client This helps the Bank to evaluate the appropriateness of the line of credit.

(ii.3) The Bank establishes collateral policies to regulate the kinds of collateral that are deem acceptable.The policies also regulate the method of value appraisal in order to ensure that when default occurs,the Bank is able to effectively and quickly dispose the collateral and/or receive compensation.An alternative is to adopt the credit guarantee fund for underwriting. These serve as means to entirely or partially transfer the risks.

(ii.4) Credit risk portfolio management are strengthened to continue establishing a quota management,review,approval,and evaluation system on a conservative basis for concentrated loans in order to effectively stay on top of the credit risk of the overall portfolio and improve the quality of credit assets.

II. Market risk

(i) Policy

Executed based on the Bank's "Implementation Guidelines on Financial Product Investment."

(ii) Assessing hedge effectiveness procedures

(ii.1) Conditions for highly effective assessment：

- At the inception of the hedge and subsequent periods,the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk as designated.
- The actual results of the hedge are within a range of 80% to 125%.

(ii.2) The approaches for assessing the hedge effectiveness must be consistent with the Bank's documented risk management strategies.

(ii.3) The hedging instrument would not be fully effective if it offsets only a part of the hedged risk.

(ii.4) All hedge ineffectiveness is recognized immediately in profit or loss, except non-derivative.

III. Operatioal risk

(i) All Management divisions select appropriate risk countermeasures according to the monitoring results of operational risk assessment and KRI and exposure of the the Bank.They need to keep operational risk within acceptable levels by using risk mitigation measures such as outsouring or insurance,or other appropriate measures such as employee education and traning,improve internal business process,or improve system. Before lunch new products, activities, process, and systems, the Bank also conducts operational risk identification and assessment in order to gauge possible risk and take cautionary measures beforehand.

(ii) In case catastrophes, endemics, strikes, or information system breakdowns result in operation discontinuity, or lack of liquidity result in operation crises,the Bank has devised a Business Continuity Plan for all units to serve as guidelines for prevention,preparation,reporting,responding, and post event reporting.

(iii) Through Risk control and self assessment, the Bank regularly the residual risks of the control plans of each risk item.This ensures the validity and effectiveness of the control plans.

(e)Risk exposure information

I. Credit Risk

Risk exposure after deducting risk on credit risk method and risk based capital requirement

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

Kinds of Risk Exposure	Risk Exposure After Deduction	Risk Based Capital Requirement
Sovereign state	318,551,701	99,689
Non-central Government Public Sector	100,104	1,602
Bank (Including Multilateral Development Bank)	110,747,571	2,989,740
Enterprise (Including Securities and Insurance Companies)	706,107,084	51,898,674
Retail Debt Claim	234,686,274	15,074,604
Housing Realty	255,764,632	10,600,683
Equity Investment	4,448,377	1,365,089
Other Assets	61,118,136	3,751,924
Total	1,691,523,880	85,782,003

II. Liquidity Risk

Analysis for the Structure of NTD Due Dates

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

	Total	Value for Balance Period Before Due Dates					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main Fund Inflow Due	1,444,031,044	224,709,214	134,150,085	166,187,363	84,145,257	125,890,202	708,948,923
Main Fund Outflow Due	1,548,525,231	76,899,117	123,777,611	201,658,227	150,616,248	310,053,027	685,521,001
Expected Gap	(104,494,187)	147,810,097	10,372,474	(35,470,864)	(66,470,991)	(184,162,825)	23,427,922

Analysis for the Structure of USD Due Dates

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

	Total	Value for balance period before due dates				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main Fund Inflow Due	14,784,255	5,588,825	2,560,836	1,755,876	1,224,695	3,654,023
Main Fund Outflow Due	16,383,306	7,303,441	2,679,150	1,167,692	1,513,972	3,719,051
Expected Gap	(1,599,051)	(1,714,616)	(118,314)	588,184	(289,277)	(65,028)

III. Market Risk

Capital requirement for market risk

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

Kinds of risks	Capital requirement
Interest rate risk	1,424,925
Equity securities risk	44,402
Orex risk	166,932
Commodity risk	0
Option	7,172
Total	1,643,431

