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BOT Spokesperson

Name: Chiang, Shih-Tien Title: Executive Vice President Tel: 886-2-2349-3077 E-mail: 186259@mail.bot.com.tw

Acting Spokesperson

Name: Chiou, Ye-Chin Title: Executive Vice President Tel: 886-2-2388-8699 E-mail: 044044@mail.bot.com.tw

Head Office

Address: No.120, Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City 10007, Taiwan (R.O.C.) Tel: 886-2-2349-3456

SWIFT : BKTWTWTP Website: http://www.bot.com.tw Internet bank: https://ebank.bot.com.tw

Stock Transfer Agency

Bank of Taiwan Address: No.120, Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City 10007, Taiwan (R.O.C.)

Tel: 886-2-2349-3456 Website: http://www.bot.com.tw

Credit Rating Agencies

- (1) Standard & Poor's
 55 Water Street, New York, N.Y. 10041 U.S.A.
 Tel: 212-438-2000
- (2) Moody's Investors Service
 7 World Trade Center, 250 Greenwich Street, New York,
 N.Y. 10007 U.S.A.
 Tel: 212-553-0300

Auditors

KPMG Certified Public Accountants Auditors: Yen-Ling Fang, Derek Hsu Address: 68F, TAIPEI 101 TOWER, No.7, Sec. 5, Xinyi Road, Taipei, 11049, Taiwan, R.O.C. Tel: 886-2-8101-6666 Website: http://www.kpmg.com.tw

Notice to Readers

This English version of the annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.





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BANK ©F TAIWAN



【臺灣銀行榮獲2014年遠見雜誌財富管理大調查「財管最被推薦銀行」第一名】

Letter to Shareholders

The global economy was afflicted by uncertainties about the withdrawal of the quantitative easing (QE) policy in the United States and by the interference of public finance problems in the first half of 2013, and the economic recovery did not go as well as expected. Beginning in the second half of the year, however, economic growth in the U.S. heated up, the economy of the euro zone shook off its sluggishness, and growth turned upward in Japan under the impact of Abenomics. In mainland China, where the economy had slowed for a time, conditions also improved. In general, however, the momentum for global economic growth remained limp. Under these external conditions Taiwan's export expansion was limited, corporate investment was weak, private consumption languished, and economic growth was disappointing. However, a preliminary estimate by the Directorate General of Budget, Accounting and Statistics, released on Feb. 18, 2014, put the island's rate of economic growth for 2013 at



Chairperson Lee, Jih-Chu

2.11%. Domestic banks benefited from the ongoing opening of cross-strait financial policy and the opportunities brought by the Renminbi (RMB) business, and enjoyed a large growth in business. With the additional income from overseas branches and OBUs, overall profits in Taiwan's banking industry hit a new historic high.

Thanks to the vigorous efforts of all our employees, the Bank of Taiwan continued to hold a position of leadership among domestic banks over the past year in scale of deposits and loans, total assets, shareholders' equity, and numerous areas of business. Our income before tax also exceeded our annual budget target.

In addition to turning in an excellent performance, the BOT received several citations during the past year.

- The BOT was listed by Global Finance magazine of the U.S. as one of the 10 safest banks in Asia and one of the 50 safest in the world
- The European Bank for Reconstruction and Development named the BOT the Most Active Confirming Bank in 2012
- Wealth magazine granted the BOT three Consumer Finance Brand Awards for 2013: Best Domestic Bank, Best Banking Image, and Best Banking Products
- Reader's Digest presented the Bank with a Platinum Trusted Brand Award in the banking category
- Business Today honored the BOT with a Highly Recommended Bank Award as a result of its wealth management customer satisfaction survey as well as a Highest Customer Recommendation Award in its wealth management house assessment
- The BOT won a Government Service Quality Award from the Ministry of Finance and a 2013 Gold Award from the Joint Credit Information Center
- The BOT won ISO 22301 Business Continuity Management certification from the British Standards Institution (BSI)

These honors confirm once again the widespread affirmation of our outstanding service and excellent operating performance. On behalf of the BOT, I want to express our deepest gratitude to all of you, our friends and customers, who have favored us with your long-term support over the years.

To fulfill our corporate social responsibility, the BOT includes public benefit in the design of our products—public-benefit trusts, for example, as well as disaster relief loans and student loans. We also support public-benefit activities with concrete action such as sponsorship of a professional basketball team and backing for SBL sports activities. We have set up the BOT Museum to exhibit the financial history of Taiwan; we have donated to numerous charity institutions, held concerts, and sponsored environmental education and other activities. In addition, we organized the Seminar on International Finance and the Trade in Services Agreement and participated in the 2013 Global Financial Forum and Taiwan Offshore RMB Forum, inviting prominent scholars and experts to present addresses on economics, finance, and other issues for the edification of governmental and social groups.

Our operating results for 2013, business plans for 2014 and strategies for the Bank's future development are briefly described below:

I. Operating Results for 2013

1. Organizational Change

- (1) To boost income from the insurance business, on Feb. 6, 2013 the Bank established the BankTaiwan Insurance Brokers Co., Ltd. and introduced a variety of life and non-life insurance products, providing customers with an increased range of choice.
- (2) To expand our wealth management service network, the Bank set up three new wealth management branches in 2013 - Sinming, Wanhua, and Xinhu - bringing the total number of such branches to 130, eight of which are wealth management flagship branches. Seven wealth

management section chiefs and 181 wealth management specialists were assigned to them to serve our high-net-worth customers.

(3) To take early advantage of opportunities arising from the opening up of cross-strait financial businesses and to strengthen deployment in the Asia-Pacific financial market, the BOT Board of Directors approved the establishment of a sub-branch under the Shanghai Branch and a China subsidiary preparatory office. The budget for the subsidiary passed the first reading in the Legislative Yuan on Dec. 19, 2013. Preparatory work for the establishment of a Sydney Branch was approved by the Financial Supervisory Commission on July 5, 2012, and preparations are actively under way. The Bank's Mumbai Representative Office received approval from the Reserve Bank of India on July 12, 2013, and will be established as a "virtual office."

2. Results of Implementation of Business Plan and Operating Strategy

~	1	Unit: NT\$ Billion	n; US\$ Billion (Foreign Exchange); %
Year Major Operation Category	2013	2012	2013 Growth Rate
Deposits	3,396.2	3,218.1	5.53
Loans	2,214.7	2,183.0	1.45
Guarantees	75.2	71.5	5.23
Foreign Exchange	410.8	372.5	10.28
Procurement	43.8	66.9	(34.57)
Precious Metals	133.9	147.7	(9.37)
Government Employees Insurance	20.9	18.0	15.95
Agency (Insurance Brokerage) *	37.0	-	-

* The Bank established the BankTaiwan Insurance Brokers Co., Ltd. on Feb. 6, 2013.

3. Budget Implementation

The volume of deposits during the year was NT\$3.4 trillion, giving a target achievement rate of 126.88%. Loans amounted to NT\$2.2 trillion, for a target achievement rate of 112.42%. Foreign exchange operations undertaken in 2013 totaled US\$410.8 billion, amounting to 200.39% of the target figure, and income after tax reached NT\$7.326 billion, achieving 103.48% of the target.

4. Revenues, Expenditures and Profits

Net interest income for 2013 amounted to NT\$25.89 billion; non-interest income (net) totaled NT\$3.61 billion; bad debt expenses amounted to NT\$2.70 billion, and operating expenses totaled NT\$18.03 billion.

Income before tax reached NT\$8.775 billion; income tax amounted to NT\$1.449 billion, leaving a net income after tax of NT\$7.326 billion.

The year's NT\$7.326 billion income after tax was NT\$247 million more than the budgeted income of NT\$7.079 billion.

Pre-tax Return on Assets (ROA) for 2013: 0.21% Pre-tax Return on Equity (ROE) for 2013: 3.58%

5. Research and Development

In response to changes in the financial environment and the needs of business development, the Bank continued collecting and analyzing information on domestic and overseas economic and financial conditions as well as the status of major domestic industries. In addition to the compilation of regular analytical reports related to economics, financial markets and major industries, special reports on important economic and financial issues related to overall banking operations, and on industries related to the Bank's lending business were compiled on an unscheduled basis for use as reference in expanding the Bank's business.

II. Business Plans for 2014

- 1. Business Strategy and Major Operating Policies
 - The Bank will continue working in line with government policy to fulfill its functions of supporting industrial development and regulating

financial order, and to achieve its budget targets.



President Shiau, Chang-Ruey

- (2) The Bank will continue working on its existing foundation to adjust its assets and liabilities structure, heighten its market share in businesses in which it has competitive advantage, increase its ratio of demand deposits and of loans to private companies and individuals, and enhance its operating performance.
- (3) The Bank will strive vigorously to serve as lead bank and managing bank for domestic and overseas syndicated loans, and to promote financing for offshore Taiwanese enterprises so as to boost its revenue.
- (4) In line with the liberalization of cross-strait financial policy, the Bank will vigorously promote RMB-denominated financial products (Formosa bonds, international bonds, structured products) and provide investment and wealth management services for related financial products as a means of expanding the wealth management business and boosting fee income.
- (5) The Bank will work vigorously to develop its operating space in mainland China and to increase the depth and breadth of its financial services for cross-straits customers.
- (6) The Taiwan Financial Holdings platform will be used to consolidate product resources and meet customers' needs for one-stop shopping, using the advantage of scale to help enhance the Holding Company's marketing synergies.

(7) The Bank will strengthen its deployment in the Asia-Pacific region so as to broaden its customer base, reinforce its capacity for business expansion, achieve economies of scale, expand its business territory, and enhance its operating performance.

2. Business Targets

- (1) Deposits: NT\$2.76 trillion
- (2) Loans: NT\$2.06 trillion
- (3) Foreign Exchange: US\$240 billion
- (4) Income Before Tax: NT\$7.3 billion

III. Development Strategies

- Constant expansion of core businesses to boost operating income: Businesses in which the Bank has a competitive advantage, such as syndicated loans, currency conversion, gold, wealth management, trust, and internet banking, will be reinforced in order to expand the customers and scale of its services.
- Grasping of early opportunities in cross-strait finance and expansion of business territory: The advantage achieved by the Bank's (or the Shanghai Branch's) position as the settlement bank for the New Taiwan Dollar in the area of mainland China will be used to develop RMB-related derivatives and RMB cross-border trade settlement businesses.
- 3. Vigorous pursuit of integrated marketing to realize operating synergies: The integration of Taiwan Financial Holdings resources will be used to build financial services with a high-quality content, satisfy the diversified needs of customers, and boost the Bank's operating income.
- 4. Continuous clearing of non-performing loans and reinforcement of risk management so as to strengthen the Bank's operating structure: Non-performing loans will be aggressively cleared to lower the non-performing loan ratios, and the Capital Adequacy Ratio will be raised as necessary to upgrade operating performance.
- 5. Strengthening of deployment in the Asia-Pacific region and development of the international financial market: Global economic trends will be firmly grasped and business locations will be vigorously deployed in mainland China, the Asia-Pacific, and other areas where business opportunities exist so as to build up a complete overseas business domain.

IV. Credit Ratings

Items	Rating Date	Assigne	Outlook	
Rating Company	nating Date	Long-term	Short-term	Outlook
Standard & Poor's	Oct. 2013	A+	A-1	Stable
Moody's	Nov. 2013	Aa3	P-1	Stable

Despite expectations that global economic performance will be better in 2014 than in 2013, there remain a number of uncertainties including the ongoing risk associated with the U.S. debt ceiling, the weakness of recovery in the euro area, doubts about the effectiveness of Abenomics in Japan, the impact on emerging countries of the winding down of the Fed's quantitative easing (QE) policy in the U.S., and the restructuring of the mainland Chinese economy-all of which will affect the international situation and influence Taiwan's economic growth. According to forecasts by major institutions, however, Taiwan's economy will perform better in 2014 than in 2013; the Directorate General of Budget, Accounting and Statistics projects the island's economic growth in 2014 at 2.82%, up from 2.11% in 2013.

With the government vigorously pursuing such policies as free trade agreements with other countries, participation in regional economic integration, and promotion of the establishment of free economic pilot zones, Taiwan's overall economic environment will see an improvement this year. Furthermore, with the Financial Supervisory Commission's formulation of deregulation procedures and provision of help for domestic banks applying to set up branches in the Asian area, our banking industry will have greater space for overseas deployment than ever before. In this respect the BOT will take advantage of the growth momentum in mainland China, Southeast Asia, and other emerging economies, and advance steadily, on the foundation of our advancement into China, toward becoming an Asian regional bank.

Chairperson

President

Joh-Chu Lee Chang-Ruey Shian

A Brief Introduction of the Bank



Front Row (left to right): Lee, Jih-Chu, Chairperson ; Shiau, Chang-Ruey, President

Back Row: Hsieh, Chuan-Chuan, Executive Vice President and General Auditor ; Wei, Jan-Lin, Executive Vice President ; Chiang, Shih-Tien, Executive Vice President ; Chiou, Ye-Chin, Executive Vice President ; Chang, Hong-Chi, Executive Vice President ; Hsieh, Teng-Lung, Executive Vice President

I. Date of Establishment: May 20, 1946

II.Brief History

The Bank first operated under the administration of the Taiwan Provincial Government. When that government was downsized on Dec. 21, 1998, however, it was taken over by the Central Government of the Republic of China and placed under the administration of the Ministry of Finance to be operated in accordance with the regulations governing government-owned financial institutions. On July 1, 2003 the Bank was registered as a corporation and reorganized into a company limited by shares in accordance with the provisions of the Company Law. On Sept. 16, 2004 the Bank received permission from the Financial Supervisory Commission to become a public company. The Bank completed merger with Central Trust of China on July 1, 2007. The Taiwan Financial Holding Co., Ltd. was established on Jan. 1, 2008. On Jan. 2, 2008 the Bank split its Department of Securities and Department of Life Insurance to organize the other two subsidiaries of Taiwan Financial Holdings, namely, BankTaiwan Securities Co., Ltd. and BankTaiwan Life Insurance Co., Ltd. The Bank further expanded its business scope on Feb. 6, 2013 by reinvesting in the establishment of a subsidiary, the BankTaiwan Insurance Brokers Co., Ltd.

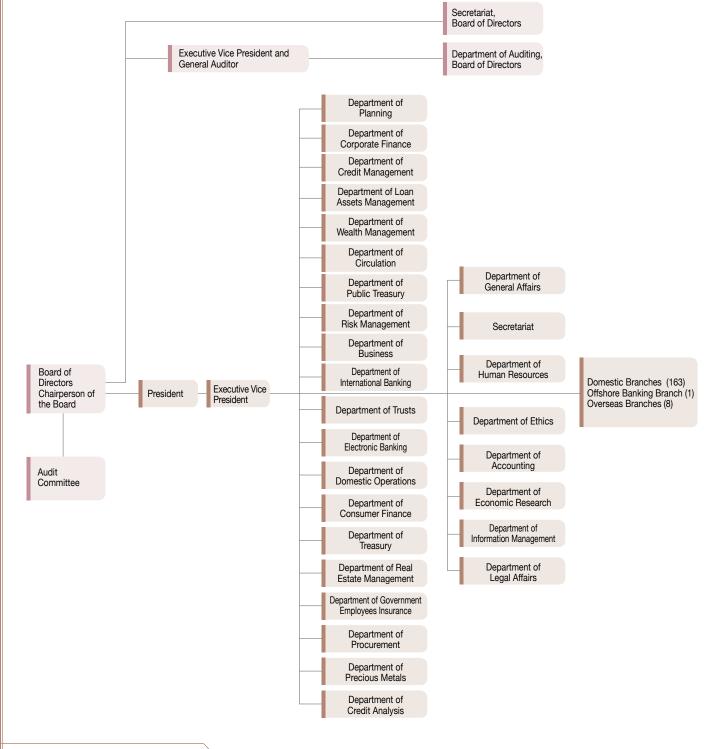
In every stage of Taiwan's economic development the Bank of Taiwan has always firmly pursued the goals of stabilizing Taiwan's finance, assisting with economic construction, and developing industrial and commercial enterprises, devoting its full efforts in coordination with government policies in order to fulfill the mission entrusted to it by the government. In past years, the BOT served as agency for Central Bank of the Republic of China (Taiwan) in carrying out most of the CBC's business, including the issuance of the New Taiwan Dollar currency, implementation of monetary reform, and providing financial support for economic construction plans. Today, the BOT keeps handling businesses in line with government policy, including preferential-rate deposits, agency for the public treasury in adjusting fiscal receipts and expenditures, businesses associated with the issuance of New Taiwan Dollar currency, agency for procurement of government institutions, and the insurance for government employees and staffs in schools. The BOT's position throughout the progress of Taiwan's economic and financial development has been of primary importance.

At the end of 2013 the capital of the BOT was NT\$70 billion and its assets amounted to NT\$4.2 trillion. Its deposits and loans accounted for 11.22% and 9.55%, respectively, of the entire Taiwan market. According to The Banker magazine's Top 1000 World Banks 2013, as published in its July 2013 issue, the BOT ranked 163rd in terms of Tier 1 capital and ranked 129th in total assets in the global banking industry.

Corporate Governance Report

I. Organization

At the end of 2013 the BOT's management organization consisted of Board of Directors, Audit Committee, Secretariat, Department of Auditing, 28 departments, 164 domestic branches (including Offshore Banking Branch), 8 overseas units (including Los Angeles Branch, Hong Kong Branch, New York Branch, London Branch, Tokyo Branch, Singapore Branch, South Africa Branch and Shanghai Branch).



Organization Chart

Functions of Major Departments

Department	Functions
Secretariat, Board of Directors	Handles important matters related to the Board of Directors, and documentary affairs.
Department of Auditing, Board of Directors	Takes care of planning, implementation, and examination of internal auditing matters, and participates in the formulation and revision of operating and management regulations.
Department of Planning	Responsible for systems, management regulations, operating directions, and annual operating plans.
Department of Corporate Finance	Handles matters of designing new products for corporate finance, planning for and promoting corporate finance business, and the supply of consulting assistance services to operating branches.
Department of Credit Management	Handles planning, supervision, examining, consulting assistance services, and management for loan business.
Department of Loan Assets Management	Takes care of planning, examination, supervision, and management related to non-performing loans, loans for collection, and the clearing up of bad loans.
Department of Wealth Management	Handles planning, marketing, evaluation, training and administration of wealth management.
Department of Circulation	Handles the collection and payment, transport, adjustment of supply and demand, and the recovery of worn bills associated with the issuances of New Taiwan currency.
Department of Public Treasury	Handles agency operations for public treasuries at all levels, custodianship of securities for government agencies, and direction and supervision of the business of branch treasuries.
Department of Risk Management	Responsible for the planning and revision of risk management, handles formulation and integration of risk management regulations.
Department of Business	Takes care of general deposit, loan, remittance, and agency businesses.
Department of International Banking	Takes care of foreign exchange operations, foreign banking and overseas branch businesses, correspondent banking relations, and operational planning and management for the foreign exchange business.
Department of Trusts	Controls trust businesses and auxiliary businesses.
Department of Electronic Banking	Responsible for planning, study, marketing, integration, supervision, and management and examination of the electronic banking business and deposit business.
Department of Consumer Finance	Takes care of planning, promotion, management, and consultation assistance services for the general consume banking business.
Department of Treasury	Handles New Taiwan Dollar and foreign currency allocation, planning, and utilization, and securities investment.
Department of Real Estate Management	Takes care of maintenance of buildings and general management of real estate.
Department of Procurement	Handles procurement matters under concentrated system for government institutions, public schools and public enterprises.
Department of Domestic Operations	Handles matters of deposit business, installation and evaluation of ATMs and branch units, and administration of consulting system for operation units.
Department of Government Employees Insurance	Handles under the Government's authorization, the general life insurance for civil servants and staffs in public or in private schools.
Department of Precious Metals	Handles the precious metals and customs quotas business.
Department of Credit Analysis	Responsible for the collection, surveying, and editing of data related to the loan business, as well as overseas credit investigation services.
Department of General Affairs	Handles general affairs, procurement of articles and appliances in office, and cashier affairs.
Secretariat	Takes care of important affairs, documentation, chop management, meetings, editing, and public relations.
Department of Human Resources	Carries out the planning, study, and implementation of personnel affairs and training.
Department of Ethics	Looks after the propagation of ethics laws and regulations, and the formulation and revision of ethics regulations.
Department of Accounting	Responsible for the planning and formulation of accounting systems, budgets, statistics, internal auditing, and bank-wide accounts and interest.
Department of Economic Research	Carries out the analysis of domestic and overseas economic and financial, banking business research, and the compilation of economic publications.
Department of Information Management	In charge of research, analysis, planning and implementation of information operations.
Department of Legal Affairs	Handles legal matters as well as the collection and study of domestic and overseas laws and regulations.

II. Directors, Supervisors, and Top Management

1. Directors and Supervisors

Information on Directors and Supervisors(1)

Title	Name	Date Elected	Term	Date First Elected	Positions Currently Held in the BOT and other Companies	
Chairperson	LEE, JIH-CHU	Aug. 9, 2013	July 30, 2015	Aug. 9, 2013	Chairperson, Taiwan Financial Holding Co., Ltd. Chairperson, The Bankers Association Of The Republic Of China Vice Chairperson, Monte Jade Science & Technology Association of Taiwan Member of the Board, Taiwan Stock Exchange Corporation (TWSE) Member of the Board, Taiwan External Trade Development Council (TAITRA) Member of the Board, Joint Credit Information Center (JCIC) Committee Member, Utilization Team of Long-term Funding, National Development Council, Executive Yuan, R.O.C. Committee Member, Industrial Development Advisory Council, Ministry of Economic Affairs Honorary Vice Chairperson, Youth Career Development Association Headquarters, R.O.C. Committee, Taiwan Academy of Banking and Finance Managing Supervisor, Cross-Strait Entrepreneurs Summit Professor, Department of Economics, National Chengchi University Member of the Board, The Asian Bankers Association Member of the Board, Taiwan Fulbright Alumni Association	
Managing Director	SHIAU, CHANG-RUEY	Mar. 3, 2014	July 30, 2015	Mar. 3, 2014	President, Bank of Taiwan President, Taiwan Financial Holding Co., Ltd. Director, Taiwan Financial Holding Co., Ltd.	
Independent Managing Director	HSU, YI-HSIUNG	July 31, 2012	July 30, 2015	July 31, 2009	Director of Audit Committee, Taiwan Financial Holding Co., Ltd. & Bank of Taiwan Independent Director, Taiwan Financial Holding Co., Ltd.	
Managing Director	WU, TANG-CHIEH	Sep. 26, 2013	July 30, 2015	Sep. 26, 2013	Political Deputy Minister, Ministry of Finance Chairman, Accounting Research and Development Foundation of the Republic of China Director, China Aviation Development Foundation	
Managing Director	YANG, CHENG-CHEN	July 31, 2012	July 30, 2015	Aug. 31, 2007	Distinguished Research Fellow, Institute of Economics, Academia Sinica	
Independent Director	CHEN, MING-CHIN	July 31, 2012	July 30, 2015	July 31, 2012	Member, Audit Committee, Bank of Taiwan Professor, Department of Accounting, National Chengchi University Independent Director, TaiMed Biologics Inc. Commissioner, Administrative Appeals Commission, Ministry of Finance	
Independent Director	SHIU, YUNG-MING	June 27, 2013	July 30, 2015	June 27, 2013	Member, Audit Committee, Taiwan Financial Holding Co., Ltd. & Bank of Taiwan Independent Director, Taiwan Financial Holding Co., Ltd. Independent Director, BankTaiwan Life Insurance Co., Ltd. Professor, Department of Risk Management and Insurance, National Chengchi University	
Director	YANG, MING-SHYANG	July 31, 2012	July 30, 2015	July 31, 2009	Comptroller and Director, Department of Special Fund Budget, Directorate-General of Budget, Accounting and Statistics, Executive Yuan Supervisor, Small and Medium Enterprise Credit Guarantee Fund of Taiwan	
Director	CHANG, CHIH-HUNG	July 31, 2012	July 30, 2015	July 1, 2003	Accountant-General, Dept. of Accounting, Judicial Yuan	
Director	RAU, HSIU-HUA	July 31, 2012	July 30, 2015	July 1, 2003	Associate Professor, Department of International Business, National Chengchi University Commissioner, National Income Statistics Committee, Directorate-General of Budget, Accounting and Statistics, Executive Yuan	
Director	LEE, KUANG-HUEI	July 31, 2012	July 30, 2015	Sep. 25, 2009	Adviser, Economic Research Dept., Central Bank of the ROC (Taiwan) Supervisor, Taiwan Academy of Banking and Finance	
Director	LIU, YU-CHIH	Mar. 29, 2013	July 30, 2015	Mar. 29, 2013	Executive Vice President, Taiwan Financial Holding Co., Ltd. Director, Administration and Training Committee, Trust Association of R.O.C.	
Director	CHEN, HSI-CHUAN	July 31, 2012	July 30, 2015	Aug.19, 2005	Deputy Manager, Kaohsiung Branch, Bank of Taiwan Managing Director, Bank of Taiwan Labor Union (Kaohsiung)	
Director	CHEN, CHUN-HSIUNG	July 31, 2012	July 30, 2015	July 31, 2012	Assistant Vice President and Deputy General Manager, Hsintien Branch, Bank of Taiwan	
Director	HSU, MA	Jan. 23, 2014	July 30, 2015	Jan. 23, 2014	Manager, Chung Hsin New Village Branch, Bank of Taiwan Convener, Board of Supervisors, Bank of Taiwan Labor Union	

Notes : 1. All Directors are assigned by the Taiwan Financial Holding Co., Ltd.

2. Taiwan Financial Holding Co., Ltd. holds 100% of shares of the Bank of Taiwan. (7.0 billion shares)

3. The Ministry of Finance holds 100% shares of the Taiwan Financial Holding Co., Ltd. (9.0 billion shares)

Mar. 3, 2014

Education and Career
Ph.D. in Economics, National Taiwan University Chairperson, Chunghwa Post Co., Ltd. Vice Chairperson, Financial Supervisory Commission (Cabinet level), R.O.C. ; Chairperson, Financial Research and Development Fund, R.O.C. Chairperson, Committee for the Administration of Development of Insurance Business, R.O.C. ; Member of the Board, Mega Financial Holding Company Member of the Board, Chunghwa Telecom Co., Ltd. ; Resident Supervisor, Taiwan Cooperative Bank Professor, Department of Economics, National Chengchi University ; Chairperson, Economic Policy Research Center, National Chengchi University Chairperson (Minister), National Youth Commission, Executive Yuan (the Cabinet), R.O.C. ; Legislator, Legislative Yuan, R.O.C. Committee Member, Mainland Affairs Council, Executive Yuan (the Cabinet), R.O.C. ; Legislator, Legislative Yuan, R.O.C. Committee Member, Mainland Affairs Council, Executive Yuan, R.O.C. ; Visiting Scholar, Department of Economics, Harvard University, U.S.A. Visiting Scholar, Department of Economics, Stanford University, U.S.A. ; Professor, International Finance Teachers Training Program, Johns Hopkins University, U.S.A. Vice-President, the Harvard University Alumni Club of R.O.C.; Member of the Board, Straits Exchange Foundation Member of the Board, Taiwan-Hong Kong Economic and Cultural Co-operation Council ; Committee Member, SME Policy Committee, Ministry of Economic Affairs Member of the Board, Taiwan Academy of Banking and Finance ; Member of the Board, Commerce Development Research Institute Member of the Board, Eisenhower Fellows Association in the Republic of China ; Jury Member, Panel of New Chinese Economic Leader, World Economic Forum Advisor, Public Service Pension Fund, Supervisory Board, R.O.C. ; Advisor, Chung-Hua Institute for Economic Research Deputy Convener, Monetary and Public Finance Policies Group, National Policy Foundation
LL.B National Chung Hsing University Chief of Staff to the Vice President of the Republic of China (Taiwan) Director-General, Department of Fiscal, Statistical and Financial Affairs, Executive Yuan ; Counselor and Director, the 4th Department, Executive Yuan Chief Secretary, Financial Supervisory Commission, R.O.C ; Deputy Director-General, Banking Bureau, Financial Supervisory Commission, R.O.C Commissioner, Legal Affairs Committee, Executive Yuan ; Director, Taiwan Cooperative Holding Co., Ltd.& Taiwan Cooperative Bank
M.A. in Economics, National Taiwan University ; Deputy Governor, Central Bank of the ROC (Taiwan) Director General, Dept. of Financial Inspection, Central Bank of the ROC (Taiwan)
M.A. in Public Finance, National Chengchi University ; Vice Chairperson, Financial Supervisory Commission (FSC) Director General, Securities and Futures Bureau, FSC ; Chief Secretary, Ministry of Finance
Ph.D. in Economics, Virginia Polytechnic Institute and State University, U.S.A. ; Research Fellow, Institute of Economics, Academia Sinica Associated Research Fellow, Institute of Economics, Academia Sinica ; Teaching Assistant, Department of Economics, Virginia Polytechnic Institute and State University, U.S.A. Instructor, Department of Economics, Tunghai University
Ph.D. in Accounting, Arizona State University, U.S.A. ; Chairperson, Department of Accounting, National Chengchi University International Exchange of Scholar, J. William Fulbright Foreign Scholarship Board, U.S.A. ; Commissioner, Administrative Appeals Commission, Taipei City Government
Ph.D. in Philosophy, School of Management, University of Edinburgh, U. K. Professor, Department of Business Administration and Institute of International Business, National Cheng Kung University
B.A. in Accounting, National Chengchi University ; Resident Supervisor, Bank of Taiwan Comptroller and Chief Executive Officer, Accounting Management Center, Directorate-General of Budget, Accounting and Statistics, Executive Yuan Comptroller, Department of Accounting, Ministry of Economic Affairs
MBA in Statistics, National Chengchi University ; Statistician-General, Dept. of Statistics, Judicial Yuan Director-General, Dept. of Budget, Accounting and Statistics, Kaohsiung City Government Director-General, Dept. of Budget, Accounting and Statistics, Taiwan Province Government Controller and Director, Department of General Fund Budget, Directorate-General of Budget, Accounting and Statistics, Executive Yuan
Ph.D. in Economics, Yale University, U.S.A. ; Assistant Professor, Rice University, U.S.A. Research Fellow, Directorate-General of Budget, Accounting and Statistics, Executive Yuan
M.A. in Economics, National Taiwan University ; Assistant Director General, Economic Research Dept., Central Bank of the ROC (Taiwan) Assistant Director General, Foreign Exchange Dept., Central Bank of the ROC (Taiwan)
B.A. of Business Administration, National Taiwan University ; Supervisor, BankTaiwan Insurance Brokers Co., Ltd. SVP & General Manager, Department of Treasury, Bank of Taiwan ; SVP & General Manager, Department of Trusts, Bank of Taiwan SVP & General Manager, Department of Trusts, Central Trust of China
Banking Insurance Dept., Kaohsiung Kuochi Junior College of Commerce Assistant Banking Officer, Kaohsiung Branch, Bank of Taiwan
Department of International Trade, National Open College of Continuing Education Affiliated to National Taichung Institute of Technology Assistant Vice President, Employee Benefits Committee, Bank of Taiwan ; Banking Officer, Hsintien Branch, Bank of Taiwan
M.A. in Business Research, Dayeh University ; Deputy Manager, Yuanjhong Branch, Bank of Taiwan

Major shareholders of the institutional shareholders

Mar 2 2014

Name of institutional shareholders	Major shareholders of the institutional shareholders
Taiwan Financial Holding Co., Ltd.	Ministry of Finance

Professional qualifications and independence analysis of directors and supervisors(2)

Criteria	Meet One of th	ne Following Professional Q ner with at Least Five Years	ualification			Ind	epenc	dence	Crite	ria (No	otes)			Mar. 3, 2014
Name	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Bank in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Bank	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Bank		2	3	4	5	6	7	8	9	10	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
LEE, JIH-CHU	V		V	٧		V	V		V	V	V	V		
SHIAU, CHANG-RUEY			V	V		V	V		V	V	V	V		
HSU, YI-HSIUNG			v	۷		v	V	v	V	v	V	V	V	1 (Taiwan Financial Holding Co., Ltd.)
WU, TANG-CHIEH	V		V	V		V	V	V	V	V	V	V	V	
YANG, CHENG-CHEN	V			V		V	V	V	V	V	V	V	V	
CHEN, MING-CHIN	V	V	v	V		v	V	V	V	v	V	V	v	1 (TaiMed Biologics Inc.)
SHIU, YUNG-MING	v			V		v	V	v	v	v	v	V	V	2 (Taiwan Financial Holding Co., Ltd.& BankTaiwan Life Insurance Co., Ltd.)
YANG, MING-SHYANG			V	V		V	V	V	V	V	V	V	V	
CHANG, CHIH-HUNG			V	V		V	V	V	V	V	V	V	V	
RAU, HSIU-HUA	V			V		V	V	V	V	V	V	V	V	
LEE, KUANG-HUEI			V	V		V	V	V	V	V	V	V	V	
LIU, YU-CHIH			V	V		V	V	V	V	V	V	V	V	
CHEN, HSI-CHUAN			V			V	V	V	V	V	V	V	V	
CHEN, CHUN-HSIUNG			V			V	V	V	V	V	V	V	V	
HSU, MA			V			۷	۷	۷	V	V	V	۷	۷	

Notes: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Bank or any of its affiliates.

2. Not a director or supervisor of the Bank or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Bank, its parent company, or any subsidiary in which the Bank holds, directly or indirectly, more than 50% of the voting shares.

3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or ranking in the top 10 in holdings.

Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
 Not a director, supervisor, or employee of a Bank shareholder that directly holds 5% or more of the total number of outstanding shares of the Bank or that holds shares ranking in the top five in holdings.

6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Bank.

7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Bank or to any affiliate of the Bank, or a spouse thereof; however, members of the Remuneration Committee carrying out their duties in accordance with Article 7 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 are not limited by this restriction.

8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Bank.

9. Not a person of any conditions defined in Article 30 of the Company Law.

10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2. Top Management

Title	Name	Date Effective	Education	Other Position
President	SHIAU, CHANG-RUEY	2014.03.03	LL.B National Chung Hsing University	President, Taiwan Financial Holding Co., Ltd. Director, Taiwan Financial Holding Co., Ltd.
Executive Vice President	CHIANG, SHIH-TIEN	2007.11.23	Dept. of International Trade, Tamkang University	Director, Hua Nan Financial Holdings Co., Ltd. Director, Hua Nan Commercial Bank Director, BankTaiwan Insurance Brokers Co., Ltd.
Executive Vice President	HSIEH, TENG-LUNG	2006.05.12	Dept. of Banking & Insurance, National Taichung Institute of Commerce	Director, Hua Nan Financial Holdings Co., Ltd. Director, Hua Nan Commercial Bank Chairperson, General Banking Committee, Deupty Minister, Certificate Policy Management Committee, The Bankers Association of the ROC Financial information systems interbank business to participate in the Statute of the Executive Committee members of Financial Information Service Co., Ltd.
Executive Vice President	WEI, JAN-LIN	2007.07.01	Master of Economics, Soo Chow University	Director, Mega Financial Holding Co. Executive Secretary, Taipei Interbank Money Center, The Bankers Association of the ROC Managing Director of Trust Association of R.O.C. Director, Tea Industry Co., Ltd. joint venture in China
Executive Vice President	CHANG, HONG-CHI	2011.07.16	Master of Agricultural Economics, National Chung Hsing University	Acting Executive Vice President, Taiwan Financial Holding Co., Ltd. Director, Bills Finance Association of R.O.C. Director, Taiwan Futures Exchange Corp.
Executive Vice President	CHIOU, YE-CHIN	2011.07.16	Dept. of Economics, National Taiwan University	Director of United Taiwan Bank S.A. Director of Taipei Foreign Exchange Market Development Foundation Member of Taipei Land Review Committee on Land and Standards Member of Credit Card Business Development Advisory Committee, Financial Information Service Co., Ltd.
Executive Vice President and General Auditor	HSIEH, CHUAN-CHUAN	2011.07.16	Master of Finance, National Taiwan University	Director, Cathay United Bank
SVP and Chief Secretary	TSAI, TZONG-RONG	2013.12.24	Ph.D. in Economics, Michigan State University	SVP and Chief Secretary of Taiwan Financial Holding Co., Ltd. Director of Joint Credit Information Center

Note: Taiwan Financial Holding Co., Ltd. holds 100% of shares of the Bank of Taiwan.

Mar. 3, 2014

Remuneration of Directors, Supervisors, President, and Vice Presidents for 2013 (1) Remuneration of Directors

					Remun	neration	•						F	Relevant	t remunera	tion received by	directors who	are also	emplove	es	•	ι	Init: NT\$	1,000															
		Compe	ase ensation A)		ance Pay (B)	Bo Dir	nus to rectors (C)		ances (D) Note)	remu (A+B+0	o of total ineration C+D) to net ome (%)	and A	Bonuses, Iowances (E)	Sever	rance Pay (F)	Profit Sharing Bonu:	g- Employee	Exe Emplo O	rcisable yee Stock ptions (H)	Exe Restri	rcisable cted Stock wards	com (A+B+I	tio of total npensation C+D+E+F+G) income (%)	Re															
Title	Name	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank Cash Stock	Companies in the consolidated financial statements Cash	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	Reinvested Enterprises															
Chairperson	LEE, JIH-CHU																																						
Chairperson	LIU, TENG-CHENG																																						
Acting Chairperson	TSENG, MING-CHUNG																																						
Managing Director	CHANG, MING-DAW																																						
Managing Director	WU, TANG-CHIEH																																						
Managing Director	YANG, CHENG-CHEN																																						
Managing Director	TSENG, MING-CHUNG																																						
Independent Managing Director	HSU, YI-HSIUNG																																						
Independent Director	SHEN, CHUNG-HUA																											7.005											
Independent Director	SHIU, YUNG-MING	3,143	None	147	None	None	None	2,889	None	0.08 1	None	7,635	7,635	None 31	317 N	None	No	ne Non	None	le None	None	None	0.19	None	91														
Independent Director	CHEN, MING-CHIN																																						
Director	CHANG, CHIH-HUNG																																						
Director	RAU, HSIU-HUA																																						
Director	YANG, MING-SHYANG																																						
Director	lee, Kuang-huei																																						
Director	LIU, YU-CHIH																																						
Director	CHEN, HSI-CHUAN																																						
Director	LEE, HAO-HSUAN																																						
Director	CHEN, CHUN-HSIUNG																																						

Note:1. The monthly rental for the chairperson's residence is NT\$86,333.

2. The monthly rental for the president's residence is NT\$101,667; the president's sedan was purchased in November of 2011 at a cost of NT\$573,604, and the monthly expense for the chauffeur is NT\$40,695; and the oil fee is NT\$34,106 (Jan. ~ Sep. 2013).

Unit: NT\$1,000

		Name of D	lirectors	Unit: NT\$1,00
Duralist	Total of (A	+B+C+D)	Total of (A+I	B+C+D+E+F+G)
Bracket	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements
Under NT\$2,000,000	LEE, JIH-CHU TSENG, MING-CHUNG CHANG, MING-DAW WU, TANG-CHIEH YANG, CHENG-CHEN HSU, YI-HSIUNG SHEN, CHUNG-HUA SHIU, YUNG-MING CHEN, MING-CHIN CHANG, CHIH-HUNG RAU, HSIU-HUA YANG, MING-SHYANG LEE, KUANG-HUEI LIU, YU-CHIH CHEN, HSI-CHUAN LEE, HAO-HSUAN CHEN, CHUN-HSIUNG		LEE, JIH-CHU TSENG, MING-CHUNG WU, TANG-CHIEH YANG, CHENG-CHEN HSU, YI-HSIUNG SHEN, CHUNG-HUA SHIU, YUNG-MING CHEN, MING-CHIN CHANG, CHIH-HUNG RAU, HSIU-HUA YANG, MING-SHYANG LEE, KUANG-HUEI LIU, YU-CHIH CHEN, HSI-CHUAN CHEN, CHUN-HSIUNG	
NT\$2,000,000~NT\$5,000,000	LIU, TENG-CHENG		LIU, TENG-CHENG CHANG, MING-DAW LEE, HAO-HSUAN	
NT\$5,000,000~NT\$10,000,000				
NT\$10,000,000~NT\$15,000,000				
NT\$15,000,000~NT\$30,000,000				
NT\$30,000,000~NT\$50,000,000				
NT\$50,000,000~NT\$100,000,000				
Over NT\$100,000,000				
Total	6,179		14,131	

(2) Compensation of President and Vice President

(_) 00	·															Ur	nit: NT\$	1,000
		Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)			compe (A+B+	of total ensation ·C+D) to ome (%)	Exercisable Employee Stock Options		Exercisable Restricted Stock Awards			
Title	Name	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consoli financial statements	The Bank		Companies in the consolidated financial statements		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	Reinvested Enterprises
			nsolidated ents		nsolidated ents		consolidated tements	Cash	Stock	Cash	Stock		nsolidated ents		nsolidated ents		nsolidated ents	
President	CHANG, MING-DAW																	
Executive Vice President	HSIEH, TENG-LUNG																	
Executive Vice President	CHIANG, SHIH-TIEN											0.28	None	None	None	None	None	
Executive Vice President	WEI, JAN-LIN																	500
Executive Vice President	CHIOU, YE-CHIN	11,826	None	890	None	8,061	None		INO	one	563							
Executive Vice President	CHANG, HONG-CHI																	
Executive Vice President and General Auditor	HSIEH, CHUAN-CHUAN																	

	Name of Presiden	t and Vice Presidents
Bracket	The Bank	Companies in the consolidated financial statements
Under NT\$ 2,000,000		
NT\$2,000,000 ~ NT\$5,000,000	CHANG, MING-DAW HSIEH, TENG-LUNG WEI, JAN-LIN CHIANG, SHIH-TIEN CHIOU, YE-CHIN CHANG, HONG-CHI HSIEH, CHUAN-CHUAN	
NT\$5,000,000 ~ NT\$10,000,000		
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000 ~ NT\$30,000,000		
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	20,777	

Linit: NT\$1,000

4. Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

Because the Ministry of Finance holds 100% of the Bank's shares, this item is not applicable.

III. Implementation of Corporate Governance

1. Board of Directors

A total of 14 meetings of the Board of Directors were held in 2013(A). Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Chairperson	LEE, JIH-CHU	6	0	100	Assumed on Aug. 9, 2013
Acting Chairperson and Managing Director	TSENG, MING-CHUNG	6	2	75	Assumed as Director on Mar. 27, 2012 Appointed as Managing Director from Apr. 13, 2012 to July 31, 2013 Appointed as Acting Chairperson from July 1, 2013 to July 31, 2013 Resigned as Acting Chairperson and Managing Director on Aug. 1, 2013
Chairperson	LIU, TENG-CHENG	6	0	100	Relieved on July 1, 2013
Managing Director	CHANG, MING-DAW	11	0	100	Appointed as Acting Chairperson from Aug. 1, 2013 to Aug. 8, 2013 Resigned as Managing Director and President on Sep. 30, 2013
Independent Managing Director	HSU, YI-HSIUNG	12	2	86	
Managing Director	WU, TANG-CHIEH	2	2	50	Assumed on Sep. 26, 2013
Managing Director	YANG, CHENG-CHEN	12	2	86	

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Independent Director	CHEN, MING-CHIN	13	1	93	
Independent Director	SHIU, YUNG-MING	8	0	100	Assumed on June 27, 2013
Independent Director	SHEN, CHUNG-HUA	2	3	33	Relieved on June 17, 2013
Director	YANG, MING-SHYANG	14	0	100	
Director	CHANG, CHIH-HUNG	13	1	93	
Director	RAU, HSIU-HUA	14	0	100	
Director	LEE, KUANG-HUEI	13	1	93	
Director	LIU, YU-CHIH	11	0	100	Assumed on Mar. 29, 2013
Labor Director	CHEN, HSI-CHUAN	14	0	100	
Labor Director	LEE, HAO-HSUAN	14	0	100	Relieved on Jan. 16, 2014
Labor Director	CHEN, CHUN-HSIUNG	14	0	100	

Other mentionable items:

1.If there are circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independent directors' opinion and the Company's response to independent directors' opinion should be specified: None

2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

(1) At the 9th meeting of the 4th Board of Directors on July 5, 2013, in the case of the granting to the Taiwan Stock Exchange of the surface rights for seven plots of land in Subsection 5, Nanhai Section, Zhongzheng District, Taipei City: 14 directors attended; with the exception of Managing Director Chang Ming-Daw, who withdrew on his own volition (he was concurrently a director of the Taiwan Stock Exchange Corp., and therefore had a material interest in this case), the remaining 12 attending directors (Managing Director Yang Cheng-Chen had entrusted Managing Director Chang Ming-Daw to serve as his proxy, but the latter was unable to do so because of his withdrawal and was thus ineligible to vote) passed the case unanimously.

- (2) At the 5th meeting of the 4th Board of Directors on Sept. 27, 2013, in the case of BOT President Chang Ming-Daw's severance pay: 15 directors attended; with the exception of Managing Director Chang Ming-Daw, who withdrew on his own volition because of his material interest in the case, the remaining 14 attending directors (with Managing Director Wu Tang-Chieh entrusting Independent Managing Director Hsu Yi-Hsiung to act as his proxy) passed the case unanimously.
- (3) At the 11th meeting of the 4th Board of Directors on Nov. 13, 2013, in the case of the BOT's issuance of NT\$25 billion worth of unsecured long-term subordinated bank debentures in 2013, in which proposed subscribers Taiwan Futures Exchange Corp. and Joint Credit Information Center were materially interested parties to the transaction under the BOT's "Regulations Governing Loans to and Transactions with Materially Interested Parties as Listed in the Financial Holding Company Act": 14 directors attending; With the exception of the withdrawal of Chairperson Lee Jih-Chu on her own volition (she was concurrently director of the Joint Credit Information Center and was therefore a party with a material interest in the case), the remaining 13 attendees (with Independent Director Chen Ming-Chin entrusting Independent Managing Director Hsu Yi-Hsiung and Director Chang Chih-Hung entrusting Director Rau Hsiu-Hua to act as proxies) passed the case unanimously.
- Note: The actual ratio of attendance (%) is calculated as the ratio (%) of the number of Board of Directors meetings attended to the total number held during the term in office.

2. Audit Committee

A total of 12 Audit Committee meetings were held in 2013 (A). Independent Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】(Note)	Remarks
Independent Managing Director	HSU, YI-HSIUNG	11	1	92	
Independent Director	CHEN, MING-CHIN	12	0	100	
Independent Director	SHEN, CHUNG-HUA	4	1	80	Relieved on June 17, 2013
Independent Director	SHIU, YUNG-MING	7	0	100	Assumed on June 27, 2013

Other mentionable items:

1.If there are circumstances referred to in Article 14-5 of Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified:

(1) At the 7th meeting of the 2nd Audit Committee on June 13, 2013, two members attended, Independent Managing Director Hsu Yi-Hsiung was appointed by the parent Taiwan Financial Holding Co., Ltd.

(2) Proposal contents: The proposal put forward by the headquarters bank (Department of Credit Management) asked for an examination and discussion of the Taiwan Financial Holdings' new loan application.

(3) Resolution of the Audit Committee: Because of withdrawals, there were not enough attendees for a quorum and it was suggested that the matter be turned over to the Board of Directors for discussion.

- (4) Resolution of the 8th meeting of the 4th Board of Directors on June 14, 2013: The BOT has 15 directors; a canvass of the 14 attending directors by the Chairperson found no objections and the case was passed unanimously in accordance with the stipulated procedure.
- 2.If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: As stated above.
- 3.Communications between the independent directors, internal auditing authorities and CPAs.

(1) Communication with internal auditing authorities was carried out as follows to reinforce the Bank's internal auditing work:

- a. Meetings of the Audit Committee that were held during this fiscal year discussed (1) a report on auditing work for the second half of 2012; (2) Internal Control Statement in 2012; (3) a report on auditing work for the first half of 2013; and (4) auditing work plan for 2014.
- b. 13 seminars were held with the internal auditing authorities to discuss the topics of internal auditing, the auditing business, and risk monitoring reports and the writing off of overdue loans.
- (2) Communications with CPAs were carried out as follows in order to reinforce the content of the Bank's external auditing work:
 - a. Meetings of the Audit Committee that were held during this fiscal year discussed (1) financial reports of 2012; (2) the financial report for the first quarter of 2013; (3) individual and consolidated financial statements for first half of 2013; (4) financial statements for the first three quarters of 2013; (5) the Bank's IFRS conversion plan and status of implementation; and (6) internal control auditing in 2012.
 - b. Seminars were held to discuss the Bank's financial report checking and review matters.
- (3) In order to reinforce regulatory compliance, risk management, finance, accounting, and business operations, the Bank's communications with regulatory compliance, risk management, finance, accounting, and business units were carried out as follows:
 - a. Meetings of the Audit Committee discussed important regulatory compliance, risk management, finance, accounting, and business matters.
 - b. Numerous seminars were held to discuss the Bank's important related issues.
 - c. Relevant executives were invited to the Audit Committee's office on an irregular basis, and talks were held via telephone, to discuss important issues.

(4) A total of 12 Audit Committee meetings were called, 17 seminars were held during this year.

Note: The actual ratio of attendance (%) is calculated as the ratio (%) of the number of Board of Directors meetings attended to the total number held during the term in office.

- 3. Revealed Items in the Corporate Governance Best-Practice Principles for the Banking Industry Please refer to the following information "Corporate Governance Execution Status".
- 4. Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for the Banking Industry"

ltem	Implementation Status	Deviations from "Corporate Governance Best- Practice Principles for the Banking Industry" and Reasons
 Shareholding Structure & Shareholders' Rights Method of handling shareholder suggestions or complaints The Bank's possession of a list of major shareholders and a list of ultimate owners of these major shareholders Risk management mechanism and "firewall" between the Bank and its affiliates 	 The Bank currently has only one institutional shareholder: the Taiwan Financial Holding Co., Ltd. (which is 100% owned by the Ministry of Finance). All related matters are carried out in accordance with regulations, and channels of communication are clear. The Bank is a subsidiary of the state-owned Taiwan Financial Holding Co., Ltd. (whose sole owner is the Ministry of Finance). Business having to do with related enterprises is all carried out in accordance with the provisions of the Banking Law and the regulations of the competent authority as well as the Bank's own internal control charter. 	None
 2. Composition and Responsibilities of the Board of Directors (1)Independent Directors (2)Regular evaluation of CPAs' independence 	 The Bank has a Board of Directors consisting of 15 members (3 are independent directors). All carry out their duties under the principles of independence, objectivity, and professionalism. In 2013 the Bank commissioned independent, reputable, and professional international certified public accountants of appropriate scale to carry out verification and certification of the Bank's accounts. 	None
3. Communication Channel with Stakeholders	The Bank maintains a mailbox for complaints and suggestions on its website, as well as a customer service telephone hotline, providing materially interested persons with a diversity of communication channels. Its internal website also contains a Chairperson's Mailbox, President's Interchange, and employees' discussion area as channels for employee suggestions.	None
 4. Information Disclosure Establishment of a corporate website to disclose information regarding the Bank's financial, business and corporate governance status (2) Other information disclosure channels e.g. maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investor conferences) 	 The Bank's website regularly discloses information on finance, business, and corporate governance. The Bank's website has an English page that provides information on the Bank's finance, business, and corporate governance. The information is updated whenever the data change. To circulate publicly reports and announcements in accordance with the requirements of the competent authority, the units in charge of different areas of business carry out the collection and disclosure of relevant information. To strengthen liaison and communication with the news media, the Bank makes timely and accurate reports on its major policies, business measures, and services, establishes "Bank of Taiwan News Issuance and News Liaison Guidelines", and appoints spokespersons. 	None
5. Operations of the Bank's Nomination Committee or other committees of the Board of Directors	 The Bank established an Audit Committee on July 31, 2009 and formulated an Audit Committee Charter. The primary objective of the Committee, which is made up of all the Bank's independent directors, is to provide supervision in the following areas: 1. The appropriate expression of the Bank's financial reports. 2. The appointment (or dismissal) of CPAs, and their independence and performance. 3. The effective implementation of the Bank's internal controls. 4. The Bank's compliance with relevant laws and regulations. 5. Management of existing and potential risks. 	None

- 7. Other Important Information on the Bank's Corporate Governance Operations (including employee rights, staff care, investor relationships, material relationships, advanced education for directors and supervisors, attendance of directors and supervisors at Board of Directors meetings, implementation of risk management policy and risk measurement standards, implementation of consumer protection or customer policy, abstention of directors from cases in which they have a material interest, purchase by the bank of liability insurance for directors and supervisors, and donations to political parties, stakeholders, and charity organizations.)
 - (1)Advanced Education for Directors and Supervisors: The Bank provides directors with information on advanced courses on law, finance, and accounting related to issues of corporate governance on an irregular basis, and arranges for them to attend courses in accordance with the regulations and their individual wishes.
 - (2) Attendance of Directors and Supervisors at Board of Directors Meetings : The Bank's directors attend meetings of the Board of Directors (Board of Managing Directors) in accordance with the "BOT Articles of Incorporation", "BOT Board of Directors Organizational Charter" and "BOT Board of Directors Rules of Procedure".
 - (3) Implementation of Risk Management Policy and Risk Measurement Standards:
 - a. To reinforce risk control capability and conform to the provisions of the New Basel Accord, the Bank has established a Risk Management Committee which convenes a meeting every three months, mapped out risk strategies and considered risk monitoring. The Bank has also set up an independent dedicated risk control unit, carries out matters related to risk identification, assessment, monitoring, and management, and submits regular reports on the status of implementation to the Risk Management Committee.
 - b. In compliance with FSC rules, the Bank has implemented Pillars 1, 2, and 3 of Basel II.
 - c. The Bank has worked out a risk management policy, regulations for the establishment of a risk management committee, internal criteria for capital adequacy management, criteria for credit risk management, criteria for market risk management, criteria for operational risk management, criteria for national risk quota management, and regulations for the disclosure of risk management information.
 - d. The Bank carries out the risk management mechanism under advanced approach in accordance with the New Basel Accord.

(4) Consumer Protection:

- a. To protect the interests of customers and assure observance of the competent authority's regulations, the Bank has established rules for the wealth management business including "Operating Regulations for the Sale of Financial Products," "Management Guidelines for Financial Product Salespersons,"
 "Operating Instructions for a Full Understanding of Customers in the Sale of Financial Products," and "Manual of Customer Rights for the Sale of Financial Products".
- b. To protect consumer interests, the contracts signed with customers for the extension of consumer loans are drawn up according to the "Items to be Included and Not Included in Personal Auto and Home Loan Model Contracts" as formulated by the competent authority in accordance with the Consumer Protection Law and other relevant laws and regulations.
- c. The Bank has established "Standards for Exemption from Risk due to Loss or Theft of International Credit Cards" and "Regulations for Writing Off Losses due to Fraudulent Use of International Credit Cards", so as to protect the users of international credit cards.
- d. In response to the promulgation and implementation of the Financial Consumer Protection Act and its subsidiary Regulations Governing Financial Services Companies Engaged in Advertising for Business Solicitation or Business Marketing, the Bank has established its "Management Instructions for Engaging in Advertising for Business Solicitation and Business Marketing".
- (5) Abstention of Directors from Cases in Which They Have a Material Interest:
- a. Article 9 of the Board of Directors Organizational Charter, and Article 17 of the Board of Directors Rules of Procedure, both stipulate that directors should, at the current Board of Directors meeting, explain the major content of their relationships of material interest and, in case of any concern that those relationships might do harm to the Company's benefit or if there is any relationship of material interest of its own, they may not participate in discussions or voting and should remove themselves during discussion and voting, nor may they act as proxy for other directors in exercising their voting rights.
 b. Directors have to fill out the "Parties of Material Interest" as ctipulated in Article 33.1 of the Boarding Law, and the form is placed on a computer file by the
- b.Directors have to fill out the "Parties of Material Interest" as stipulated in Article 33-1 of the Banking Law, and the form is placed on a computer file by the Department of Credit Management.
- (6) Purchase of Liability Insurance for Directors and Supervisors: The Bank has not purchased liability insurance for its directors. The Bank set up an Audit Committee to take over the functions of the supervisors.
- (7) Donations to Political parties, Stakeholders, and Charity organizations:

The Bank does not make donations to political parties or stakeholders. For donations to charity organizations, please see 6. Social Responsibility.

8. The corporate governance self-evaluation report or corporate governance evaluation report commissioned to a professional organization should include an explanation of the results of the report, major deficiencies (or suggestions), and status of improvement: The Bank has not yet carried out a corporate governance self-evaluation report or commissioned such a report to a professional organization.

5. Information on Members of the Remuneration Committee, and Its Operation

The BOT has not established a Remuneration Committee.

6. Social Responsibility

Item	Implementation Status
 Implementation of Corporate Governance Formulation of a corporate social responsibility policy or system, and review of implementation effectiveness Operation of dedicated (or concurrent) corporate social responsibility unit established by the Bank Holding by the Bank of regular corporate ethics training and publicity activities for directors, supervisors, and employees, combining of this training with the employee performance evaluation system, and establishment of a clear and effective system of rewards and punishments 	 Public-benefit donations are given to civic groups in accordance with the "Bank of Taiwan Rules for the Granting of Subsidies (Donations) to Private Groups." The BOT has not yet established a dedicated (or concurrent) corporate social responsibility unit. All directors participate in advanced corporate governance courses, and they are notified of any pertinent government decrees and other matters. The internal website contains an online learning page that allows employees to study corporate governance-related courses online, and such study is included in employee training time. Training in corporate ethics has not yet been made part of the employee performance evaluation system.
 Development of a Sustainable Environment (1) Efforts by the Bank to enhance the efficiency of resources utilization, and use of recyclable materials with a low environmental burden (2) Establishment by the Bank of an appropriate environmental management system in accordance with its industry characteristics (3) Establishment of an exclusive environmental management unit or personnel in order to protect the environment (4) Attention to the impact of climate change on operating activities, and establishment by the Bank of strategies for energy reduction of conservation/carbon and greenhouse gas emissions 	 (1) The BOT carries out operational activities in accordance with the following principles in order to lower the impact on the environment: a. Reduction of the consumption of resources and energy for financial products and services b. Appropriate disposal of wastes c. Use of energy-saving and environmentally friendly goods d. Equipment that has reached the end of its expected working life but is still usable to be used continuously. (2) The BOT has established an annual environmental patrol and supervision plan to manage the environmental beautification and maintenance of cleanliness by each unit. (3) The Bank has set up a BOT Bank Premises Environmental Cleanliness and Beautification Inspection Team and has established incentive measures for use in evaluating the environmental protection performance of different units. (4) The reductions during the year amounted to 1.17% for electricity, 1.53% for water, and 0.56% for paper, while fuel consumption increased by a slight 1.36%. The Bank continued fulfilling its corporate social responsibility by implementing the government's policy of energy conservation and carbon reduction.
 Maintenance of Social Benefit Observance by the Bank of relevant labor regulations and respect for the internationally recognized principles of labor rights, protection of employees' legal rights and non- discrimination in employment policy, and establishment of appropriate management methods and procedures	 (1)As a state-owned enterprise governed by the Labor Standards Act, the BOT handles employees' working conditions, compensation, bonuses, retirement, pensions, layoffs, and insurance systems in accordance with the Labor Standards Act and other laws related to civil servants. A collective bargaining agreement has also been signed with the Taipei BOT Labor Union, assuring the full protection of employees' rights. (2) The BOT observes Article 12 of the "Rules on Protection of Workers' Health" in giving workers aged 40-64 a health examination every three years and workers under the age of 40 an examination every five years. Regular examinations are carried out to maintain the physical and mental health of employees. (3) Documents from the competent authority that relate to employee interests are relayed to the different units or are publicly announced for the understanding of employees. (4) To assure that customer sunderstand their rights in regard to the Bank's trading in financial products, they are provided a customer rights manual for the sale of financial products to read and gain a full understanding of their rights and obligations. Loan certificates and contracts for other businesses all contain detailed descriptions of the rights of both parties; the contents of contracts are explained to customers prior to signing, and the customer sattest to this by affixing their seals. Transparent and effective consumer complaint procedures are given on the BOT website, at its teller counters, and on its business posters. The customer service center also provides 365-day, 24-hour online consultation and assistance in resolving questions. (5) The Bank participated in the following public-benefit activities in 2013: a. In early January 2013 the Bank donated "2013 Taiwan Lantern Festival – Naughty Snake" handheld lanterns to Kanner Syndrome Support Group, World Peace Association, Bethany Children's Home, Yilan Branch Office of Taiwan Fund for Children and Families, and

Item	Implementation Status
 Strengthening of Information Disclosure Disclosure by the Bank of relevant and reliable information on corporate social responsibility Production of a corporate social responsibility report by the Bank, and disclosure of the implementation of corporate social responsibility 	 (1) Related information is disclosed in the Annual Report and the Corporate Governance area of the global information web page. (2) A "2012 Annual Corporate Social Responsibility Report" was produced for the first time in 2013, disclosing results in such areas as corporate governance, customer commitments, employee care, environmental protection, and social participation, and was sent to the Bank's various units for reference.
	sponsibility rules in accordance with the "Corporate Social Responsibility Best-Practice Principles for ir operation and their divergences: The BOT has not compiled its own corporate social responsibility
 the bank for environmental protection, community parand health, and other CRS activities): The BOT carried out the following social benefit activities): The BOT carried out the following social benefit activities): The BOT carried out the following social benefit activities): The BOT carried out the following social benefit activities): The BOT carried out the following social benefit activities): The BOT carried out the following social benefit activities): The BOT carried out the following social benefit activities (1) A charity concert was held at the National Concert impaired from the Taiwan Digital Talking Books Ass (2) An "Art – Zero Distance" investment and charity active Senior High School, and the Affiliated Hearing Imp. Bank's wealth management unit. (3) A hundred children from three social welfare group Apple Theater on July 29, 2013, to show the Bank's (4) The Bank showed its care for education in remote offices of Taiwan Fund for Children and Families to (5) The "Midsummer Love – Joy of Art Fest" investmen children from Tainan, Hsinchu, and Yilan branch of and their families, in fulfillment of the Bank's corpo (6) A charity lecture entitled "Faith Always · Never Giv qualification, Li Bing-Hong, invited to talk at an act state. (7) In line with the stipulations of the Physically and M impaired telephone operators, to excellent results, telephone operators at the Council's 2013 "seminar to provide telephone information services," held or 	t Hall on May 9, 2013, manifesting the Bank's care for disadvantaged groups by inviting the visually sociation to attend. ctivity was held on May 10, 2013, with 100 students from the ShuangXi Senior High School, JinShan vaired School of the National University of Tainan being invited to attend together with guests from the sin the Hsinchu area were invited to attend a play performed by a renowned domestic children's troupe 's care for disadvantaged children. areas by concrete action, inviting a total of 120 children and workers from Keelung and Taoyuan branch by visit the "Back to Ancient Rome" exhibit at the Songshan Cultural and Creative Park on Aug. 12, 2013. ent and family charity activity was held in Kaohsiung and Taipei on Aug. 6 and 13, respectively, with 'f Taiwan Fund for Children and Families being invited to attend, along with wealth management guests orate social responsibility. We Up" was held on Sept. 10, 2013, with Taiwan's first visually impaired person ever to pass lawyer tivity that supported efforts for the Genesis Social Welfare Foundation to care for persons in a vegetative and was invited by the Council of Labor Affairs to share its experience in employing visually impaired ar on the implementation of the plan for the hiring by the public sector of persons with visual impairment n Aug. 29.
Following the acquisition of ISO 27001 information se	ty reports include passage of certification standards by relevant certification agencies, please explain: ecurity management system certification and ISO 20000 information technology - service management Bank also received ISO 22301 business continuity management system certification.
Status of the Bank's Honest Oper	ation and Measures Adonted
. Status of the Bank's Honest Opera	ation, and Measures Adopted Implementation Status

Establishment of Ethical Management Policies and Programs	
(1) The clear expression of ethical management policy in the Bank's Charter and external documents, and the commitment of its	(1) The BOT holds to an attitude of sincerity in guaranteeing the principle of putting customer rights first and providing professional services that meet the needs of its customers, and puts "sincerity" at the head of the list of its operating principles.
managers to the vigorous implementation of that policy	(2) The BOT has established "Guidelines for Advertising Solicitation and Business Marketing Activities" to regulate advertising solicitation and business promotion activities, and to assure the
(2) The Bank's establishment of programs for	rights of financial consumers.
the prevention of unethical behavior, and the operating procedures, behavioral guidelines, and education and training operations	(3) a. The Bank implements the Standards of Ethical Conduct for Government Employees; the Bank's personnel should, in principle, refuse requests for the use of influence, the granting of gifts, and banquet invitations from individuals, companies, and groups for which a material relationship
(3) The Bank's adoption of measures for preventing the giving and accepting of	exists, and registration of such requests and invitations is carried out. A total of 808 cases were registered in 2013: one gift presentation, 764 banquet invitations, and 43 requests for illicit
bribes and the provision of illegal political	lobbying.
contributions in business activities with a	b. The Bank has revised Article 7 of the "Instructions for Professional Ethics and Behavior by Bank

b. The Bank has revised Article 7 of the "Instructions for Professional Ethics and Behavior by Bank of Taiwan Investment personnel" to stipulate the principle that investment personnel should avoid behavior that causes harm to the reputation of the Bank or its employees, and should refuse gifts and avoid participation in unnecessary dinner parties.

high risk of unethical behavior within the

scope of its business operations

Item	Implementation Status
 Implementation of Ethical Management The Bank's avoidance of transactions with parties having records of unethical behavior in its business activities, and inclusion of ethical behavior provisions in business contracts The Bank's establishment of a unit charged exclusively with the promotion of corporate ethical management, and supervision by the board of directors The Bank's establishment of a conflict- of-interest policy and provision of an appropriate complaint channel The Bank's establishment of an effective accounting system to achieve ethical management, operation of the internal controls system, and auditing by internal auditors 	 The BOT always evaluates the legitimacy of agents, suppliers, customers, and other transaction counterparties when carrying out transactions, and uses fair and transparent methods in its commercial activities. The BOT follows the operating principles of "Integrity, Care, Efficiency, and Prudence," and propagates an understanding of these core values to employees during regular and irregular meetings at the different units. Cards are also printed and distributed to employees, and the principles are printed in publications to incorporate them into all operations and services. The BOT's Charter, Organization Rules of the Board of Directors, and Rules and Procedures of Board of Directors Meetings clearly stipulate rules for the recusal of directors. In accordance with the BOT's accounting system, business handling methods and rules, and International Financial Reporting Standards, and internal auditing is carried out to check whether the Bank's accounting matters and internal auditing operate effectively and to provide suggestions for improvement or for elimination of deficiencies.
3. Establishment and Operation of the Bank's Reporting Channels and Discipline for Violations of Ethical Management Rules, and Complaint System	 (1)A channel for reporting ethical issues is included on the home page of the Bank's global information website – Customer Services. (2)The Ministry of Justice's publicity materials and information about clean government on reporting channels are relayed via the multimedia information platforms of the Bank's business units.
 4. Strengthening of Information Disclosure The Bank's installation of a website for the disclosure of information related to ethical management The Bank's adoption of other information disclosure methods (such as establishment of an English-language website, or designation of persons to take charge of the collection and disclosure of company information on the company website) 	The BOT has established a world-wide web page to facilitate the acquisition of relevant information by the public, and discloses important financial and business information on its public information website in accordance with legal requirements.
Corporate Management Best Practice Principles	d rules of ethical management regulations that the Bank has established in accordance with the "Ethical for TWSE/GTSM-Listed Companies: and has not established its own ethical management rules.
regarding the guidance of companies with which and training, and the Bank's review and revision of The Bank's ethical management operations have (1) Selected as one of the Asia's 10 and the world (2) The European Bank for Reconstruction and De (3) Winner of the Reader's Digest "Platinum Truste (4) Business Today honored the BOT with a Highl well as a Highest Customer Recommendation	met with approval through the following: I's 50 safest banks in 2013 by the American magazine Global Finance. evelopment named the BOT the Most Active Confirming Bank in 2012.

8. Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at http://www.bot.com.tw, and click on "Corporate Governance".

9. Other Important Information Regarding Corporate Governance

None

10. Internal Control System

(1) Internal Control Statement

Bank of Taiwan

Internal Control Statement

TO: FINANCIAL SUPERVISORY COMMISSION

The internal control system of the Bank of Taiwan from Jan. 1, 2013 through Dec. 31, 2013 was established in compliance with the "Implementation Rules for the Financial Holding Co. and the Banking Industry Internal Audit and Internal Control System" to implement risk management and audited by an independent auditing department which reports to the board of the directors and supervisors regularly (For the Bank's securities business, the Bank determines if the design and implementation of the internal control system are effective based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets). After careful evaluation, the Bank believes that the Bank's internal control system and compliance with applicable law and regulations have been effective for the year stated, except the items in need of strengthening in the BOT's Internal Controls System. This Statement shall become a major part of the annual report and prospectus of the Bank and be made public. Any false representation or concealment in this Statement shall be subject to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities & Exchange Act.

Chairperson

President

Joh-Chu Lee Chang-Ruey Shian al Auditor

EVP and General Auditor

Head Office Chief Compliance Officer

March 18, 2014

(2) Independent Auditors' Report

Independent Auditors' Report

The Board of Directors Bank of Taiwan

Article 28, Item 1 of the "Implementation Rules for the Financial Holding Co. and the Banking Industry Internal Audit and Internal Control System" states that when a bank is having its annual financial statements examined and certified by Certified Public Accountants, it should commission the CPAs to carry out an examination of its system of internal controls and to express opinions about the accuracy of the data included in the statements reported to the competent authority, the implementation of the bank's internal control system and its regulatory compliance, and the appropriateness of the bank's policy for bad debts.

We have been engaged by the Bank of Taiwan to carry out the examination described above and, in accordance with the stipulations of Article 31 of the Implementation Rules, hereby affix the scope, basis, procedure, and results of our examination in the attachment.

This examination report is provided solely to the Bank of Taiwan for reference. With the exception of being submitted to the competent authority for supervisory reference, it may not be used for other purposes or distributed to other parties.

KPMG Certified Public Accountants March 14, 2014

11. Major Resolutions of Board Meetings

- Resolution passed by the 26th meeting of the 4th Board of Managing Directors on Jan. 18, 2013: The Bank received permission to reinvest in the BankTaiwan Insurance Brokers Co., Ltd.
- (2) Report by the 5th meeting of the 4th Board of Directors on Feb. 22, 2013: The Bank's 2012 Business Report, Income Statement, Statement of Retained Earnings, Balance Sheet, and Statement of Cash Flows.
- (3) Resolution passed by the 6th meeting of the 4th Board of Directors on Mar. 15, 2013: The Bank's internal controls for 2012 and final accounting for 2012 (Jan. 1, 2012 to Dec. 31, 2012) were examined and certified by KPMG Certified Public Accountants, including the Internal Control System Recommendations, Financial Statements (CPI Audit Report, Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, and Statement of Cash Flows), Business Report, Statement of Income Appropriation, and List of Major Properties.
- (4) Report by the 35th meeting of the 4th Board of Managing Directors on Mar. 29, 2013: The Board of Directors of the Taiwan Financial Holding Co., Ltd. discussed and approved the appointment of the company's Executive Vice President Liu Yu-Chih as Director of the BOT.
- (5) Resolution passed by the 8th meeting of the 4th Board of Directors on June 14, 2013: In order to carry out the Bank's Internet collection and payment services, the BOT's "Business Plan for the Internet Transaction Collection and Payment Business" was submitted to the Financial Supervisory Commission for approval.
- (6) Report by the 3rd extraordinary meeting of the 4th Board of Directors on July 1, 2013: An extraordinary meeting of the Board of Directors of the Taiwan Financial Holding Co., Ltd. approved the departure of Director Liu Teng-Cheng from the Bank of Taiwan's Board of Directors, effective July 1, 2013.
- (7) Resolution passed by the 1st extraordinary meeting of the 4th Board of Managing Directors on July 1, 2013: Managing Director Tseng Ming-Chung was elected Acting Chairperson of the BOT.
- (8) Report by the 3rd extraordinary meeting of the 4th Board of Directors on July 1, 2013: The Board of Directors of the Taiwan Financial Holding Co., Ltd. approved the resignation of the BOT's former Independent Director Shen Chung-Hua, effective June 17, 2013, and the filling of the vacancy by Shiu Yung-Ming. Further, according to the provisions of Article 4 of the BOT Audit Committee Charter, the period of Audit Committee membership is to run from June 27, 2013 to July 30, 2015.
- (9) The 50th meeting of the 4th Board of Managing Directors, held on July 19, 2013, approved the BOT's submission of an application for the issuance of subordinated debentures, together with attachments, to the Financial Supervisory Commission.
- (10) Report by the 2nd extraordinary meeting of the 4th Board of Managing Directors on Aug. 1, 2013: An extraordinary meeting of the Board of Directors of the Taiwan Financial Holding Co., Ltd. approved the departure of Director Tseng Ming-Chung from the BOT's Board of Directors, effective Aug. 1, 2013.
- (11) Resolution passed by the 2nd extraordinary meeting of the 4th Board of Managing Directors on Aug. 1, 2013: Managing Director Chang Ming-Daw was elected Acting Chairperson of the BOT.
- (12) Report by the 4th extraordinary meeting of the 4th Board of Directors on Aug. 9, 2013: An extraordinary meeting of the Board of Directors of the Taiwan Financial Holding Co., Ltd. passed a proposal that current BOT President Chang Ming-Daw continue serving in that office while concurrently acting as President of the Taiwan Financial Holding Co., Ltd.

- (13) Resolution passed by the 3rd extraordinary meeting of the 4th Board of Managing Directors on Aug. 9, 2013: Managing Director Lee Jih-Chu was elected Chairperson of the BOT.
- (14) Resolution of the 10th meeting of the 4th Board of Managing Directors on Aug. 16, 2013: The Bank's individual and consolidated financial statements for the first half of 2013 (Jan. 1 to June 30) were audited and reviewed by KPMB Certified Public Accountants, and the audited and reviewed individual and consolidated statements (including Balance Sheet, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows) were submitted.
- (15) Report by the 56th meeting of the 4th Board of Managing Directors on Aug. 30, 2013: The Taiwan Financial Holding Co., Ltd.'s final business accounting for 2012 were examined and approved by the National Audit Office, and the Company relayed the Bank's examined and approved financial statements (including Income Statement, Statement of Retained Earnings, Statement of Cash Flows, and Balance Sheet) to the Bank.
- (16) Report by the 5th extraordinary meeting of the 4th Board of Directors on Sept. 27, 2013: The Taiwan Financial Holding Co., Ltd.'s Board of Directors approved the withdrawal of Director Chang Ming-Daw from the position of Director, effective Sept. 30, 2013.
- (17) Resolution passed by the 5th extraordinary meeting of the 4th Board of Directors on Sept. 27, 2013: An extraordinary meeting of the Board of Directors of the Taiwan Financial Holding Co., Ltd. approved the appointment of BOT Executive Vice President Chang Hong-Chi to the position left vacant by the resignation of Acting President Chang Ming-Daw on a temporary basis.
- (18) Resolution passed by the 5th extraordinary meeting of the 4th board of directors on Sept. 27, 2013: An extraordinary meeting of the Board of Directors of the Taiwan Financial Holding Co., Ltd. approved the temporary appointment of BOT Executive Vice President Chiou Ye-Chin to fill the position left vacant by the resignation of President Chang Ming-Daw.
- (19) Resolution passed by the 5th extraordinary meeting of the 4th Board of Directors on Sept. 27, 2013: Director Wu Tang-Chieh was elected Managing Director of the BOT.
- (20) Resolution passed by the 72nd meeting of the 4th Board of Managing Directors on Dec. 27, 2013: Pursuant to a document transferred by the Ministry of Finance and meeting with the Executive Yuan for approval, Executive Vice President Chiou Ye-Chin was appointed to the office of BOT President for a three-month period.
- (21) Resolution passed by the 13th meeting of the 4th Board of Directors on Feb. 17, 2014: The Bank's 2014 Business Plan (including subsidiaries).
- (22) Resolution passed by the 8th extraordinary meeting of the 4th Board of Directors on Mar. 3, 2014: Pursuant to a document transferred by the Ministry of Finance and meeting with the Executive Yuan's approval, the position of President of the Taiwan Financial Holding Co., Ltd. was filled following his retirement by Presidential Office Secretary Shiau Chang-Ruey, who also concurrently acted as President of the BOT.
- (23) Resolution passed by the 14th meeting of the 4th Board of Directors on Mar. 14, 2014: The Bank's internal controls for 2013 and final accounting for 2013(Jan. 1, 2013 to Dec. 31, 2013) were examined and certified by KPMG Certified Public Accountants, including the Internal Control System Recommendations, individual and consolidated statements (including Balance Sheet, Statements of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows), Business Report, Statement of Income Appropriation, and List of Major Properties.
- 12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors None

				Mar. 3, 2014
Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chairperson	LIU, TENG-CHENG	July 16, 2012	July 1, 2013	Personnel changes
Acting Chairperson	TSENG, MING-CHUNG	July 1, 2013	Aug. 1, 2013	Personnel changes
President serving as Acting Chairperson	CHANG, MING-DAW	Aug. 1, 2013	Aug. 9, 2013	Personnel changes
President	CHANG, MING-DAW	Jan. 8, 2010	Sep. 30, 2013	Personnel changes
Executive Vice President serving as temporary Acting President	CHIOU, YE-CHIN	Sep. 30, 2013	Mar. 3, 2014	Personnel changes
Executive Vice President and Department of Treasury	WEI, JAN-LIN	Jan. 16, 2013	July 16, 2013	Personnel changes
SVP and General Manager, Department of Treasury	LIU, YU-CHIH	July 16, 2011	Jan. 16, 2013	Personnel changes

13. Resignation or Dismissal of Personnel Related to the Bank

Note: "Persons related to the Bank" refers to the chairperson, president, finance executive, accounting executive, and chief internal auditor.

IV. CPA Information

(CPA audit fees, change of CPA, employment of the chairperson, president, or managers responsible for financial or accounting duties at the attesting CPA's office or an affiliated enterprise, or other matters requiring disclosure)

Name of Accounting Firm	Name of CPA		Period of Audit	Notes
KPMG Certified Public Accountants	Yen-Ling Fang	Derek Hsu	Jan. 1, 2013~Dec. 31, 2013	

Items	Auditing Fees	Non-auditing Fees	Total
Under NT\$ 2,000,000			
NT\$2,000,000 ~ NT\$4,000,000	3,397	2,614	6,011
NT\$4,000,000 ~ NT\$6,000,000			
NT\$6,000,000~ NT\$8,000,000			
NT\$8,000,000~ NT\$10,000,000			
Over NT\$10,000,000			

Integrity · Care · Efficiency · Prudence

V. Numbers of Shares in the Same Reinvested Enterprises Held by the BOT and its Directors, Supervisors, President, Executive Vice Presidents, Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Ratios of Consolidated Shareholding

		Dec. 01, /				Unit: Share; 9
Reinvested Enterprise (Note)	Investment by the BOT		Investment by Directors, Supervisors, President, Executive Vice Presidents, Heads of Departments and Branches, and Enterprises Directly or Indirectly Controlled by the BOT		Consolidated Investment	
	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding
Taiwan Sugar Corp.	16,658,992	0.30	8,006,499	0.14	24,665,491	0.44
Taiwan Power Company	865,191,972	2.62	148,281,465	0.45	1,013,473,437	3.07
Taiwan Stock Exchange Corp.	62,924,330	10.01	18,855,264	3.00	81,779,594	13.01
First Financial Holding Co., Ltd.	668,433,387	7.72	279,727,278	3.23	948,160,665	10.95
Hua Nan Financial Holdings Co., Ltd.	1,922,761,905	21.23	348,100,427	3.84	2,270,862,332	25.07
Taiwan Business Bank	877,423,478	17.22	192,872	0.00	877,616,350	17.22
Cathay Financial Holding Co., Ltd.	60,496,729	0.51	552,762	0.00	61,049,491	0.51
Mega Financial Holding Company	309,799,938	2.49	1,930,012	0.02	311,729,950	2.51
Taiwan Life Insurance Co., Ltd.	172,011,552	18.34	24,126,822	2.57	196,138,374	20.91
Taiwan Fire & Marine Insurance Co., Ltd.	64,608,278	17.76	565,800	0.16	65,174,078	17.92
Tang Eng Iron Work Co., Ltd.	74,802,414	21.37	16,084,512	4.60	90,886,926	25.97
China Development Financial Holding Corp.	238,729,496	1.59	836,390	0.01	239,565,886	1.60
Kaohsiung Ammonium Sulfate Co., Ltd.	303,131,576	91.86	0	0.00	303,131,576	91.86
Taiwan Chung Hsing Paper Corp.	25,035,822	9.54	10,000	0.00	25,045,822	9.54
China Trade & Development Corp.	1,250,110	1.91	0	0.00	1,250,110	1.91
China Daily News	62,882	0.14	0	0.00	62,882	0.14
Central Motion Picture Corp.	8,913,458	15.22	0	0.00	8,913,458	15.22
Yuanta Financial Holding Co., Ltd.	230,836,323	2.33	2,519,620	0.03	233,355,943	2.36
Taiyi Real Estate Management Co., Ltd.	1,500,000	30.00	0	0.00	1,500,000	30.00
United Taiwan Bank S.A.	146,250	4.99	0	0.00	146,250	4.99
Taipei Forex Inc.	1,400,000	7.06	700,000	3.53	2,100,000	10.59
Taiwan Futures Exchange Corp.	5,825,251	2.05	9,674,170	3.40	15,499,421	5.45
BankPro E-Service Technology Co., Ltd.	450,000	3.33	0	0.00	450,000	3.33
Taiwan Asset Management Corp.	75,000,000	5.68	150,000,000	11.35	225,000,000	17.03
Taiwan Financial Asset Service Corp.	10,000,000	5.88	5,000,000	2.94	15,000,000	8.82
Financial Information Service Co., Ltd.	11,998,125	2.67	5,191,875	1.15	17,190,000	3.82
Financial eSolution Co., Ltd.	2,481,467	7.19	792,027	2.30	3,273,494	9.49
Taiwan Integrative Shareholder Service Company	490,000	1.63	1,580,000	5.27	2,070,000	6.90
Sunny Asset Management Corp.	15,531	0.26	69,740	1.16	85,271	1.42
International Property & Finance Co., Ltd.	14,658	0.92	0	0.00	14,658	0.92
BankTaiwan Insurance Brokers Co., Ltd.	2,000,000	100.00	0	0.00	2,000,000	100.00

Consolidated Shareholding Ratios Dec. 31, 2013

Note: Investment according to Article 74 of the Banking Law.



038 Capital Overview

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Capital Overview

I. Capital and Shares

1. Source of Capital

Month/	Par Value	Authoriz	ed Capital	Paid-ir	n Capital	Remark	
Year	(NTD)	Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Others
Dec. 2013	\$10	7.0 billion	\$70 billion	7.0 billion	\$70 billion	Appropriation from the National Treasury and Increment NT\$5.0 billion due to the merger with the Central Trust of China. Shareholder dividends and bonuses and surplus reserves in the total amount of NT\$25 billion were transferred for the purpose of capital increment in 2010.	