IV. Operational risk

Operational Risk Accrued Capital

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

Year	Gross Profit	Capital Requirement
2011	22,727,014	
2012	21,564,796	
2013	23,271,717	
Total	67,563,528	2,990,697

c. Influence of important domestic and foreign policy and legal changes on the finance of the financial holding company and countermeasures

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

d. Effects of technological and industrial changes on the finance of the financial holding firm and countermeasures

1. Cloud technology based services

   Taishin Bank has been implementing its service platforms on virtual private servers since 2009 as a more cost effective solution. From 2012 onwards, the bank began introducing cloud technologies that provide VIP customers with more convenient ways to communicate and interact with the bank.

   To meet the needs of the bank's offshore branches and China offices, the IT Department has been integrating resources within the bank since 2013 for the purpose of enhancing customer information management, and to achieve simplified work flows and resource sharing that improves the bank's productivity, competitiveness, and managerial efficiency.

2. Mobile payment

   In light of the latest Internet and cellphone technologies, the bank has dedicated into developing platforms, apps, and new ideas that can be used for mobile payments, thereby giving the bank the ability to serve customers anytime, anywhere.

e. Effect of change in the corporate images of the financial holding company and its subsidiaries on the company and countermeasures

Apart from its financial businesses, Taishin Financial Holding has long dedicated itself to caring for society and has devoted itself to charitable work and environmental protection. Taishin is well-aware of the responsibilities a company owes to society, and therefore actively supports environmental protection, charitable, cultural and artistic activities, in the hope of bringing about social change and real benefits for the socially disadvantaged, and fulfilling its role as a member of society.

f. Anticipated benefits and possible risks from acquisition and countermeasures

1. Anticipated benefits
   (1) Expand financial scope, enhance the scale of assets and market share ranking, and boost business competitiveness.
   (2) Expand marketing channel network and provide clients more convenient service channels.
   (3) Create the business synergy of acquisition and maximize the profits for shareholders.
   (4) Provide all round services and deep cultivate the relationship with clients.
   (5) Diversify business risks and expand the scope of business development.
2. Possible risks
   (1) Inappropriate business integration can lead to business loss, affecting the company' business and profit.
   (2) Insufficient integration of information systems may affect business operation, deferring the appearance of merger synergy.
   (3) Improper integration of human resources may lead to loss of talents, indirectly affecting business and management performance.
   (4) The integration of corporate culture and organization did not proceed as expected, and hence the synergies expected from the merger were not delivered.
   (5) The effect of misjudgment in acquisition strategy on the overall development outlook of the company.

g. Possible risks from business concentration and countermeasures

1. Back up mechanism

   The concentration of operation has led to sharing of resources and manpower, a status which could magnify the effect of emergent incidents on the bank. To cope with possible risk, the Risk Management Division of the financial holding company has formulated integrated business continuity plan, which covers emergency response mode for venue, system, and personnel, as well as disaster recovery plan. The integration of corporate culture and organization did not proceed as expected, and hence the synergies expected from the merger were not delivered.
2. Document delivery

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

h. Influence and risks of massive share transfer or exchange by board directors, supervisors, or major shareholders with over 1% stake, and its countermeasures

Due to the diversified shareholding of the company and low stake of a single shareholder, massive shareholding transfer or exchange would not impact the company's shareholders structure.

i. Influence of management right on the financial holding company, risk, and countermeasures

Managerial Change of financial holding company may result from the replacement of management by shareholders due to bad performance, hostile takeover, or own initiative of the original management wishing to look for new management to take over their position. Change in management may produce the following influence and risks on financial holding company:

1. Possible benefits
   (1) Create new management direction and value for the company.
   (2) Renovate corporate culture and organizational framework, bringing new business momentum and profit performance to the company.
   (3) Inject new idea and financial resources, creating triple wins for shareholders, clients, and employees.
2. Possible risks
   (1) Change in business strategy may affects company's business development and profit performance.
   (2) Change in management right may affect panic among employees, leading to high turnover and thereby affecting company's regular operation.
   (3) Change in management strategy may affects company's business development and Shareholder rights.
   (4) Change in management right may trigger concern among investors over company's management stability, driving down stock price.