2. Net Worth, Earnings, and Dividends per Share

~			Unit: NT\$; share
Items	Year	2013	2012
Net Worth Per	Before Appropriation	35.43	34.55
Share	After Appropriation	34.92	33.87
Earnings Per	Weighted Average Issued Shares	7,000,000,000	7,000,000,000
Share	Earnings Per Share	1.05	1.03
Dividends Per Share	Cash Dividends	0.51	0.66

Note: Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.

3. Dividend Policy and Implementation Status

(1) Dividend Policy

The BOT Charter stipulates that if the final annual accounts show a profit, the profit will be distributed as follows:

A.Payment of the income tax; B.Making up of losses for previous years; C.Allocation of 30% for legal reserve; D.Allocation of 20~40% of the surplus, and allocation of special reserve according to rule.

Any remaining profits will be distributed, together with undistributed profits from the previous year, in accordance with the relevant laws and regulations.

Until the legal reserve reaches the total amount of capital the maximum distribution of profits in the form of cash may not exceed 15% of the capitalization.

(2) Current Distribution of Stock Dividends

Following the allocation of legal reserve and special reserve from the audited after-tax profit for 2013, a cash dividend of NT\$3,565 million, or NT\$0.51 per share, was decided. Under Article 50 of the Audit Law, however, the final determinant of the BOT's profit is the National Audit

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Office. Since the Bank's final 2013 final budget is still under examination by the Ministry, the actual amount of cash dividends distributed will be determined after the Ministry completes its examination.

II. Issuance of Financial Bonds

Types of Financial Bonds	Bank of Taiwan's Series 102-1 Unsecured Subordinated Debentures
Date and serial No. approved by authority	Aug. 9, 2013 Letter No.(FSC) Gin-Guan-Ying Kong 10200215390
Date	Dec. 2, 2013
Par Value	10 million
Dollar	NTD
Offering Price	Offered at full face value
Proceed Raised	NT\$16 billion
Interest Rate	The annual rate is a floating rate of the index rate plus 0.15%. The index rate is the Bank's (general) floating interest rate on one-year time deposits.
Term	10-year term, maturity date: Dec. 2, 2023
Mortgage Priority	Second-Lien
Guarantor	None
Trustee	None
Underwriting Organization	None
Verification Lawyer	None
CPA-auditor of the Financial Report	None
Verification Financial Institution	None
Settlement Method	 Interest is accrued at the stated rate every three months, according to the actual number of days in the period, and is paid once per year. Principal is paid, at face value, upon maturity.
Unsettled Balance	NT\$16 billion
Paid-in capital during fiscal year	NT\$70 billion
Net book value on the date of balance sheet in the previous fiscal year	NT\$252,734,018,000
Exercise	Normal
The conditions and terms for redemption or early settlement	None
Conversion and Exchange Terms	None
Restriction Terms	 The priority of compensation of holders of these bonds follows that of all depositors and other general creditors. Holders or creditors of these bonds may not ask the Bank for early repayment of principal. These bonds may not be redeemed before maturity. Holders or creditors of these bonds may not exercise the right of offset against the Bank. These bonds may not be used as collateral for secured loans extended by the Bank.
Capital Investment Plans	 Development of consumer loan. Development of corporate loan.
Ratio of reported issuing debt and balance of outstanding debt to the net book value on the date of balance sheet (%)	6.33%
Counting in net capital (risk-based capital ratio) and its tier	Listed as the Bank's Tier 2 capital.
Credit Rating Agency, Rating Date and Rating	Taiwan Rating: twAA (Nov. 19, 2013)

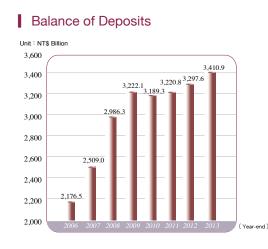
Operational Highlights

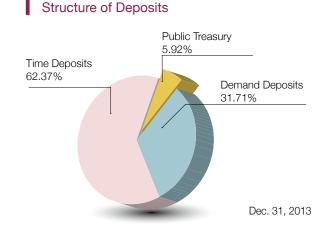
I. Business Activities

1. Main areas of Business Operations

(1) Deposits

Total deposits in the Bank at the end of December 2013 amounted to NT\$3,410.9 billion, equal to 80.17% of the NT\$4,254.4 billion in the Bank's total assets and representing an increase of 3.44% over the previous year. Demand deposits in 2013 grew by 8.18%, and deposits from public treasures decreased by 7.18% over the year before.

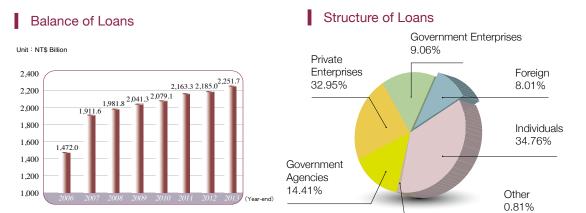




(2) Corporate Banking

The amount of the Bank's total loans outstanding at the end of December 2013 (including general loans as well as import and export negotiations) stood at NT\$2,251.7 billion, equal to 52.93% of the Bank's total assets and reflecting an increase of 3.05%, over a year earlier. Corporate loans outstanding at the end of 2013 (including loans to government agencies and government-owned enterprises) amounted to NT\$1,468.9 billion, accounting for 34.53% of the Bank's total assets and representing an increase of 0.27% from the previous year. At the end of December 2013 the amount of loans outstanding to government agencies and government enterprises totaled NT\$528.4 billion, recording a decrease of NT\$88.3 billion or 14.32% from a year earlier. The Bank engaged vigorously in extending SME loans. SME loans outstanding at the end of 2013 amounted to NT\$330.8 billion, NT\$49.4 billion more than a year earlier for a growth of 17.56%.

According to statistics from the specialized syndicated loan magazine Basis Point, the BOT's performance as lead bank for syndicated loans in 2013, calculated as mandated arranger and quota bookrunner, placed it first in share of Taiwan's domestic market.



(3) Consumer Banking

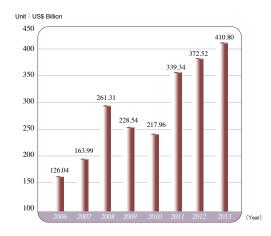
The Bank engages vigorously in all facets of the consumer banking business in order to strengthen services to the general public and promote economic growth, including the provision of general consumer loans. In addition to the continued implementation of such preferential consumer loan programs, the Bank works in line with market development trends and targets different customer groups for the introduction of various kinds of preferential programs.

Consumer loans outstanding at the end of 2013 amounted to NT\$722.6 billion, NT\$53.6 billion more than a year earlier for a growth of 8.01%.

(4) Foreign Exchange and International Banking

The amount of foreign exchange transactions undertaken during the year reached US\$410.8 billion, up 10.27% over 2012. The volume of deposits carried out by DBUs as agents for the OBU amounted to US\$2,762 million, for a growth of 106.58% over the year before and the volume of loans amounted to US\$1,312 million, for a growth of 15.8%.

A total of 157 branches were designated to handle foreign exchange services, another 3 dealt in simple foreign-currency cash and traveler's check transactions, and 391 foreign-currency exchange bureaus at the end of 2013. The Bank had correspondent relations with 2,392 financial institutions in 137 countries, providing a correspondent banking network covering major cities around the world.



Foreign Exchange Operations

The Bank also has an Offshore Banking Unit and 8 overseas branches which, in addition to the deposit, loan, remittance, and import and export trade financing businesses, engage in international bond investment and participate in international syndicated loans. At the end of 2013, the total assets of these overseas branches and OBU amounted to US\$14.36 billion.

(5) Electronic Banking

At the end of 2013 the accumulated number of Internet banking transfer accounts stood at 2.51 million, up 13.57% over 2012. Transfers carried out during the year stood at 11.02 million. Gold Passbook Internet transactions numbered 1.27 million, accounting for 94.38% of all the Bank's Gold Passbook transactions. The number of internet forex transactions amounted to 1.73 million, for a growth of 13.82% over 2012. Online purchase requests for funds amounted to 2.26 million, making up 88.55% of all the Bank's fund transactions. The Corporate e-Banking Site transfer transactions undertaken during the year numbered 4.43 million, for a growth of 29.15% over 2012, and the amount of funds transfers executed during the year totaled NT\$4.11 trillion. Usage of the Bank's portal site for fee collections extended to 4,427, and the number of transactions reached 10.45 million, achieving annual target ratio 103.34%.

(6) Trust Business

At the end of 2013 the average principal of trust property amounted to NT\$417.1 billion, up 5.59% from the previous year. At the end of December 2013 the amount of assets under custodianship by the BOT totaled NT\$1,134 billion, for a growth of 14.63% over the year earlier. Of this total, the outstanding amount of foreign assets under custodianship for investment in domestic securities was NT\$298.1 billion, for a growth of 24.78% over the previous year; discretionary investment assets amounted to NT\$378 billion, and boosted the BOT to first place in market share in the fourth quarter of 2013. In addition, 163,882 enterprise units opened worker retirement fund accounts with total

deposits of NT\$1,286.1 billion, retirement payments amounting to NT\$713.1 billion, and trust funds outstanding of NT\$573 billion.

(7) Investment

A.Bills Finance

Short-term commercial paper transactions by the Bank in 2013 totaled NT\$6,692.2 billion, a growth of NT\$2,391.9 billion over a year earlier. The outstanding amount of bills dealing at the end of the year stood at NT\$672.1 billion, of which Central Bank negotiable certificates of deposit accounted for NT\$625.2 billion. Profit from securities dealing during the year was NT\$5.71 billion. The amount of short-term bills underwriting undertaken in 2013 reached NT\$90 billion, a growth of NT\$41 billion over the year before.

B.Proprietary Bond Dealing

The Bank's dealing in government bonds amounted to a total of NT\$7.6 billion in 2013, of which government bonds purchased amounted to NT\$6.8 billion and government bonds sold totaled NT\$760 million. Repurchase agreements amounted to NT\$313.7 billion, and reverse repo agreements totaled NT\$3.4 billion. The volume of repurchase agreements remained substantial because of the abundance of idle capital in the market. The earnings on reverse repo were relatively low compared with other kinds of capital utilization, and so the Bank reduced its dealing in this instrument. The volume of trading in government bonds increased because of the adjusted investment strategy.

C. Reinvestment

At the end of 2013 the Bank had investments in 31 enterprises with the book value of the investments totaling NT\$57.3 billion, a decrease of NT\$0.46 billion, or 0.79%, over the year before. The main reason for the fall was a decrease in equity as calculated by the equity method. Profit on long-term equity investment amounted to NT\$3.1 billion in 2013, derived mainly from stock dividends and the benefit from booking by the equity method.

D.Short-term Investment (in Stocks and Funds)

At the end of 2013 the costs of the Bank's investment in stocks were NT\$6.6 billion, and the operating volumes were NT\$8.3 billion. The overall rate of return on investment was 7.75%. The Bank's stock-investment portfolio is made up mainly of large-cap blue chip shares, stocks with stable dividends, and ETFs, with active selection of individual stocks and use of steady wave trading. At the end of 2013 the costs of the Bank's investment in NT Dollar dominated equity funds were NT\$0.41 billion, and the operating volumes were NT\$0.65 billion. The rate of return on investment was 12.92%. The Bank espouses diversified investment with stable weighing of distribution.

(8) Business Derived from the Issuance of NT Dollar Currency for the Central Bank

Under the provisions of the Regulations Governing the Entrustment of the Bank of Taiwan of Matters Associated with the Issuance of the New Taiwan Dollar by the Central Bank of the Republic of China (Taiwan), the Bank handles collection and payment, transport, adjustment of supply and demand, and the recovery of worn bills associated with the issuance of NT currency. The average amount of currency in circulation in 2013 was NT\$1,533.6 billion, an increase of 8.73% over the previous year.

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The peak amount in circulation was NT\$1,873 billion (on the eve of the Chinese New Year on Feb. 8, 2013), also an increase of 7.41% over the 2012 peak. The amount in circulation at the end of the year was NT\$1,556 billion, 8.24% more than year-end 2012.

(9) Government Employees Insurance

At the end of 2013 there were 7,491 insured units and 594,018 insured persons, and income on insurance premiums in 2013 amounted to NT\$20.863 billion, and 59,506 claims totaling NT\$26.407 billion were paid that year. For 2013, the balance of civil servants' and teachers' insurance was NT\$21.92 billion, as well as the balance of retirement insurance was NT\$1.66 million, the full amount of which was allocated to reserves respectively.

(10) Procurement Business

The primary mission of the BOT's procurement business is to execute the government's centralized procurement policy in carrying out procurement on behalf of government agencies as well as government enterprises. The Bank also coordinates with government policy in carrying out special procurement projects designated by the government, again manifesting the function of centralized procurement. The volume of the procurement business in 2013 amounted to NT\$43.8 billion.

(11) Wealth Management Service

The fee income of the wealth management business in 2013 amounted to NT\$1.517 billion, exceeding the annual targets by 2.96%. At the end of 2013 a total of 130 business units were handling wealth management, eight of them were flagship units, and 181 wealth-management agents were in place to serve high-net-worth customers.

(12) Precious Metals Business

The operating volume of the precious metals business in 2013 was NT\$133.9 billion, down 9.4% over the previous year. The Bank earned NT\$47 million in commission income from the handling of customs quotas in 2013, 4.44% more than the year before.

2. Operating Plans for 2014

(1) Deposits

The deposit structure will be improved in line with policy; operating procedures will be simplified, service performance will be enhanced, and a simple and convenient business platform for the public will be created.

(2) Corporate Banking

Loans to private enterprises will be promoted continuously and loan risk controls will be reinforced; OBU services will be strengthened and the overseas loan business actively developed; the promotion of loans in mainland China will be strengthened; the Internet banking and factoring businesses will be promoted to upgrade loan performance and augment fee income; the electronic local letter of credit and electronic bid bond businesses will be implemented; in line with government policy, small and medium enterprises will be assisted in obtaining funds needed for operations and investment, and the extension of non-SME loans to upgrade the performance of the economy will be strengthened.

(3) Consumer Banking

The promotion of high-quality loans for owner-occupied homes will be continued; overall promotion of student loan portal functions will be carried out to simplify student-loan cross-guarantees and procedures for opening savings accounts; the Bank will actively undertake "Young Entrepreneur and Start-up Loans" and "Micro-business Start-up Phoenix Loans," and will target gold passbook and other financial management customers in promoting "Gold Payback" cards with an investment function; in line with the Financial Supervisory Commission's "Cross-strait Card" program, the Bank will make plans for bank cards issued by domestic financial institutions that can be used for withdrawals and consumption overseas, and actively handle the cards in accordance with the timetable for the establishment of the settlement system for financial company transactions; and promotion of the credit-card invoice collection business will be continued and the number of contract stores will be expanded.

(4) Foreign Exchange and International Banking

Promotion of the Bank's foreign-currency deposit business and expansion of e-banking service will be continued so as to enlarge the Bank's business scope and consolidate the scale of foreign-currency deposits. At the same time, the BOT will vigorously promote a variety of RMB businesses to provide customers with one-stop shopping for financial services and boost its profitability. In overseas operations, cultivation of local markets will be deepened, development of the deposit business, loan business, and businesses for Taiwanese enterprises will be strengthened, the scope of financial services will be vigorously expanded, and fee income will be enhanced. In additon, overseas branch operating systems will be integrated in order to improve business efficiency.

(5) Electronic Banking

In line with the trend toward the use of smart mobile devices, the Bank will continue to expand the functions of its mobile banking service and also the functions of the Corporate e-Banking Site, integrating the payment information from its various sub-systems and optimizing synergies in the Bank's overall corporate e-banking services. In line with the government's e-government policy, an "identity verification management function" will be set up to allow the different e-banking businesses to accept natural person, business and industry, and organization and group identity credentials, thereby strengthening the security of identity authentication and information.

(6) Trust Business

In addition to newly introduced offshore ETFs and domestic funds denominated in foreign currencies, the Bank will continue to add domestic and overseas fund products in combination with the wealth management business to increase the operating scale of fund and trust management products; real estate trust will be promoted in line with government policy, and various kinds of property management trust will be continuously developed. In accordance with the law and with instructions from the competent authority, the Bank will make aggressive use of the old-system labor retirement fund and the civil servants and teachers insurance reserve to achieve an outstanding performance.

(7) Investment

The Bank will continue to focus on the purchase of Central Bank negotiable certificates of deposit in its bills finance business; commercial paper will be purchased in the primary market to coordinate with the certification and underwriting of the guaranteed issuance of commercial paper by business units, and the Bank will participate actively in the issuance of non-guarantee commercial paper in order to boost fee income; commercial paper will be purchased in the secondary market to support the needs of RP/RS customers as well as to provide for short-term funding; and bond investment will be carried out under the principle of buying in batches in times of yield rebounds. Consideration will be given to capital earnings, cost, and government bond sources in carrying out repo on government bonds, and the undertaking of repo agreements will be continued. The Bank will continue with the appropriate management of the reinvestment business to enhance overall reinvestment performance and boost profits; stock portfolio investment will continue to focus on blue chips, high cash dividend stocks, and ETFs. The principle of controlling risk-control positions will be observed, and hedging transactions will be used to lower market risk and heighten profit performance.

(8) Government Employees Insurance

The Bank will, in line with the policy of the competent authority, actively carry out the pensions business and related measures so as to facilitate implementation of the government employee pension system. The Bank will carry out commissioned research for the 6th actuarial insurance valuation for government employees and staff in schools, a study for the competent authority to use in setting insurance premiums that assure the financial health and sustainability of government insurance, strengthening the diversified utilization and risk management of the government insurance reserve, and, under the preconditions of safety and stability, formulating an appropriate investment strategy and actively mapping out asset allocation so as to achieve maximum profit.

(9) Wealth Management Service

Wealth management channel deployment will be reinforced to expand the service network of wealth management; the integrated marketing effect will be maximized for holding company products and sales channels to build a diversified financial product sales platform; the integration of headquarters and branch services teams will be used to reinforce integrated marketing capabilities; professional manpower training will be strengthened to deeply implant wealth management capability; and information systems will be reinforced to strengthen risk controls.

(10) Precious Metals Business

The Bank will continue promoting new gold-related businesses and products so as to consolidate its position as the leading domestic gold-business bank. It will reinforce customer services, providing the public with abundant and objective gold-related information and vigorously organizing sales and promotional activities as well as listing press conferences. It will also develop new customer groups, stimulate all-staff marketing, and continuously hold lectures and staff marketing training related to gold businesses.

3. Market Analysis

(1) Business operations areas

The BOT is a 100% government-owned bank, and all of its financial products are marketed to customers through business branches. At the end of 2013 the BOT's business units included 164 domestic branches (including Offshore Banking Branch), 8 overseas units (including New York Branch, Los Angeles Branch, London Branch, Hong Kong Branch, Singapore Branch, Tokyo Branch, South Africa Branch and Shanghai Branch).

(2) Future market supply and demand as well as growth prospects

International economic forecasting bodies believe that the global economy will likely undergo a U-shaped recovery, meaning that Taiwan's domestic economic performance should gradually improve. The expectation of a rising trend in domestic bank interest rates, of banks being included in the government's free economic pilot zone plans, of continuing deregulation of the banking industry, of the opening of the banking business across the Taiwan Strait, and of assistance for domestic banks in setting up branch organizations in areas with business opportunities (such as Southeast Asia), will help to raise banks' profitability and market scale.

- (3) Competitive Niches
 - A.The status of the BOT's Shanghai Branch as the NT Dollar settlement bank in the mainland China area gives the Bank an advantage in developing RMB deposit, loan, remittance, and cross-border RMB trade settlement businesses, and increases the breadth and depth of crossstrait financial services to its customers.
 - B.As the oldest bank in Taiwan the BOT enjoys an outstanding reputation; its operating performance over the years has been excellent, and it has built up a strong operating strength.
 - C.Financial holding company resources will be integrated to provide a comprehensive financial product line that will satisfy customers' diverse needs for one-stop shopping in financial services.
 - D.An outstanding brand image and professional financial personnel, along with service channels that spread over the whole country, will facilitate the promotion of business in various areas.

(4) Factors Favorable and Unfavorable to the Bank's Development Prospects

A. Favorable factors:

- a. The BOT is a 100% government-owned bank and has the highest credit rating of all domestic banks; with a solid operating base, it enjoys the trust of the public.
- b. The Bank enjoys a No. 1 position in scale of deposits and loans, leadership among local banks in total assets and shareholders' equity, and a solid operating strength.
- c. The BOT is a subsidiary of Taiwan Financial Holdings, the resource-sharing platform of which reinforces the operation of the primary and cross-sales systems, and realizes the synergies of business integration.
- d. The BOT serves as the cover bank for RMB cash in the Taiwan area and the settlement bank for the NT dollar in mainland China. This advantage facilitates the development of RMB related businesses.

B.Unfavorable factors:

- a. As a bank that is 100% owned by the government, the BOT has a personnel system, budget, and procurement that are relatively inflexible. The Bank's organizational framework makes it difficult to respond to changes of the external environment in a timely manner and unable to grasp early opportunities in the market.
- b. As a bank that is 100% owned by the government, profits are placed in the national treasury and capital accumulation is slow; the resulting difficulty in using cash injection to boost capital affects the Bank's capacity for business expansion.
- c. Although the Bank is an enterprise unit, it also shoulders policy missions heightening the cost of operating capital and reducing profitability.
- d. The time deposit ratio and low loan-to-deposit ratio influence operating performance.

C.Countermeasures

- a. The Bank will make optimum use of its outstanding brand image and of the holding company's complete line of financial products to give full play to value of branch channel and upgrade operating synergies.
- b. The Bank will grasp business opportunities that come with the opening of the RMB business, active development of the RMB derivative business, and accelerated deployment in the Asia-Pacific market.
- c. The Bank will adjust the allocation of assets and liabilities to enhance the performance of financial operations, timely reinforce the capital structure, and solidify the operating strength.

4. Financial Product R&D and Business Development

The Bank has established "Guidelines for Handling the Suggestion System," enabling employees to make suggestions online via the internal global information network. Bonuses are given for suggestions that are adopted following evaluation and approval. The Bank received a total of 489 staff suggestions in 2013, of which 103 were adopted, in whole or in part, and incentives in the amount of NT\$59,000 were granted.

- (1) Major Financial Products and New Business Units Added in the Past Two Years, and Scale and Profit and Loss Situation Up to Date of Publication of the Annual Report
 - A. For major financial products during the past two years, refer to "Results of Implementation of Business Plan and Operating Strategy" on Page 8.
 - B. Establishment of new business units: The Shanghai Branch was established on July 10, 2012.

(2) R&D Expenditures and Results for the Past Two Years, and Future R&D Plans

R&D spending amounted to NT\$11,359,000 in 2013 and NT\$6,694,000 in 2012.

To respond to changes in the financial environment and the needs of business development, and to encourage employees to pursue self-development, the Bank will continue to carry our research related to reform and development of its own business as well as to the financial business in general, and will continue to implement the employee suggestion program as well as self-initiated research and overseas study by employees.

5. Long-term and Short-term Development

- (1) Short-term development plan
 - A. With the ratio of time deposits too high, the deposit structure will be improved.
 - B. The loan business will be optimized and high-contribution customers will be deeply cultivated.
 - C. The consumer banking business will be strengthened to augment operating income.
 - D. The international business territory will be actively expanded to heighten the contribution of overseas businesses.
 - E. Cross-strait business opportunities will be grasped to expand the scope and scale of business.
 - F. The trust business will be expanded and the development of high-asset financial planning customers will be reinforced.
 - G. The development of electronic products will be strengthened to create a leading-bank advantage.
- H. Financial instruments will be used appropriately to reinforce the performance of asset utilization. (2) Long-term development plan

As a 100% government-owned bank, the Bank will not only constantly carry out various businesses in line with government policy but will actively develop core businesses, participate vigorously in domestic and overseas syndicated loans and the overseas Taiwanese business financing business, develop RMB-related financial products, and reinforce deployment in the Asia-Pacific financial market. At the same time, the Bank will make optimum use of the financial holding company's resource platform to provide a range of financial services. This will help us expand our operating territory and advance in the direction of becoming an outstanding Asia-Pacific bank.

II. Human Resources

In 2013 the Bank held 182 in-house training courses with a total of 15,267 trainees participating, sent 1,791 employees for outside training in Taiwan, and subsidized domestic advanced training for 757 persons.

Items	Year	2012	2013	As of Mar. 31, 2014
	Staff	7,083	7,107	7,058
Number of	Guards	164	153	155
Employees	Janitors	746	708	700
	Total	7,993	7,968	7,913
Average Age		44.39	44.88	44.95
Average Years	of Service	17.62	18.07	18.13
	Ph.D.	0.05	0.08	0.06
	Masters	12.66	13.73	13.98
Education	Bachelor's Degree	75.84	75.27	75.09
(%)	Senior High School	9.92	9.43	9.40
	Below Senior High School	1.53	1.49	1.47

Employee Statistics

Note: The above numbers do not include contract salespersons, contract workers, and overseas employees.

III. Corporate Responsibility and Ethical Behavior

As a 100% government-owned bank, the Bank makes every effort to attain the budget targets set by the government, and coordinates with the government's major construction plans and participates actively in the financing of infrastructure projects as well as large private investment projects in order to promote overall national economic development. Furthermore, the Bank also participates in public welfare activities to pay back to the public and carry out the principle of "Caring".

IV. Information Equipment

1. Installation and Maintenance of Hardware and Software for Major Information Systems

The Bank's core accounts system and overseas system consists of an exclusive server platform for deposit, foreign exchange, loan, and remittance account transactions; an open-system server for the securities, trust, credit card, bonds, and notes businesses; and an operations management support system. These systems are connected on an open-system server through the "Integrated Corporate Application System Platform" to make up a comprehensive back-office system for financial operations.

In response to the trend in the evolution of the Internet and to improve customer services, the Bank uses different customer-service channels to build up a comprehensive financial service network that, in addition to traditional teller operations, has a front-end system that includes a global information network, ATM system, internet bank, corporate e-banking site, financial EDI, telephone banking, and mobile banking, providing customers with account enquiry and other services any time, any place.

To assure the continued smooth operation of the Bank's back-office systems and financial front-end systems, the Bank also has approximately 751 front-end system servers in addition to the business servers mentioned above. The bank is able to carry out most installation and maintenance itself. To provide more channels for customer service, the Bank makes widespread use of new technology in its front-end processing systems; If there is a technological limitation, need for large amounts of short-term manpower, or timetable restriction, outsourcing will be considered. Otherwise, the principle of self-development and maintenance will be followed.

2. Future Development or Procurement Plans, Emergency Back-up and Security Protection Measures

- (1) Coordination with the needs of automation, new branches, and business growth terminal equipment for branches, ATMs, personal computers, notebook computers, and communications processing equipment will be procured.
- (2) In the integrated establishment of an overseas branch information system, in addition to the Tokyo Branch, which began using the new system in a single-track operation on July 30, 2012, the New York, Los Angeles, and Hong Kong branches have undergone double-track operations with the new and old systems and have verified that the new system is able to support the everyday operations of the branches; on Feb. 1, May 28, and Nov. 18, 2013, respectively, the three

branches adopted the single-track operation of the new system, and the branch system has been put online and is operating smoothly. Now the Singapore Branch is carrying out verification for the exclusive functional requirements and engaged in drill testing for system conversion.

- (3) In line with the RMB business development strategy of the Bank's Department of Trusts, customers are provided multiple options for the allocation of RMB assets, planning has been carried out for trustee investment, and a "non-discretionary money trust investment in overseas bonds" function has been added. To simplify the operating procedures for investment of the Bank's trust capital in domestic and overseas mutual funds by business units and the Department of Trusts, an automated account entry and debit function and automated transmission platform function have been added to the over-the-counter fund application system.
- (4) Emergency Backup

The Bank formally inaugurated its integrated Taoyuan remote backup center in December of 2008 to serve as a backup mechanism for the core accounts servers. Establishment of the Bank's backup systems for open front-end systems that are important and that involve a large volume of transactions (such as the information channel integration platform, corporate banking service platform business applications, personal internet banking, student loans, and corporate e-banking site) is steadily being completed, making the backup mechanism ever more comprehensive. The outsourcing of the remote backup center, with the leasing of specialized infrastructure facilities, the operation and management of the specialized computer room, and the provision of emergency response management planning services, enhances the availability of the computer room and saves the Bank the cost of setting up its own remote computer room backup.

- (5) Safety Protection
 - A.The Bank has introduced a business continuity management system for information operations in response to the requirement of the national information security development program for the banking system to develop a key information infrastructure protection strategy. On Sep. 2012 the scope of electronic financial services passed review for BS 25999 business continuity management system standards certification.
 - B.To comply with the latest international norms in business continuity management, the Bank commissioned the British Standards Institution (BSI) to conduct a field audit on Aug. 29-30, 2013, and no instances of non-compliance with ISO 22301 standards were found. Further, the BOT is the first bank in Taiwan to pass ISO 22301 business sustainability management certification. Thanks to its outstanding performance in executing the work of IT governance, the Bank received an award for outstanding business continuity management at the BSI's 2013 conference on trends in international standards, affirming that the Bank's business continuity management for information operations conforms to international standards. This kind of stable security and sustainable information operations strengthens the Bank's core competitiveness.
 - C. The Bank passed biannual ISO 27001 information security management system reviews on Mar. 14 and Aug. 29-30, 2013, continuing the effectiveness of our ISO 27001 certification.

D.To continue reinforcing and expanding the Bank's information service management system, and to meet the requirements of the new ISO 20000: 2011 IT service management standards, the Department of Information Management passed a review on Jan. 16, 2013 and was issued ISO 20000-1: 2011 international standards certification on Jan. 30, 2013. The Department passed biannual ISO 20000 information service management system reviews on July 20, 2013, continuing the effectiveness of our ISO 20000 certification.

V. Labor Relations

- 1. Employee Welfare Measures, Retirement System and Its Implementation, Labor-Ownership Agreements, and Measures for Protecting Employee Interests
 - (1) The BOT is a government enterprise in an industry that is subject to the Labor Standards Law. Working conditions, welfare measures, and the retirement system are all handled in accordance with the provisions of the Labor Standards Law and other laws and regulations governing civil servants. The Bank addresses concrete requests raised by employees by establishing a laborownership meeting for negotiation and communication and, whenever necessary, by using various other occasions or human resources evaluation committees at various levels to communicate with employees, iron out differences, pursue a consensus, and boost harmony between employees and management. Under the preconditions of mutual trust and respect, the Bank will seek the greatest benefit for both labor and management.
 - (2) In the past year the Bank suffered no damage as a result of employee-management disputes, and a response mechanism to prevent an interruption in case of strikes has been set up to cope with potential disputes and bring about their early resolution. In cases of relatively general and damaging labor-management disputes, in addition to seeking manpower support from the competent authority, the Bank moves as quickly as possible to resolve the issues by negotiation through the competent authority or by submission to labor-dispute arbitration, or resolution by legal means so that the dispute can be settled at an early date and the attendant losses minimized.
- 2. Losses Due to Labor-Ownership Disputes, Estimated Possible Current and Future Amounts that Might Occur, and Countermeasures

None

VI. Important Contracts

Agreement	Counterparty	Period	Major Contents and Restrictions
Commissioning by the Small and Medium Business Credit Guarantee Fund	Small and Medium Business Credit Guarantee Fund	From July 1974	Provision of credit guarantees for loans to SMEs that meet the conditions for credit guarantees.
Loan guarantees for the Overseas Credit Guarantee Fund	Overseas Credit Guarantee Fund	From June 1991	Provision of credit guarantees for loans to overseas Chinese and overseas Chinese enterprises.
Commissioning by the Agricultural Credit Guarantee Fund	Agricultural Credit Guarantee Fund	From Nov. 2002	Provision of guarantees for loans to borrowers who meet the conditions for agricultural loan guarantees.
Taiwan Small Business Integrated Assistance Foundation Project for the Upgrading of Small Business Competitiveness Assistance	Taiwan Small Business Integrated Assistance Center	Jan. 1, 2013~ Dec. 31, 2013	Provision of opportunities for diagnosis to small and medium business customers, provision of follow-up case assistance, and assistance for the strengthening of financial, accounting, and other management systems
Agency for county, city, and town treasuries, and recommissioning of other financial institutions to handle treasury affairs	 BOT branches serving as agency for the general treasury Local governments Other recommissioned financial institutions 	Depends on different agency tasks and contracts	Agency for treasury affairs
Operations of public treasury commissioning contract	Central Bank of the Republic of China (Taiwan)	From Feb. 1, 2011	Commissioning of operations for public treasury
Commissioning of financial institutions to collect local taxes for the BOT on behalf of the National Treasury	 Financial institutions (including farmers' and fishermen's associations, and credit cooperatives) BOT branches serving as agency for the general treasury 	July 1, 2010~ July 1, 2015	Commissioned collection of local taxes on behalf of the National Treasury
Commissioning of the operation of the local tax collection system to the Financial Information Service Co.	Financial Information Service Co., Ltd.	July 1, 2010~ July 1, 2015	Commissioning of cash and information flow transmission operations for the collection of local taxes for the National Treasury
Commissioning of the Bank of Taiwan by the National Tax Administration of Southern Taiwan to handle the redemption of consolidated income tax refund certificates	National Tax Administration of Southern Taiwan Province, Ministry of Finance	From July 9, 2010	Redemption of consolidated income tax refund certificates beginning in fiscal year 2009
Contract for the New Taipei City Government's Commissioning of the Bank of Taiwan to Manage Government Construction Bonds and Municipal Treasury Bills	New Taipei City Government	From Mar. 30, 2012 until the date when the two parties sign a new National Treasury Agent contract	The method of issuance, investor qualifications and undersubscription, and payment of principal and interest for municipal bonds and treasury bills will be handled in accordance with the outsourcing contract, issuing plan, and regulations of cities under the direct administration of the Executive Yuan.

Agreement	Counterparty	Period	Major Contents and Restrictions
Contract Commissioning the Payment of Fees Due from Agencies and Schools Under the New Taipei City Government via Remittance or Transfer of Treasury Funds	New Taipei City Government	From Mar. 25, 2011 until the date when the two parties sign a new National Treasury Agent contract	Funds due from agencies and schools under the New Taipei City Government will be paid through the remittance or transfer of funds from the treasury.
Data entry service contracting for centralized domestic remittance and bills operations	Tsai Ku Hr Management Co., Ltd.	June 1, 2013~ May 31, 2014	Data processing
The BOT "Outsourcing of Mainland China Branch Information Operations" procurement project	IBM Taiwan	Five years beginning with date of signing on Dec. 29, 2011	Data processing
Outsourced procurement of operating cash and notes shipping	Taiwan Security Co., Ltd.	Apr. 1, 2013~ Mar. 31, 2014	Service: Fixed and irregular duties
"Outsourced Shipment of Cash for ATMs" procurement	LienAn Service Co., Ltd.	Apr. 1, 2013~ Mar. 31, 2014	Shipment of cash
Commissioning of an express delivery company to ship notes	Chung Hwa Express Co., Ltd.	Aug. 1, 2013~ Jul 31, 2015	Commissioning of professional parcel delivery services to handle the exchange of notes
Credit card service operations	Financial Information Service Co., Ltd.	Jan. 1, 2014~ Dec. 31, 2014	Credit card authorization operations, card loss and cancellation operations, handling of emergency services
Outsourcing of RMB Cross- border shipment Services procurement project	Brink's Taiwan Security Limited	Sep. 1, 2013~ Aug. 31, 2014	Shipment of cash
Outsourcing of NT Dollar Cross-border shipment Services	Brink's Taiwan Security Limited	Apr. 11, 2013~ Apr. 10, 2014	Shipment of cash
Agency for Cash Box Transport and Custodianship Services	Industrial and Commercial Bank of China Limited (ICBC) JingAn Subbranch	Mar. 29, 2013~ Mar. 10, 2014	Agency for Cash Box Transport and Custodianship Services
Contract for the Lease of Remote Backup Control Room Premises Equipment, and Outsourcing of Management Services	Tung-I Information Service Co., Ltd.	May 1, 2013~ Apr. 30, 2018	The Lease of Remote Backup Control Room Premises Equipment, and Outsourcing of Management Services

VII. Type of and Related Information on Securitized Products Approved in Accordance with the Statute for Securitization of Financial Assets or Statute for Securitization of Real Estate During the Past Year None



積極主動、迅速服務、追求創新

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BANK ®F TAIWAN



・専屬回饋

持卡人當期新增一般消費,按黃金回饋級距計算黃金點數

,再依該點數加碼 8.88%。

新戸首刷禮

直接加贈黃金回饋點數38點。 費,且單筆金額達新臺幣88元(會)以上者,於次月結帳日年期間未持有本行信用卡者),於活動期間新增二筆一般消凡於101年8月31日前申辦臺銀金采卡獲核卡之正卡新戶(102

•開戸免手續費

請開立黃金存摺帳戶,免收新臺幣10元開戶手續費。 凡於13年8月31日前申辦(或已持有)金采卡正卡, 臨櫃申



即可申請兑換存入黃金存摺 累積黃金點數達 20 點(含)以上

Financial Information

I. Five-Year Financial Summary

1. Brief Balance Sheets and Comprehensive Income Statements

Consolidated Brief Balance Sheets

	Consolidated Brief E		Unit: NT\$1,00
Items	Year	2013	2012
Cash, Cash equiv loans to banks	valents, Placement with Central Bank and call	704,709,365	622,440,273
Financial assets r	neasured at fair value through profit or loss	166,714,218	146,534,038
Available-for-sale	financial assets	765,521,333	734,870,751
Hedging financial	assets	5,443	3,543
Bills and bonds p	ourchased under resell agreements	6,173,451	4,980,621
Receivables, net		82,279,036	89,166,548
Current income ta	ax assets	2,301,083	2,131,424
Assets held for sa	ale, net	-	-
Loans and Disco	unts, net	2,240,652,458	2,177,133,260
Held-to-maturity	financial assets, net	73,044,728	62,009,085
Investments unde	er equity method, net	34,792,041	34,652,109
Restricted assets	i	-	-
Other financial as	sets, net	70,317,917	69,668,204
Property and equ	ipment, net	97,502,611	98,086,367
Investment prope	erty, net	-	-
Intangible assets	, net	1,048,025	1,164,105
Deferred tax asse	ets, net	208,406	331,086
<u></u>	Before distribution	9,031,706	10,620,513
Other assets	After distribution	5,466,613	6,026,501
Tabalanaala	Before distribution	4,254,301,821	4,053,791,927
Total assets	After distribution	4,250,736,728	4,049,197,915
Deposits of Centr	ral Bank and other banks	252,738,244	213,374,465
Financing from C	entral Bank and banks	-	-
Financial liabilities	s measured at fair value through profit or loss	3,999,496	4,876,954
Hedging financial	liabilities	225,806	301,390
Bills and bonds s	old under repurchase agreements	19,036,703	11,998,398
Payables		44,813,384	41,988,683
Current income ta	ax liabilities	127,506	96,083
Liabilities related	to assets held for sale	-	-
Deposits and rem	ittances	3,409,612,039	3,294,903,719
Bonds payable		15,998,240	-
Preferred stock li	abilities	-	-
Other financial lia	bilities	1,243,698	8,198,013
Provision		232,766,904	210,201,483
Deferred tax liabi	lities	18,266,259	18,359,086
Oth an line billing	Before distribution	7,491,439	7,671,101
Other liabilities	After distribution	7,491,439	7,844,210

Items	Year	2013	2012
Total Kabilitian	Before distribution	4,006,319,718	3,811,969,375
Total liabilities	After distribution	4,006,319,718	3,812,142,484
Equity attributable	e to owners of the parent company	-	-
Capital stock		70,000,000	70,000,000
Capital surplus		105,496,092	105,453,034
Retained	Before distribution	50,961,023	48,686,675
earnings	After distribution	47,395,930	43,919,554
Other equity		21,524,988	17,682,843
Treasury stock		-	-
Non-controlling ir	nterests	-	-
Total shareholders'	Before distribution	247,982,103	241,822,552
equity	After distribution	244,417,010	237,055,431

Note: Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.

Consolidated Brief Statements of Comprehensive Income

Year	2013	2012		
Interest income	59,252,283	56,039,716		
Less: Interest expense	33,364,389	31,952,145		
Net interest income	25,887,894	24,087,571		
Non-interest income, net	3,609,714	4,786,638		
Net Revenue	29,497,608	28,874,209		
Bad debt expense and reserve for guarantees	2,697,539	3,107,865		
Operating expenses	18,025,012	17,722,916		
Income before tax from continued operations	8,775,057	8,043,428		
Income tax expenses	1,449,163	862,560		
Net income from continued operations	7,325,894	7,180,868		
Gain (Loss) from discontinued operations	-	-		
Net income	7,325,894	7,180,868		
Other comprehensive income	3,557,719	3,139,909		
Total comprehensive income	10,883,613	10,320,777		
Net income attributed to owners of the parent company	7,325,894	7,180,868		
Net income attributed to non-controlling interests	-	-		
Total comprehensive income attributed to owners of the parent company	10,883,613	10,320,777		
Total comprehensive income attributed to non-controlling interests	-	-		
Earnings per share (NT\$)	1.05	1.03		

Note: Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.

Individual Brief Balance Sheets

Individual Brief Balance Sheets			
Items	Year	2013	2012
Cash, Cash equivalents, Plac banks	ement with Central Bank and call loans to	704,709,334	622,440,273
Financial assets measured at	fair value through profit or loss	166,714,218	146,534,038
Available-for-sale financial as	sets	765,521,333	734,870,751
Hedging financial assets		5,443	3,543
Bills and bonds purchased ur	nder resell agreements	6,173,451	4,980,621
Receivables, net		82,258,188	89,166,548
Current income tax assets		2,301,083	2,131,424
Assets held for sale, net		-	-
Loans and Discounts, net		2,240,652,458	2,177,133,260
Held-to-maturity financial ass	ets, net	73,044,728	62,009,085
Investments under equity me	thod, net	34,941,396	34,652,109
Restricted assets		-	-
Other financial assets, net		70,317,917	69,668,204
Property and equipment, net		97,497,978	98,086,367
Investment property, net		-	-
Intangible assets, net		1,047,495	1,164,105
Deferred tax assets, net		204,531	331,086
	Before distribution	9,030,041	10,620,513
Other assets	After distribution	5,464,948	6,026,501
	Before distribution	4,254,419,594	4,053,791,927
Total assets	After distribution	4,250,854,501	4,049,197,915
Deposits of Central Bank and	other banks	252,738,244	213,374,465
Financing from Central Bank		-	-
5	at fair value through profit or loss	3,999,496	4,876,954
Hedging financial liabilities	and the second second	225,806	301,390
Bills and bonds sold under re	purchase agreements	19,036,703	11,998,398
Payables		44,801,734	41,988,683
Current income tax liabilities		97,148	96,083
Liabilities related to assets he	ld for sale	-	-
Deposits and remittances		3,409,804,155	3,294,903,719
Bonds payable		15,998,240	-
Preferred stock liabilities		_	-
Other financial liabilities		1,243,698	8,198,013
Provision		232,743,115	210,201,483
Deferred tax liabilities		18,266,259	18,359,086
	Before distribution	7,482,893	7,671,101
Other liabilities	After distribution	7,482,893	7,844,210
	Before distribution	4,006,437,491	3,811,969,375
Total liabilities	After distribution	4,006,437,491	3,812,142,484

Items	Year	2013	2012
Equity attributable to owners of	the parent company	-	-
Capital stock		70,000,000	70,000,000
Capital surplus		105,496,092	105,453,034
Detained compines	Before distribution	50,961,023	48,686,675
Retained earnings	After distribution	47,395,930	43,919,554
Other equity		21,524,988	17,682,843
Treasury stock		-	-
Non-controlling interests		-	-
Total abarabaldara' aquity	Before distribution	247,982,103	241,822,552
Total shareholders' equity	After distribution	244,417,010	237,055,431

Note: Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.

	Unit: NT\$1,000	
Year	2013	2012
Interest income	59,252,282	56,039,716
Less: Interest expense	33,364,505	31,952,145
Net interest income	25,887,777	24,087,571
Non-interest income, net	3,513,759	4,786,638
Net Revenue	29,401,536	28,874,209
Bad debt expense and reserve for guarantees	2,697,539	3,107,865
Operating expenses	17,955,435	17,722,916
Income before tax from continued operations	8,748,562	8,043,428
Income tax expenses	1,422,668	862,560
Net income from continued operations	7,325,894	7,180,868
Gain (Loss) from discontinued operations	-	-
Net income	7,325,894	7,180,868
Other comprehensive income	3,557,719	3,139,909
Total comprehensive income	10,883,613	10,320,777
Net income attributed to owners of the parent company	7,325,894	7,180,868
Net income attributed to non-controlling interests	-	-
Total comprehensive income attributed to owners of the parent company	10,883,613	10,320,777
Total comprehensive income attributed to non-controlling interests	-	-
Earnings per share (NT\$)	1.05	1.03

Note: Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.

2. Brief Balance Sheets and Income Statements under Accounting Principles Generally Accepted in the Republic of China (ROC GAAP)

Brief Balance Sheets Unit: NT\$1,000						
Items	Year	2012	2011	2010	2009	
Cash, Cash equivale Central Bank and ca		622,440,273	564,981,579	562,643,187	1,287,012,402	
Financial assets mea through profit or loss		146,534,038	110,886,008	99,875,033	92,123,443	
Bonds and bills purc agreements	hased under resell	4,980,621	3,231,949	600,294	368,349	
Receivables		91,271,394	86,439,780	84,272,771	91,299,622	
Loans and discounts	3	2,177,133,260	2,153,591,118	2,079,558,679	2,045,894,068	
Available-for-sale fin	ancial assets	734,870,751	757,373,465	837,360,582	142,009,713	
Held-to-maturity fina	incial assets	61,999,046	50,942,589	54,207,507	37,859,403	
Investments under e	quity method	35,393,882	32,479,598	31,330,008	29,815,276	
Other financial asset	s	69,672,866	72,207,332	69,201,006	68,496,647	
Fixed assets		97,253,304	97,864,904	76,596,999	78,474,877	
Intangible assets		1,164,105	821,057	969,574	1,107,496	
Other assets	Before distribution	11,934,505	15,119,109	18,607,244	16,590,347	
Other assets	After distribution	7,340,493	10,747,702	12,986,379	12,635,344	
Total apparta	Before distribution	4,054,648,045	3,945,938,488	3,915,222,884	3,891,051,643	
Total assets	After distribution	4,050,054,033	3,941,567,081	3,909,602,019	3,887,096,640	
Deposits of Central I banks	Bank and other	213,374,465	208,926,475	207,612,937	204,950,860	
Financial liabilities m through profit or loss	easured at fair value	4,876,954	3,902,885	18,985,604	4,535,308	
Bonds and bills sold agreements	under repurchase	11,998,398	14,906,165	9,429,373	5,486,934	
Deposits and remitta	inces	3,294,903,719	3,218,010,687	3,185,931,012	3,189,671,973	
Borrowed from Cent banks, and Financial		-	-	-	-	
Preferred liability		-	-	-	-	
Accrued pension liab	oility	4,959,970	4,566,752	3,389,155	2,695,402	
Other financial liabilit	ties	8,499,403	5,756,183	1,048,528	1,511,328	
Other liebilities	Before distribution	263,305,034	243,500,212	237,277,669	241,629,847	
Other liabilities	After distribution	263,478,142	243,560,707	237,399,288	241,763,050	
Tetel Kebilities	Before distribution	3,801,917,943	3,699,569,359	3,663,674,278	3,650,481,652	
Total liabilities	After distribution	3,802,091,051	3,699,629,854	3,663,795,897	3,650,614,855	
Common stock		70,000,000	70,000,000	70,000,000	45,000,000	
Capital surplus		105,682,871	106,077,872	105,581,440	110,062,555	
Detained and in the	Before distribution	33,697,990	30,901,653	32,923,901	50,427,139	
Retained earnings	After distribution	28,930,870	26,469,751	27,181,417	46,338,933	
Unrealized gain or los	Unrealized gain or loss on financial assets		13,983,157	28,860,619	19,065,468	
Cumulative translation	on adjustments	- 800,300	- 366,046	- 455,457	- 123,228	
Other items in share	holders' equity	26,219,881	25,772,493	14,638,103	16,138,057	
Total shareholders'	Before distribution	252,730,102	246,369,129	251,548,606	240,569,991	
equity	After distribution	247,962,982	241,937,227	245,806,122	236,481,785	

Brief Balance Sheets

Note: Figures for 2009-2012 are readjusted by the CPA in accordance with figures approved by the National Audit Office.

Brief Income Statements

Year	2012	2011	2010	2009		
Net interest income	24,675,639	23,186,559	20,269,138	16,803,150		
Non-interest income, net	4,502,274	4,422,055	5,257,020	13,284,694		
Bad debt expenses	3,107,865	5,045,474	376,029	4,434,016		
Operating costs	17,984,064	18,114,175	17,323,324	17,055,490		
Income (loss) before tax from continued operations	8,085,984	4,448,965	7,826,805	8,598,338		
Income (loss) from continued operations	7,228,241	3,663,805	7,084,968	8,176,411		
Gain (loss) from discontinued operations	-	-	-	-		
Extraordinary Gain or Loss	-	-	-	-		
Cumulative effect of changes in accounting principles	-	-	-	-		
Net income	7,228,241	3,663,805	7,084,968	8,176,411		
Earnings per share (after tax) (NT\$)	1.03	0.52	1.01	1.17		

Note: Figures for 2009-2012 are readjusted by the CPA in accordance with figures approved by the National Audit Office.

CPA-Auditor of Financial Report

Year	Name of Accounting Firm	Name of CPA	Audit Opinion
2009	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2010	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2011	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2012	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2013	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion

II. Five-Year Financial Analysis

Consolidated Financial Analysis

	Unit: NT\$1,000 ; 9		
Items	Year	2013	2012
	Ratio of Loans to Deposits	66.02	66.26
	Non-performing Loan Ratio	0.44	0.52
	Ratio of Interest Cost to Annual Average Deposits	1.25	1.27
Operating Ability	Ratio of Interest Income to Annual Average Loans Outstanding	1.89	1.87
	Total Assets Turnover (times) (note 4)	0.71	0.72
	Average Net Interest and Non-interest Income per Employee	3,674	3,596
	Average Profit per Employee	913	894
	Return on Tier 1 Capital (%) (note 4)	5.08	4.61
	Return on Assets (%) (note 4)	0.18	0.18
Profitability	Return on Shareholders' Equity (%) (note 4)	2.99	3.01
	Net Income Ratio	24.84	24.87
	Earnings per Share (NT\$)	1.05	1.03
Financial	Ratio of Liabilities to Assets	94.16	94.02
Structure	Ratio of Property and Equipment to Shareholders' Equity	39.32	40.56
Growth Rate	Rate of Asset Growth	4.95	2.75
Growin hale	Rate of Earnings Growth (note 5)	9.10	-
	Cash Flow Ratio (note 6)	-	25.90
Cash Flow	Cash Flow Adequacy Ratio (note 7)	582.05	1,196.38
	Cash Flow Satisfied Ratio (note 6)	-	-20,351.29
Liquidity Rese	erve Ratio	42.81	40.07
Loans to Parti	es with Material Relationship with the Bank	34,267,212	20,181,252
Ratio of Loans Bank to Total	s to Parties with Material Relationship with the Loans	1.45	0.88
	Market Share of Assets	9.83	10.31
Operating	Market Share of Net Worth	9.10	9.60
Scale	Market Share of Deposits	10.80	11.12
	Market Share of Loans	9.06	9.29

- Notes: 1. Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.
 - 2. Formulae used in calculations:
 - (1) Operating ability
 - a. Ratio of loans to deposits = Annual average loans outstanding / Annual average deposits
 - b. Non-performing loan ratio = Non-performing loans / Total loans outstanding
 - c. Ratio of interest cost to annual average deposits = Interest cost related to deposits (Note 3) / Annual average deposits
 - d. Ratio of interest income to annual average loans outstanding = Interest income related to loans outstanding / Annual average amount of loans outstanding
 - e. Total assets turnover (times) = Net interest and non-interest income / Average Total Assets
 - f. Average net interest and non-interest income per employee = Net interest and non-interest income / Annual average total number of employees
 - g. Average profit per employee = Net income / Total number of employees at year-end
 - (2) Profitability
 - a. Return on Tier 1 capital = Before-tax profit or loss / Total amount of Tier 1 capital
 - b. Return on assets = Net Income / Average total assets
 - c. Return on shareholders' equity = Net income / Average net shareholders' equity
 - d. Net income ratio = Net income / Net interest and non-interest income
 - e. Earnings per share = (Income attributable to owners of the parent company preferred stock dividend) / Weighted average number of shares issued
 - (3) Financial Structure
 - a. Ratio of liabilities to assets = Total liabilities / Total assets
 - b. Ratio of property and equipment to shareholders' equity = Net property and equipment / Net shareholders' equity
 - (4) Growth rates
 - a. Rate of asset growth = (Total assets for current year total assets for previous year) / Total assets for previous year
 - b.Rate of earnings growth = (Before-tax profit or loss for current year before-tax profit or loss for previous year) / Before-tax profit for previous year
 - (5) Cash Flow
 - a. Cash flow ratio = Net cash flow from business activities / (Call loans and overdrafts from banks + commercial paper + financial liabilities measured at fair value through profit or loss + bonds and bills sold under repurchase agreements + current portion of payables)
 - b. Cash flow adequacy ratio = Net cash flow from business activities for the past five years / (Capital expenditures + cash dividends) for the past five years
 - c. Cash flow satisfied ratio = Net cash flow from business activities / Net cash flow from investing activities
 - (6) Liquidity reserve ratio = Liquid assets specified by the Central Bank / Debt items for which liquidity reserves should be allocated
 - (7) Operating Scale
 - a. Market Share of Assets = Total assets / Total assets of the major financial institutions
 - b. Market Share of Net Worth = Net Worth / Total net worth of the major financial institutions
 - c. Market Share of Deposits = Deposits / Total deposits of the major financial institutions
 - d. Market Share of Loans = Loans / Total loans of the major financial institutions
 - 3. To reasonably express average interest rate, excess interest paid on preferential deposits was added back into total interest expenditures for 2013 and 2012 in the amounts of NT\$10,820,906,000 and NT\$10,664,322,000, respectively.
 - 4. The Bank began compiling its financial statements in accordance with IFRS in 2013. Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS). The "Rate of Return" for 2012 uses the Jan. 1, 2012 initial amount and 2012 Tier 1 Capital and asset or net value average. For 2013, the average amounts of the preceding items for 2012 and 2013 are used.
 - 5. Result of not using IFRS in compilation of financial statement amounts in 2011.
 - 6. Net cash outflow produced by business activity in 2013, making it impossible to calculate this ratio.
 - 7. Net cash flow adequacy ratios for 2012 and 2013 were calculated using net cash flows from business activity for the current year and past two years/(capital expenditures + cash dividends).

Individual Financial Analysis

Items	Year	2013	2012	
	Ratio of Loans to Deposits	66.02	66.26	
	Non-performing Loan Ratio	0.44	0.52	
	Ratio of Interest Cost to Annual Average Deposits	1.25	1.27	
Operating Ability	Ratio of Interest Income to Annual Average Loans Outstanding	1.89	1.87	
,	Total Assets Turnover (times) (note 4)	0.71	0.72	
	Average Net Interest and Non-interest Income per Employee	3,674	3,596	
Deperating Ability T Ability T Profitability F Profitability F Financial Structure F Growth Rate	Average Profit per Employee	915	894	
	Return on Tier 1 Capital (%) (note 4)	5.07	4.6	
	Return on Assets (%) (note 4)	0.18	0.18	
Profitability	Return on Shareholders' Equity (%) (note 4)	2.99	3.0-	
	Net Income Ratio	24.92	24.87	
	Earnings per Share (NT\$)	1.05	1.03	
Einen eint	Ratio of Liabilities to Assets	94.16	94.02	
Structure	Ratio of Property and Equipment to Shareholders' Equity	39.32	40.56	
0 11 0 1	Rate of Asset Growth	4.95	2.75	
Growth Rate	Rate of Earnings Growth (note 5)	8.77		
	Cash Flow Ratio (note 6)	-	25.9	
Cash Flow	Cash Flow Adequacy Ratio (note 7)	582.05	1,196.38	
	Cash Flow Satisfied Ratio (note 6)	-	-20,351.2	
Liquidity Rese	rve Ratio	42.81	40.0	
Loans to Parti	es with Material Relationship with the Bank	34,267,212	20,181,252	
Ratio of Loans Total Loans	to Parties with Material Relationship with the Bank to	1.45	0.88	
	Market Share of Assets	9.83	10.3	
Operating	Market Share of Net Worth	9.10	9.60	
Scale	Market Share of Deposits	10.81	11.12	
	Market Share of Loans	9.06	9.29	

Notes: 1. Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS); figures for 2013 are CPA approved.

2. Formulae used in calculations:

(1) Operating ability

a. Ratio of loans to deposits = Annual average loans outstanding / Annual average deposits

b. Non-performing loan ratio = Non-performing loans / Total loans outstanding

c. Ratio of interest cost to annual average deposits = Interest cost related to deposits (Note 3) / Annual average deposits

d. Ratio of interest income to annual average loans outstanding = Interest income related to loans outstanding / Annual average amount of loans outstanding

e. Total assets turnover (times) = Net interest and non-interest income / Average Total Assets

f. Average net interest and non-interest income per employee = Net interest and non-interest income / Annual average total number of employees

g. Average profit per employee = Net income / Total number of employees at year-end

(2) Profitability

- a. Return on Tier 1 capital = Before-tax profit or loss / Total amount of Tier 1 capital
- b. Return on assets = Net Income / Average total assets
- c. Return on shareholders' equity = Net income / Average net shareholders' equity
- d. Net income ratio = Net income / Net interest and non-interest income
- e. Earnings per share = (Income attributable to owners of the parent company preferred stock dividend) / Weighted average number of shares issued

(3) Financial Structure

- a. Ratio of liabilities to assets = Total liabilities / Total assets
- b. Ratio of property and equipment to shareholders' equity = Net property and equipment / Net shareholders' equity

(4) Growth rates

- a. Rate of asset growth = (Total assets for current year total assets for previous year) / Total assets for previous year
- b. Rate of earnings growth = (Before-tax profit or loss for current year before-tax profit or loss for previous year) / Before-tax profit for previous year
- (5) Cash Flow
 - a. Cash flow ratio = Net cash flow from business activities / (Call loans and overdrafts from banks + commercial paper + financial liabilities measured at fair value through profit or loss + bonds and bills sold under repurchase agreements + current portion of payables)
 - b. Cash flow adequacy ratio = Net cash flow from business activities for the past five years / (Capital expenditures + cash dividends) for the past five years
 - c. Cash flow satisfied ratio = Net cash flow from business activities / Net cash flow from investing activities
- (6) Liquidity reserve ratio = Liquid assets specified by the Central Bank / Debt items for which liquidity reserves should be allocated
- (7) Operating Scale
 - a. Market Share of Assets = Total assets / Total assets of the major financial institutions
 - b. Market Share of Net Worth = Net Worth / Total net worth of the major financial institutions
 - c. Market Share of Deposits = Deposits / Total deposits of the major financial institutions
 - d. Market Share of Loans = Loans / Total loans of the major financial institutions
- 3. To reasonably express average interest rate, excess interest paid on preferential deposits was added back into total interest expenditures for 2013 and 2012 in the amounts of NT\$10,820,906,000 and NT\$10,664,322,000, respectively.
- 4. The Bank began compiling its financial statements in accordance with IFRS in 2013. Figures for 2012 are final audit accounts compiled by the CPA in accordance with domestic financial accounting standards and their interpretation fundamentals as stipulated by the National Audit Office, and were recompiled, following adjustment, in line with the International Financial Reporting Standards (IFRS). The "Rate of Return" for 2012 uses the Jan. 1, 2012 initial amount and 2012 Tier 1 Capital and asset or net value average. For 2013, the average amounts of the preceding items for 2012 and 2013 are used.
- 5. Result of not using IFRS in compilation of financial statement amounts in 2011.
- 6. Net cash outflow produced by business activity in 2013, making it impossible to calculate this ratio.
- 7. Net cash flow adequacy ratios for 2012 and 2013 were calculated using net cash flows from business activity for the current year and past two years/(capital expenditures + cash dividends).

Adequacy of Capital

Unit:NT\$1,000 ; %

Items		Year	2013
	Common Stocks Ec	quity	169,355,190
Calf annead Casital	Other Total Tier 1 of	Non-common Stocks Equity	
Self-owned Capital	Tier 2 Capital		34,157,947
	Self-owned Capital		203,513,137
		Standardized Approach	1,768,858,574
	Credit Risk	Internal Rating Based Approach	
		Securitization	4,374,030
	Operational Risk	Basic Indicator Approach	51,777,388
Total Risk-Weighted Assets		Standardized Approach/ Alternative Standardized Approach	
		Advanced Measurement Approach	
	Market Risk	Standardized Approach	71,523,188
		Internal Model Approach	
	Total Risk-Weighted	Assets	1,896,533,180
Capital Adequacy Ratio	·		10.73%
Ratio of Tier 1 Capital to R	isk Assets		8.93%
Ratio of Common Stocks E	Equity to Risk Assets		8.93%
Leverage Ratio			3.58%

Notes: 1. Figures for 2013 are CPA approved.

- 2. The definition of Self-Owned Capital, Risk-Weighted Assets and exposure measure hereby shall be in compliance with the "Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks" and "Methods for Calculation the Self-Owned Capital and Risk-Weighted Assets of Banks".
- 3. Formulae used in calculations:
 - a. Self-owned Capital = Common Stocks Equity + Other Total Tier 1 of Non-common Stocks Equity + Tier 2 Capital
 - b. Total Risk-Weighted Assets = Credit Risk-Weighted Assets +(Operational Risk+Market Risk) Capital Requirement ×12.5
 - c. Capital Adequacy Ratio = Self-owned Capital / Total Risk-Weighted Assets
 - d. Ratio of Tier 1 Capital to Risk Assets = (Common Stocks Equity + Other Total Tier 1 of Non-common Stocks Equity) / Total Risk-Weighted Assets
 - e. Ratio of Common Stocks Equity to Risk Assets = Common Stocks Equity / Total Risk-Weighted Assets
 - f. Leverage Ratio = Net Tier 1 Capital / Exposure Measurement

Financial Analysis - ROC GAAP

Financial Analysis — ROC GAAP						
Items	Year	2012	2011	2010	2009	
	Ratio of Loans to Deposits	66.26	67.16	65.19	63.35	
	Non-performing Loan Ratio	0.52	0.44	0.62	1.03	
	Ratio of Interest Cost to Annual Average Deposits	1.27	1.21	1.04	1.26	
Operating	Ratio of Interest Income to Annual Average Loans Outstanding	1.87	1.77	1.59	1.68	
Ability	Total Assets Turnover (times)	0.73	0.70	0.65	0.80	
	Average Net Interest and Non-interest Income per Employee	3,634	3,477	3,210	3,733	
	Average Operating Revenue per Employee	-	-	-	-	
	Average Profit per Employee (note 5)	900	461	891	1,014	
	Return on Tier 1 Capital	4.64	2.55	4.43	4.98	
	Return on Assets	0.18	0.09	0.18	0.22	
Profitability	Return on Shareholders' Equity	2.90	1.47	2.88	3.52	
	Net Income Ratio	24.77	13.27	27.76	27.18	
	Earnings per Share (NT\$)	1.03	0.52	1.01	1.17	
Financial	Ratio of Liabilities to Assets	93.75	93.74	93.57	93.81	
Structure	Ratio of Fixed Assets to Stockholders' Equity	38.48	39.72	30.45	32.62	
Growth	Rate of Asset Growth	2.75	0.78	0.62	8.25	
Rates	Rate of Earnings Growth	81.75	-43.16	-8.97	1.13	
	Cash Flow Ratio (note 4)	5.72	-	12.33	2.66	
Cash Flow	Cash Flow Adequacy Ratio (note 4)	174.77	388.64	580.70	781.07	
	Cash Flow Satisfied Ratio (note 4)	-38.43	-	4.60	-2.12	
Liquidity Rese	erve Ratio	40.07	40.59	42.94	47.25	
Loans to Parties with Material Relationship with the Bank		20,181,252	19,419,003	19,516,445	19,657,805	
Ratio of Loan the Bank to T	s to Parties with Material Relationship with otal Loans	0.88	0.86	0.91	0.93	
	Market Share of Assets	10.31	10.36	10.94	11.55	
Operating	Market Share of Net Worth	10.03	10.67	11.46	11.76	
Scale	Market Share of Deposits	11.12	11.29	11.63	12.32	
	Market Share of Loans	9.29	9.52	9.97	10.54	

- Notes: 1. Figures for 2009-2012 are readjusted by the CPA in accordance with figures approved by the National Audit Office. 2. Formulae used in calculations:
 - (1) Operating ability
 - a. Ratio of loans to deposits = Annual average loans outstanding / Annual average deposits
 - b. Non-performing loan ratio = Non-performing loans / Total loans outstanding
 - c. Ratio of interest cost to annual average deposits = Total interest cost (Note 3) / Annual average deposits
 - d. Ratio of interest income to annual average loans outstanding= Total interest income / Annual average amount of loans outstanding
 - e. Total assets turnover (times) = Net interest and non-interest income / Average Total Assets
 - f. Average net interest and non-interest income per employee = Net interest and non-interest income / Annual average total number of employees
 - g. Average profit per employee = Net income / Total number of employees at year-end

(2) Profitability

- a. Return on Tier 1 capital = Before-tax profit or loss / Total amount of Tier 1 capital
- b. Return on assets = Net Income / Average total assets
- c. Return on shareholders' equity = Net income / Average net shareholders' equity
- d. Net income ratio = Net income / Net interest and non-interest income
- e. Earnings per share = Income after income tax-preferred stock dividend / Weighted average number of shares issued
- (3) Financial Structure
 - a. Ratio of liabilities to assets = Total liabilities / Total assets
 - b. Ratio of fixed assets to stockholders' equity = Net fixed assets / Net shareholders' equity
- (4) Growth rates
 - a. Rate of asset growth = (Total assets for current year-total assets for previous year) / Total assets for previous year
 - b. Rate of earnings growth = (Before-tax profit or loss for current year before-tax profit or loss for previous year) / Before-tax profit for previous year
- (5) Cash Flow
 - a. Cash flow ratio = Net cash flow from business activities / (Call loans and overdrafts from banks + commercial paper + financial liabilities measured at fair value through profit or loss + bonds and bills sold under repurchase agreements + current portion of payables)
 - b. Cash flow adequacy ratio = Net cash flow from business activities for the past five years / (Capital expenditures + inventory increase + cash dividends) for the past five years
 - c. Cash flow satisfied ratio = Net cash flow from business activities / Net cash flow from investing activities
- (6) Liquidity reserve ratio = Liquid assets specified by the Central Bank / Debt items for which liquidity reserves should be allocated
- (7) Operating Scale
 - a. Market Share of Assets = Total assets / Total assets of the major financial institutions
 - b. Market Share of Net Worth = Net Worth / Total net worth of the major financial institutions
 - c. Market Share of Deposits = Deposits / Total deposits of the major financial institutions
 - d. Market Share of Loans = Loans / Total loans of the major financial institutions
- 3. To reasonably express average interest rate, excess interest paid on preferential deposits was added back into total interest expenditures.
- 4. Net cash inflow produced by business activity in 2012: Net outflows were recorded in 2011 cash flow ratio and cash flow satisfied ratio because of business activity.
- 5. Profit growth in 2012 was the result primarily of reduced bad debt provision and increases in net interest income and gains on property transactions.

Adequacy of Capital

Unit:NT\$1,000;%

	Uni				Unit:NT\$1,000;	
Items		Year	2012	2011	2010	2009
		Common Stocks	70,000,000	70,000,000	70,000,000	45,000,000
		Non-cumulative Perpetual Preferred Stocks				
		Non-cumulative Subordinated Debentures without Maturity Dates				
		Advanced Receipts for Capital Stocks				
		Capital Surplus (Apart from Fixed Assets Appreciation Surplus)	105,682,871	106,077,872	105,581,440	110,062,555
		Legal Reserves	25,218,428	24,119,287	21,993,796	19,540,873
	Tier 1 Capital	Special Reserves	98,322	518,561	1,645,137	22,709,855
		Accumulated Profit or Loss	8,385,156	6,301,072	9,284,925	8,117,13
		Minority Interests				
		Other Items in Shareholders' Equity	-3,947,909	-5,799,208	-1,567,024	-3,442,117
		deducted:Goodwill				
		deducted:Unamortized Loss for Sale of NPL				
		deducted:Capital Deductions	29,544,165	28,336,290	30,416,621	25,434,476
		Total Tier 1 Capital	175,892,703	172,881,294	176,521,653	176,553,82
		Perpetual Cumulative Preferred Stocks				
Self-owned		Cumulative Subordinated Debentures without Maturity Dates				
Capital		Fixed Asset Appreciation Surplus	27,383,086	26,581,673	14,640,019	16,138,05
		45% of Unrealized Gain of Available-for-sale Financial Assets	8,961,329	8,373,213	13,486,622	10,072,960
		Convertible Bonds				
		Operating Reserve and Loan Provision	9,146,517	7,865,923	1,328,931	2,596,286
	Tier 2 Capital	Long-term Subordinated Debentures				
		Non-perpetual Preferred Stocks				
		The Aggregate of Non-cumulative Perpetual Preferred Stocks and Non-cumulative Subordinated Debentures without a Maturity Date exceeding 15% of Total Tier 1 Capital				
		deducted:Capital Deductions	29,544,164	28,336,288	29,455,572	25,434,475
		Total Tier 2 Capital	15,946,768	14,484,521	-	3,372,828
		Short-term Subordinated Debentures				
	Tier 3 Capital	Non-perpetual Preferred Stocks				
		Total Tier 3 Capital				
	Self-owned Ca	pital	191,839,471	187,365,815	176,521,653	179,926,649

Items		Year	2012	2011	2010	2009
		Standardized Approach	1,631,099,532	1,525,347,746	1,387,342,993	1,425,665,616
	Credit Risk	Internal Rating Based Approach				
		Securitization	3,646,593	2,125,603	2,722,945	3,073,045
		Basic Indicator Approach	49,219,638	47,184,300	46,779,788	47,894,250
Total Risk- Weighted Assets	Operational Risk	Standardized Approach/Alternative Standardized Approach				
		Advanced Measurement Approach				
	Market Risk	Standardized Approach	72,726,088	71,441,638	49,679,588	36,162,738
		Internal Model Approach				
	Total Risk-Wei	ghted Assets	1,756,691,851	1,646,099,287	1,486,525,314	1,512,795,649
Capital Adeo	Capital Adequacy Ratio		10.92	11.38	11.87	11.89
Ratio of Tier 1 Capital to Risk Assets		10.01	10.50	11.87	11.67	
Ratio of Tier 2 Capital to Risk Assets		0.91	0.88	-	0.22	
Ratio of Tier 3 Capital to Risk Assets						
Ratio of Cor	nmon Share Equ	uity to Total Assets	1.73	1.77	1.79	1.16

Notes:1. Figures for 2009-2012 are CPA approved.

2. Formulae used in calculations:

a. Self-owned Capital = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital

b. Total Risk-Weighted Assets = Credit Risk-Weighted Assets + (Operational Risk+Market Risk) Capital Requirement ×12.5

c. Capital Adequacy Ratio = Self-owned Capital / Total Risk-Weighted Assets

d. Ratio of Tier 1 Capital to Risk Assets = Tier 1 Capital / Total Risk-Weighted Assets

e. Ratio of Tier 2 Capital to Risk Assets = Tier 2 Capital / Total Risk-Weighted Assets

f. Ratio of Tier 3 Capital to Risk Assets = Tier 3 Capital / Total Risk-Weighted Assets

g. Ratio of Common Share Equity to Total Assets = Common Share Equity / Total Assets

III. Statement by the Audit Committee

Statement by the Audit Committee

The 2013 Individual and Consolidated Financial Statements of the Bank of Taiwan have been examined and certified by Yen-Ling Fang and Derek Hsu, CPAs, of KPMG Certified Public Accountants, who have submitted the CPA report. The above-mentioned 2013 Individual and Consolidated Financial Statements were reviewed by the Audit Committee at the 13th Meeting of its 2nd Term on March 10, 2014, and were found to have no inconsistencies. This review report is submitted in accordance with the requirements of Article 14-4 of the Securities and Exchange Act.

Audit Committee

Independent Director: Shiu, Yung-Ming

Independent Director: Chen, Ming-Chin

Independent Director: Hsu, Yi-Hsiung (Convenor)

March 10, 2014

IV. Financial Statements of Recent Years, and Independent Auditors' Report

Independent Auditors' Report

The Board of Directors Bank of Taiwan:

We have audited the accompanying consolidated financial statements of Bank of Taiwan and its subsidiary, which comprise the consolidated balance sheet as at December 31, 2013 and 2012, and January 1, 2012, the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended. The preparation of the financial statements is the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in note 15 to the consolidated financial statements, certain investments under the equity method in the consolidated financial statements of Bank of Taiwan and its subsidiary as of December 31, 2013 and 2012, and January 1, 2012 amounting NT\$28,817,655 thousand, 0.68% of total assets, NT\$27,534,116 thousand, 0.68% of total assets, and, NT\$26,187,815 thousand, 0.66% of total assets, respectively, and related investment gains of NT\$2,135,643 thousand and NT\$1,900,579 thousand, which were 24.34% and 23.63% of income before income tax, in 2013 and 2012, respectively, were accounted for by using the equity method and based on the investees' financial statements audited by other auditors.

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

In our opinion, based on our audits and the audits of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Taiwan and its subsidiary as of December 31, 2013 and 2012, and January 1, 2012, and the results of its operations and its cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Publicly Banks", the International Financial Reporting Standards, the International Accounting Standards and IFRS interpretation committee endorsed by the Financial Supervisory Commission.

In accordance with the auditing regulations in Taiwan, the financial statements of Bank of Taiwan are required to be audited by the National Audit Office, known as the Ministry of Audit. The statements for the years ended 2012 and 2011 have been audited and approved by the Ministry of Audit. And the adjustments by that office are reflected in the financial statement amounts. For further information, please see note 47 (2).

We have also audited the separate financial statements of Bank of Taiwan as of 2013 and 2012, and have issued the auditor's reports with modified unqualified opinion.

KPMA

March 14, 2014

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

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BANK OF TAIWAN AND SUBSIDIARIES Consolidated Balance Sheets December 31, 2013 and 2012, and January 1, 2012 (expressed in thousands of New Taiwan dollars)

	December 31,	2013	December 31,	2012	January 1, 2	012
	Amount	%	Amount	%	Amount	%
Assets						
Cash and Cash Equivalents (note 6 and 42)	\$ 119,265,293	3	72,812,404	2	76,426,176	2
Placement with Central Bank and Call Loans to Banks (note 7, 12 and 42)	585,444,072	14	549,627,869	14	488,555,403	12
Financial Assets Measured at Fair Value through Profit or Loss, Net (note 8, 41 and 42)	166,714,218	4	146,534,038	3	110,886,007	3
Hedging Financial Assets (note 9)	5,443	-	3,543	-	3,074	-
Bills and Bonds Purchased under Resell Agreements (note 10)	6,173,451	-	4,980,621	-	3,231,949	-
Receivables, Net (note 11, 12 and 42)	82,279,036	2	89,166,548	2	84,601,770	2
Current Income Tax Assets	2,301,083	-	2,131,424	-	1,872,826	-
Loans and Discounts, Net (note 12 and 42)	2,240,652,458	53	2,177,133,260	54	2,153,591,119	55
Available-for-sale Financial Assets, Net (note 13, 20 and 43)	765,521,333	18	734,870,751	18	757,373,465	19
Held-to-maturity Financial Assets, Net (note 14 and 43)	73,044,728	2	62,009,085	2	50,957,785	1
Investments under Equity Method, Net (note 15)	34,792,041	1	34,652,109	1	32,075,050	1
Other Financial Assets, Net (note 11, 12, 16 and 20)	70,317,917	1	69,668,204	2	72,202,088	2
Property and Equipment, Net (note 17)	97,502,611	2	98,086,367	2	98,711,359	3
Intangible Assets (note 18)	1,048,025	-	1,164,105	-	821,057	-
Deferred Tax Assets (note 30)	208,406	-	331,086	-	267,915	-
Other Assets (note 19, 20 and 42)	9,031,706	-	10,620,513	-	13,541,968	-
Total assets	\$ 4,254,301,821	100	4,053,791,927	100	3,945,119,011	100

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	December 31,	2013	December 31,	2012	January 1, 20)12
	Amount	%	Amount	%	Amount	%
Liabilities and Stockholders' Equity						
Liabilities:						
Deposits of Central Bank and other banks (note 21 and 42)	\$ 252,738,244	7	213,374,465	5	208,926,475	5
Financial Liabilities Measured at Fair Value through Profit or Loss (note 22 and 42)	3,999,496	-	4,876,954	-	3,902,885	-
Hedging Financial Liabilities (note 9)	225,806	-	301,390	-	409,907	-
Bills and Bonds Sold under Repurchase Agreements (note 10)	19,036,703	-	11,998,398	-	14,906,165	-
Payables (note 23 and 42)	44,813,384	1	41,988,683	2	39,429,620	1
Current Income Tax Liabilities	127,506	-	96,083	-	33,893	-
Deposits and Remittances (note 24 and 42)	3,409,612,039	80	3,294,903,719	81	3,218,010,687	83
Financial bonds payable (note 25)	15,998,240	-	-	-	-	-
Other Financial Liabilities (note 26)	1,243,698	-	8,198,013	-	5,346,276	-
Provision (note 27 and 28)	232,766,904	6	210,201,483	5	192,806,676	5
Deferred Tax Liabilities (note 30)	18,266,259	-	18,359,086	1	18,278,673	-
Other Liabilities (note 29 and 42)	7,491,439		7,671,101		7,134,077	
Total liabilities	4,006,319,718	94	3,811,969,375	94	3,709,185,334	94
Equity attributable to shareholders of the parent (note 29, 30):						
Capital stock (note 31)	70,000,000	2	70,000,000	2	70,000,000	2
Capital surplus	105,496,092	2	105,453,034	3	105,453,034	3
Retained earnings:						
Legal reserve	27,386,900	1	25,218,428	1	24,119,287	1
Special reserve (note 31)	16,488,296	-	15,087,006	-	15,998,121	-
Unappropriated retained earnings	7,085,827		8,381,241		6,263,805	
	50,961,023	1	48,686,675	1	46,381,213	1
Other equity (note 31)	21,524,988	1	17,682,843		14,099,430	
Total equity	247,982,103	6	241,822,552	6	235,933,677	6
Total liabilities and stockholders' equity	\$ 4,254,301,821	100	4,053,791,927	100	3,945,119,011	100

BANK OF TAIWAN AND SUBSIDIARIES Consolidated Statements of Comprehensive Income For the year ended December 31, 2013 and 2012 (expressed in thousands of New Taiwan dollars)

		2013		2012		Percentage
		Amount	%	Amount	%	Change
Revenue and income (note):						
Interest income (note 32)	\$	59,252,283	201	56,039,716	194	6
Less: Interest expense (note 32)		(33,364,389)	(113)	(31,952,145)	(111)	4
Net interest income (note 32)		25,887,894	88	24,087,571	83	7
Non-interest income, net						
Service fees, net (note 33)		5,275,607	18	4,700,011	16	12
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss (note 34)		14,147,606	48	12,871,550	45	10
Realized gain (loss) on available-for-sale financial assets (note 35)		1,007,390	3	929,158	3	8
Foreign exchange gain (loss)		2,585,863	9	1,679,572	6	54
Provision of impairment loss on assets (note 20)		(19,013)	-	(84,328)	-	77
Share of income of equity-accounted investees (note 15)		1,926,100	7	2,139,668	7	(10)
Premiums loss (note 36)		(5,563,476)	(19)	(10,275,010)	(35)	46
Sales income (note 36)		430,636	1	831,440	3	(48)
Subsidized income from government (note 36)		15,696,251	53	18,525,118	64	(15)
Other miscellaneous income (note 36)		865,784	3	766,490	3	13
Provisions for policyholders' reserve premium (note 36 and 42)		(21,922,128)	(74)	(16,632,709)	(58)	(32)
Excess interest expenses (note 11, 36 and 42)		(10,820,906)	(36)	(10,664,322)	(37)	(1)
Net Revenue		29,497,608	101	28,874,209	100	2
Bad debt expense and reserve for guarantees (note 12)		(2,697,539)	(9)	(3,107,865)	(11)	(13)
Expenses (note):						
Employee benefits expenses (note 37)		(11,562,624)	(39)	(11,506,810)	(40)	-
Depreciation and amortization expenses (note 38)		(1,282,422)	(4)	(1,257,005)	(4)	2
Other general and administrative expenses (note 39)		(5,179,966)	(18)	(4,959,101)	(17)	4
Total Expenses		(18,025,012)	(61)	(17,722,916)	(61)	2
Operating Income, Net	_	8,775,057	31	8,043,428	28	9
Net income before income tax		8,775,057	31	8,043,428	28	9
Income Tax Expenses (note 30)	_	(1,449,163)	(6)	(862,560)	(3)	(68)
Consolidated net income		7,325,894	25	7,180,868	25	2
Other comprehensive income (loss):						
Financial statements translation differences of foreign operations		6,933	-	(327,865)	(1)	102
Unrealized gain (loss) on available-for-sale financial assets		4,754,330	16	2,504,040	9	90
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		(330,269)	(1)	(383,921)	(1)	14
Share of other comprehensive income of associates and joint ventures accounted for using equity method		(911,410)	(3)	1,309,393	5	(170)
Income tax relating to components of other comprehensive income (loss)	_	38,135		38,262		-
Other comprehensive income (loss) for the period	_	3,557,719	12	3,139,909	12	-
Total comprehensive income (loss) after tax for the period	\$	10,883,613	37	10,320,777	37	5
Basic earnings per share (In NT dollars) (note 40)	\$		1.05		1.03	

BANK OF TAIWAN AND SUBSIDIARIES Consolidated Statements of Changes in Equity For the year ended December 31, 2013 and 2012 (expressed in thousands of New Taiwan dollars)

				Retained earnings	mings		Oth	Other equity adjustments		
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences of foreign operation	Unrealized gain on valuation of available-for-sale financial assets	Total	Total
Balance at January 1, 2012	\$ 70,000,000	105,453,034	24,119,287	15,998,121	6,263,805	46,381,213	•	14,099,430	14,099,430	235,933,677
Appropriation and distributions :										
Legal reserve		I	1,099,141		(1,099,141)	ı	I	1	,	
Special reserve appropriated		I	I	732,761	(732,761)	ı	I	I	ı	I
Cash dividends		I	1	1	(4,431,902)	(4,431,902)	I	I	ı	(4,431,902)
Reversal of special reserve- disposal of land	I	1	ı	(37,985)	37,985	ı	I	I	ı	I
Reversal of special reserve		I	I	(1,605,891)	1,605,891	ı	I	1	,	
Profit for the period		I	I		7,180,868	7,180,868	I	I	'	7,180,868
Other comprehensive income (loss) for the period	1			1	(443,504)	(443,504)	(363,405)	3,946,818	3,583,413	3,139,909
Balance at December 31, 2012	70,000,000	105,453,034	25,218,428	15,087,006	8,381,241	48,686,675	(363,405)	18,046,248	17,682,843	241,822,552
Appropriation and distributions :										
Legal reserve		I	2,168,472	I	(2,168,472)	ı	I	ı	1	1
Special reserve appropriated		I	I	1,445,648	(1,445,648)	I	1	ı	1	I
Cash dividends	1	I	I	I	(4,767,120)	(4,767,120)	I	1	I	(4,767,120)
Reversal of special reserve- disposal of land	I	ı	I	(44,358)	44,358	ı	I	I	ı	ı
Changes in equity of associates and joint ventures accounted for using equity method	·	43,058	I		1	I		·	I	43,058
Profit for the period	1	I	1		7,325,894	7,325,894	I		I	7,325,894
Other comprehensive income for the period	ľ				(284,426)	(284,426)	54,487	3,787,658	3,842,145	3,557,719
Balance at December 31, 2013	\$ 70,000,000	105,496,092	27,386,900	16,488,296	7,085,827	50,961,023	(308,918)	21,833,906	21,524,988	247,982,103
Note: The directors and supervisors' compensations are \$3,240 and \$3,268 thousand dollars in 2013 and 2012, respectively. Both of them are recognized in the consolidated statements of comprehensive income.	rs' compensations	are \$3,240 and \$3,2	68 thousand dollars	in 2013 and 2012, r	espectively. Both of	them are recogi	nized in the consolidated	statements of comprehe	ensive income.	