j. Litigation and non litigation incidents

1. Taishin Financial Holding: Nil.
2. Taishin International Bank: Nil.
3. Taishin Securities: Nil.
4. Taishin Asset Management:Nil.
5. Taishin Venture Capital: Nil.
6. Taishin Securities Investment Trust: Nil.
7. Taishin Securities Investment Advisory: Nil.
8. Taishin Holdings Insurance Brokers: Nil.
9. Chang Hwa Commercial Bank
   (1) The bank engaged in a law suit with the ministry of defense of Iran involving US$15 million of "requested wired payment" in 1991, which was won by bank according to the verdict of the Supreme Court on Aug. 1, 2002. The Iran party filed another suit for "surrogate request for the return of the wired payment" in 1997, which was also won by the bank according to the ruling of the Taipei district court on Sept. 10, 2004. The Iran party, though, appealed the court with Taiwan high court on Oct.6, 2004 and the case is still being tried.On July 13,2010,the Taiwan Superior Court once more ruled in favor of the Bank.The Iranian party again appealed the decision to the Supreme Court on August 10,2010.On Nov.4,2010, the Supreme Court ordered the Taiwan Superior Court to review the ruling.On Dec.27,2011,the Taiwan Superior Court again ruled in favor of the Bank. The Iranian plaintiff ,after refusing to accept the decision of the Court, appealed to the Supreme Court on Jan.19,2012. On July 31, 2012, the Supreme Court overruled the judgment of the Taiwan High Court and returned the case for review; the High Court once again ruled in favor of the bank on September 24, 2013, but the Iranian party still appealed to the Supreme Court on October 16, 2013. The case is currently being reviewed by the Supreme Court.
   (2) A damage claim between the bank and TDK Taiwan Corporation, totaling NT$46,401,000, is currently being reviewed by the Taipei District Court and is awaiting judgment.

k. Other key risks and countermeasures : Nil.

G. Crisis management and response mechanism

To assure the uninterrupted operation of the company's major business activities, strengthen the company's responsive capability for emergent incidents, and minimize the influence of disaster and resume normal operation within the shortest time possible, the company has formulated the BCM (Business Contingency Management), specifying the definition of emergent incidents, grading risks, and pinpointing responsibilities, and related handling procedure.

H. Other important items: Nil.

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Special Notes

VIII.Special Notes

A. Information regarding the company's subsidiaries

a. Basic information

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

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin International Bank Co., Ltd.	1992.02.25	1st,fl. and 1st basement, No. 44, Zhongshan N. Rd. Sec. 2, Taipei City	49,157,526	1. Deposit reception (reception of check deposit, demand deposit, time deposit, and savings deposit originally listed in its business license are included in the item). 2. Issuance of financial bonds. 3. Loan extension (short-, medium- and long-term loan extension, loan mortgaged by certificates of time deposit, consumption loan originally listed in its business license are included in the item. 4. Discounting negotiable instruments. 5. Securities investment (investments in government bonds, short-term bills, corporate bonds, financial bond, and company stocks originally listed in its business license are included in this item). 6. Currency conversion. 7. Cashing of banker's acceptance. 8. Issuance of domestic L/C. 9. Guarantee for corporate-bond issuance. 10. Provision of domestic guarantee. (Guarantee business originally listed in the business license is included in the item). 11. Surrogate collection/payment. 12. Securities Underwriting (The undertaking of government bonds, treasury notes, corporate bonds, and corporate stocks originally listed in the business license is included in the item). 13. Custody and warehouse business. 14. Lease of safe. 15. Agency services related to the various businesses listed in the business license and approved by the regulator. 16. Credit card (credit card and cash advance businesses originally listed in the businesses license is included in the item). 17. Trading in gold ingots, gold coins, and silver coins. 18. Export/import forex, common outward and inward remittance, foreign-currency deposit, foreign-currency loan, and guarantee for secured foreign-currency payment. 19. Derivatives approved by the regulator. 20. Businesses permitted by Trust Industry. 21. Dealer business in government bonds. 22. Brokerage, dealing, certification, and underwriting of short-term bills. 23. Wealth Management. 24. Prepaid cash cards issued. 25. Concurrently securities investment consulting business.

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Asset Management Co., Ltd.	2002.08.19	2nd-3 fl., No. 9, Dehui Street, Taipei City	1,445,000	Purchase, appraisal, auction of bad-debt claims of financial institutions.
Taishin Venture Capital Investment Co., Ltd.	2002.12.25	2nd-3 fl., No. 9, Dehui Street, Taipei City	2,219,035	Ventral capital.
Taishin Securities Co., Ltd.	1990.01.15	2nd fl., No. 44, Zhongshan N. Rd. Sec. 2, Taipei City	2,280,000	1. Consigned trading in securities at the centralized market. 2. Deal in securities at the centralized market. 3. Accept consignment for securities trading at its business units. 4. Deal in securities at its business units. 5. Securities underwriting. 6. Margin trading and short sale business for securities. 7. Introducing brokerage for futures. 8. Other businesses approved by the regulator.
Taishin Securities Investment Trust Co., Ltd.	2004.06.03	13th fl., No.96, Sec. 1, Jianguo N. Rd.,Taipei City	754,545	1. Raise mutual funds via issuance of certificates of benefits. 2. Invest in securities and other related products with mutual funds raised from issuance of certificates of benefits. 3. Undertake other related businesses approved by the regulator. 4. Undertake discretionary-account operation for clients.
Taishin Securities Investment Advisory Co., Ltd.	1989.03.21	16th fl., No. 118, Jenai Rd. Sec. 4, Taipei City	300,000	1. Securities-investment consulting business. 2. General agency of Jupiter fund of the U.K. 3. Other businesses approved by the Financial Supervisory Commission.
Taishin Holdings Insurance Brokers Co., Ltd.	2008.05.22	11th fl., No. 44, Zhongshan N. Rd. Sec. 2, Taipei City	30,000	1. Agency for personal insurance. 2. Agency for property insurance.
Taishin Insurance Agency Co., Ltd.	1996.09.19	3rd fl., No. 44, Zhongshan N. Rd. Sec. 2, Taipei	30,000	Agency for personal insurance.
Taishin Insurance Brokers Co., Ltd.	2002.07.24	3rd,fl., No. 44, Zhongshan N. Rd. Sec. 2, Taipei	60,000	Brokerage for property insurance.
Taishin D.A. Finance Co., Ltd.	1997.10.13	2nd-2 fl., No. 9, Dehui Street, Taipei City	200,000	1. Leasing. 2. Wholesale for machinery equipment. 3. Retail for machinery and apparatuses. 4. Wholesale for precision equipment. 5. Retail for precision equipment. 6. Auto retaid. 7. Retail for ships and parts. 8. Retail for aircrafts and parts. 9. Financial institution creditor's right purchase. 10. Management consulting services. 11. Software design services. 12. Data processing services. 13. Other industry and commerce services not elsewhere classified.

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Real Estate Management Co., Ltd.	1995.08.17	2nd fl., No. 9, Dehui Street, Taipei City	200,000	1. Construction management. 2. Residence and building development and lease. 3. Factory construction and lease. 4. Specific professional area development. 5. Investment and construction of public construction. 6. New town and new community development. 7. Area expropriation and urban land rezoning. 8. Urban renewal. 9. Realty transaction, 10. Realty lease. 11. Business investigation.
Taishin Financial Leasing (China) Co.,Ltd.	2011.09.20	42th fl.,No.188,Sunnyworld Center,Lushan Road,Jianye District,Nanjing,China	591,240	Leasing.
Taishin Financial Leasing(Tianjin) Co., Ltd.	2012.03.01	2203 Room,TEDA MSD-C1 Tower,No.79,First Avenue,TEDA,Tianjin,China	600,828	Leasing,Factoring,Installment Sales.
Chang Hwa Commercial Bank , Ltd.	1950.07.01	No. 38, Ziyou Road, Taichung City	77,490,592	Deposit/loan, guarantee, acceptance, Forex, bills dealing, and credit card
CHB Life Insurance Agency Co., Ltd.	2001.06.28	6th fl., No. 57, Zhongshan N. Road, Taipei City	50,000	Agency for personal insurance
CHB Life Insurance Brokerage Co., Ltd.	2003.04.01	6th fl., No. 57, Zhongshan N. Road, Taipei City	8,000	Brokerage for property insurance