BANK OF TAIWAN AND SUBSIDIARIES Consolidated Statements of Cash Flows For the year ended December 31, 2013 and 2012 (expressed in thousands of New Taiwan dollars)

	2013	2012
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 8,775,057	8,043,428
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	872,277	1,000,846
Amortization expense	410,145	349,34
Provision for bad debt expense and guarantee liabilities	2,697,539	3,107,86
Interest expense	33,364,389	31,952,14
Interest income	(59,252,283)	(56,039,716
Net change in other provisions	22,582,948	17,361,22
Printing retirement losses and reversal of impairment loss on inventory valuation	(6,899)	(224,302
Share of profit of associates and joint ventures accounted for using equity method	(1,926,100)	(2,139,668
Gain on disposal of property and equipment	(448,724)	(792,909
Impairment loss on non-financial assets	19,013	
Total adjustments to reconcile profit (loss)	(1,687,695)	(5,340,84
Changes in operating assets and liabilities :		
Increase in due from the Central Bank and call loans to banks	(28,075,745)	(11,901,02
Increase in financial assets at fair value through profit or loss	(14,328,674)	(11,016,08
Increase in derivative financial assets for hedging	(1,900)	(46
Decrease (increase) in securities purchased under resell agreements	4,980,621	(1,748,67
Decrease (increase) in receivables	7,121,618	(3,831,03
Increase in discounts and loans	(66,309,595)	(26,369,30
(Increase) decrease in available-for-sale financial assets	(98,567,399)	9,296,63
Increase in held-to-maturity financial assets	(34,308,521)	(8,128,98
(Increase) decrease in other financial assets	(962,726)	2,521,59
Decrease in other assets	1,609,387	3,152,31
Total changes in operating assets	(228,842,934)	(48,025,04
Increase in deposits from the Central Bank and banks	39,363,779	4,447,99
(Decrease) increase in financial liabilities at fair value through profit or loss	(877,458)	974,06
Decrease in derivative financial liabilities for hedging	(75,584)	(108,51
Increase (decrease) in notes and bonds issued under repurchase agreement	7,038,305	(2,907,76
Increase in payable	4,055,674	2,265,92
Increase in deposits and remittances	114,708,320	76,893,03
Increase in other liabilities	367,112	614,16
Total changes in operating liabilities	164,580,148	82,178,89
Total changes in operating assets and liabilities	(64,262,786)	34,153,85
Total adjustments	(65,950,481)	28,813,00

	2013	2012
Cash (outflow) inflow generated from operations	(57,175,424)	36,856,433
Interest received	57,839,959	55,058,860
Dividends received	2,171,366	872,001
Interest paid	(34,595,562)	(31,659,008)
Income taxes paid	(1,557,547)	(1,041,726)
Net cash flows (used in) from operating activities	(33,317,208)	60,086,560
Cash flows from (used in) investing activities :		
Acquisition of property and equipment	(533,849)	(590,474)
Proceeds from disposal of property and equipment	598,119	981,879
Increase in refundable deposits	(14,500)	(8,697)
Acquisition of intangible assets	(293,246)	(690,244)
Decrease in other financial assets	313,013	12,289
Net cash flows from (used in) investing activities	69,537	(295,247)
Cash flows from (used in) financing activities :		
Proceeds from issuing bank notes payable	15,998,441	-
Decrease in guarantee deposits received	(546,774)	(77,137)
(Decrease) increase in other financial liabilities	(6,954,315)	2,851,737
Cash dividends paid	(4,767,120)	(4,431,902)
Net cash flows (used in) from financing activities	3,730,232	(1,657,302)
Effect of exchange rate changes on cash and cash equivalents	76,920	(422,084)
Net (decrease) increase in cash and cash equivalents	(29,440,519)	57,711,927
Cash and cash equivalents at beginning of period	903,661,538	845,949,611
Cash and cash equivalents at end of period	\$ 874,221,019	903,661,538
Compose of cash and cash equivalents :		
Cash and cash equivalents reported in the statement of financial position	\$ 119,265,293	72,812,404
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	176,106,816	168,366,358
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	578,848,910	662,482,776
Cash and cash equivalents at end of period	\$ 874,221,019	903,661,538

BANK OF TAIWAN AND SUBSIDIARIES

Notes to the Consolidated Financial Statements December 31, 2013 and 2012

(expressed in thousands of New Taiwan dollars unless otherwise stated)

(1) Organization and Business Scope

Bank of Taiwan (the Bank) was incorporated on May 20, 1946 and transformed into a corporate entity since July 1, 2003, as approved by the Ministry of Finance on April 24, 2003, and became a public company from September 16, 2004.

On November 18, 2005, the House of Administration (Executive Yuan) authorized the merger of the Bank and the Central Trust of China. The merger plan was approved by the Fair Trade Commission, the Executive Yuan, and the Ministry of Finance. On December 22, 2006, the Financial Supervisory Commission, Executive Yuan, reauthorized the merger and indicated the Central Trust of China was the dissolved party and the Bank was the surviving party. The merger was accomplished on July 1, 2007.

On January 1, 2008, the Ministry of Finance organized Taiwan Financial Holding Co., Ltd. in accordance with the Act of Taiwan Financial Holding Co., Ltd., and the Bank is its subsidiary.

On January 2, 2008, the Bank decreased its capital by \$8 billion and split off its part of business and assets to set up two other subsidiaries of Taiwan Financial Holding Co., Ltd. (Taiwan Financial Holdings): BankTaiwan Securities Co., Ltd. (BankTaiwan Securities) and BankTaiwan Life Insurance Co., Ltd. (BankTaiwan Life Insurance), whose capital was \$3 billion and \$5 billion, respectively.

The Bank is primarily involved in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) savings and trust operations; (d) overseas branch operations authorized by the respective foreign governments; and (e) other operations as authorized by the central competent authority in charge.

The Bank's Trust department is engaged in the planning, management and operation of trusts under the Banking Law and Trust Law, along with the investment of overseas securities and trust funds.

In accordance to the Bank's policy approved by the Government, the Bank's mission is to perform all functions in providing stable financial environment, contribute to the economic infrastructure and develop manufacturing industries. The Bank manages public treasury and ensures the smooth settlement of national operations, which later translated into providing normal banking facilities and issuing banknotes as Central Bank of the Republic of China was later promulgated on July, 1961. The relationship between the Bank and the Central Bank remained closely attached. Among the financial institutions in Taiwan, the Bank has always maintained its importance in the financial industry.

The assets of the Bank have continuously increased through revaluations of its legal and special reserve over the period since the Government provided the capital for the establishment of the Bank. After the currency revolution on June, 1949, the Government approved \$5 million as the Bank's capital on May, 1950; \$100 million on May, 1954; \$300 million on August, 1963; \$600 million on September, 1967; \$1 billion on May, 1973; \$2 billion on September, 1977; \$4 billion on September, 1980; \$8 billion on November, 1982; \$12 billion on May, 1990; \$16 billion on April, 1992; \$22 billion on December, 1994; \$32 billion on August, 1998; \$48 billion on September, 2002; \$53 billion on July, 2007; \$45 billion on January, 2009 and \$70 billion on November, 2010.

As the Bank is funded and owned by the government, the execution and compliance with government policies is of importance to the Bank. The economy of Taiwan has developed considerably from the 50s and the Bank has contributed by supporting the planning and implementation of many medium to long term infrastructure. Through the years, the Government has actively increased strategic and critical industrial development. The Bank has similarly increased its support for the fund needed for such infrastructure in compliance with the Government policy.

The Bank has its Head Office in Taipei, and the Bank has established domestic and worldwide branch offices for expansion of various banking services. As of December 31, 2013, in addition to the Department of Planning, Department of Corporate Finance, Department of Credit Management, Department of Loan Management, Department of Wealth Management, Department of Circulation, Department of Public Treasury, Department of Risk Management, Department of Business, Department of International Banking, Department of Trusts, Department of Electronic Banking, Department of Corporate of Government Employees Insurance, Department of Precious Metals, Department of Credit Analysis, Department of General Affairs, Secretariat, Department of Human Resources, Department of Ethics, Department of Accounting, Department of Economic Research, Department of Information Management, Department of Legal Affairs, there were 163 domestic branches, 1 offshore banking unit, 8 overseas branches and 3 preparatory offices (in Mumbai, Sydney and Hanoi).

The Bank invested \$20 million dollars to set up a subsidiary, BankTaiwan Insurance Brokers, which was approved on January 23, 2013 and officially set up on February 6, 2013.

The parent company of the Bank is Taiwan Financial Holding Co., Ltd.

The consolidated financial statements of December 31, 2013 include the accounts of the Bank and its subsidiary (hereby referred as the Company and its subsidiary).

(2) Financial statements authorization date and authorization process

These consolidated financial statements were authorized for issuance by the Bank's board of directors on March 14, 2014.

(3) New standards and interpretations not yet adopted

1) New standards and interpretations endorsed by the Financial Supervisory Commission R.O.C ("FSC") but not yet in effect

The International Accounting Standards Board ("IASB") issued the International Financial Reporting Standard 9, "Financial Instruments" ("IFRS 9"), which is effective on January 1, 2013 (the IASB postponed the effective date to January 1, 2015 in December 2011). This standard has been endorsed by the FSC; however, the effective date has not been announced. In accordance with FSC rules, early adoption is not permitted, and companies shall follow the guidance in the 2009 version of International Accounting Standard 39 Financial Instruments ("IAS 39"). Upon the adoption of this new standard, it is expected there will be significant impacts on the classification and measurement of financial instruments in the consolidated financial statements.

2) New and Amended Standards and Interpretations not endorsed by the FSC

New standards and amendments issued by the IASB that may have an impact on the interim financial statements, but not yet endorsed by the FSC and whose effective date in Taiwan has not been announced:

Issue date	New standards and amendments	Description	Effective date per IASB
May 12, 2011~ June 28, 2012	 IFRS 10 Consolidated Financial Statements IFRS 11 Joint Arrangements IFRS 12 Disclosure of Interests in Other Entities Amended IAS 27 Separate Financial Statements Amended IAS 28 Investments in Associates and Joint Ventures 	 On May 12, 2011, a series of new standards and revisions related to consolidation, associates, and joint ventures were issued. They provide a control model by which to judge and analyze whether an investor has control of the investee, including a special purpose entity, while the consolidation process remains unchanged. On June 28, 2012, revisions were issued to elaborate on the transitional rules of those standards. If the standards are adopted, the Bank may change the consideration about the control over part invested company and increase the disclosure of investment on the subsidiary and affiliated companies. 	January 1, 2013
May 12, 2011	IFRS 13 Fair Value Measurement	Other standards will be replaced by IFRS 13, to consolidate fair value measurement of financial and non-financial items in one standard. The Bank needs a further analysis about the effect on measuring the assets and liabilities. In addition, this amendment requests more disclosures about fair value information.	January 1, 2013
June 16, 2011	Amended IAS 1 Presentation of Financial Statements	Other comprehensive income items that can and cannot be reclassified to profit and loss should be presented separately. If this standard is adopted, the Bank will change the presentation of other comprehensive income in the consolidated statement of comprehensive income.	July 1, 2012
June 16, 2011	Amended IAS 19 Employee Benefits	Mainly to eliminate corridor method. Employers are no longer allowed to recognize all changes in defined benefits obligation and plan assets in profit and loss. Past service cost should not be amortized but recognized in profit and loss immediately. If this standard is adopted, the Bank will change the measurement and presentation about accrued pension payable and actuarial gain or loss.	January 1, 2013

Issue date	New standards and amendments	Description	Effective date per IASB
Nov 19, 2013	Amended IFRS 9 Financial Instrument	Hedge accounting adopts more basic laws to approach risk management, which included amending the rules of procuring, continuing, and stopping to use hedge accounting and allowing more types of exposure risk adopting the conditions of hedged items. If accepting the above rule, the transactions using hedge accounting of the Bank have the possibility of increasing, and will change the measurement and disclosure of relative hedge instruments and hedging items.	To be announced (Early adoption is acceptable)
May 29, 2013	Amended IAS 36 Impairment of Assets	In present regulations, the recoverable amount of each cash-generating unit which had been allocated is required to be disclosed when the carrying amount of goodwill or other intangible assets with indefinite useful lives is significant. The amendments required the disclosure when impairment is recognized or reversed. Besides, the disclosure for fair value measurements at Level 2 or Level 3 of the fair value hierarchy and a description of the valuation technique when recoverable amount are based on fair value less cost of disposal.	January 1, 2014 (Early adoption is acceptable)

(4) Significant accounting policies

1) Statement of compliance

The Bank is a public company. The Bank set up its accounting policies and prepared financial statements according to the Regulations Governing the Preparation of Financial Reports by Public Banks, the International Financial Reporting Standards, the International Accounting Standards and the IFRS interpretation.

The Bank is a government owned enterprise, so its accounting practices mainly follow the Budget Law, Account Settlement Law and Uniform Regulations on Accounting Systems for Banks Governed by the Ministry of Finance (the MoF). The annual financial statements are audited by the Ministry of Audit (the MoA) to ensure that the Bank complies with the budget approved by the Legislative Yuan, the parliament of ROC Taiwan. The financial statements become final only after such an endorsement by the MoA.

The financial statements of 2012 and 2011 were approved by the MoA, and the beginning balances of retained earnings of 2013 and 2012 are the same as the approved closing balances of 2012 and 2011.

2) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Bank and its subsidiaries. The financial statements of its subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

2. List of subsidiaries in the consolidated financial statements

Name of			Shareho	oldings		
Investor	Name of Subsidiary	Principal activities	December 31, 2013	December 31, 2012	January 1, 2012	Note
Bank of Taiwan	BankTaiwan Insurance Brokers (BTIB)	Life and Property insurance broker	100.00%	-	-	The Bank set up BTIB on February 6, 2013

3) Basis of preparation

1. Basis of measurement

Except for the following items, the consolidated financial statements are prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss (including derivative financial instruments)
- (b) Available-for-Sale financial assets measured at fair value
- (c) Derivative financial instruments designated as hedges are measured at fair value
- (d) The defined benefit assets are recognized as plan assets, plus unrecognized past service costs and unrecognized actuarial loss, less the unrecognized actuarial gain and the present value of the defined benefit obligation.

2. Functional and presentation currency

The functional currency of the Bank and its subsidiary entities are determined based on the primary economic environment in which the entities operate. The Bank's consolidated financial statements are presented in New Taiwan Dollar, which is the Bank's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand. The consolidated financial statements are presented in New Taiwan Dollars, the functional currency of the Bank. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars.

4) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiary at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- (a) available-for-sale equity investment;
- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (c) qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Bank and its subsidiary's functional currency at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Bank and its subsidiary's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Bank and its subsidiary dispose of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Bank and its subsidiary dispose of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

5) Cash and cash equivalents

For consolidated balance sheets, Cash and cash equivalents include cash on hand, due from banks, demand deposits and highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of change in value.

For consolidated statement of cash flows, cash and cash equivalents refer to cash and cash equivalents presented in consolidated statement of balance sheet, deposit in the central bank, call loans to banks, and investments of bonds and callable notes which are in accordance with the definition of cash and cash equivalents in the International Accounting Standards No.7 accepted by FSC.

6) Financial instrument

The Bank and its subsidiary adopt the trade date accounting for financial assets. The financial assets and liabilities are recognized when the Bank and its subsidiary become a contracting party to the financial instrument agreement. Financial instruments are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank and its subsidiary have transferred substantially all risks and rewards of ownership.

1. Financial asset

The Bank and its subsidiary classify financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, held-to-maturity financial assets, financial assets at cost and debt investment without active market.

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

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. The Bank and its subsidiary designate financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- b) Performance of the financial asset is evaluated on a fair value basis;
- c) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in statement of comprehensive income statement.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise account receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables.

Interests are presented under interest revenue in statement of comprehensive income.

Credit maturing less than one year is called short-term loan; credit maturing more than one year but less than seven years is called medium-term loan; credit maturing more than seven years is called long-term loan. Loans with collateral, pledged assets and qualified guarantees to secure credit are secured loans. Non-performing loans refer to those loans for which interests and principal payments has been in arrears for three months or more, and those loans which the principal or interest has not yet been in arrears for more than three months, but with regards to which the creditor has sought payment from primary/subordinate debtors or has disposed of collateral. All non-performing loans repaid in installments by agreements. Interest shall not be accrued to non-performing loans that are transferred to non-accrual loans account. However, loan collection shall continue as per the terms of the relevant agreement, and accrued interest shall continue to be posted to the interest column of the non-accrual loans account for each borrower, or a notation of such shall be made.

The write-off of non-performing loans and non-accrual loans shall be discussed by the related committee, reviewed by the general manager and approved by a resolution passed by the board of directors or the board of managing directors and the audit committee shall be notified of the write-off. The board of directors shall be notified if the write-off case is passed by the board of the managing directors. Collections after write-off shall be reversed from the allowance for bad debt.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value,

and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in other income and statement of comprehensive income.

Dividend income is recognized in profit or loss on the date that the Bank and its subsidiary's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in statement of comprehensive income.

Interest income from investment in bond security is recognized in profit or loss, and it is included in statement of comprehensive income.

(d) Held-to-maturity financial assets

If the Bank and its subsidiary have the positive intent and the ability to hold debt securities to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less, any impairment losses.

Interest income is recognized in profit or loss, and it is included in statement of comprehensive income.

(e) Financial assets at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives those are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost.

(f) Debts investment without active market

Debt investments without active market are the non-derivative instruments that have fixed or decidable price. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, debts investment without active market are measured at amortized cost using the effective interest method.

(g) Impairment of financial assets

accumulated in other equity.

The financial assets which are not measured at fair value through profit or loss shall be assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Bank and its subsidiary on terms that the Bank and its subsidiary would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

Impairment losses and recoveries are recognized in profit or loss, and they are included in statement of comprehensive income. Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Bank and its subsidiary use historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account are recognized in profit or loss.

The Bank evaluates the categories and recognizes allowance for doubtful accounts according to the higher of the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans and the Regulation of Evaluating the Impairment Loss of Loans and Receivables.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its 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 is not reversible in subsequent periods.

2. Financial liability and equity instrument

The liability and equity instrument issued by the Company were classified as financial liability and equity based on the substance of the agreement and the definition of financial liability and equity instrument.

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

This type of financial liabilities refers to the held-for-trading financial liabilities or the financial liabilities designated as fair value through profit or loss.

The held-for-trading financial liabilities are acquired or incur principally for the purpose of selling or repurchasing in a short term. Other than held-for-trading financial liabilities, those financial liabilities will be designated upon initial recognition as at fair value through profit or loss when one of the following situations takes place:

- a) Eliminate or significantly reduce the measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.
- b) The performance of the financial liabilities is evaluated on a fair value basis.
- c) Hybrid instrument contains embedded derivative.

These liabilities are recognized initially at fair value with transaction costs taken directly to income statement, and are subsequently re-measured at fair value. Gains and losses from changes in the fair value of such liabilities (including interest expenses) are reported in the account of profit or loss of financial assets and liabilities at fair value through profit or loss in the comprehensive income statement.

The Bank and its subsidiary issue financial guarantee contract and loan commitment and designate them as measured at fair value through profit or loss. Its profit or loss is presented in the account of profit or loss of financial assets and liabilities at fair value through profit or loss in the comprehensive income statement.

(b) Other financial liabilities

The financial liabilities not belong to the financial liabilities at fair value through profit or loss shall be measured at fair value, plus, direct attributable transaction costs upon initial recognition, and they are subsequently measured at amortized cost using effective interest method. The un-capitalized interest expenses are presented as interest expense in comprehensive income statement.

(c) Financial guarantee contract

Financial guarantee contracts are contracts that require 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 contract between the holder and debtor.

When the Bank and its subsidiary issue and not designate the financial guarantee contract as measured at fair value through profit and loss, it shall be assessed at fair value, less, the directly attributable transaction costs initially. After initial recognition, an issuer of such a contract shall measure it at the higher of:

- a) the amount determined in accordance with IAS 37 "Provision, Contingent Liabilities and Contingent Assets" and
- b) the amount initially recognized, less, when appropriate, cumulative amortization recognized in accordance with revenue accounting policy.

3. Derivative financial instruments and hedge accounting

The derivative financial instruments mean forward swaps, FX swaps, interest rate swaps, cross currency swaps, options and other transactions related to foreign exchange, interest rate and capital market. The derivative financial instruments are initially recognized at fair value and the transaction costs are recognized through profit or loss. The sequential assessment is still assessed by fair value and the resulted gain or loss is recognized as profit or loss. However, for the derivate financial instrument designated as an effective hedging instrument, the recognition timing is decided by the nature of the hedging relationship. When the fair value of the derivate financial instrument is positive, it should be recorded as financial asset. When it is negative, it should be recorded as financial liability.

When the risk and characteristics of the embedded derivate are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss, the derivate is treated as a separate derivative.

The Bank and its subsidiary document at inception the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Bank and its subsidiary also document its assessments, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Both of the fair value changes in hedging instruments which are designated for value hedge and in conformity with the fair value hedging definition and the fair value changes in hedged assets or liabilities with respect to the hedged risk are immediately recognized in the account related to the hedged item in the comprehensive income.

Hedge accounting must be discontinued prospectively if the Bank and its subsidiary revoke the hedge designation or if the hedge instrument expires or is sold, terminated or exercised or if the hedge no longer meets the hedge accounting criteria.

Where hedge accounting is discontinued, adjustments to the carrying amount of a hedge financial asset for which the effective interest rate is used are amortized to profit or loss. The adjustment is based on a recalculated effective interest rate at the date amortization begins.

7) Investments in associates

Associate refers to an entity in which the Company and its subsidiary hold 20% of the voting power or less than 20% of the voting power but have significant influence. If the Company and its subsidiary have rights on the finance and operating policy decisions but not control or joint control these decisions, it is presumed that the company and its subsidiary have significant influence.

The Company and its subsidiary use equity method for investments in associates. Under the equity method, an equity investment is initially recorded at cost. In the subsequent period, the carrying amount of the investments is adjusted by the share of the profit or loss of the associate and the distributions received. Besides, the Company and its subsidiary recognize the changes according to the holding shares.

If the Company and its subsidiary dispose the investment and loss significant influence, the residual investments shall be remeasured at fair value of the disposal date. The difference between the fair value of the residual investment plus the disposal price and the original carrying amount of the investment at that date is recognized in income statement. The related other comprehensive income is reclassified as profit or loss.

The associate issues additional share capital, but the Company and its subsidiary do not participate in the share issue on a pro-rata basis. It will lead to change in holding, but the Company and its subsidiary still have significant influence. As a result, the Company and its subsidiary shall adjust the APIC and investments in equity method accounts according to the changes in net assets of the associate.

Unrealized profits resulting from the transactions between the Bank and its subsidiary and an associate are eliminated to the extent of the Bank and its subsidiary's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Bank and its subsidiary's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Bank and its subsidiary has an obligation or has made payments on behalf of the investee.

8) Property, plant and equipment

1. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment. The cost of the software is capitalized as part of the property and equipment if the purchase of the software is necessary for the property and equipment to be capable of operating.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

2. Reclassification to investment property

When there is a change in use, the Company and its subsidiary treat the owner-occupied property as investment property; the property shall be reclassified to investment property at carrying amount from then on.

3. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Bank and its subsidiary. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

4. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings	8 to 55 years
Machinery and equipment	2 to 20 years
Transportation equipment	2 to 15 years
Miscellaneous equipment	2 to 25 years
Leasehold improvements	5 years

9) Lease

1. Operating Lease

A lease is classified as operating lease if it retains substantially all the risks and rewards of ownership. No matter the Bank and its subsidiary are lessors or lessees, the rent is calculated over the lease term on a straight-line basis and recorded as rent revenue or rent expense respectively.

2. Financial Lease

- (a) The Bank and its subsidiary are lessors. The assets under financial lease will be recognized as lease payment receivables by the net investment value. The original cost which is caused by the operating lease agreement is included in the net lease investment. Lease investment is recognized as financial lease because of it has a steady rate of return, apportioning into each lease period.
- (b) The Bank and its subsidiary are lessees. They capitalize the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments made are allocated as a reduction of the obligation and interest expenses. Interest expenses are calculated by the opening balance of lease obligation using the interest rate implicit in the lease or the lessee's incremental borrowing rate of interest and recognized in the income statement. The attained property, plant and equipment are measured at cost.

10) Intangible assets

1. Computer Software

The Company and its subsidiary measure the computer software at cost less accumulated amortization and accumulated loss.

2. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	5 years
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The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any change shall be accounted for as changes in accounting estimates. Intangible asset is derecognized when disposed or expected that the usage or disposal will not generate economic benefit in the future. The resulted gain or loss is recognized in the income statement.

11) Impairment loss of non-financial assets

For non-financial assets except for the deferred tax asset and asset caused by the employee benefit, the Bank and its subsidiary shall assess at the end of each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank and its subsidiary shall estimate the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the asset individually, they shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss which shall be recognized immediately in profit or loss.

The Bank and its subsidiary assess at the end of each reporting date whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reverse if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset shall be increased to its recoverable amount, but the increased carrying amount of an asset or an cash-generating unit other than goodwill attributable to a reversal of the impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or the cash-generating unit in prior years.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss, and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

12) Provision

- 1. The Bank and its subsidiary must recognize a provision if, and only if:
 - (a) There is a legal or constructive present obligation as a result of a past event, and
 - (b) Payment is probable, and
 - (c) The amount can be reliably estimated.
- 2. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In reaching its best estimate, the Bank and its subsidiary shall take into account the risks, uncertainties that surround the underlying events and the time value of the currency.
- 3. The Bank and its subsidiary evaluate the provision at every end of the reporting date, and adjust the carrying amount according to the best estimation.

13) Other reserves

Provision for civil servants', teachers' and labors' insurance: The Bank recognizes the surplus of the insurance as provision and withdraws when there is a deficit according to the "Civil Servant and Teacher Insurance Act" and "Guidelines for Management and Employment of Public Servants and Teachers Insurance Reserve".

14) Revenue recognition

- Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary operating activities of an entity when those inflows result in increases in equity, other than increase relating to contributions from equity participants.
- 2. The amount of revenue arising on a transaction is usually determined by agreement between the entity and the buyer or user of the asset. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Revenue shall be recognized when all of the following criteria have been satisfied:
 - (a) The seller has transferred to the buyer the significant risks and rewards of ownership.
 - (b) It is probable that the economic benefits associated with the transaction will flow to the seller.
 - (c) The costs incurred or to be incurred in respect of the transaction can be measured reliably.
 - (d) The seller retains neither continuing managerial involvement to degree usually associated with ownership nor effective control over the goods sold, and
 - (e) The amount of revenue can be measured reliably.
- 3. Except for the financial assets and liabilities at fair value through profit and loss, the interest revenue and interest expense caused by the interest-bearing financial assets or liabilities are calculated by effective interest method. For loans and receivables, the Bank and its subsidiary shall consider the materiality principle to decide to measure the interest by agreed interest rate or effective interest rate.

4. Service fee

- (a) The service fee arising from offering loan service or other services shall be recognized in the accounting period in which the services are rendered.
- (b) The service fee or expense arising from the loan service shall be amortized in the service period or taken into account for calculating the effective interest of loans and receivables in accordance with the materiality principle.
- 5. Dividend revenue: it shall be recognized if and only if the Bank and its subsidiary have right to receive the dividend revenue.
- 6. According to the "Civil Servant and Teacher Insurance Act", if GESSI experiences a loss, the loss before May 31, 1999 would be covered by the Ministry of Finance; and the loss after that date would be covered by an adjustment of the insurance premium.
- Revenue and expense that relate to the same transaction or other events are recognized simultaneously; this process is commonly referred to as the matching of revenue and expense.

15) Employee benefit

1. Short-term employee benefit

The payroll, annual bonus, paid annual leave, interest expense arising from preferential interest rate and non-monetary benefit are recognized in the accounting year in which the services are rendered by employees.

2. Pension

(a) Employees' retirement, relief and severance are dealt with according to the "Regulations Governing the Pension and Severance Payment of Ministry-of-Finance-Operated and Government-Owned Financial Insurance Enterprise employees". According to Article 41.1 of the regulations, the length of service with the Bank is calculated in accordance with the formula for benefit payments set forth in the Labor Standards Law, and contributions have been made to a fund for future pension benefits after implementation of the Labor Standards Law.

The Bank contributes 3% of total monthly salaries of employees to a pension fund each month. Before implementation of the Labor Standards Law, a monthly contribution equaling 4% - 8.5% of salaries had been made by the Bank as prior service cost.

The Labor Pension Act of the R.O.C. ("the Act"), effective July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Bank (who were hired before May 1, 1997) may elect to be subject to either the Act, and maintain their service years before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Bank after May 1, 1997 are required to be covered by the pension plan as defined by the Act. For employees subject to the Act, the Bank is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages.

All contributions made by the Bank are managed by "The Pension Fund Management and Operation Committee". The contributions are accumulated in the pension fund for making payments to the employees when retired. For cleaning and maintenance workers, service costs equivalent to 8% of total monthly salaries for those workers are accrued to

the account based on plan benefit formulas according to Article 73 of the Labor Standards Law and the "Guidelines for Contributions to and Management of Labor Pension Fund" approved by the Executive Yuan. The workers' pension is deposited in an account for the purpose of paying pension benefits to the workers when retired.

In accordance with the new labor pension system, starting July 1, 2015, the Bank has contributed 6% of salaries to individual pension accounts managed by the Bureau of Labor Insurance.

- (b) For defined contribution plan, the employer has no further legal or constructive obligation to pay further contributions in accordance with the Labor Pension Act.
- (c) For the definite benefit plan, the independent actuary uses the projected unit credit method to calculate the present value of the defined benefit obligation and the current service cost. The present value of the defined benefit obligation is the projected future cash flow discounted by the market yields at the end of the reporting period on the bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. The actuarial gains and losses are recognized in the other comprehensive income when they occur.
- (d) The oversea branches of the Bank abide by the foreign governments' regulations.

3. Preferential interest deposits

- (a) The Bank and its subsidiary provide their employees the preferential interest deposits, including that for current employees and retired employees. The difference between the preferential interest rate and the market rate belongs to the employee benefit.
- (b) In accordance with the Regulations Governing the Preparation of Financial Reports by the Public Banks, if the preferential interest rate for retired employees exceeds the market rate, the Bank and its subsidiary shall calculate the excess interest using the actuarial method by adopting the IAS 19 when the employees retire. However the actuarial assumptions shall follow the government's related regulations. For the preferential interest deposits paid for current employees, the Bank and its subsidiary shall calculate the interest monthly on accrual basis. The different amount of the preferential interest rate and market interest rate is recognized under the preferential interest account in the comprehensive Income statement.

4. Other employee's retirement benefits

- (a) Include three Chinese festival gifts, survivors benefit, and special benefits to retired employees who were paid pension in early times.
- (b) It belongs to the definite benefit plan, and the independent actuary uses the projected unit credit method to calculate the present value of the defined benefit obligation and the current service cost. The present value of the defined benefit obligation is the projected future cash flow discounted by the market yields at the end of the reporting period on the bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. The actuarial gains and losses are recognized in the other comprehensive income when they occur.

16) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

1. Current income tax

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

2. Deferred Tax

When measuring the deferred tax asset and deferred tax liability, the Bank and its subsidiary shall use the enacted tax rate for the periods in which deferred tax asset or deferred tax liability are expected to be settled or realized. Due to the temporary difference between the carrying amount of the asset or liability in the consolidated financial report and the tax basis, the deferred income tax is recognized. The main temporary differences are resulted from the valuation of part financial instruments (including derivatives), pension and the reserves of other retirement benefits. If the temporary differences are arising from goodwill or original recognition of other assets and liabilities (excluding the merger) and the transaction does not affect the taxable income and the accounting income, it will not be recognized as deferred tax asset or deferred tax liabilities.

The deferred tax liability shall be recognized for all taxable temporary differences. But the deferred tax asset can only be recognized when there is enough taxable income for deductable temporary differences.

The temporary difference related to the investments in subsidiaries, branches and associates shall be recognized as deferred income liability. If the parent company can control the time to reverse the temporary difference and the temporary difference will probably not be reversed in the foreseeable future, the temporary difference is not recognized.

17) Earnings per share

The Bank and its subsidiary have a simple capital structured. The earnings per share is computed by dividing the net income or loss by the weighted average number of common stocks outstanding over the reporting term.

18) Operating segments

An operating segment is a component of the Bank and its subsidiary that engages in business activities that can generate revenues and expenses (including the revenues and expenses arising from inter-company transactions). The segments' operating results are reviewed regularly by the Company and its subsidiary's chief operating officer in order to decide the resource allocation and assess the segments' performance. Each segment has separate financial information.

(5) Significant accounting judgments, estimations, assumptions, and sources of estimation uncertainty

The preparation of the financial statements, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

1) Impairment loss on loans

The Bank and its subsidiary review loan portfolios to assess impairment periodically. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers (e.g. payment delinquency or default), or economic conditions that correlate with defaults on assets. The management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly in order to decrease the difference between estimated loss and actual loss.

For the valuation of impairment loss of loans, please see note 12.

2) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined using valuation techniques. Such fair value is based on observable data of similar financial instruments or valuation model. If there are no observable market parameters, the fair value of financial instruments is evaluated based on appropriate assumptions. If fair value is determined by the valuation model, the model is calibrated to ensure that all output data and the results reflect the actual market price. This valuation model use only observable data as much as possible. But for credit risk (both our own and the contracting parties credit risk), the managements shall estimate the relation and the variation. For the sensitivity analysis of financial instruments, please see note 41.

3) Income tax

The Bank and its subsidiary need to pay income tax for various countries. When estimating the globe income tax, the Bank relies on significant accounting estimations. Determine the final amount need to go through numerous transactions and calculations. The additional recognition of income tax liability which is related to the tax issue is based on deliberate evaluation of the affection by the issue. The difference between the amount of original estimation and the final amount will affect current income tax and deferred tax.

For the estimation of deferred tax items, please see note 30.

4) Payments to defined contribution retirement benefit plans

The present value of retirement benefit obligation is based on several actuarial assumptions (including the decisions made by Financial Supervisory Commission, R.O.C.). Any changes on these assumptions will influence the fair value of the retirement benefit obligations. One of the assumptions used to determine net pension cost (income) is the discount rate. The Bank determined the appropriate discount rate at the end of each year, and used the rate to calculate the present value of future cash flows on estimated payment of retirement benefit obligation. To determine the appropriate discount rate, the Bank should consider the followings: (1) interest rate of high-quality corporate bonds or government bonds, (2) the currency used for the corporate bonds or government bonds should be inconsistent with the currency used for retirement benefit payments, (3) and the maturity period should be inconsistent with related pension liability periods. Other significant assumptions used on retirement benefit obligations are based on current market conditions.

The significant assumption about the other payments to defined contribution retirement benefit plans are decided according to the current market conditions. Please see note 28 to get further information.

(6) Cash and Cash Equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	\$ 11,037,948	11,701,550	10,483,643
Foreign currency on hand	7,496,928	5,453,671	5,845,726
Notes and checks for clearing	5,047,909	11,768,506	8,904,406
Placement with banks	95,193,896	43,633,092	51,192,401
Cash in transit	488,612	255,585	
Total	<u>\$ 119,265,293</u>	72,812,404	76,426,176
	December 31, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents in consolidated balance sheets	\$ 119,265,293	72,812,404	76,426,176
Due from the Central Bank of R.O.C. and other banks that meet the definition of cash and cash equivalents in IAS 7	176,106,816	168,366,358	119,194,919
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	578,848,910	662,482,776	650,328,516
Total	\$ 874,221,019	903,661,538	845,949,611

(7) Placement with Central Bank and Call Loans to Banks

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans to banks	\$ 146,102,729	140,442,053	72,379,420
Less: allowance for doubtful accounts-call loans to banks	(16,955)	(30,400)	(4,978)
Deposit reserve- account A and account B	95,381,868	90,327,029	106,518,629
Deposit reserve-foreign-currency deposits	424,306	371,192	379,135
Deposits in Central Bank	343,552,124	318,517,995	309,283,197
Total	\$ 585,444,072	549,627,869	488,555,403

According to the Central Bank of the Republic of China Act and the Banking Act, the deposit reserves are determined monthly at prescribed rates based on the average balances of customers' New Taiwan Dollar denominated deposits. The account B deposit reserve is subject to withdrawal restrictions, but reserve for account A and foreign currency denominated deposit may be withdrawn anytime and are non interest earning.

Additionally, as of December 31, 2013, December 31, and January 1, 2012, 60% of the reserve deposits collected on behalf of a government institution amounted to \$5,584,031, \$4,345,419 and \$5,077,052, respectively, and their use is restricted according to the regulations.

(8) Financial Assets Measured at Fair Value through Profit or Loss, Net

(a) Financial assets measured at fair value through profit or loss were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets held for trading	\$ 136,565,661	121,899,355	84,356,488
Add: Valuation adjustment	9,880,132	3,334,571	2,821,327
Subtotal	146,445,793	125,233,926	87,177,815
Financial assets measured at fair value through profit or loss	19,931,248	20,581,246	24,189,751
Add: Valuation adjustment	337,177	718,866	(481,559)
Subtotal	20,268,425	21,300,112	23,708,192
Total	\$ 166,714,218	146,534,038	110,886,007

(b) For details of the valuation of financial assets measured at fair value through profit or loss, please see note 41, "Information on Financial Instruments".

(c) Details of financial assets held for trading were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Commercial papers	\$ 34,295,502	31,909,877	7,477,954
Government bonds	672,990	704,084	966,154
Corporate bonds	7,366	24,782	12,708
Financial bonds	9,826	-	-
Foreign exchange call options	62,480	108,486	16,564
Structured time deposits	1,671,209	7,533,514	-
Treasury bills	4,992,770	996,918	-
Negotiable certificates of deposits	1,820,278	200,021	-
Foreign stock and beneficiary certificates	90,662,116	78,207,861	73,628,237
Foreign government bonds	2,371,124	2,213,812	2,254,871
Add: Valuation adjustment-			
Non derivative financial instruments	5,879,101	(549,178)	(8,129,523)
Call foreign exchange options	10,383	(42,685)	(7,626)
Cross currency swaps	9,400	-	-
Swaps	3,307,325	3,362,157	9,479,852
Interest rate swaps	66,593	3,069	409,240
Foreign exchange forward transactions	590,261	494,413	1,073,063
Commitment for buying commercial paper with fixed rate	(5,294)	(3,874)	(3,679)
Asset swaps	21,159	61,856	-
Structured time deposit	1,204	8,813	
Total	\$ 146,445,793	125,233,926	87,177,815

(d) Details of Financial assets measured at fair value through profit or loss were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign government bonds, corporate bonds, financial bonds and others	\$ 19,931,248	20,581,246	24,189,751
Add: Valuation adjustment	337,177	718,866	(481,559)
Total	\$ 20,268,425	21,300,112	23,708,192

(e) Details of unexpired derivative financial instruments (Notional principal amount) were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Call foreign exchange options	\$ 3,333,886	10,140,222	5,049,048
Swaps	422,785,572	439,353,860	545,609,809
Interest rate swaps	10,392,515	490,127	9,031,487
Foreign exchange forward transactions	57,076,615	13,041,211	39,416,298
Commitment for buying commercial papers with fixed rate	1,000,000	1,200,000	1,700,000
Structured time deposit	1,671,209	7,533,514	-
Asset swaps	1,786,800	2,032,450	-
Cross currency swaps	284,000		
Total	\$ 498,330,597	473,791,384	600,806,642

(9) Net of Hedging of Financial Assets and Liabilities

The content of hedging assets is as follow:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value hedges :			
Interest rate swap	\$ 5,443	3,137	-
Asset swap		406	3,074
Total	\$ 5,443	3,543	3,074

The content of hedging liabilities is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value hedges :			
Interest rate swap	\$ 217,229	290,849	408,365
Asset swap	8,577	10,541	1,542
Total	\$ 225,806	301,390	409,907

In order to decrease the fair value volatility caused by changes of market interest rate, the Bank uses interest rate swap to hedge the risk of some debt investments with fixed interest rate. In doing so, the risk exposure position will be calculated by floating interest rate and the interest rate risk will decrease.