Note : On January 27, 2014, Taishin Financial Leasing (China) completed a US$3,000,000 cash issue increasing its share capital to US$23,000,000.(Taishin Venture Capital Investment holds 86.96%; Taishin D.A. Finance holds 13.04%)

b. Directors, supervisors and major managers of the company's subsidiaries

Date: Dec.31, 2013

Enterprise Name	Position	Representative	Shareholding	
			Share	(%)
Taishin International Bank Co., Ltd.	Chairman	Thomas Wu	Taishin holding company owns 4,915,752,571 shares (100%).	
	Director	Jeffrey T.S. Wu		
	Director	The-Nan Hsu		
	Director	Jui-Sung Kao		
	Director	Shang-Pin Wu		
	Director	Chu-Chan Wang		
	Independent Director	Chin-Kang Wang		
	Independent Director	Neng-Pai Lin		
	Standing Supervisor	Yang-Tzong Tsay		
	Supervisor	Toney Chen		
	Supervisor	Long-Su Lin		
	President	Larry Chung	-	-
Taishin Asset Management Co., Ltd.	Chairman	Jeffrey T.S. Wu	Taishin holding company owns 144,500,000 shares (100%).	
	Director	Welch Lin		
	Director	Frank Shean-Yng Liaw		
	Supervisor	Shawn, C.L.Teng		
	President	Frank Shean-Yng Liaw	-	-

Enterprise Name	Position	Representative	Shareholding	
			Share	(%)
Taishin Venture Capital Investment Co., Ltd.	Chairmam	Jeffrey T.S. Wu	Taishin holding company owns 221,903,495 shares (100%).	
	Director	Welch Lin		
	Director	Larry Chung		
	Supervisor	Shawn, C.L.Teng		
	President	Yu-Sheng Lin	-	-
Taishin Securities Co., Ltd.	Chairman	William L. Huang	Taishin holding company owns 228,000,000shares (100%).	
	Director	Po Yung Lu		
	Director	Joseph Jao		
	Director	Spike Wu		
	Director	Ming Chih Hsieh		
	Independent Director	Cintan Huang		
	Independent Director	Yu Ti Chen		
	Supervisor	Jeffrey T.S. Wu		
	Supervisor	Ann Cheng		
	President	Tony Wu	-	-
Taishin Securities Investment Trust Co., Ltd.	Chairman	Johnson C. T. Chen	Taishin holding company owns 75,454,545 shares (100%).	
	Vice Chairman	Welch Lin		
	Director	Sam Lin		
	Director	Shawn, C.L.Teng		
	Director	Vincent Tsai		
	Supervisor	Li-Tzu Chen		
	President	Bill Lan	-	-
Taishin Securities Investment Advisory Co., Ltd.	Chairman	Andy Wu	Taishin holding company owns 27,599,513 shares (92%).	
	Director	Ming-Shu Chuang		
	Director	Wilson Chou		
	Supervisor	Chieh-Shun Hong		
	President	Ming-Shu Chuang	-	-
Taishin Holdings Insurance Brokers Co., Ltd.	Chairman	Oliver Shang	Taishin holding company owns 3,000,000shares (100%).	
	Director	Jack Su		
	Director	Spike Wu		
	Director	Shawn, C.L.Teng		
	Supervisor	Welch Lin		
	President	Yu-Ching,Hsuan	-	-
Chang Hwa Commercial Bank , Ltd.	Chairman	Julius Chen	Taishin holding company owns 1,747,117,400 shares (22.55%).	
	Managing Director	Chen Cing Wu		
	Director	Deng-Shan Chen		
	Director	Chia-Chung Cheng		
	Director	Cheng-Hsien Lin		
	Managing Director Independent Director	Kuo-Yuan Liang	0	0
	Independent Director	Shang-Chen Chen	0	0
	Director	Hwai-Hsin Liang	Ministry of Finance owns 944,841,663 shares (12.19%).	
	Director	Ming-Daw Chang		
	Standing Supervisor	Henry C.S. Kao	Van Den Invest company owns 76,124 shares (0.001%)	
	Supervisor	Ching-Hwa Juan	National Development Fund, Executive Yuan owns 213,067,359 shares (2.75%)	
	Supervisor	Charles W.Y. Wang	Excel Chemical owns 15,714,118 shares (0.20%).	
	President	Ming-Daw Chang	0	0

c. Directors, supervisors and major managers on affilities

Date: Dec.31, 2013

Enterprise Name	Position	Company's Name / Representative	Shareholding (Share)	(%)
Taishin Insurance Agency Co., Ltd.	Chairman	Taishin International Bank	2,622,040	87.4
		Jack Su	0	0
	Director	Taishin International Bank	2,622,040	87.4
		Welch Lin	0	0
	Director	Taishin International Bank	2,622,040	87.4
		Shawn, C.L.Teng	0	0
	Director	Taishin International Bank	2,622,040	87.4
		Spike Wu	0	0
	Supervisor	Jeffrey T.S. Wu	0	0
	President	Andy An	0	0
Taishin Insurance Brokers Co., Ltd.	Chairman	Taishin Insurance Agency	6,000,000	100
		Jack Su	0	0
	Director	Taishin Insurance Agency	6,000,000	100
		Welch Lin	0	0
	Director	Taishin Insurance Agency	6,000,000	100
		Spike Wu	0	0
	Director	Taishin Insurance Agency	6,000,000	100
		Steve S.F.Shieh	0	0
	Supervisor	Taishin Insurance Agency	6,000,000	100
		Jeffrey T.S. Wu	0	0
	President	Andy An	0	0
Taishin Real-Estate Management Co., Ltd.	Chairman	Taishin International Bank	12,000,000	60
		Jeffrey T.S. Wu	0	0
	Director	Taishin International Bank	12,000,000	60
		Thomas Wu	0	0
	Director	Taishin International Bank	12,000,000	60
		Shawn, C.L.Teng	0	0
	Supervisor	Taishin Asset Management	8,000,000	40
		Welch Lin	0	0
	President	Frank Shean-Yng Liaw	0	0
Taishin D.A. Finance Co., Ltd.	Chairman	Taishin International Bank	20,000,000	100
		Eric Chen	0	0
	Director	Taishin International Bank	20,000,000	100
		Oliver Shang	0	0
	Director	Taishin International Bank	20,000,000	100
		Joseph Jao	0	0
	Supervisor	Taishin International Bank	20,000,000	100
		Welch Lin	0	0
	President	Emily Tsai	0	0

Enterprise Name	Position	Company's Name / Representative	Shareholding (Share)	(%)
Taishin Financial Leasing (China) Co., Ltd.	Chairman	Taishin Venture Capital Investment	-	100
		Eric Chen	-	0
	Vice Chairman	Taishin Venture Capital Investment	-	100
		Daniel Tsai	-	0
	Director	Taishin Venture Capital Investment	-	100
		Archie Chen	-	0
	Supervisor	Taishin Venture Capital Investment	-	100
		Welch Lin	-	0
	President	Goldin Wang	-	0
Taishin Financial Leasing (Tianjin) Co., Ltd.	Chairman	Taishin Venture Capital Investment	-	100
		Daniel Tsai	-	0
	Director	Taishin Venture Capital Investment	-	100
		Ted Wang	-	0
	Director	Taishin Venture Capital Investment	-	100
		Joseph Jao	-	0
	Director	Taishin Venture Capital Investment	-	100
		Yen-Chi Chen	-	0
	Supervisor	Taishin Venture Capital Investment	-	100
		Welch Lin	-	0
	President	Ted Wang	-	0
CHB Life Insurance Agency Co., Ltd.	Chairman	Chang Hwa Commercial Bank	5,000,000	100
		Paul H.C. Huang	0	0
	Director	Chang Hwa Commercial Bank	5,000,000	100
		James Shih	0	0
	Director	Chang Hwa Commercial Bank	5,000,000	100
		Chin-Ying Chen	0	0
	Supervisor	Chang Hwa Commercial Bank	5,000,000	100
		Carol Lai	0	0
	President	Nancy H.C. Wu	0	0
CHB Life Insurance Brokerage Co., Ltd.	Chairman	Chang Hwa Commercial Bank	800,000	100
		Paul H.C. Huang	0	0
	Director	Chang Hwa Commercial Bank	800,000	100
		James Shih	0	0
	Director	Chang Hwa Commercial Bank	800,000	100
		Carol Lai	0	0
	Supervisor	Chang Hwa Commercial Bank	800,000	100
		Shiou-Yu Chang	0	0
	President	Nancy H.C. Wu	0	0