	Hedging Investments Fair Value					
Hedged Item	Designated Hedging Instruments		December 31, 2013	December 31, 2012	January 1, 2012	
USD subordinated bonds	interest rate swap	\$	(26,820)	(40,434)	(51,394)	
USD financial bonds	н		(130,454)	(131,744)	(179,396)	
USD corporate debts	н		(41,405)	(19,330)	(29,995)	
USD government debts	н		(13,107)	(96,204)	(147,580)	
USD corporate debts	assets swap		(8,577)	(6,258)	-	
USD convertible corporate debts	н		-	406	1,532	
USD financial debts	н		-	(4,283)	-	

The net losses of above hedging instruments in 2013 and 2012 are \$136,422 thousand dollars and \$118,747 thousand dollars, respectively. The net losses of hedged items embedded in hedging instrument in 2013 and 2012 are \$68,914 thousand dollars and \$58,299 thousand dollars, respectively.

(10) Bills and Bonds Purchased / Sold under Resell (Repurchase) Agreements

The details of bonds and bills purchased / sold under resell (repurchase) agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bills and bonds purchased under resell agreements:			
Negotiable certificates of deposit	\$ 2,301,508	300,000	-
Commercial paper	3,811,822	4,630,325	2,281,904
Government bonds	 60,121	50,296	950,045
Total	\$ 6,173,451	4,980,621	3,231,949
	December 31, 2013	December 31, 2012	January 1, 2012
Bills and bonds sold under repurchase agreements:			
Commercial paper	\$ 349,417	349,473	2,706,204
Government bonds	 18,687,286	11,648,925	12,199,961
Total	\$ 19,036,703	11,998,398	14,906,165

(11) Receivables, Net

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	\$ 1,252	5,557	9,076
Accounts receivable	1,075,027	1,056,454	1,272,890
Long-term receivable-payment on behalf of the government	25,627,282	28,875,801	34,821,221
Accrued revenue	986,181	771,320	468,742
Interest receivable	13,233,037	11,820,712	10,839,856
Insurance receivable	212,742	151,840	204,714
Acceptance notes receivable	2,924,231	3,059,333	2,714,946
Factoring receivable-non-recourse	13,194,113	17,657,859	10,054,670
Others-shall be replenished by state treasury	17,478,404	21,620,758	22,572,919
Others-undelivered spot exchange	2,176,345	2,344	1,906
Other-ATM temporary receipts, payments and interbank difference	1,632,809	1,455,277	1,329,159
Others-FX Swaps	2,124,901	2,070,823	59,161
Others	2,428,698	1,442,284	484,895
Subtotal	83,095,022	89,990,362	84,834,155
Less: allowance for doubtful accounts	815,986	823,814	232,385
Total	\$ 82,279,036	89,166,548	84,601,770

In accordance with Executive Yuan Tai-79-Jen-Cheng-Szu-tsu No. 14525, in 2013 and 2012, the Bank paid an excess preferential interest rate of 1.8005%, and excess preferential interest expenses were \$8,125,002 and \$7,996,175, respectively, due to executing the government premium savings policy.

As of the year ended December 31, 2013, December 31 and January 1, 2012, the Bank had paid the following premium savings interest expenses on behalf of the government:

	December 31, 2013	December 31, 2012	January 1, 2012
Long-term receivable	\$ 25,627,282	28,875,801	34,821,221
Short-term advance	54,369,103	52,528,386	53,341,806
Total	<u>\$ 79,996,385</u>	81,404,187	88,163,027

(12) Loans and Discounts, Net

	December 31, 2013	December 31, 2012	January 1, 2012
Discounts	\$ 6,814,447	5,490,786	4,415,954
Overdrafts	44,915,167	52,156,253	74,323,818
Secured overdrafts	1,887,538	870,934	1,498,174
Short-term loans	274,175,162	218,095,577	300,646,862
Accounts receivable financing	370,777	265,346	142,685
Short-term secured loans	104,559,769	87,428,462	87,252,408
Accounts receivable secured financing	3,560	-	-
Medium-term loans	603,294,444	688,781,695	600,661,125
Medium-term secured loans	287,920,787	277,284,341	287,299,276
Long-term loans	178,717,832	185,874,999	182,011,233
Long-term secured loans	749,066,075	668,724,259	625,024,761
Nonperforming loans	8,742,986	10,026,590	8,263,174
Subtotal	2,260,468,544	2,194,999,242	2,171,539,470
Less: allowance for doubtful accounts	19,816,086	17,865,982	17,948,351
Total	\$ 2,240,652,458	2,177,133,260	2,153,591,119

Changes of allowance for doubtful accounts of loans and receivables are as follows:

	December 31, 2013	December 31, 2012
Loan:		
Balance on January 1, 2013	\$ 17,865,982	17,948,351
Provision for doubtful accounts	2,790,397	2,827,167
Write-off	(2,662,128)	(5,949,262)
Recovery of written-off	1,905,887	3,192,635
Effects of exchange rate changes and others	(84,052)	(152,909)
Balance on December 31, 2013	\$ 19,816,086	17,865,982
Receivables:		
Balance on January 1, 2013	\$ 987,525	275,306
Provision for (reversal of) doubtful accounts	(75,331)	247,114
Write-off	(14,955)	(12,064)
Recovery of written-off	20,085	24,954
Effects of exchange rate changes and others	14,415	452,215
Balance on December 31, 2013	\$ 931,739	987,525
Total	\$ 20,747,825	18,853,507

Details of allowance for doubtful accounts were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans to bank	\$ 16,955	30,400	4,978
Receivables	815,986	823,814	232,385
Discounts and loans	19,816,086	17,865,982	17,948,351
Other financial assets	98,798	133,311	37,943
Total	\$ 20,747,825	18,853,507	18,223,657

Details of bad debt expense and reserve for guarantee liabilities were as follows:

	2013	2012
Bad debt	\$ 2,715,066	3,074,281
Reserve for guarantee liabilities	(17,527)	33,584
Total	\$ 2,697,539	3,107,865

As of December 31, 2013, December 31, and January 1, 2012, the amount of loans with non accumulating interest revenues was \$8,812,797, \$10,140,673 and \$8,312,632, respectively, which was booked as other assets-nonperforming loans. As of December 31, 2013, December 31, and January 1, 2012, the estimation of non accumulating interest revenues was \$1,359,114, \$1,385,986 and \$1,442,314, respectively. For the date as above, the Bank did not write off any loan without legal proceedings having been initiated.

(13) Available-for-sale Financial Assets, Net

	December 31, 2013	December 31, 2012	January 1, 2012
Negotiable certificates of deposit	\$ 625,200,000	607,100,000	622,500,000
Government bonds	29,269,582	24,166,422	25,693,625
Foreign government bonds, corporate bonds and financial bonds	43,094,836	45,134,520	51,300,942
Financial bonds	2,017,495	1,510,636	1,514,800
Corporate bond	20,517,320	14,380,476	13,497,227
Real estate securitization	-	-	10,000
Financial asset securitization	995,505	995,505	995,505
TSEC and OTC stocks and certificates	21,919,127	23,814,566	26,941,461
Add: Adjustment valuation	23,652,119	18,909,546	16,216,337
Less: accumulated impairment	(1,144,651)	(1,140,920)	(1,296,432)
Total	\$ 765,521,333	734,870,751	757,373,465

Please see note 41, "Information on Financial Instruments", for valuation of available-for-sale financial assets.

(14) Held to maturity Financial Assets, Net

		December 31, 2013	December 31, 2012	January 1, 2012
Domestic:				
Financial bonds	\$	6,406,850	6,103,408	4,004,395
Corporate bonds		7,770,770	6,027,979	6,288,595
Convertible deposit		9,260,435	8,793,255	8,720,453
Commercial paper		14,432,630	16,054,125	11,630,110
Government bonds		8,015,510	6,854,386	8,462,338
Real estate securitization	_	-	-	30,381
		45,886,195	43,833,153	39,136,272
Foreign:				
Corporate bonds		20,164,985	14,405,731	11,821,513
Financial bonds		6,993,548	3,770,201	
	_	27,158,533	18,175,932	11,821,513
Total	\$	73,044,728	62,009,085	50,957,785

(15) Investments under Equity Method, Net

	December 31, 2013		December 31, 2012		January 1, 2012	
	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount
Hua Nan Financial Holdings Co., Ltd.	21.23	\$ 28,800,466	21.23	27,516,431	21.23	26,172,592
Taiwan Life Insurance Co., Ltd.	17.96	2,311,109	18.94	3,197,546	18.94	1,829,596
Kaohsiung Ammonium Sulfate Co., Ltd.	91.86	2,328,632	91.86	2,393,485	91.86	2,420,898
Tang Eng Iron Works Co., Ltd.	21.37	1,334,645	21.37	1,526,962	21.37	1,636,741
Tai Yi Real-Estate Management Co., Ltd.	30.00	17,189	30.00	17,685	30.00	15,223
Total		\$ 34,792,041		34,652,109		32,075,050

1) Details of the Bank's share of other comprehensive income of associates and joint venture under equity method:

<u>_</u>	2013	2012
Hua Nan Financial Holdings Co., Ltd.	\$ 65,713	317,723
Taiwan Life Insurance Co., Ltd.	(991,370)	999,198
Tang Eng Iron Works Co., Ltd.	14,247	(7,528)
Total	\$ (911,410)	1,309,393

2) The initial costs of the Bank's long term equity investments under the equity method were as follows:

Name of Investee	December 31, 2013	December 31, 2012	January 1, 2012
Hua Nan Financial Holdings Co., Ltd.	\$ 6,863,133	6,863,133	6,863,133
Taiwan Life Insurance Co., Ltd.	712,409	712,409	712,409
Kaohsiung Ammonium Sulfate Co., Ltd.	1,377,872	1,377,872	1,377,872
Tang Eng Iron Works Co., Ltd.	1,451,074	1,451,074	1,451,074
Tai Yi Real-Estate Management Co., Ltd.	3,793	3,793	3,793
Total	\$ 10,408,281	10,408,281	10,408,281

3) The profit (loss) of the Bank's long-term equity investments under the equity method were as follows:

Name of Investee	2013	2012
Hua Nan Financial Holdings Co., Ltd.	\$ 2,133,923	1,898,116
Taiwan Life Insurance Co., Ltd.	61,873	368,752
Kaohsiung Ammonium Sulfate Co., Ltd.	(64,853)	(27,413)
Tang Eng Iron Works Co., Ltd.	(206,563)	(102,250)
Tai Yi Real-Estate Management Co., Ltd.	1,720	2,463
Total	\$ 1,926,100	2,139,668

Summary financial information of associates is as follows (without adjustment to the Company and its subsidiaries' proportionate share):

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets:			
Hua Nan Financial Holdings Co., Ltd.	\$ 2,164,728,571	2,066,649,295	1,979,259,175
Taiwan Life Insurance Co., Ltd.	449,732,462	416,158,621	360,302,493
Tang-Eng Iron Works Co., Ltd.	27,712,833	24,570,091	23,488,955
Tai Yi Real-Estate Management Co., Ltd.	98,783	70,864	60,006
Kaohsiung Ammonium Sulfate Co., Ltd.	3,491,444	3,658,414	-
Total liabilities:			
Hua Nan Financial Holdings Co., Ltd.	\$ 2,029,067,792	1,937,036,793	1,855,976,586
Taiwan Life Insurance Co., Ltd.	436,864,370	399,276,118	350,642,536
Tang-Eng Iron Works Co., Ltd.	20,706,907	16,651,270	15,054,831
Tai Yi Real-Estate Management Co., Ltd.	41,487	11,915	9,265
Kaohsiung Ammonium Sulfate Co., Ltd.	956,465	1,052,835	-

	2013	2012
Revenue:		
Hua Nan Financial Holdings Co., Ltd.	\$ 35,501,692	33,908,439
Taiwan Life Insurance Co., Ltd.	56,289,187	69,423,325
Tang-Eng Iron Works Co., Ltd.	18,535,991	18,762,955
Tai Yi Real-Estate Management Co., Ltd.	52,695	43,854
Kaohsiung Ammonium Sulfate Co., Ltd.	6,626	6,697
Net income (loss) for the period:		
Hua Nan Financial Holdings Co., Ltd.	\$ 10,051,291	8,940,526
Taiwan Life Insurance Co., Ltd.	477,304	1,946,948
Tang-Eng Iron Works Co., Ltd.	(950,941)	(478,627)
Tai Yi Real-Estate Management Co., Ltd.	5,734	10,159
Kaohsiung Ammonium Sulfate Co., Ltd.	(70,600)	(29,842)

- 1. The investment gain from the investees audited by other auditors was \$2,135,643 and \$1,900,579 in 2013 and 2012, respectively.
- 2. The investment loss from the investees amounting to \$64,853 and \$27,413 in 2013 and 2012, respectively, was based on its unaudited financial statements.
- 3. Since Kaohsiung Ammonium Sulfate Co., Ltd. was in the process of liquidation and the liquidators and supervisors were appointed by the Ministry of Economic Affairs, the Bank had no power to control such investee.
- 4. The Bank's investee, Taiwan Life Insurance Co., Ltd, private placed unsecured subordinated mandatory convertible bonds are converted into shares. The Bank's shareholding percentage decreased from 18.94% to 17.96% as the Bank does not increase the shares of the investee by percentage.

(16) Other Financial Assets, Net

	December 31, 2013	December 31, 2012	January 1, 2012
Temporary advances	\$ 58,010,350	56,158,861	57,100,311
Less: allowance for doubtful accounts - Temporary advances	(36,513)	(42,249)	(10,688)
Debt investments without quoted price in active markets	1,536,129	2,404,867	4,266,865
Less: cumulative impairment - debt investments without quoted price in active market	-	-	(317,888)

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets carried at cost	10,779,313	11,092,326	11,092,326
Less: cumulative impairment - financial assets carried at cost	(12,426)	(12,426)	(137)
Remittance purchased	13,622	20,252	21,789
Less: allowance for doubtful accounts - Remittance purchased	(138)		-
Overdue receivables	69,811	114,083	49,458
Less: allowance for doubtful accounts - overdue receivables	(62,147)	(91,062)	(27,255)
Others	19,916	23,552	27,307
Total	<u>\$ 70,317,917</u>	69,668,204	72,202,088

- 1) Please see note 29, "Information on Financial Instruments", for details of the valuation of hedging derivative financial assets and debt investments without quoted price in non active markets for December 31, 2013, and 2012, and January 1, 2012.
- 2) Concerning for the payment of excess interest for the government, booked under "short term payment" for December 31, 2013, and 2012, and January 1, 2012, please refer to note 8 for further descriptions.
- 3) The Bank held ProMos Technologies Inc. convertible bonds \$436,875, due on February 14, accumulated impairment \$305,813 were reclassified to other receivables and allowance for doubtful accounts.

(17) Property and Equipment, Net

The cost, depreciation, and impairment of the property and equipment of the Bank and its subsidiary in 2013 and 2012 are as follows:

	and and Land nprovements	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayment for equipment	Total
Cost:								
Balance at January 1, 2013	\$ 86,686,694	14,676,285	6,019,377	1,070,210	1,003,207	654,720	347,548	110,458,041
Additions	53,542	5,579	179,398	31,501	26,835	1,542	240,543	538,940
Disposals	(177,730)	(51,686)	(223,482)	(32,660)	(38,629)	(13,668)	-	(537,855)
Reclassification	-	31,974	302,718	1,679	3,681	18,291	(358,343)	-
Effect of change in exchange rates	 		(1,751)	(643)	(984)	(2,232)		(5,610)
Balance at December 31, 2013	\$ 86,562,506	14,662,152	6,276,260	1,070,087	994,110	658,653	229,748	110,453,516
Balance at January 1, 2012	\$ 86,864,190	14,350,810	5,750,837	1,072,597	1,013,078	628,947	652,182	110,332,641
Additions	-	9,050	202,547	23,768	22,440	25,806	307,775	591,386
Disposals	(177,496)	(17,608)	(194,718)	(29,621)	(36,781)	(97)	-	(456,321)
Reclassification	-	334,033	263,053	4,182	6,354	4,786	(612,409)	(1)
Effect of change in exchange rates	 		(2,342)	(716)	(1,884)	(4,722)		(9,664)
Balance at December 31, 2012	\$ 86,686,694	14,676,285	6,019,377	1,070,210	1,003,207	654,720	347,548	110,458,041
Accumulated depreciation:								
Balance at January 1, 2013	\$ 13,337	5,706,244	4,359,264	861,640	800,176	558,491	-	12,299,152
Depreciation	362	306,769	476,812	47,960	38,813	38,869	-	909,585
Disposal	-	(50,129)	(212,195)	(31,788)	(35,690)	(13,668)	-	(343,470)

		and Land ovements	Buildings	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayment for equipment	Total
Effect of change in exchange rates				(1,834)	(425)	(821)	(2,817)		(5,897)
Balance at December 31, 2013	\$	13,699	5,962,884	4,622,047	877,387	802,478	580,875		12,859,370
Balance at January 1, 2012	\$	12,975	5,404,913	4,055,340	834,883	791,991	520,697	-	11,620,799
Depreciation		362	305,818	498,444	55,914	43,249	42,050	-	945,837
Disposal		-	(17,108)	(179,925)	(28,690)	(33,121)	(97)	-	(258,941)
Reclassification		-	12,620	(12,486)	21	(139)	-	-	16
Effect of change in exchange rates				(2,109)	(488)	(1,804)	(4,159)		(8,560)
Balance at December 31, 2012	\$	13,337	5,706,243	4,359,264	861,640	800,176	558,491		12,299,151
Accumulated impairment:									
Balance at January 1, 2013	\$	72,522	-	-	-	-	-	-	72,522
Impairment loss		19,013							19,013
Balance at December 31, 2013	\$	91,535							91,535
Balance at January 1, 2012	\$	482	-	-	-	-	-	-	482
Impairment loss		72,040							72,040
Balance at December 31, 2012	\$	72,522							72,522
Net:									
December 31, 2013	\$ 8	36,457,272	8,699,268	1,654,213	192,700	191,632	77,778	229,748	97,502,611
December 31, 2012	\$ 8	36,600,835	8,970,042	1,660,113	208,570	203,031	96,229	347,548	98,086,368
Carrying amounts:									
December 31, 2013	\$ 8	36,457,272	8,699,268	1,654,213	192,700	191,632	77,778	229,748	97,502,611
December 31, 2012	\$ 8	36,600,835	8,970,041	1,660,113	208,570	203,031	96,229	347,548	98,086,367
January 1, 2012	\$ 8	36,850,733	8,945,896	1,695,497	237,714	221,087	108,250	652,182	98,711,359

The Bank has conducted many revaluations of land and buildings over these years, and the latest time is in December, 2011. As of December 31, 2013, and 2012, and January 1, 2012, the total revaluation increments for land were \$82,013,151, \$82,190,550 and \$82,368,032, respectively. The total revaluation increments for Buildings were \$34,307.

As of December 31, 2013, the Bank's property and equipment neither served as a guarantee or collateral, nor were they pledged.

(18) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Bank and its subsidiary in 2013 and 2012 as follows:

	Cor	mputer software
Costs:		
Balance at January 1, 2013	\$	2,080,836
Additions		294,066
Balance at December 31, 2013	\$	2,374,902
Balance at January 1, 2012	\$	1,258,940
Additions		821,896
Balance at December 31, 2012	\$	2,080,836
Amortization and Impairment loss:		
Balance at January 1, 2013	\$	916,731
Amortization for the year		410,146

Financial Information

	Computer software
Balance at December 31, 2013	\$ 1,326,877
Balance at January 1, 2012	\$ 437,883
Amortization for the year	 478,848
Balance at December 31, 2012	\$ 916,731
Carrying value:	
Balance at December 31, 2013	\$ 1,048,025
Balance at December 31, 2012	\$ 1,164,105
Balance at January 1, 2012	\$ 821,057

(19) Other Assets

	December 31, 2013	December 31, 2012	January 1, 2012
Foreclosed collaterals and residuals taken over, net	\$ 1,175,653	1,076,959	1,076,959
Advance payment	6,252,824	7,397,218	6,144,573
Operating guarantee deposits and settlement fund	10,000	10,000	10,000
Refundable deposits	136,554	122,054	113,358
Temporary Payments and Suspense Accounts	649,641	200,056	198,996
Inventories	806,222	1,813,005	5,995,339
Others	812	1,221	2,743
Total	<u>\$ 9,031,706</u>	10,620,513	13,541,968

1) Foreclosed collaterals and residuals taken over, net

	December 31, 2013	December 31, 2012	January 1, 2012
Foreclosed collaterals and residuals taken over	\$ 1,175,653	1,093,456	1,093,456
Less: Allowance for impairment		(16,497)	(16,497)
Total	\$ 1,175,653	1,076,959	1,076,959

2) Advance payment

	December 31, 2013	December 31, 2012	January 1, 2012
Prepaid expense	\$ 686,020	684,244	720,670
Prepaid interest	303	54	-
Prepaid stock dividends and bonus	3,598,815	4,594,012	4,371,407
Other prepayment	1,967,686	2,118,908	1,052,496
Total	\$ 6,252,824	7,397,218	6,144,573

3) Inventories

	De	ecember 31, 2013	December 31, 2012	January 1, 2012
Inventories	\$	824,945	1,838,627	6,245,264
Less: Allowance for inventory valuation		18,723	25,622	249,925
Total	\$	806,222	1,813,005	5,995,339

For the year 2013 and 2012, the Bank recognizes cost of goods sold for written down inventories from the cost to net realizable value as follows:

	2013	2012
Cost of goods sold	\$ (6,899)	(224,303)

(20) Impairment

As of December 31, 2013, and 2012, and January 1, 2012, the movements of the accumulated impairment were as follows:

	December 31, 2013	December 31, 2012
Beginning balance	\$ 1,242,365	1,631,436
Impairment loss recognized for the current period	22,823	84,328
Reversal of impairment loss for the current period	(3,810)	-
Wrote off	(16,497)	(150,133)
Reclassification	-	(166,262)
Foreign exchange differences	3,731	(157,004)
Ending balance	<u>\$ 1,248,612</u>	1,242,365

The ending balance of accumulated impairment was composed of the following:

	December 31, 2013	December 31, 2012
Available-for-sale financial assets	\$ 1,144,651	1,140,920
Other financial assets	12,426	12,426
Property and Equipment	91,535	72,522
Other assets		16,497
Ending balance	\$ 1,248,612	1,242,365

(21) Deposits of Central Bank and other banks

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits from Central Bank	\$ 10,618,857	9,676,169	12,005,704
Deposits from banks - others	30,707,975	27,351,993	25,282,765
Postal deposits transferred	1,673,695	3,205,362	3,404,645
Bank overdrafts	2,725,028	2,089,373	695,107
Call loans from bank	207,012,689	171,051,568	167,538,254
Total	\$ 252,738,244	213,374,465	208,926,475

(22) Financial Liabilities Measured at Fair Value through Profit or Loss

1) Details of financial liabilities measured at fair value through profit or loss as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Financial liabilities held for trading	\$ 67,076	115,445	19,429
Add: Valuation adjustment	3,932,420	4,761,509	3,883,456
Total	\$ 3,999,496	4,876,954	3,902,885

2) For valuation of financial liabilities measured at fair value through profit or loss, please refer to note 41.

3) Financial liabilities held for trading

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign exchange options premium	\$ 67,076	115,445	19,429
Add: Valuation adjustment			
Foreign exchange options	5,773	(49,671)	(10,528)
Swaps	3,250,504	3,485,158	2,793,485
Interest rate swaps	474,589	754,810	906,650
Forward foreign exchange	201,554	518,989	193,849
Asset swaps		52,223	
Total	\$ 3,999,496	4,876,954	3,902,885

4) Unmatured derivative financial instruments (stated at notional amount)

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign exchange options	\$ 3,330,976	10,128,057	4,949,172
Cross currency swaps	407,155,130	400,583,661	309,062,210
Interest rate swaps	29,305,358	15,073,803	15,668,237
Forward foreign exchange	11,056,676	55,670,522	21,877,127
Asset swaps		2,235,695	
Total	\$ 450,848,140	483,691,738	351,556,746

(23) Payables

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts payable	\$ 5,612,401	12,541,630	10,935,111
Receipts under custody	1,665,089	1,152,377	1,058,172
Accrued expense	2,596,035	2,583,752	2,561,770
Other tax payable	256,328	217,573	212,624
Interest payable	11,610,771	12,841,943	12,548,805
Banker's acceptance payable	2,931,435	3,080,211	2,724,821
Payables to representative organizations	311,888	177,069	249,071
Construction payable	2,187	1,713	757
Accounts payables - factoring receivables without recourse	403,796	464,073	359,069
Other payables - foreign exchange spot awaiting delivery	2,177,539		32
Other payables - collection bills	2,481,515	979,490	1,410,373
Other payables - payments awaiting transfer	5,216,002	5,066,383	4,545,731
Other payables - ATM temporary receipts, payments and inter branch difference	1,638,436	1,476,089	1,259,252
Other payables - foreign exchange awaiting transfer	411,355	470,141	661,118
Other payables - amounts awaiting settlement	6,581,445	9,201	61,697
Other payables - others	917,162	927,038	
Total	\$ 44,813,384	41,988,683	39,429,620

(24) Deposits and Remittances

	December 31, 2013	December 31, 2012	January 1, 2012
Cheques deposits	\$ 32,035,415	37,791,556	34,918,413
Government deposits	201,810,162	217,407,712	227,242,671
Demand deposits	322,493,353	284,650,276	256,758,436
Time deposits	500,792,178	457,899,593	473,562,243
Remittances	617,218	501,996	568,020
Savings account deposits:			
Demand savings deposits	703,153,584	653,688,067	608,719,709
Staff accounts	23,686,085	23,697,441	23,352,713
Club saving deposits	1,074,974	1,105,437	1,116,970
Non-interest-bearing time savings deposits	406,070,125	559,844,781	648,445,648
Interest-bearing savings deposits	759,703,496	604,361,801	494,125,407
Premium interest-bearing savings deposits	458,175,449	453,955,059	449,200,457
Total	\$ 3,409,612,039	3,294,903,719	3,218,010,687

(25) Financial Bonds Payable

	Condition			Bond				
Name of bond	Name of bond	Mark under		Amount				
	Beginning date	Maturity date	Interest rate	Interest rate Type	December 31, 2013	December 31, 2012	January 1, 2012	
TWD subordinated unsecured financial bond of Bank of Taiwan in first quarter of 2013	2013/12/2	2023/12/2	Interest Rate of Bank of Taiwan for 1 year fixed savings deposits add 0.15%.	Subordinated unsecured financial bond	\$ 16,000,000	-	-	
			Unamortized discount amount		(1,760)	-	-	
Total					\$ 15,998,240			

(26) Other Financial Liabilities

		December 31, 2013	December 31, 2012	January 1, 2012
Appropriated loan funds	\$	212,398	376,265	671,369
Principal from structured products	_	1,031,300	7,821,748	4,674,907
Total	\$	1,243,698	8,198,013	5,346,276

(27) Provision

	December 31, 201	B December 31, 2012	January 1, 2012
Employee benefit obligations	\$ 15,565,	14,897,699	14,167,455
Guarantee reserve	606,	505 624,406	591,441
Labor insurance	216,594,	551 194,672,423	178,039,714
Others		- 6,955	8,066
Total	\$ 232,766,	210,201,483	192,806,676

(28) Provision for employee benefit

	Decerr	ber 31, 2013	December 31, 2012	January 1, 2012
Recognized in Consolidated Balance Sheet:				
Defined benefit plans	\$	7,915,082	7,592,525	7,308,945
Employees preferential interest deposits		7,650,766	7,305,174	6,858,510
Total	\$	15,565,848	14,897,699	14,167,455

1) Defined benefit plans

The Bank determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Total present value of obligations	\$	14,740,781	14,097,470	13,715,492
Fair value of plan assets	_	(6,742,326)	(6,380,952)	(6,265,722)
Deficit in the plan		7,998,455	7,716,518	7,449,770
Unamortized past service cost	_	(107,162)	(123,993)	(140,825)
Recognized liabilities for defined benefit obligations	\$	7,891,293	7,592,525	7,308,945

In accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statement shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Regard to the utilization of the Labor Retirement Fund, like the plan funded and yields provides from Bank of Taiwan and the information of asset allocation of the fund, please see Council of Labor Affair's Website.

1. Composition of plan assets

The Bank allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$1,036,090 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2. Movements of present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Bank in 2013 and 2012 were as follows:

	2013	2012
Defined benefit obligation on January 1	\$ 14,097,470	13,715,488
Benefits paid by the plan	(509,392)	(773,536)
Current service costs and interest	845,640	793,348
Actuarial profit or loss	307,063	362,170
Defined benefit obligation on December 31	\$ 14,740,781	14,097,470

3. Movement in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets for the Bank in 2013 and 2012 were as follows:

	2013	2012
Fair value of plan assets on January 1	\$ 6,380,952	6,265,722
Contributions made	790,110	716,450
Benefits paid by the plan	(509,391)	(676,687)
Expected returns on plan assets	103,861	97,221
Actuarial profit or loss	(23,206)	(21,754)
Fair value of plan assets on December 31	\$ 6,742,326	6,380,952

4. Expense recognized in profit or loss

Expense recognized in profit or loss of the Bank in 2013 and 2012 were as follows:

	2013	2012
Current service costs	\$ 624,094	580,344
Interest cost	221,546	213,004
Past service costs	16,831	16,831
Expected return on reimbursement rights	(103,861)	(97,221)
Defined benefit obligation on December 31	<u>\$ 758,610</u>	712,958

5. Actuarial gains and losses recognized in other comprehensive income

The Bank's actuarial gains and losses recognized in other comprehensive income as in 2013 and 2012 were as follows:

	2013	2012
Cumulative amount on January 1	\$ (383,921)	-
Recognized during the period	 (330,269)	(383,921)
Cumulative amount on December 31	\$ (714,190)	(383,921)

6. Actuarial assumptions

The following are the Bank's principal actuarial assumptions:

	2013	2012
Discount rate	2.15%	1.65%
Expected return on plan assets	2.15%	1.65%
Rate of increase in future compensation levels	2.00%	2.00%

As of January 1 and December 31, 2013, expected long-term rate of return on plan assets are based on overall portfolio, rather than the sum of the reward of each kind of assets. This rate of return is based on historical information and will not be adjusted. The Bank and its subsidiaries expect to pay \$838,210 for defined benefit plans in one year from the report date, December 31, 2013.

7. Experience adjustments of historical information

	December 31, 2012	January 1, 2012
Present value of the defined benefit obligation	\$ 14,507,378	13,895,587
Fair value of plan assets	 (6,742,326)	(6,380,952)
Recognized liability (asset) for defined benefit obligations	\$ 7,765,052	7,514,635
Experience adjustments of present value of the defined benefit obligation	\$ 1,112,852	
Experience adjustments of fair value of plan asset	\$ 74,505	21,749

2) The Bank has the obligation to pay preferential interest to serving or retired employees. According to Bank of Taiwan retired employees preferential deposit provision, if the preferential interest rate for retired employees exceeds the market rate, when the employees retire, the Company and its subsidiary shall calculate the excess interest using actuarial method by adopting the IAS 19.

1. The defined benefit obligation of the Bank is reconciled as follows:

	December 31, 2012	January 1, 2012
Present value of the defined benefit obligation	\$ 7,650,766	7,305,174
Fair value of plan assets		
Deficit	7,650,766	7,305,174
Unamortized balance of prior service cost		
Recognized liability (asset) for defined benefit obligations	\$ 7,650,766	7,305,174

2. Actuarial assumptions

	2013	2012
Discount rate of employee preferential deposit	4.00%	4.00%
Expected rate of return on funds deposited	2.00%	2.00%
Lapse rate of account balance	1.00%	1.00%
Probability of preferential deposit system changing (cancellation)	50.00%	50.00%

3) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations. The Bank's pension costs under the defined contribution method were \$1,330,465 thousand and \$1,243,199 thousand for 2013 and 2012, respectively. Payment was made to the Bureau of the Labor Insurance.

(29) Other Liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Advance collections	\$ 2,030,029	1,770,819	1,193,587
Guarantee deposits received	3,998,511	4,545,284	4,622,421
Temporary receipt awaiting transfer	188,316	80,414	43,485
Other liabilities	8,239	8,239	8,239
Others	1,266,344	1,266,345	1,266,345
Total	\$ 7,491,439	7,671,101	7,134,077

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(30) Income Tax Expenses

1) The income tax expenses for 2013 and 2012 are as follow:

	2	2013	2012
Current income tax expense	\$	1,399,339	858,334
Deferred tax expense		49,824	4,226
Income tax expenses	\$	1,449,163	862,560

Income tax (expenses) benefits recognized directly in other comprehensive income were as follows:

	2013	2012
Available-for-sale financial assets	\$ 38,13	5 38,262

Reconciliation of income tax and profit before tax for 2013 and 2012 is as follows:

	December 31, 2013	December 31, 2012
Profit for the period	\$ 1,491,760	1,367,383
Tax-exempt income	(470,268)	(469,618)
Income tax expense of overseas branches	552,481	456,327
Others	(124,810)	(491,532)
Income tax expenses	\$ 1,449,163	862,560

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2013 and 2012 are as follows: Deferred Tax Assets:

	Fair Value Gains
Balance at 1 Jan 2013	\$ 331,086
Recognized in profit or loss	 (122,680)
Balance at 31 December 2013	\$ 208,406
Balance at 1 Jan 2012	\$ 267,915
Recognized in profit or loss	 63,171
Balance at 31 December 2012	\$ 331,086

Deferred Tax Liabilities:

	Fair Value Gains
Balance at 1 Jan 2013	\$ 18,359,086
Recognized in profit or loss	 (92,827)
Balance at 31 December 2013	\$ 18,266,259
Balance at 1 Jan 2012	\$ 18,278,673
Recognized in profit or loss	 80,413
Balance at 31 December 2012	\$ 18,359,086

3) Apart from 2008, the Bank's income tax returns up till 2011 have been audited by the MoA and examined by the National Tax Administration. The financial statements in 2008 had not been examined by the tax authorities.

4) Information related to the unappropriated earnings and deduction tax account is summarized below:

	De	cember 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings of 1998 and after	\$	7,085,826	8,381,241	6,263,805
Balance of deductible tax account	\$	548,795	655,689	860,202

After the Bank's filing of the income tax return, the imputed tax creditable ratios for appropriating the net income for 2013 and 2012 are 7.79% and 13.73% (actual). The integrated income tax is calculated according to the Tai Cai Shui No.10204562810 (October 17, 2013).

(31) Equity

1) Capital stock

As of December 31, 2013 and 2012, the Bank's authorized capital and issued capital were \$70,000,000 thousand. The above mentioned common stock had a par value of \$10.

2) Capital surplus

According to the ROC Company Act prior to the new amendment on January 4, 2012, capital surplus can only be used to offset accumulated deficit or to increase share capital by using the realized capital surplus. Capital surplus cannot be used for distribution of cash dividends. According to the new amendment of the ROC Company Act, the company can declare dividend with capital surplus. The aforementioned realized capital surplus includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. The share capital capitalized in any one year may not exceed a certain percentage for the company's increasing share capital under the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The Company may only increase its capital reserve out of the share capital from cash premium on capital stock once a year. The additional capital reserve from the share capital may not be increased during the same fiscal year as the additional share capital from cash premium on capital stock.

3) Legal reserve

In accordance with the Company Act as amended in January 2012, 30 percent of net income after tax should be set aside as legal reserve, until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

4) Other equity

	Foreign currency translation adjustments	Unrealized gain on valuation of available-for-sale financial assets	Total
Balance as of January 1, 2013	\$ (363,405)	18,046,248	17,682,843
Available-for-sale financial assets - unrealized valuation adjustment:			
The Bank	-	4,792,465	4,792,465
The related companies	-	(1,004,807)	(1,004,807)
Foreign currency translation:			
The Bank	6,933	-	6,933
The related companies adjustments	47,554		47,554
Balance as of December 31, 2013	\$ (308,918)	21,833,906	21,524,988

	Foreign currency translation adjustments	Unrealized gain on valuation of available-for-sale financial assets	Total
Balance as of January 1, 2012	\$ -	14,099,430	14,099,430
Available-for-sale financial assets - unrealized adjustment valuation:			
The Bank	-	2,542,302	2,542,302
The related companies	-	1,404,516	1,404,516
Foreign currency translation:			
The Bank	(327,865)	-	(327,865)
The related companies adjustments	(35,540)		(35,540)
Balance as of December 31, 2012	\$ (363,405)	18,046,248	17,682,843

5) Appropriation of earnings

The articles of incorporation of the Bank stipulate that net income should be distributed in the following order:

- 1. to settle all outstanding tax payable;
- 2. to offset prior years losses;
- 3. to appropriate 30% as legal reserve;
- 4. special reserve

to appropriate 20~40% as special reserve; In according with Ruling No. 1010012865 issued by FSC on April 6, 2012, the Bank and subsidiaries choose to apply exemptions granted under IFRS 1 first time adoption of International Financial Reporting Standards shall be reclassified as a special earnings reserve during earnings distribution. When the relevant assets were used, disposed of, or reclassified, this special earnings reserve shall be reserved as distributable earnings proportionality.

The changes in special reserve:

Balance as of December 31, 2013	\$ 15,134,379
Adjusted by National Audit Office (Note)	(47,373)
Balance as of December 31, 2013 (Adjusted)	15,087,006
Provision for special reserve	1,445,648
Realized gains on disposal of fixed assets transferred to the unallocated surplus	(44,358)
Balance as of December 31, 2013	<u>\$ 16,488,296</u>

Note: Refers to the differences between GAAP and IFRSs and these differences are adjusted by National Audit Office.

5. to appropriate dividends.

The remaining balance would be appropriated, combining accumulated retained earnings, in accordance with related laws and regulations.

According to the Banking Law, before the legal reserve balance reaches the total amount of capital, cash dividend distributions cannot exceed 15% of total capital.

(32) Net interest income

	2013	2012
Interest income:		
Loans and advances to customers	\$ 42,026,577	40,919,023
Loans and advances to banks	6,759,743	5,505,157
Investment securities	9,340,088	8,796,299
Credit card	35,663	37,906
Resell bonds	30,539	19,854
Other	 1,059,673	761,477
	 59,252,283	56,039,716

	2013	2012
Interest expense:		
Deposits from customers	31,101,979	29,800,656
Deposits and placements of banks	2,075,545	2,001,510
Debt securities issued	97,132	80,959
Financial bonds	19,788	-
Structured notes	64,596	63,596
Other	5,349	5,424
	33,364,389	31,952,145
Total	<u>\$ 25,887,894</u>	24,087,571

(33) Service fees, net

	2013	2012
Service fees revenue:		
Trust services	\$ 823,598	669,168
Custody services	130,498	126,583
Foreign exchange business	290,368	269,684
Credit business	983,651	844,812
Credit card services	162,597	163,390
Deposit, remittance and other services	 3,484,895	3,194,570
Subtotal	 5,875,607	5,268,207
Service fees expense:		
Trust services	90,110	78,509
Custody services	12,361	11,540
Credit card services	126,877	120,724
Deposit, remittance and other services	 370,652	357,423
Subtotal	 600,000	568,196
Total	\$ 5,275,607	4,700,011

The Bank and its subsidiaries provide custody, trust, investment management and advisory services to third parties, therefore, the Bank and its subsidiaries plan, manage and make trading decisions about these financial instruments. Trust funds or portfolios, entrusted with management and application, are prepared for financial statements and internal management purposes and will not be included in the financial statements of the Bank and its subsidiaries.

(34) Gain on financial assets or liabilities measured at fair value through profit or loss

	2013	2012
Gain on financial assets or liabilities measured at fair value through profit or loss:		
Dividend income	\$ 2,247,502	2,079,929
Net interest income	957,784	850,173
Net gain on disposal	 4,351,628	3,379,910
	 7,556,914	6,310,012
Gain on financial assets or liabilities measured at fair value through profit or loss - evaluation:		
Evaluation gain	 6,590,692	6,561,538
Total	\$ 14,147,606	12,871,550

(35) Realized gain on available-for-sale financial assets

	2013	2012
Dividend income	\$ 1,000,955	793,326
Disposal income	219,773	320,345
Subtotal	1,220,728	1,113,671
Net loss of disposal of assets	213,338	184,513
Total	<u>\$ 1,007,390</u>	929,158

(36) Other non-interest income (expenses)

	2013	2012
Premiums income	\$ 20,863,143	17,992,148
Sales revenue	133,856,424	147,698,592
Subsidized income from government	15,696,251	18,525,118
Benefits and claims	(26,426,619)	(28,267,158)
Cost of goods sold	(133,425,788)	(146,867,152)
Provisions for policy holders' reserve premium	(21,922,128)	(16,632,709)
Excess interest expenses	(10,820,906)	(10,664,322)
Others	 865,784	766,490
Total	\$ (21,313,839)	(17,448,993)

(37) Employee benefits expenses

	2013	2012
Salaries	\$ 10,106,307	10,097,825
Labor and health insurance	495,832	447,243
Pension fund	800,787	811,024
Other employee's benefit	159,698	150,718
Total	\$ 11,562,624	11,506,810

(38) Depreciation and amortization expenses

	2013	2012
Depreciation expenses	\$ 872,276	907,665
Amortization expenses	410,146	349,340
Total	\$ 1,282,422	1,257,005

(39) Other general and administrative expenses

	2013	2012
Taxes	\$ 1,766,522	1,646,998
Rental expenses	665,543	651,028
Insurance expenses	810,767	784,568
Postal fees	207,199	200,497
Utilities	222,332	216,619
Materials and Supplies	175,971	173,007

	2013	2012
Maintenance fees	391,580	417,666
Marketing expenses	303,130	323,225
Professional fees	298,683	276,887
Others	338,239	268,606
Total	\$ 5,179,966	4,959,101

(40) Earnings per Share

The Bank basic earnings per share is calculated as follows:

	2013	2012
Net income before tax	\$ 8,775,057	8,043,428
Weighted average outstanding shares	7,000,000	7,000,000
Basic earnings per share (in NT dollars)	\$ 1.25	1.15

(41) Information of Financial Instruments

1) Overview

The risks including credit risk, market risk, operational risk, interest rate risk, liquidity risk, national risk, legal risk and so forth resulted from the business no matter on/off the financial statements should be managed. The principle of risk management is as follow:

- 1. Monitor the BIS Capital Adequacy Ratio in response to operation scale, credit risk, market risk, operational risk and the operating trades in the future.
- 2. Establish a systematic risk measure and control mechanism to measure, monitor and control every risk.
- 3. Manage every business risk considering the risk capacity, capital reserve, nature of debts and performance.
- 4. Establish a valuation method for the quality and classification of assets, control the intensity of exposure and significant exposure, check periodically and recognize allowance for loss.
- 5. Establish information system protection mechanism and emergency plan for bank operation, transactions, and information. Build an independent and effective risk management mechanism and strengthen the risk management of business through appropriate policies, procedures, and systems.