d. Operation overview on affilites

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

Enterprise Name	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profit	Income (After Tax)	EPS(After Tax;NT$)
Taishin International Bank Co., Ltd.	49,157,526	1,132,682,627	1,059,248,442	73,434,185	0	29,541,065	12,181,273	2.52
Taishin Asset Management Co., Ltd.	1,445,000	2,122,854	239,058	1,883,796	452,340	271,770	256,318	1.77
Taishin Venture Capital Investment Co., Ltd.	2,219,035	1,987,359	2,244	1,985,155	6,795	(147,577)	(168,599)	(0.76)
Taishin Securities Co., Ltd.	2,280,000	3,148,104	686,489	2,461,615	568,785	140,790	145,086	0.64
Taishin Securities Investment Trust Co., Ltd.	754,545	911,259	79,232	832,027	303,221	26,059	27,541	0.37
Taishin Securities Investment Advisory Co., Ltd.	300,000	376,033	23,769	352,263	96,680	9,539	10,672	0.36
Taishin Holdings Insurance Brokers Co., Ltd.	30,000	1,155,020	255,804	899,216	3,493,555	936,318	777,140	259.05
Chang Hwa Commercial Bank , Ltd	77,490,592	1,700,699,990	1,588,296,660	112,403,330	0	23,643,414	8,818,249	1.14
Taishin Insurance Agency Co., Ltd.	30,000	1,278,961	295,020	983,941	818,008	56,644	41,755	13.91
Taishin Real-Estate Management Co., Ltd.	200,000	606,069	288,738	317,331	57,536	33,278	28,642	1.43
Taishin D.A. Finance Co., Ltd.	200,000	406,272	225,295	180,977	4,516	(32,665)	(24,526)	(1.23)
Taishin Insurance Brokers Co,.Ltd.	60,000	78,275	1,246	77,029	10,898	2,371	2,130	0.36
Taishin Financial Leasing (China) Co.,Ltd.	591,240	2,774,599	2,217,801	556,799	132,536	(35,498)	(31,198)	-
Taishin Financial Leasing (Tianjin) Co.,Ltd.	600,828	807,347	217,338	590,009	35,536	(15,528)	(12,186)	-
CHB Life Insurance Agency Co.,Ltd.	50,000	802,962	285,018	517,944	1,572,094	439,008	366,145	73.23
CHB Insurance Brokerage Co.,Ltd.	8,000	102,673	29,643	73,030	159,395	58,587	48,880	61.10

B. Progress of private placement of securities during the latest year and up to the date of annual report publication: Nil.

C. The Company's subsidiaries' shareholding or disposal of the Company's share during thelatest year and up to the date of annual report publication: Nil.

D. Additional Disclosure: Nil.

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Taishin Holdings

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Items with major effect on shareholders' benefits or securities prices in 2013 and as of the date for the publication of the annual report

IX. Items with major effect on shareholders' benefits or securities prices in 2013 and as of the date for the publication of the annual report

Taishin Financial Holding Co., issued 500 million new common shares on 2014.04.14.

Taishin Financial Holding Co., Ltd.

Chairman
Thomas T.L. Wu

Taishin Holdings

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