2) Risk management committee

The risk management committee of the Bank and its subsidiary is composed by the Board of Directors, risk management committee, risk management department and every operational unit.

- The Board of Directors is the final decision maker for risk management and is responsible for the result of risk. The Board of Directors is should decide the entire risk management policies in view of operational strategies and business environment to monitor the risk management mechanism which understand the risk status and maintain the appropriate Capital Adequacy Ratio in response to all risk.
- 2. Risk management committee under the Board of Directors is responsible for executing risk management policies and coordinating interdepartmental management of risk.
- 3. Risk management department is responsible for monitoring, tracing the execution status of risk management policies and submitting reports to the Board of Directors or risk management committee. If a significant risk exposure is discovered, the risk management department has to make appropriate procedures and report them to the Board of Directors.
- 4. Every department should identify, evaluate, and control the risks of new products or business, set related risk management regulations as a guideline, and monitor the risk management to ensure the risk control of entire company.
- 5. All operational units shall comply with the regulations for risk management.

3) Credit risk

1. Causes and definition of credit risk

Credit risk refers to the default risk resulted from the borrowers, issuers and contracting parties who do not fail to meet their contractual obligations due to their credit deterioration or other factors (such as the argument between the

borrower and their counter party). The credit risk is derived from the assets, liabilities or off-balance sheet items. The assets and liabilities indicate loans, placement with banks, call loans to banks, security investments and so on. Off-balance sheet items are guarantees, acceptances, L/C, loan committees and so on.

2. Identification and measurement of credit risk

To ensure the credit risk is in a tolerable range, the Bank and its subsidiary set the credit risk management policies which identified that the credit risk includes all the transactions and business related to the assets, liabilities and off-balance sheet items. Before executing present or new businesses, the Bank and its subsidiary shall identify the credit risk, understand the risk exposure through appropriate evaluation and assess the possibilities of default.

Except that the local financial supervisory institutions have their own regulations, the overseas business units of the Bank and its subsidiary shall conduct the credit ability of the loans and discounts and recognized of impairment in accordance with the "Operational Manual of Evaluating the Impairment of Loans and Receivables". The followings are the content of the mechanism of credit assets categories and post-loan management and internal credit rating.

(a) Credit assets categories and post-loan management

The Bank and its subsidiary set the "Operational Manual of Evaluating the Impairment of Loans and Receivables" and classify the credit assets into five categories. Except for the normal credit assets that are classified at the first category, the other bad credit rating assets are classified as the second category- requiring attention, the third category- collectable, the forth category - hard to collect and the fifth category-impossible to collect by assessing the collaterals and overdue days. In order to reinforce the post-loan management, the Company and its subsidiary set the "Credit Review and Follow up Evaluations Provision", the "Review of the Credit Conducted by Managers Provision" and "Warning Mechanism Provision" and evaluate and monitor the quality of credit assets regularly. Also, the Company and its subsidiary keep retrial according to rating of credit cases and check significant credit case periodically to enhance the management of abnormal credit for the intention of warning and interim monitor.

(b) Internal credit rating

When conducting credit review, the Bank and its subsidiary will obtain necessary collateral to mitigate risk arising from financial loss due to the environment, economic changes, risk factors of business development strategies and policies. In order to balance the credit risk and earnings target, they strengthen the market competitiveness of products strive for customer identification and broaden the business. The following are corporate finance and consumer finance.

a) Corporate Finance

The Bank has established a credit policy under which each new customer is analyzed individually for creditworthiness before the interest rate is offered. The Bank's review includes external rating, when available, and in some cases, the information that is publicly available. The corporate credit rating scores classify companies into two types, the large-scale enterprise and the medium-scale enterprise. Then they measure their scale, financial and business status, business management and industry characteristic. There are eight credit ratings, all in all.

b) Consumer Finance

The Bank and its subsidiary use the credit application scorecard and behavior scorecard, both of which have five grades to consider the credit risk evaluation and differential interest rate. Unsecured consumer loans are graded on seven scoring items and classified into five ratings. The Bank and its subsidiary will reject those below the lowest scores; the others are reviewed in accordance with related provisions.

3. Management of maximum exposure to credit risk and excessive risk concentration

- (a) In accordance with the Banking Law, there is a credit limitation management for the Bank and its subsidiary's person in charge, employees, and any interested party. In respect to credit intensity, the Bank and its subsidiary provide credit and investment quota rules for the same enterprise, and industry. The Bank and its subsidiary also limit and manage the credit amount for enterprises, groups and every industry.
- (b) The Bank and its subsidiary's Treasury Department, OBU, and foreign branches provide different credit amount according to external credit evaluation and rankings when having a transaction in the currency market or capital market, foreign exchange, new financial instruments transactions and negotiable security transactions.
- (c) To diversify the risk for countries, the Bank and its subsidiary allocate different credit amount according to the ranking of the countries in Euromoney to the Financing Department, OBU, and foreign branches. The covered businesses are loan assets, transaction assets, and off-balance sheet positions.

4. Policies of credit risk deduction

Considering both credit control and business expansion, the Bank and its subsidiary shall request collaterals or guarantees to decrease the credit risk. The permitted collaterals and guarantees included mortgages on real estate or properties (i.e., land, building, machinery, car, ship, aircraft, etc.), pledges of securities or other rights (i.e., certificates of deposit, various bonds, stocks, or other securities), guarantees provided by the government agencies, banks, or credit guarantee institutions authorized by the government, and any other guarantees or collaterals approved by the Company and its subsidiary.

5. The maximum credit exposure to the credit risk of financial assets (without considering the allowance for bad debt, collaterals and guarantees)

(a) Assets in the Financial Statements

	Decer	mber 31, 2013	Decer	mber 31, 2012	Jar	uary 1, 2012
Item	Book value	Maximum credit exposure (Note 3)	Book value	Maximum credit exposure (Note 2)	Book value	Maximum credit exposure (Note 1)
Cash and cash equivalents	\$ 86,974	62,903	51,439	22,260	51,515	26,281
Placement with Central Bank and call loans to banks	585,461	146,103	549,658	140,442	488,560	72,379
Financial assets measured at fair value through profit or loss	67,424	61,832	60,895	59,247	45,107	44,225
Available-for-sale financial assets	765,519	110,741	734,866	102,751	757,369	108,264
Hedging derivatives	5	5	4	4	3	3
Bonds and bills purchased under resell agreements	6,173	6,173	4,981	4,981	3,232	3,232
Receivables	86,203	58,437	86,352	55,378	73,682	71,850
Loans and discounts	2,260,469	2,141,316	2,194,999	1,953,661	2,171,539	1,884,797
Held-to-maturity financial assets	15,376	12,623	7,056	6,400	621	31
Other assets	70,418	23,183	69,802	22,865	72,242	58,692
Total	\$ 3,944,022	2,623,316	3,760,052	2,367,989	3,663,870	2,269,754

Note 1: January 1, 2012

(1) The amount of non performing loans which included the department of loan management was \$8,263 million.

(2) Apart from cash, the maximum exposure to credit risk of other assets shall exclude the debts (including tax receivables, placement with Central Bank and deposits in Central Bank) from the government, the national health insurance administration and Central Bank. Explanations are as follow.

1) Cash and cash equivalents exclude cash and notes and checks for clearing (\$25,234 million).

2) Placement with Central Bank and call loans to banks exclude placement with Central Bank and deposits in Central Bank(\$416,181 million).

3) Financial assets at fair value through profit or loss exclude government bonds (\$882 million).

Available-for-sale financial assets exclude government bonds (\$26,495 million) and negotiable certificate of deposits (\$622,610 million).

- 5) Held-to-maturity financial assets exclude government bonds (\$590 million).
- 6) Receivables exclude tax receivable (\$1,832 million).
- 7) Discount and loan exclude loan to government (\$258,642 million) and loan to the national health insurance administration (\$28,100 million).
- 8) Other financial assets exclude short term advance to government (\$13,550 million).
- (3) The greatest impact of the credit exposure is the fair value at the balance sheet date; the book value of hedging derivatives is the principal of the hedging instruments (IRS); and the amount of greatest credit exposure is the adjusted amount of hedging derivatives at fair value.
- (4) The carrying amounts excluded the assets of the Department of Government Employees Insurance.

Note 2: December 31, 2012

- (1) The amount of non-performing loans which included the department of loan management was \$10,027 million.
- (2) Apart from cash, the maximum exposure to credit risk of other assets shall exclude the debts (including tax receivables, placement with Central Bank and deposits in Central Bank) from the government, the national health insurance administration and Central Bank. Explanations are as follow.
 - 1) Cash and cash equivalents exclude cash and notes and checks for clearing (\$29,179 million).
 - 2) Placement with Central Bank and call loans to banks exclude placement with Central Bank and deposits in Central Bank (\$409,216 million).
 - 3) Financial assets at fair value through profit or loss exclude government bonds (\$653 million) and treasury securities (\$995 million).
 - Available-for-sale financial assets exclude government bonds (\$24,948 million) and negotiable certificate of deposits (\$607,167 million).
 - 5) Held-to-maturity financial assets exclude government bonds (\$656 million).

- Receivables exclude tax receivable (\$2,098 million) and paid for government premium savings interest expense, under long-term receivable (\$28,876 million).
- Discount and loan exclude loan to government (\$223,338 million) and loan to the national health insurance administration (\$18,000 million).
- 8) Other financial assets exclude short term advance to government (\$46,937 million).
- (3) The greatest impact of the credit exposure is the fair value at the balance sheet date; the book value of hedging derivatives is the principal of the hedging instruments (IRS); and the amount of greatest credit exposure is the adjusted amount of hedging derivatives at fair value.
- (4) The carrying amounts excluded the assets of the Department of Government Employees Insurance.
- Note 3: December 31, 2013
 - (1) The amount of non-performing loans which included the department of loan management was \$8,743 million.
 - (2) Apart from cash, the maximum exposure to credit risk of other assets shall exclude the debts (including tax receivables, placement with Central Bank and deposits in Central Bank) from the government, the national health insurance administration and Central Bank. Explanations are as follow.
 - 1) Cash and cash equivalents exclude cash and notes and checks for clearing (\$24,071 million).
 - 2) Placement with Central Bank and call loans to banks exclude placement with Central Bank and deposits in Central Bank (\$439,358 million).
 - 3) Financial assets at fair value through profit or loss exclude government bonds (\$4,989 million) and treasury securities (\$602 million).
 4) Available-for-sale financial assets exclude government bonds (\$29,508 million) and negotiable certificate of deposits (\$625,270
 - million).
 - 5) Held-to-maturity financial assets exclude government bonds (\$2,754 million).
 - 6) Receivables exclude tax receivable (\$2,139 million) and paid for government premium savings interest expense, under long -term receivable (\$25,627 million).
 - 7) Discount and loan exclude loan to government (\$119,153 million).
 - 8) Other financial assets exclude short term advance to government (\$47,234 million).
 - (3) The greatest impact of the credit exposure is the fair value at the balance sheet date; the book value of hedging derivatives is the principal of the hedging instruments (IRS); and the amount of greatest credit exposure is the adjusted amount of hedging derivatives at fair value.
 - (4) The carrying amounts exclude the assets of the Department of Government Employees Insurance.

(b) Off-balance Sheet Items

	December 31, 2013			Decembe	r 31, 2012	January 1, 2012		
ltem	Book value		Book value Maximum credit exposure (Note 3) Book value Maximum credit exposure (Note 2)		Maximum credit exposure (Note 2)	Book value	Maximum credit exposure (Note 1)	
Irrevocable loan commitment (with credit agreement)	\$	483,971	93,801	523,383	292,576	390,357	390,357	
Letter of credit receivables		32,738	32,362	46,719	46,378	43,112	43,112	
Deposits receivables	_	83,280	83,276	73,486	73,470	71,390	71,390	
Total	\$	599,989	209,439	643,588	412,424	504,859	504,859	

Note 1: January 1, 2012

While measuring the maximum exposure to credit risk, the Company and its subsidiary only consider the items that are positive at reporting date and the off-balance commitments and guarantee contracts. We do not take the type of counterparty into account.

Note 2: December 31, 2012

While measuring the maximum exposure to credit risk, the Company and its subsidiary only consider the items that are positive at reporting date and the off-balance commitments and guarantee contracts and exclude the position to the government.

- (1) Irrevocable loan commitment with credit agreement excludes \$230,807 million.
- (2) Letter of credit receivables exclude \$341 million.
- (3) Acceptance receivable excludes \$16 million.

Note 3: December 31, 2013

While measuring the maximum exposure to credit risk, the Company and its subsidiary only consider the items that are positive at reporting date and the off-balance commitments and guarantee contracts and exclude the position to the government.

(1) Irrevocable loan commitment with credit agreement excludes \$390,170 million.

(2) Letter of credit receivables exclude \$376 million.

(3) Acceptance receivable excludes \$4 million.

6. Concentration of credit risk

When the transaction of financial instruments is concentrated in a single industry or region, the ability to oblige the contract would be impacted by similar factors, thereby, causing concentration of credit risk.

The credit risk of the Bank and its subsidiary is derived from credit, placement with banks, call loans to banks, security investments and so on. Disclosures of concentration of credit risk by industries, regions and collaterals are as follows:

(a) Industry

	Decembe	r 31, 2013	Decembe	r 31, 2012	January 1, 2012		
Industry type	Book Value (Note 3)	%	Book Value (Note 2)	%	Book Value (Note 1)	%	
Finance and insurance	\$ 1,058,076	31.48%	959,120	29.92%	906,963	29.16%	
Individuals	785,104	23.36%	722,698	22.54%	684,213	22.00%	
Government Agencies	367,730	10.94%	455,359	14.21%	491,268	15.80%	
Manufacturing	426,103	12.68%	430,949	13.44%	414,625	13.33%	
Electricity and gas supply	144,634	4.30%	125,647	3.92%	134,589	4.33%	
Shipping, warehousing and communications	124,170	3.69%	134,026	4.18%	132,623	4.26%	
Others	 455,340	13.55%	377,999	11.79%	345,863	11.12%	
Total	\$ 3,361,157	100.00%	3,205,798	100.00%	3,110,144	100.00%	

Note 1: January 1, 2012

(1) The carrying amounts include loans (\$2,171,539 million), call loans to banks, overdraft of banks and placement with banks (\$98,661 million), security investments (\$839,944 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans (\$8,263 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measured at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost.

(2) The carrying amounts exclude the assets of the Department of Government Employees Insurance.

Note 2: December 31, 2012

(1) The carrying amounts include loans (\$2,194,999 million), call loans to banks, overdraft of banks and placement with banks (\$162,702 million), security investments (\$848,097 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans,short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans (\$10,027 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measured at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost.

(2) The carrying amounts exclude the assets of the Department of Government Employees Insurance.

Note 3: December 31, 2013

(1) The carrying amounts include loans (\$2,260,468 million), call loans to banks, overdraft of banks and placement with banks (\$209,006 million), security investments (\$891,683 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans (\$8,743 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measured at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost are measured at cost.

(b) Region

	Decembe	er 31, 2013	Decembe	r 31, 2012	January 1, 2012		
Areas type	Book Value (Note 3)	%	Book Value (Note 2)	%	Book Value (Note 1)	%	
Domestic	\$ 3,007,242	89.47%	2,866,905	89.43%	2,822,780	90.76%	
Foreign	353,915	10.53%	338,893	10.57%	287,364	9.24%	
Total	\$ 3,361,157	100.00%	3,205,798	100.00%	3,110,144	100.00%	

Note 1: January 1, 2012

(1) The carrying amounts include loans (\$2,171,539 million), call loans to banks, overdraft of banks and placement with banks (\$98,661 million), security investments (\$839,944 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term secured loans, long-term secured loans, import bill advance and nonperforming loans (\$8,263 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measured at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost.

(2) The carrying amounts exclude the assets of the Department of Government Employees Insurance.

Note 2: December 31, 2012

(1) The carrying amounts include loans (\$2,194,999 million), call loans to banks, overdraft of banks and placement with banks (\$162,702 million), security investments (\$848,097 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans (\$10,027 million). Security investments include bonds and stocks. Bonds

⁽²⁾ The carrying amounts exclude the assets of the Department of Government Employees Insurance.

are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measured at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost are measured at cost.

(2) The carrying amounts exclude the assets of the Department of Government Employees Insurance.

Note 3: December 31, 2013

- (1) The carrying amounts include loans (\$2,260,468 million), call loans to banks, overdraft of banks and placement with banks (\$209,006 million), security investments (\$891,683 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, import bill advance and nonperforming loans (\$8,743 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measured at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost.
- (2) The carrying amounts exclude the assets of the Department of Government Employees Insurance.

(c) Collateral

		Decembe	r 31, 2013	Decembe	r 31, 2012	January 1, 2012		
Name of collateral		Book Value (Note 1)	%	Book Value (Note 1)	%	Book Value (Note 1)	%	
Non-secured bonds	\$	1,002,278	44.34%	1,040,433	47.40%	1,059,025	48.77%	
Secured bonds		1,258,191	55.66%	1,154,566	52.60%	1,112,514	51.23%	
Guarantee		164,998	7.30%	155,857	7.10%	147,695	6.80%	
Securities		104,249	4.61%	106,286	4.84%	107,041	4.93%	
Real estate		911,999	40.35%	800,139	36.45%	760,788	35.04%	
Chattel		76,615	3.39%	91,709	4.18%	96,513	4.44%	
Valuables	_	330	0.01%	575	0.03%	477	0.02%	
Total	\$	2,260,469	100.00%	2,194,999	100.00%	2,171,539	100.00%	

Note 1: The carrying amounts only contain loans which refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and non-performing loans (\$8,743 million at December 31, 2013; \$10,027 million at December 31, 2012; \$8,263 million at January 1, 2012).

Note 2: The carrying amounts exclude the assets of the Department of Government Employees Insurance.

a) Credit Quality Analysis for Discounts and Loans and Receivables

			Perforr	ning loans			NPL but Impairment		Impairment Total		ent loss(D)	Net
2013/12/31	Very good	Good	Medium	Weak	Non-evaluate	Subtotal(A)	not impair amount(B)	Amount (C)	(A)+(B)+(C)	With objective	No objective	(A)+(B)+(C)-(D)
Account receivable												
Credit card business	136,076	82,960	104,677	538,468	638	862,819	27,169	6,751	896,739	3,595	832	892,312
Others	824,418	4,250,300	1,644,828	1,318,754	557,091	8,595,391		284,199	8,879,590	111,212	161,494	8,606,884
Loans and Discount	213,073,655	1,098,504,465	425,111,425	340,836,311	143,981,970	2,221,507,826		38,960,718	2,260,468,544	8,294,687	11,521,399	2,240,652,458

			Perfor	ming loans			NPL but Impairment		Impairment Total	Impairm	ent loss(D)	Net
2012/12/31	Very good	Good	Medium	Weak	Non-evaluate	Subtotal(A)	not impair amount(B)	Amount(C)	(A)+(B)+(C)	With objective	No objective	(A)+(B)+(C)-(D)
Account receivable												
Credit card business	86,020	88,926	119,848	601,264	735	896,793	21,670	13,382	931,845	8,951	1,652	921,242
Others	1,304,158	3,810,403	1,751,463	785,558	441,482	8,093,064		170,834	8,263,898	91,221	175,699	7,996,978
Loans and Discount	345,913,083	1,010,666,568	464,555,799	208,360,522	117,098,188	2,146,594,160		48,405,082	2,194,999,242	8,974,427	8,891,555	2,177,133,260

	Performing loans					NPL but	Impairment	Total	Impairment loss(D)		Net	
2012/1/1	Very good	Good	Medium	Weak	Non-evaluate	Subtotal(A)	not impair amount(B)	Amount(C)	(A)+(B)+(C)	With objective	No objective	(A)+(B)+(C)-(D)
Account receivable												
Credit card business	94,840	98,044	132,136	662,913	811	988,744	17,806	15,360	1,021,910	8,658	3,095	1,010,157
Others	1,285,439	3,044,670	1,334,888	554,571	381,295	6,600,863		214,297	6,815,160	105,188	102,394	6,607,578
Loans and Discount	415,871,690	985,026,839	431,869,772	179,417,648	123,358,436	2,135,544,385		35,995,085	2,171,539,470	10,268,911	7,679,440	2,153,591,119

b) Credit Quality Analysis for Non-overdue and Performing Discounts and Loans by sector

2013/12/31		Performing loans										
2013/12/31	Very good	Good	Medium	Weak	Non-evaluate	Total						
Government agencies	119,152,825	205,285,759	-	-	-	324,438,584						
Financial, investment, and insurance	11,740,000	9,125,920	25,096,598	5,356,268	337,394	51,656,180						
Corporate and business	79,084,248	121,692,224	345,635,947	311,516,989	21,198,461	879,127,869						
Individual	-	739,591,313	6,795,765	-	29,997,043	776,384,121						
Other	3,096,582	22,809,249	47,583,115	23,963,054	92,449,072	189,901,072						
Total	213,073,655	1,098,504,465	425,111,425	340,836,311	143,981,970	2,221,507,826						

2012/12/31	Performing loans										
2012/12/31	Very good	Good	Medium	Weak	Non-evaluate	Total					
Government agencies	241,338,164	200,025,576	-	-	-	441,363,740					
Financial, investment, and insurance	5,800,000	5,533,000	17,446,980	5,991,406	90,651	34,862,037					
Corporate and business	95,803,461	106,244,334	395,514,175	185,398,024	19,911,060	802,871,054					
Individual	-	675,321,122	7,452,332	-	29,732,906	712,506,360					
Other	2,971,458	23,542,536	44,142,312	16,971,092	67,363,571	154,990,969					
Total	345,913,083	1,010,666,568	464,555,799	208,360,522	117,098,188	2,146,594,160					

2012/1/1	Performing loans										
2012/1/1	Very good	Good	Medium	Weak	Non-evaluate	Total					
Government agencies	286,741,686	199,645,749	-	-	-	486,387,435					
Financial, investment, and insurance	75,000	5,873,550	4,321,298	23,855,839	6,723,017	40,848,704					
Corporate and business	124,067,976	124,206,526	376,490,139	140,076,348	29,929,986	794,770,975					
Individual	-	639,779,595	8,683,476	-	29,064,910	677,527,981					
Other	4,987,028	15,521,419	42,374,859	15,485,461	57,640,523	136,009,290					
Total	415,871,690	985,026,839	431,869,772	179,417,648	123,358,436	2,135,544,385					

(d) Credit Quality Analysis for Security Investments

December 31, 2013

										Unit: Thou	isand TWD
11.5.5			Perform	ing loans			NPL but	Impairment	Total	(D)	Net
Item	Very good	Good	Medium	Weak	Non-evaluate	Subtotal(A)	not impair amount(B)	Amount(C)	(A)+(B)+(C)	With objective evidence	(A)+(B)+(C)-(D)
Available-for-sale Financial Assets											
Bond investment	59,378,225	22,473,020	9,519,261	-	1,253,127	92,623,633	-	1,144,651	93,768,284	1,144,651	92,623,633
Stock investment	8,541,478	22,921,179	11,697,098	-	706,882	43,866,637		-	43,866,637	-	43,866,637
Others	626,244,894	1,187,099	740,928	-	858,142	629,031,063		-	629,031,063	-	629,031,063
Held-to-maturity Financial Assets											
Bond investment	39,234,936	1,986,672	5,511,650	1,180,295	98,260	48,011,813		-	48,011,813	-	48,011,813
Others	24,288,415	297,800	446,700	-	-	25,032,915		-	25,032,915	-	25,032,915
Other financial assets											
Stock investment	-	-	-	-	10,751,626	10,751,626		27,687	10,779,313	12,426	10,766,887
Bond investment	1,238,329	-	-	-	297,800	1,536,129		-	1,536,129	-	1,536,129

December 31, 2012

										Unit: Tho	usand TWD
	Performing loans						NPL but	Impairment	Total	(D)	Net
ltem	Very good	Good	Medium	Weak	Non-evaluate	Subtotal(A)	not impair amount(B)	Amount(C)	(A)+(B)+(C)	With objective evidence	(A)+(B)+(C)-(D)
Available-for-sale Financial Assets											
Bond investment	56,067,106	20,874,493	7,371,472	236,830	-	84,549,901	-	1,140,920	85,690,821	1,140,920	84,549,901
Stock investment	8,226,302	19,439,224	10,481,335	-	843,909	38,990,770		-	38,990,770		38,990,770
Others	608,167,472	580,700	435,525	-	2,146,383	611,330,080		-	611,330,080		611,330,080
Held-to-maturity Financial Assets											
Bond investment	32,336,097	580,701	3,589,567	562,181	93,159	37,161,705		-	37,161,705		37,161,705
Others	23,272,878		1,144,622	429,880		24,847,380		-	24,847,380		24,847,380
Other financial assets											
Stock investment		-	-	-	11,064,639	11,064,639		27,687	11,092,326	12,426	11,079,900
Bond investment	2,114,517		-	-	290,350	2,404,867		-	2,404,867		2,404,867

January 1, 2012

Unit: Thousand TWD

			Perform	ing loans			NPL but	Impairment	Total	(D)	Net
ltem	Very good	Good	Medium	Weak	Non-evaluate	Subtotal(A)	not impair amount(B)	Amount(C)	(A)+(B)+(C)	With objective evidence	(A)+(B)+(C)-(D)
Available-for-sale Financial Assets											
Bond investment	54,907,949	24,567,179	8,575,227	2,214,115	186,718	90,451,188	-	1,296,432	91,747,620	1,296,432	90,451,188
Stock investment	9,555,611	25,717,477	4,976,491	-	810,139	41,059,718			41,059,718		41,059,718
Others	623,546,684	151,375	454,125		1,710,375	625,862,559		-	625,862,559		625,862,559
Held-to-maturity Financial Assets											
Bond investment	30,607,223	-	-			30,607,223		-	30,607,223		30,607,223
Others	20,350,562		-			20,350,562		-	20,350,562		20,350,562
Other financial assets											
Stock investment			-		11,092,189	11,092,189		137	11,092,326	137	11,092,189
Bond investment	3,494,852		-		454,125	3,948,977		317,888	4,266,865	317,888	3,948,977

7. Aging Analysis of Overdue but Not Impaired Financial Assets

Loans

			Unit: Thousand TWD					
Item	December 31, 2013							
item	Overdue less than 1 month	Overdue 1 to 3 months	Total					
Accounts Receivable								
-Credit Card Business	\$ 4,031	3,083	7,114					

Unit: Thousand TWD

ltem	December 31, 2012							
item	Overdue less than 1 month	Overdue 1 to 3 months	Total					
Accounts Receivable								
-Credit Card Business	\$ 3,323	2,691	6,014					

Unit: Thousand TWD

Item	January 1, 2012				
item	Overdue less than 1 month	Overdue 1 to 3 months	Total		
Accounts Receivable					
-Credit Card Business	\$ 2,940	1,475	4,415		

Allowance for Loans and Receivables

Loans

December 31, 2013					
Item	Total Loans	Allowance for doubtful accounts			
There is objective evidence of impairment on	Individual impairment	26,226,653	3,746,466		
individual asset	Collective impairment	12,734,065	4,548,221		
There is no objective evidence of impairment on individual asset	Collective impairment	2,221,507,826	11,521,399		
Net total		2,260,468,544	19,816,086		

Receivables (including other financial assets)

December 31, 2013

Item	Total Loans	Allowance for doubtful accounts	
There is objective evidence of impairment on	Individual impairment	765,591	622,364
individual asset	Collective impairment	189,985	109,609
There is no objective evidence of impairment on individual asset	Collective impairment	286,335,954	199,766
Net total		287,291,530	931,739
Total			20,747,825

Loans

December 31, 2012

Item	Total Loans	Allowance for doubtful accounts	
There is objective evidence of impairment on	Individual impairment	34,275,894	4,492,298
individual asset	Collective impairment	14,129,188	4,482,129
There is no objective evidence of impairment on individual asset	Collective impairment	2,146,594,160	8,891,555
Net total		2,194,999,242	17,865,982

Receivables (including other financial assets)

December 31, 2012

Item		Total Loans	Allowance for doubtful accounts
There is objective evidence of impairment on	Individual impairment	1,033,607	613,279
individual asset	Collective impairment	251,665	151,225
There is no objective evidence of impairment on individual asset	Collective impairment	287,541,835	223,021
Net total		288,827,107	987,525
Total			18,853,507

Loans

January 1, 2012						
Item		Total Loans	Allowance for doubtful accounts			
There is objective evidence of impairment on	Individual impairment	20,824,187	6,805,533			
individual asset	Collective impairment	15,170,898	3,463,378			
There is no objective evidence of impairment on individual asset	Collective impairment	2,135,544,385	7,679,440			
Net total		2,171,539,470	17,948,351			

Receivables (including other financial assets)

January 1, 2012						
Item		Total Loans	Allowance for doubtful accounts			
There is objective evidence of impairment on	Individual impairment	134,421	65,584			
individual asset	Collective impairment	289,281	89,366			
There is no objective evidence of impairment on individual asset	Collective impairment	215,799,441	120,356			
Net total		216,223,143	275,306			
Total			18,223,657			

8. Disclosures Requested by the Regulations Governing the Preparation of Financial Reports by Public Banks

(a) Asset Quality of Overdue Loans and Receivables

			Dece	mber 31, 2013					
	Туре	/ Item	Amount of overdue loans (Note 1)	Total amount of Ioans	Ratio (%) (Note 2)	Allowance for doubtful debt	Coverage ratio(%) (Note 3)		
Enterprise	Secured		5,602,450	585,195,174	0.96%	7,555,467	134.86%		
Enterprise	Non secu	red	875,316	952,598,065	0.09%	6,483,815	740.74%		
	House mortgage (Note 4)		House mortgage (Note 4)		2,003,414	482,187,068	0.42%	3,383,529	168.89%
	Cash card		-	-	-	-	-		
Consumer finance	Micro crea	dit (Note 5)	39,137	6,170,904	0.63%	83,635	213.70%		
interioo	Others	Secured	296,751	79,246,853	0.37%	501,866	169.12%		
	(Note 6)	Non secured	1,190,284	155,070,480	0.77%	1,807,774	151.88%		
Total			10,007,352	2,260,468,544	0.44%	19,816,086	198.02%		
			Overdue receivables	Account receivable	Ratio (%)	Allowance for bad debt	Cover ratio		
Credit card b	ousiness		4,859	1,037,065	0.47%	14,679	302.10%		
Factoring rec	eivables-non	-recourse (Note 7)	-	13,194,113	-	133,796	-		

			Dece	mber 31, 2012			
	Туре	/ Item	Amount of overdue loans (Note 1)	Total amount of loans	Ratio (%) (Note 2)	Allowance for doubtful debt	Coverage ratio (%)(Note 3)
Enterprise	Secured		5,290,816	530,827,381	1.00%	6,278,408	118.67%
Litterprise	Non secu	red	2,076,615	994,440,253	0.21%	6,537,303	314.81%
	House mortgage (Note 4)		2,393,503	436,301,977	0.55%	2,742,327	114.57%
	Cash carc	I	-	-	-	-	-
Consumer finance	Micro crea	dit (Note 5)	83,822	6,576,139	1.27%	122,993	146.73%
manoo	Others	Secured	417,130	72,704,772	0.57%	443,303	106.27%
	(Note 6)	Non secured	1,229,017	154,148,720	0.80%	1,741,648	141.71%
Total			11,490,903	2,194,999,242	0.52%	17,865,982	155.48%
			Overdue receivables	Account receivable	Ratio (%)	Allowance for doubtful debt	Cover ratio
Credit card b	usiness		4,222	969,820	0.45%	12,447	294.81%
Factoring rec	eivables-non	recourse (Note 7)	-	17,657,859	-	152,286	-

January 1, 2012

	Туре	/ Item	Amount of overdue loans (Note 1)	Total amount of loans	Ratio(%) (Note 2)	Allowance for doubtful debt	Coverage ratio (%)(Note 3)
Fatamariaa	Secured		3,063,664	529,151,229	0.58%	9,567,587	312.29%
Enterprise	Non secur	red	1,792,161	1,006,480,293	0.18%	4,144,366	231.25%
House mortgage (Note 4)		House mortgage (Note 4)		408,856,119	0.71%	2,385,189	82.73%
	Cash card		-	-	-	-	-
Consumer finance	Micro crea	dit (Note 5)	114,067	8,860,282	1.29%	87,705	76.89%
in larioe	Others	Secured	491,008	68,705,528	0.71%	305,373	62.19%
	(Note 6)	Non secured	1,316,419	149,486,023	0.88%	1,458,131	110.76%
Total			9,660,555	2,171,539,474	0.44%	17,948,351	185.79%
			Overdue receivables	Account receivable	Ratio(%)	Allowance for doubtful debt	Cover ratio
Credit card b	usiness		4,273	1,039,246	0.41%	12,012	281.11%

Factoring receivables-non recourse (Note 7)

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

10,054,670

86.714

Note 2: Ratio of nonperforming loans: Nonperforming loans÷Outstanding loan balance. Ratio of nonperforming credit card receivables: Nonperforming credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans: Nonperforming loans. Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables: Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgages, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(b) Exemption from Reporting the Nonperforming Loans and Overdue Receivables

					Ur	nit: Thousand TWD
	December 31, 2013		Decemb	er 31, 2012	January 1, 2012	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loans agreement	2,272	-	3,065	-	5,309	-
As a result of debt solvency and restart plan	79,898	21,374	101,433	20,232	121,013	18,902
Total	82,170	21,374	104,498	20,232	126,322	18,902

(c) Concentration of Credit Risk

December 31, 2013

		, 2010	Unit: Million TWD, %
Rank	Group Name	Credit Extensions Balance	% of Net Asset Value
1	A Company-electricity supply	152,202	61.38%
2	B Company-railway transportation	72,358	29.18%
3	C Company-petroleum and coal products manufacturing	51,503	20.77%
4	D Company- iron smelting industry	34,076	13.74%
5	E Company-air transportation	23,187	9.35%
6	F Company-LCD and its component manufacturing industry	18,118	7.31%
7	G Company-LCD and its component manufacturing industry	16,964	6.84%
8	H Company-real estate development	16,570	6.68%
9	I Company-petroleum and coal products manufacturing	15,949	6.43%
10	J Company-overseas transportation	13,885	5.60%

December 31, 2012

Rank	Group Name	Credit Extensions Balance	% of Net Asset Value
1	A Company-electricity supply	136,693	54.09%
2	B Company-railway transportation	72,425	28.66%
3	C Company-petroleum and coal products manufacturing	60,425	23.91%
4	D Company- iron smelting industry	34,270	13.56%
5	E Company-LCD and its component manufacturing industry	22,246	8.80%
6	F Company-LCD and its component manufacturing industry	21,571	8.54%
7	G Company-air transportation	19,694	7.79%
8	H Company-overseas transportation	15,786	6.25%
9	I Company-computer peripheral devices manufacturing	11,570	4.58%
10	J Company-unclassified other financial Intermediation	9,733	3.85%

January 1, 2012

Rank	Group Name	Credit Extensions Balance	% of Net Asset Value
1	A Company-railway transportation	72,181	29.85%
2	B Company-petroleum and coal products manufacturing	49,320	20.40%
3	C Company- iron smelting industry	37,224	15.39%
4	D Company-LCD and its component manufacturing industry	23,166	9.58%
5	E Company-LCD and its component manufacturing industry	22,704	9.39%
6	F Company-air transportation	21,353	8.83%
7	G Company-financial holdings and insurance	10,400	4.30%
8	H Company-real estate development	9,848	4.07%
9	I Company-computer peripheral devices manufacturing	9,461	3.91%
10	J Company-overseas transportation	9,060	3.75%

(d) Average Amounts and Current Average Interest Rates on Interest-bearing Assets and Liabilities

					Unit: Thousa	nd TWD ,%
	December	31, 2013	December 31, 2012		January ⁻	1, 2012
	Average	Average interest rate (%)	Average	Average interest rate (%)	Average	Average interest rate (%)
Interest earnings assets						
Call loans and placement with banks	\$ 205,198,715	1.12	136,317,368	0.84	79,446,442	0.89
Placement with Central Bank	368,493,457	1.14	440,315,997	0.93	427,424,964	0.88
Financial assets	778,442,778	1.14	707,049,105	1.26	760,840,638	1.23
Negotiation, discounts and total loans	2,219,992,364	1.89	2,188,000,987	1.87	2,104,126,925	1.77
Interest bearing liabilities						
Deposit of Central Bank	12,892,812	-	13,892,548	-	14,907,629	-
Deposits and call loans from banks	222,818,213	0.62	199,105,438	0.62	169,216,584	0.66
Demand deposit	312,632,355	0.14	267,612,590	0.14	249,427,075	0.12
Demand savings	714,168,872	0.76	644,720,774	0.74	619,970,857	0.72
Time savings	1,642,580,790	1.86	1,604,141,748	1.86	1,577,427,974	1.78
Time deposits	492,891,652	1.12	456,604,102	1.12	459,641,375	1.02
Government deposits	201,493,112	0.34	213,139,982	0.35	216,911,936	0.32
Structured products	8,150,051	0.79	7,084,433	0.90	13,159,542	0.62

4) Liquidity Risk

1. Causes and definition of liquidity risk

The Bank's definition for liquidity risk is the risk the Bank encounter difficulty in meeting the obligations with its financial liabilities and cause the losses, for example, a saving account cancels its saving ahead of time, the ways or conditions to call loans to banks drop, creditors' credit become worsen and cause an exceptional condition, financial instruments cannot be financed and etc. The situation mentioned above may reduce the money for lending, trading, and investing activities. In some extreme situation, the lack of liquidity may decrease the level of balance sheet, sale assets, or the possibility of could not fulfill the promise of loan. Liquidity risk is containing in the inherent risk of bank operating, and could be affected by every industry individual or whole market's incident, which are included but not only as: credit event, consolidation or merger and acquisition, system shock, and natural disaster.

2. Management policies of liquidity risk

- (a) To optimize the structure of assets and liabilities, the bank set up an Assets and Liabilities Management Committee of which the chairperson is the general manager and the vice chairpersons are the vice general managers to decide the direction of assets and liabilities management, to manage the liquidity portion and interest rate risk, and to review the structure of deposits and loan and so on.
- (b) To enforce the management of liquidity and interest rate risk and maintain suitable liquidity for higher effectiveness of capital and good operations, the Bank sets up policies for liquidity and interest rate risk. Assets and Liabilities Management Committee discusses the liquid position and risk management every month and reports to the board of directors periodically.
- (c) Management of liquidity risk
 - a) Maintain liquid reserve ratio: According to "Liquidity Guidelines for Financial Institutions" published by the Center Bank, the Bank has to maintain the liquidity reserve ratio of deposit balances greater than 15%.
 - b) Management of loan and deposit ration: Set the loan and deposit ratio of TWD between 65% and 87% as a risk indicator.
 - c) Short term gap analysis: Calculate 1~10 day and 11~30 day gaps which should be greater than zero.
 - d) Foreign currency gap management: Make sure the ratio of accumulated capital liquidity gap to each currency assets of the major foreign currencies of the Bank measured for every month and every term under one year between ±50% and ±40%.
 - e) Fund management: Utilize the assets and Liabilities Management Information System to analyze the gaps of assets and liabilities and the change of the structure. Allocate appropriate fund and adjust the fund structure according to financial status. For TWD fund management, the bank maintains appropriate cash and cashable securities on hand, draw up notice about TWD fund management and request every unit to notify significant cash transactions, analyze the gaps for maturity amount of purchased bills, bonds and call loans to control the fund trend and decrease the liquidity risk. For foreign currencies, manage the financial gap of actual amount received on due date and payment in a year by using the maturity method.

f) Establish "Bank of Taiwan operational crisis management plan" to prevent and response quickly to the crisis.

3. Maturity date analysis of non derivative financial liabilities

These tables represent the cash outflow analysis of non derivative financial liabilities according to the unexpired term of the contracts. The disclosed amounts are presented on the basis of contract cash flows, so some disclosed items do not correspond to the accounts in the financial statements.

December 31, 2013	0~30days	31~90 days	91days~1year	Over one year	Total
Cash and cash equivalents	24,071,397	-	-	-	24,071,397
Placement with Central Bank and call loans to banks	46,303,400	256,834,452	176,593,750	105,712,470	585,444,072
Financial assets measured at fair value through profit or loss, net	29,103,324	11,889,240	1,891,283	123,830,371	166,714,218
Bonds and bills purchased under resell agreements	6,173,451	-	-	-	6,173,451
Available-for-sale financial assets, net	538,863,357	72,151,111	43,016,951	111,489,914	765,521,333
Held-to-maturity financial assets, net	3,028,658	4,458,451	1,772,046	63,785,573	73,044,728
Hedging derivative assets	5,443	-	-	-	5,443
Financial assets carried at cost	-	-	297,800	10,469,087	10,766,887
Debt investments without quoted price in active markets	-	-	-	1,536,129	1,536,129
Investments under equity method, net	-	-	-	34,792,041	34,792,041
Receivables, net	18,590,736	1,099,258	542,290	37,235,453	57,467,737
Loans and discounts, net	163,301,678	204,827,328	401,781,358	1,475,001,443	2,244,911,807
Non performing loans	89,280	-	-	8,723,517	8,812,797
Total assets	829,530,724	551,259,840	625,895,478	1,972,575,998	3,979,262,040
Deposits of Central Bank and other banks	129,004,745	69,604,499	23,205,716	30,923,284	252,738,244
Payables	2,308,073	22,032	191,522	42,291,757	44,813,384
Financial liabilities measured at fair value through profit or loss	298,138	12,436	-	3,688,922	3,999,496
Bonds and bills sold under repurchase agreements	7,559,338	10,139,305	1,338,060	-	19,036,703
Hedging derivative liabilities	225,806	-	-	-	225,806
Other financial liabilities	844,480	5,820	-	393,398	1,243,698
Deposits and remittances	278,132,901	360,538,416	1,092,957,454	1,677,983,268	3,409,612,039
Total liabilities	418,373,481	440,322,508	1,117,692,752	1,755,280,629	3,731,669,370

December 31, 2012	0~30days	31~90days	91days~1year	Over one year	Total
Cash and cash equivalents	29,179,310	-	-	-	29,179,310
Placement with Central Bank and call loans to banks	73,188,463	263,106,664	124,386,149	88,946,593	549,627,869
Financial assets measured at fair value through profit or loss, net	29,794,283	7,991,169	4,383,704	104,364,882	146,534,038
Bonds and bills purchased under resell agreements	4,980,621	-	-	-	4,980,621
Available-for-sale financial assets, net	456,696,476	111,463,724	70,127,883	96,582,668	734,870,751
Held-to-maturity financial assets, net	1,500,506	3,140,753	1,829,860	55,537,966	62,009,085
Hedging derivative assets	3,543	-	-	-	3,543
Financial assets carried at cost	-	-	-	11,079,900	11,079,900

December 31, 2012	0~30days	31~90days	91days~1year	Over one year	Total
Debt investments without quoted price in active markets	-	-	290,350	2,114,517	2,404,867
Investments under equity method, net	-	-	-	34,652,109	34,652,109
Receivables, net	17,711,068	1,145,081	382,798	21,387,480	40,626,427
Loans and discounts, net	140,232,617	171,976,142	519,326,707	1,339,871,876	2,171,407,342
Non performing loans	669,591	-	-	5,170,410	5,840,001
Total assets	753,956,478	558,823,533	720,727,451	1,759,708,401	3,793,215,863
Deposits of Central Bank and other banks	111,935,915	60,531,563	20,718,369	20,188,618	213,374,465
Payables	14,975,258	14,612	144,130	26,854,683	41,988,683
Financial liabilities measured at fair value through profit or loss	523,416	41,108	-	4,312,430	4,876,954
Bonds and bills sold under repurchase agreements	6,900,462	4,659,274	438,662	-	11,998,398
Hedging derivative liabilities	301,390	-	-	-	301,390
Other financial liabilities	7,821,748	-	-	376,265	8,198,013
Deposits and remittances	261,389,678	358,340,428	1,108,256,327	1,566,917,286	3,294,903,719
Total liabilities	403,847,867	423,586,985	1,129,557,488	1,618,649,282	3,575,641,622

4. Maturity analysis of derivatives

						Unit: T	nousand TWD		
December 31, 2013 Derivative financial instruments	1.Overdue less than 1 month	2.Overdue 1 to 3 months	3.Overdue 3 to 6 months	4.Overdue 6 months to 1 year	5.Overdue 1 to 5 years	6.Overdue more than 5 years	Total		
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Foreign exchange)									
Foreign exchange outflow	15,677,870	22,562,838	17,503,414	7,367,359	934,200	-	64,045,681		
Foreign exchange inflow	15,674,033	22,562,826	17,503,414	7,367,359	934,200	-	64,041,832		
Financial assets and liabilities me	Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Interest)								
Interest outflow	464,112,648	237,100,965	70,001,818	34,905,452	2,418,302	-	808,539,185		
Interest inflow	487,129,464	251,354,922	73,466,910	40,557,600	2,324,255	-	854,833,151		

						Unit: T	housand TWD	
December 31, 2012 Derivative financial instruments	1.Overdue less than 1 month	2.Overdue 1 to 3 months	3.Overdue 3 to 6 months	4.Overdue 6 months to 1 year	5.Overdue 1 to 5 years	6.Overdue more than 5 years	Total	
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Foreign exchange)								
Foreign exchange outflow	28,081,777	27,286,067	7,360,588	5,878,795	1,041,495	-	69,648,722	
Foreign exchange inflow	28,064,720	27,276,815	7,360,590	5,878,795	1,041,495	-	69,622,415	
Financial assets and liabilities me	easured at fair valu	e through profit	or loss, Derivative	instruments (Intere	st)			
Interest outflow	435,166,837	265,559,170	104,478,871	31,538,626	1,781,888	-	838,525,392	
Interest inflow	435,156,066	265,508,317	104,334,352	31,432,650	1,248,099	-	837,679,484	

Discounts and Loans and Receivables

If the Bank's off-balance credit items are classified as "Under One Year", "One to Five Years" and "Above Five Years", the maturity analysis of both off-balance items and lease agreements and capital expenditures can be disclosed together.

					Unit	: Thousand TWD
December 31, 2013	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Irrevocable loan commitment	30,758,896	4,118,989	5,517,038	222,411,089	220,983,396	483,789,408
Letter of credit receivables	12,101,424	1,883,702	4,756,040	11,070,019	2,926,396	32,737,581
Deposits receivables	59,546,656	2,682,266	4,270,037	6,726,054	10,054,518	83,279,531
Total	102,406,976	8,684,957	14,543,115	240,207,162	233,964,310	599,806,520

Unit: Thousand TWD

December 31, 2012	0-30 days	31-90 days	91 days-180 days	181 days-1 year	Over 1 year	Total
Irrevocable loan commitment	22,395,381	21,001,511	12,330,616	320,763,194	146,731,005	523,221,707
Letter of credit receivables	16,246,601	11,879,162	3,752,627	9,081,047	5,759,376	46,718,813
Deposits receivables	53,556,379	2,328,310	2,669,396	4,621,580	10,310,506	73,486,171
Total	92,198,361	35,208,983	18,752,639	334,465,821	162,800,887	643,426,691

Unit: Thousand TWD

January 1, 2012	0-30 days	31-90 days	91 days-180 days	181 days-1 year	Over 1 year	Total
Irrevocable loan commitment	11,556,252	3,576,622	15,593,299	196,778,320	162,674,849	390,179,342
Letter of credit receivables	7,586,653	5,517,856	15,313,778	7,836,022	6,858,051	43,112,360
Deposits receivables	38,266,795	11,633,697	2,867,529	6,267,174	12,354,423	71,389,618
Total	57,409,700	20,728,175	33,774,606	210,881,516	181,887,323	504,681,320

Maturity Analysis of Lease Agreements and Capital Expenditures

The Bank's lease agreements refer to operational lease.

Maturity analysis of lease agreements and capital expenditures is as follows:

December 31, 2013	Less than 1 year	1-5 year	Over 5 year	Total
Lease commitments				
Operating lease payments (Lessee)	(339,419)	(601,210)	(2,218)	(942,847)
Operating lease income (Lessor)	134,562	122,410	-	256,972
Total	(204,857)	(478,800)	(2,218)	(685,875)

December 31, 2012	Less than1 year	1-5 year	Over 5 year	Total
Lease commitments				
Operating lease payments (Lessee)	(329,210)	(363,142)	-	(692,352)
Operating lease income (Lessor)	96,534	63,546	-	160,080
Total	(232,676)	(299,596)	-	(532,272)

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars) December 31, 2013

		-	····, ·	-		Unit:	Thousand TWD			
	Total		Amount for each remaining period to maturity							
	Total	Less than 10 days	11~30 days	31~90 days	91~180 days	181~365 days	Over 1 year			
Major matured capital inflow	\$4,117,733,506	562,463,838	493,559,719	466,852,869	320,938,660	415,868,601	1,858,049,819			
Major matured capital outflow	4,415,453,288	249,116,920	340,534,164	470,392,572	443,306,072	911,257,389	2,000,846,171			
Capital gap	(297,719,782)	313,346,918	153,025,555	(3,539,703)	(122,367,412)	(495,388,788)	(142,796,352)			

December 31, 2012

Unit: Thousand TWD

	Amount for each remaining period to maturity							
	TOLAI	Less than 10 days	11~30 days	31~90 days	91~180 days	181~365 days	Over 1 year	
Major matured capital inflow	\$3,998,398,279	534,102,023	501,599,165	519,430,197	425,992,939	439,593,611	1,577,680,344	
Major matured capital outflow	4,362,009,529	171,865,343	294,652,261	587,441,948	511,283,536	1,013,987,589	1,782,778,852	
Capital gap	(363,611,250)	362,236,680	206,946,904	(68,011,751)	(85,290,597)	(574,393,978)	(205,098,508)	

Maturity Analysis of Assets and Liabilities (U. S. Dollars) December 31, 2013

					L	Init: Thousand USD
	Total		Amount for e	each remaining period	to maturity	
	Total	Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	\$ 39,266,625	16,050,485	10,035,536	3,997,457	1,794,465	7,388,682
Major matured capital outflow	39,266,625	20,234,639	10,487,811	2,500,952	1,815,095	4,228,128
Capital gap	-	(4,184,154)	(452,275)	1,496,505	(20,630)	3,160,554

December 31, 2012

	Total	l to maturity				
	IOLAI	Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	\$ 38,339,065	14,832,056	11,528,207	4,234,264	2,037,211	5,707,327
Major matured capital outflow	38,339,065	21,736,423	9,401,345	2,900,456	1,590,935	2,709,906
Capital gap	-	(6,904,367)	2,126,862	1,333,808	446,276	2,997,421

Unit: Thousand USD

5. Profitability

					Unit: %
14		December	31, 2013	December	31, 2012
ltem		Before adjusting	After adjusting	Before adjusting	After adjusting
Return on total assets	Before income tax	0.21	0.44	0.20	0.43
(Note 6)	After income tax	0.18	0.40	0.18	0.41
Return on net worth	Before income tax	3.58	6.90	3.37	6.71
(Note 7)	After income tax	2.99	6.31	3.01	6.35
Profit margin		24.8	4	24.8	7

Note 1: Return on total assets=Income before (after) income tax/Average total assets.

Note 2: Return on net worth=Income before (after) income tax/Average equity.

Note 3: Profit margin=Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax is the income for the whole year of 2013 and 2012.

Note 5: The above profitability ratios are at annual rates.

Note 6: Return on total assets-after adjusting means assets excluding the short-term advances and long-term receivables resulted from government policies, and the assets of government employees insurance department; it also refers to income before (after) tax, plus, excess preferential interest expense. (If return on total assets- after adjusting at December 31, 2013 means assets excluding the assets of government employees insurance department and the income before and after tax, plus, excess preferential interest expense and interest revenue from the advance resulted from government policies, the adjusted return on total assets before (after) tax are 0.45% and 0.41%.)

Note 7: Return on net worth after adjusting means income before (after) tax, plus, excess preferential interest expense. (If the return on net worthafter adjusting at December 31, 2013 means income before (after) tax, plus, excess preferential interest expense and interest revenue from the advance resulted from government policies, the adjusted returns on net worth before and after tax are 7.28% and 6.68 %.)

5) Market risk

1. Causes and definition of market risk

Market risk means the changes in market price that lead to the fair value and future cash flow volatility risk of the held financial instruments, even if it is not included in the financial statements. The risk factors usually refer to interest rate, exchange rate, equity investment and price. When the factors change, the Company and its subsidiary's net operating income and the value of investment portfolio will have volatility risk.

The main market risks of the Company and its subsidiary are interest rate risk, exchange rate risk and equity investment risk. The main position of interest rate risk includes transactions with conditions, bonds, securities investments, interest rate swaps and so on. The main position of exchange risks includes forward exchange, foreign exchange swaps, FX options and so on. The main position of equity investment risk includes stocks, funds, stock market index futures and so on.

2. Management policies of market risk

The Company and its subsidiary set up market risk management regulations and policies according to the risk management strategies approved by the board of directors, the Basel Accord and government regulations. In order to identify, assess, measure

and monitor various risks of investments, they also decide the quota of investments and stop-loss point for financial instruments by types and characteristics in accordance with whole management target and offer reports to the board of directors, risk management committee and high-level managers.

3. Procedure of market risk management

(a) Identification

The identification procedures are as follows. First, use the business analysis or product analysis to identity the market risk factors of financial instruments. Second, measure the market risk of all financial instruments according to the risk factors changes of the important exposure. Finally, identify the market risk factors of every constitution of structured products and use the factors as the measurement basis. The above risk factors include interest rate, exchange rate and price of equity security.

(b) Measurement

The Company and its subsidiary's market risk exposure can be classified into trading book and banking book. The financial instruments belong to trading book that are measured at market value every day. They also belong to banking book that are measured at market value every day. They also belong to banking book that are measured at market value every day. They also belong to banking book that are measured at market value every day. They also belong to banking book that are measured at market value at least once a month. The quoted price, if any, from external market is used as the valuation basis. Otherwise, the prices offered by the counterparties. The Company and its subsidiary use a consistent measurement standard and adopt the quoted price in the active market first. If the quoted price comes from non active market, the Company and its subsidiary should indicate the source of the price and pay attention to the reasonability.

(c) Monitor and Report

The Company and its subsidiary conduct various risks monitoring for ordinary trading activities. The monitor includes the control of market risk position and profit and loss, the control of exposure and quota of investments, the control of concentration, the sensitivity analysis and the stress testing. They report to the risk management committee or the board of directors to let the directors understand the market risk control status. The Company and its subsidiary also have communication mechanism. Each operating units put forward transaction information to management departments periodically in order to ensure accuracy and effectiveness, and communicate the events when trading amount excesses the quota, important events and abnormal conditions.

4. Management policies of trading book risk

The trading book refers to the financial instruments held for trading or hedging. The positions held for trading mean the positions that are held to earn profit from the buy-sell spread. The positions not belonging to trading book are regarded as banking book.

(a) Policy and Procedure

The Bank formulates "Taiwan Bank Trading Book Management Provision" as important guideline for all trading units.

(b) Valuation Policy

The financial instruments belong to trading book that are measured at market value every day. They also belong to banking book that are measured at market value at least once a month. There are two valuation methods, market price valuation and modular valuation. While adopting market price valuation method, the Company and its subsidiary use quoted price in an active market as the valuation basis. If the financial instrument does not have any quoted price in an active market, the Company and its subsidiary will measure it using the quoted price from the counterparties. While adopting modular valuation method, all parameters need to be evaluated every day. The Company and its subsidiary use a consistent measurement standard and adopt quoted price in active market first. If the quoted price comes from non active market, the Company and its subsidiary should indicate the source of the price and pay attention to the reasonability.

- (c) Measurement Method
 - a) The Company and its subsidiary conduct stress testing to calculate the influence of every risk factor. The simulated situations are ±15% changes of equity security price, ±100 bps changes of market interest rate and ±3% changes of foreign exchange.
 - b) Check the market price every month.
 - c) Prepare the risk monitor report to chief director and put it on the Bank's website.

5. Interest rate risk management for trading book

(a) Definition of Interest Rate Risk

The interest rate risk means the changes of interest rate that lead to the fair value changes or loss. The main products include securities related to interest rate and derivatives.

(b) Procedures of Interest Rate Risk Management

The Company and its subsidiary set quota and stop-loss points for short-term securities, bonds and derivatives related to interest rate. Each trading units measure the market price for the position of trading book every day and submit monthly reports to risk management department and quarterly reports to the risk management committee and the board of directors.

(c) Measurement Method

Besides, the Company and its subsidiary also use the PV01 and Duration to monitor the influence of interest risk.

6. Interest rate risk management for banking book

The main management purpose is to strengthen the interest rate risk management, increase the effectiveness of capital usage and improve the business.

(a) Strategy

The interest rate risk management increases the Company and its subsidiary's flexibility in order to measure, manage and hedge the interest rate risk. The Company and its subsidiary formulate "Liquidity and Interest Rate Management Strategies" to reinforce the management and maintain proper liquidity and adjust the interest rate sensitivity gap for the steady long-term profitability and business growth.

(b) Management Procedure

In order to adapt the economic financial environment changes and to fulfill the capital requirement, the Company and its subsidiary conduct different pricing management strategies, such as adopting variable or fixed interest rate, and use financial futures, foreign exchange swaps, interest rate swaps to manage the interest rate sensitivity gap. To adjust the interest rate sensitivity gap properly, the risk management department monitors the ratio of interest rate sensitivity assets to interest rate sensitivity liabilities, the ratio of TWD capital gap to equity and the interest rate sensitivity gap of foreign exchange, and report monthly to the risk management committee and board of directors.

(c) Measurement Method

The Company and its subsidiary use the "Assets and Liabilities Management Information System" to identify interest rate sensitivity assets and liabilities and analyses the maturity gap and changes of maturity structure as the basis of interest rate risk management and pricing strategies. They also make proper financial transfer and adjust the capital structure to lower the liquidity risk and increase the profit.

7. Exchange rate risk management

(a) Definition of Exchange Rate Risk

The exchange rate risk refers to the profit or loss resulted from two different currencies transferred at different times. The Company and its subsidiary's exchange rate risk is derived from exchange, forward exchange, FX swaps, cross currency swaps, and foreign exchange options. Because the Bank squares customer's position every day, the exchange rate does not have any significant risk.

(b) Management Procedures and Measurement Method of Exchange Rate Risk

To control the exchange rate risk, the Company and its subsidiary set different quotas and stop-loss point for employees with different levels and have annual total loss quota to control the loss in a tolerable range.

The Bank conduct stress testing. The simulated situations are $\pm 3\%$ changes of exchange rate for every currency. The relevant statements are disclosed at sensitivity analysis.

8. Equity security risk management

(a) Definition of Equity Security Risk

The market risk of holding equity securities includes the respective risk arising from the market price changes of respective equity security and general market risk resulting from the whole market price changes.

(b) The Intention of Equity Security Price Risk Management

The intention is to avoid loss and worse financial status due to violent fluctuations of equity security price and increase the effectiveness of capital usage and improve the business.

(c) Procedure of Equity Security Price Risk Management

The Company and its subsidiary set different investment quotas by industries, enterprises and groups. They use the β value to measure the influence of systematic risk monthly and monitor the risk value of equity securities and unrealized profit/loss ratio every day. The stop-loss point mechanism is approved by the security investment committee and executed by the risk management department.

9. Market risk valuation technique

(a) Interest Rate Risk Sensitivity

The Company and its subsidiary assume that other factors did not change and the yield curve of the whole world moves upward by 100 bps at December 31, 2013 and 2012. Under this assumption, the income after tax will increase \$251 million and \$488 million, respectively, and the other comprehensive income will decrease \$3,030 million and \$2,929 million, respectively. If the yield curve moves downward by 100 bps, the income after tax will decrease \$73 million and \$162 million, respectively, and the other comprehensive income star tax will decrease \$73 million and \$162 million, respectively.

(b) Exchange Rate Risk Sensitivity

The Company and its subsidiary assume that other factors did not change and the foreign currency to New Taiwan Dollars exchange rate appreciates by 3% at December 31, 2013 and 2012. Under this assumption, the income after tax will increase \$1,806 million and \$1,565 million, respectively, and the other comprehensive income will increase \$1,628 million and \$1,618 million, respectively.

If the exchange rate depreciates by 3%, the income after tax will decrease \$1,806 million and \$1,567 million, respectively, and the other comprehensive income will decrease \$1,628 million and \$1,618 million, respectively.

(c) Equity Security Price Risk Sensitivity

The Company and its subsidiary assume that other factors did not change and the market prices of the equity securities increase by 15% at December 31, 2013 and 2012. Under this assumption, the income after tax will increase \$8,068 million and \$7,736 million, respectively, and the other comprehensive income will increase \$6,708 million and \$6,170 million, respectively. If the market prices decrease by 15%, the income after tax will decrease \$8,068 million and \$7,736 million, respectively, and the other comprehensive income after tax will decrease \$8,068 million and \$7,736 million, respectively, and the other comprehensive income after tax will decrease \$8,068 million and \$7,736 million, respectively, and the other comprehensive income after tax will decrease \$8,068 million and \$7,736 million, respectively, and the other comprehensive income after tax will decrease \$8,068 million and \$7,736 million, respectively, and the other comprehensive income after tax will decrease \$8,068 million and \$7,736 million, respectively.

(d) Sensitivity Analysis is as Follows.

December 31, 2013									
Main rick	Papaa	Amount Influence							
Main risk	Range	Equity	Gain or loss						
Interest rate risk	Interest rate curve rise 100BPS	(3,030)	251						
Interest rate risk	Interest rate curve fall 100BPS	3,288	73						
Exchange rate risk	Other foreign currency/ TWD rise 3%	1,628	1,806						
Exchange rate risk	Other foreign currency / TWD fall 3%	(1,628)	(1,806)						
Price of equity stock risk	Price of equity stock rise 15%	6,708	8,068						
Price of equity stock risk	Price of equity stock fall 15%	(6,708)	(8,068)						

Unit: Million TWD

Unit: Million TWD

December 31, 2012								
Main risk	Range	Amount Influence						
		Equity	Gain or loss					
Interest rate risk	Interest rate curve rise 100BPS	(2,929)	488					
Interest rate risk	Interest rate curve fall 100BPS	3,183	(162)					
Exchange rate risk	Other foreign currency/ TWD rise 3%	1,618	1,567					
Exchange rate risk	Other foreign currency / TWD fall 3%	(1,618)	(1,565)					
Price of equity stock risk	Price of equity stock rise 15%	6,170	7,736					
Price of equity stock risk	Price of equity stock fall 15%	(6,170)	(7,736)					

Unit: Million TWD

January 1, 2012									
Main risk	Panga	Amount Influence							
	Range	Equity	Gain or loss						
Interest rate risk	Interest rate curve rise 100BPS	(2,999)	597						
Interest rate risk	Interest rate curve fall 100BPS	3,183	(483)						
Exchange rate risk	Other foreign currency/ TWD rise 3%	1,716	1,374						
Exchange rate risk	Other foreign currency / TWD fall 3%	(1,716)	(1,374)						
Price of equity stock risk	Price of equity stock rise 15%	6,415	7,176						
Price of equity stock risk	Price of equity stock fall 15%	(6,415)	(7,176)						

10. Interest rate sensitivity assets and liabilities analysis (TWD)

					l	Jnit: Thousand TWD
			December 31, 20	013		
Item		1~90 days	91~180 days	181 days to one year	Over one year	Total
Interest rate sensitive assets	\$	1,720,985,490	1,274,789,722	85,152,756	144,984,927	3,225,912,895
Interest rate sensitive liabilities		294,861,239	2,528,756,573	268,908,052	80,452,128	3,172,977,992
Interest rate sensitive gap		1,426,124,251	(1,253,966,851)	(183,755,296)	64,532,799	52,934,903
Net worth						245,780,410
Ratio of interest rate sensitive asse	ts to lia	abilities (%)				101.67
Ratio of interest rate sensitive gap	to net	worth (%)				21.54

Unit: Thousand TWD

December 31, 2012									
Item	1~90 days	91~180 days	181 days to one year	Over one year	Total				
Interest rate sensitive assets	\$ 1,584,552,712	1,323,790,947	57,238,684	117,818,450	3,083,400,793				
Interest rate sensitive liabilities	648,671,866	2,054,125,689	279,726,015	90,395,107	3,072,918,677				
Interest rate sensitive gap	935,880,846	(730,334,742)	(222,487,331)	27,423,343	10,482,116				
Net worth					249,708,732				
Ratio of interest rate sensitive assets	to liabilities (%)			100.34					
Ratio of interest rate sensitive gap to net worth (%)4.2									

Unit: Thousand TWD

Unit: Thousand USD

January 1, 2012									
ltem	1~90 days	91~180 days	181 days to one year	Over one year	Total				
Interest rate sensitive assets	\$ 1,485,212,568	1,282,755,366	180,120,032	109,927,282	3,058,015,248				
Interest rate sensitive liabilities	192,636,073	2,433,759,573	244,811,305	180,838,799	3,052,045,750				
Interest rate sensitive gap	1,292,576,495	(1,151,004,207)	(64,691,273)	(70,911,517)	5,969,498				
Net worth					246,679,631				
Ratio of interest rate sensitive assets to liabilities (%) 100.20									
Ratio of interest rate sensitive gap to net worth (%)2.42									

Note 1: The above amount included only new Taiwan dollar amounts held by the Bank, and excluded contingent assets and contingent liabilities.

Note 2: Interest rate sensitivity assets and liabilities are interest-earning assets and interesting-bearing liabilities with revenues and costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap=Interest-rate-sensitivity assets - Interest-rate-sensitivity liabilities.

Note 4: Ratio of interest-rate-sensitivity assets to liabilities=Interest-rate-sensitivity assets/Interest-rate-sensitivity liabilities (in New Taiwan Dollars).

Assets and liabilities interest rate sensitivity analysis (USD)

December 31, 2013						
Item		1~90 days	91~180 days	181 days to one year	Over one year	Total
Interest rate sensitive assets	\$	22,206,078	3,734,942	2,091,701	1,942,820	29,975,541
Interest rate sensitive liabilities		22,323,037	4,958,929	1,805,861	565,034	29,652,861
Interest rate sensitive gap		(116,959)	(1,223,987)	285,840	1,377,786	322,680
Net worth						52,754
Ratio of interest rate sensitive assets to liabilities (%)						101.09
Ratio of interest rate sensitive gap to	o net v	vorth (%)				611.67

Unit: Thousand USD

December 31, 2012							
Item		1~90 days	91~180 days	181 days to one year	Over one year	Total	
Interest rate sensitive assets	\$	22,111,962	4,156,013	1,880,869	1,272,292	29,421,136	
Interest rate sensitive liabilities		22,510,858	5,229,725	1,495,166	143,912	29,379,661	
Interest rate sensitive gap		(398,896)	(1,073,712)	385,703	1,128,380	41,475	
Net worth						(58,931)	
Ratio of interest rate sensitive assets to liabilities (%)						100.14	
Ratio of interest rate sensitive gap to net worth (%)						(70.38)	

Unit: Thousand USD

January 1, 2012								
Item		1~90 days	91~180 days	181 days to one year	Over one year	Total		
Interest rate sensitive assets	\$	20,320,716	4,229,999	1,778,879	1,116,053	27,445,647		
Interest rate sensitive liabilities		21,722,210	3,934,428	1,364,888	206,973	27,228,499		
Interest rate sensitive gap		(1,401,494)	295,571	413,991	909,080	217,148		
Net worth						(41,843)		
Ratio of interest rate sensitive assets to liabilities (%)						100.80		
Ratio of interest rate sensitive gap to	net wo	orth (%)				(518.96)		

Note 1: The above amount included only U.S. dollar amounts held by the Bank, and excluded contingent assets and contingent liabilities.

Note 2: Interest rate sensitivity assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues and costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap=Interest-rate-sensitivity assets - Interest-rate-sensitivity liabilities.

Note 4: Ratio of interest-rate-sensitivity assets to liabilities=Interest-rate-sensitivity assets/Interest-rate-sensitivity liabilities (in U.S. dollars).

Net Position of Main Foreign Currencies

Units: Thousands of stated currencies

December 31, 2013						
Amount in f	Amount in New Taiwan Dollars					
USD	128,352	3,822,322				
GBP	30,428	1,495,232				
SGD	11,862	278,994				
HKD	4,391	16,861				
MYR	1,729	15,661				

Units: Thousands of stated currencies

December 31, 2012					
Amount in functional	Amount in New Taiwan Dollars				
USD	86,291	2,505,459			
GBP	29,834	1,395,635			
SGD	12,143	288,275			
CNY	31,093	144,831			
HKD	10,313	38,632			

Units: Thousands of stated currencies

January 1, 2012						
Amount in f	Amount in New Taiwan Dollars					
GBP	28,276	1,319,924				
USD	9,406	284,767				
SGD	11,289	263,034				
CNY	35,211	168,907				
ZAR	6,270	23,262				

Note 1: The major foreign currencies were the top 5 currencies by position expressed in New Taiwan Dollars after exchange rate conversion. Note 2: The net position represented the absolute value of each currency.

11.Exchange rate risk concentration information

All held foreign financial assets and liabilities are classified by currencies and represented using the carrying amounts. The following tables are the information of December 31, 2013 and December 31, and January 1, 2012, respectively.

			Unit: Thousand TWD			
December 31, 2013						
Assets	USD to TWD	Other currency to TWD	Total TWD			
Cash and cash equivalents	\$ 13,881,090	63,008,457	76,889,547			
Placement with Central Bank and call loans to banks	105,659,440	18,885,639	124,545,079			
Financial assets measured at fair value through profit or loss, net	37,866,138	23,321,512	61,187,650			
Available-for-sale financial assets, net	9,895,037	38,556,948	48,451,985			
Derivative financial assets hedging	-	5,443	5,443			
Receivables, net	17,061,423	4,998,330	22,059,753			
Current income tax assets	94,709	134,885	229,594			
Loans and Discounts, net	141,926,698	87,777,670	229,704,368			
Held-to-maturity financial assets, net	7,591,407	21,311,241	28,902,648			
Other financial assets, net	1,550,425	21,784	1,572,209			
Property and equipment, net	26,672	19,365	46,037			
Intangible assets	1,111	664	1,775			
Deferred income tax assets, net	162,124	92,943	255,067			
Other assets, net	147,056	4,359,176	4,506,232			
Total assets	\$ 335,863,330	262,494,057	598,357,387			

Unit: Thousand TWD

December 31, 2013						
Liabilities	USD to TWD	Other currency to TWD	Total TWD			
Deposits of Central Bank and other banks	\$ 98,759,061	77,516,849	176,275,910			
Financial liabilities measured at fair value through profit or loss	286,782	310,574	597,356			
Derivative financial liabilities hedging	-	225,806	225,806			
Payables	3,026,641	3,107,635	6,134,276			
Current income tax liabilities	-	5,894	5,894			
Deposits and remittances	284,070,269	163,891,898	447,962,167			
Other financial liabilities	102,515	928,785	1,031,300			
Provisions	6,435	9,207	15,642			
Deferred income tax liabilities	-	110,927	110,927			
Other liabilities	58,538,458	36,093,134	94,631,592			
Total liabilities	\$ 444,790,161	282,200,709	726,990,870			

Unit: Thousand TWD

December 31, 2012						
Assets		USD to TWD	Other currency to TWD	Total TWD		
Cash and cash equivalents	\$	18,182,707	12,321,000	30,503,707		
Placement with Central Bank and call loans to banks		112,751,616	13,376,230	126,127,846		
Financial assets measured at fair value through profit or loss, net		40,117,241	18,335,792	58,453,033		
Available-for-sale financial assets, net		15,548,485	31,251,635	46,800,120		
Derivative financial assets hedging		-	3,543	3,543		
Receivables, net		27,255,650	5,168,338	32,423,988		

Unit: Thousand TWD

December 31, 2012						
Assets	USD to TWD	Other currency to TWD	Total TWD			
Current income tax assets	-	72,922	72,922			
Loans and Discounts, net	127,263,194	78,140,676	205,403,870			
Held-to-maturity financial assets, net	6,982,390	12,768,044	19,750,434			
Other financial assets, net	2,422,743	27,643	2,450,386			
Property and equipment, net	30,924	24,460	55,384			
Intangible assets	1,272	1,090	2,362			
Deferred income tax assets, net	165,157	112,915	278,072			
Other assets, net	9,653	197,737	207,390			
Total assets	\$ 350,731,032	171,802,025	522,533,057			

Unit: Thousand TWD

December 31, 2012					
Liabilities		USD to TWD	Other currency to TWD	Total TWD	
Deposits of Central Bank and other banks	\$	110,872,050	42,135,394	153,007,444	
Financial liabilities measured at fair value through profit or loss		384,059	564,523	948,582	
Derivative financial liabilities hedging		-	301,390	301,390	
Payables		10,095,240	3,175,052	13,270,292	
Current income tax liabilities		-	21,366	21,366	
Deposits and remittances		239,269,367	126,574,561	365,843,928	
Other financial liabilities		5,840,355	1,981,392	7,821,747	
Provisions		8,548	15,043	23,591	
Deferred income tax liabilities		-	137,957	137,957	
Other liabilities		52,847,954	23,112,246	75,960,200	
Total liabilities	\$	419,317,573	198,018,924	617,336,497	

Unit: Thousand TWD

January 1, 2012					
Assets	USD to TWD	Other currency to TWD	Total TWD		
Cash and cash equivalents	\$ 7,799,036	19,827,506	27,626,542		
Placement with Central Bank and call loans to banks	22,131,025	28,378,532	50,509,557		
Financial assets measured at fair value through profit or loss, net	27,277,562	18,188,265	45,465,827		
Available-for-sale financial assets, net	17,352,627	34,136,702	51,489,329		
Derivative financial assets hedging	-	9,223	9,223		
Receivables, net	16,190,595	2,517,402	18,707,997		
Current income tax assets	-	110,068	110,068		
Loans and Discounts, net	117,666,996	77,318,609	194,985,605		
Held-to-maturity financial assets, net	7,133,413	4,688,101	11,821,514		
Other financial assets, net	3,972,701	30,074	4,002,775		
Property and equipment, net	1,542	26,875	28,417		
Intangible assets	-	2,856	2,856		
Deferred income tax assets, net	596,724	306,022	902,746		
Other assets, net	23,416	13,499	36,915		
Total assets	\$ 220,145,637	185,553,734	405,699,371		

Unit: Thousand TWD

January 1, 2012									
Liabilities	USD to TWD	Other currency to TWD	Total TWD						
Deposits of Central Bank and other banks	\$ 57,242,872	91,585,526	148,828,398						
Financial liabilities measured at fair value through profit or loss	319,468	641,941	961,409						
Derivative financial liabilities hedging	-	1,229,722	1,229,722						
Payables	6,958,043	2,856,494	9,814,537						
Current income tax liabilities	40,871	14,998	55,869						
Deposits and remittances	247,707,382	120,637,101	368,344,483						
Provisions	17,694	18,288	35,982						
Deferred income tax liabilities	-	51,737	51,737						
Other liabilities	360,140	377,921	738,061						
Total liabilities	\$ 312,646,470	217,413,728	530,060,198						

12. The fair value information of financial instruments

December 31, 2013

		Unit: Thousand TWD
Item	Book value	Fair value
Financial Assets:		
Cash and cash equivalents	\$ 119,265,293	119,265,293
Placement with Central Bank and call loans to banks	585,444,072	585,444,072
Financial assets measured at fair value through profit or loss	166,714,218	166,714,218
Available-for-sale financial assets	765,521,333	765,521,333
Derivative financial assets hedging	5,443	5,443
Bonds and bills purchased under resell agreements	6,173,451	6,173,451
Receivables	82,279,036	82,279,036
Loans and discounts	2,240,652,458	2,240,652,458
Held-to-maturity financial assets	73,044,728	73,675,942
Other Financial Assets-Debt investments without quoted price in active markets	1,536,129	1,536,129
Other Financial Assets-Financial assets carried at cost	10,766,887	10,766,887
Financial Liabilities:		
Deposits of Central Bank and other banks	\$ 252,738,244	252,738,244
Financial liabilities measured at fair value through profit or loss	3,999,496	3,999,496
Derivative financial liabilities hedging	225,806	225,806
Bills and bonds sold under repurchase agreements	19,036,703	19,036,703
Payables	44,813,384	44,813,384
Deposits and remittances	3,409,612,039	3,409,612,039
Financial Bonds Payable	15,998,240	15,998,240
Other financial liabilities	1,243,698	1,243,698

December 31, 2012

		Unit: Thousand TWD
Item	Book value	Fair value
Financial Assets:		
Cash and cash equivalents	\$ 72,812,404	72,812,404
Placement with Central Bank and call loans to banks	549,627,869	549,627,869
Financial assets measured at fair value through profit or loss	146,534,038	146,534,038
Available-for-sale financial assets	734,870,751	734,870,751
Derivative financial assets hedging	3,543	3,543

Financial Information

ltem	Book value	Fair value
Bonds and bills purchased under resell agreements	4,980,621	4,980,621
Receivables	89,166,548	89,166,548
Loans and discounts	2,177,133,260	2,177,133,260
Held-to-maturity financial assets	62,009,085	62,951,924
Other Financial Assets-Debt investments without quoted price in active markets	2,404,867	2,404,867
Other Financial Assets-Financial assets carried at cost	11,079,900	11,079,900
Financial Liabilities:		
Deposits of Central Bank and other banks	213,374,465	213,374,465
Financial liabilities measured at fair value through profit or loss	4,876,954	4,876,954
Derivative financial liabilities hedging	301,390	301,390
Bills and bonds sold under repurchase agreements	11,998,398	11,998,398
Payables	41,988,683	41,988,683
Deposits and remittances	3,294,903,719	3,294,903,719
Other financial liabilities	8,198,013	8,198,013

January 1, 2012

		Unit: Thousand TWD
Item	Book value	Fair value
Financial Assets:		
Cash and cash equivalents	\$ 76,426,176	76,426,176
Placement with Central Bank and call loans to banks	488,555,403	488,555,403
Financial assets measured at fair value through profit or loss	110,886,007	110,886,007
Available-for-sale financial assets	757,373,465	757,373,465
Derivative financial assets hedging	3,074	3,074
Bonds and bills purchased under resell agreements	3,231,949	3,231,949
Receivables	84,601,770	84,601,770
Loans and discounts	2,153,591,119	2,153,591,119
Held-to-maturity financial assets	50,957,785	43,529,068
Other Financial Assets-Debt investments without quoted price in active markets	3,948,977	3,948,977
Other Financial Assets-Financial assets carried at cost	11,092,189	11,092,189
Financial Liabilities:		
Deposits of Central Bank and other banks	208,926,475	208,926,475
Financial liabilities measured at fair value through profit or loss	3,902,885	3,902,885
Derivative financial liabilities hedging	409,907	409,907
Bills and bonds sold under repurchase agreements	14,906,165	14,906,165
Payables	39,429,620	39,429,620
Deposits and remittances	3,218,010,687	3,218,010,687
Other financial liabilities	5,346,276	5,346,276

6) The financial instruments not measured at fair value

The methods and assumptions to estimate the financial instruments not measured at fair value are as follows.

- 1. Some financial instruments that have short term to maturity or of which the agreed prices are close to carrying amounts are recognized using their carrying amounts at reporting date. These financial instruments include cash and cash equivalents, placement with Central Bank and call loans to banks, bills and bonds purchased under resell agreements, receivables, limited assets, deposits of Central Bank and other banks, loans to the Central Bank and banks, bills and bonds sold under repurchase agreements, payables and deposits received.
- 2. The discounts and loans (including nonperforming loans): The Company and its subsidiary use the floating interest rate to be the interest rate of loans. The floating interest rate can also reflect the market interest rate. So it is reasonable to use the carrying

amount and the recoverability to estimate the fair value. The mid-term and long-term loans using with fixed interest rate should use the discounted present value of expected future cash flow to estimate their fair value. However, if the loans with fixed interest rate are minor, it is reasonable to use the carrying amount and their recoverability to estimate their fair value.

- 3. Held-to-maturity financial assets: The quoted price in an active market should be used to estimate the fair value. Otherwise, the quoted price of the counterparty or the valuation methods should be used instead.
 - (a) New Taiwan Dollar Government Bonds: Use the "Government Bonds Fair Value" offered by GreTai Securities Market is used to evaluate the bonds.
 - (b) New Taiwan Dollar Corporate Bonds and Financial Bonds: The present value is decided by the present value discounted at the yield offered by the GreTai Securities Market or the fair value offered by the GreTai Securities Market.
- 4. Deposits and Remittances: The Company and its subsidiary consider the bank industries characteristic to decide the fair value. The deposits with market interest rate are those almost with due within one year and their carrying amounts are reasonable basis for estimating the fair value. The long-term deposits with fixed interest rate are measured using the discounted present value of expected future cash flow. Because the term to maturity is less than three years, it is reasonable to use the carrying amount to estimate the fair value.
- 5. Financial Bonds Payable: It refers to the convertible corporate bonds and financial bonds issued by the Company and its subsidiary. Their coupon rates are almost equal to the market interest rate, so it is reasonable to using the discounted present values of the expected future cash flow to estimate their fair values. The present values are almost equal to the carrying amounts.
- 6. Other Financial Assets Bonds Investments with Non-active Market: If there are related transactions or quoted price from market makers, the latest strike price or quoted price should be used to measure the fair value. Otherwise, use the valuation methods to estimate the discounted present value of cash flow.
- 7. Other Financial Assets Financial Assets Carried at Cost: Because there is no quoted price in the active market and the interval of estimated fair values is significant or it is not reasonable to evaluate the probability of each estimated fair value within the interval, therefore, the fair value can not be measured reliably. Hence, the Bank and its subsidiary can not disclose the fair value.

7) Financial instruments measured at fair value

Fair value is the amount at which the asset could be bought or sold in a current transaction between both parties, or transferred to an equivalent party.

Financial instruments are recognized by using the fair values (usually the purchased price) originally. In sequential measurements, all financial instruments are measured at fair value except for some that are measured at amortized cost. The best evidence of fair value is the quoted price in active market. If the financial instruments are not in the active market, the Company and its subsidiary use the valuation techniques, information of Bloomberg or the quoted price of counterparty to measure the fair value.

If the financial instruments have quoted prices in an active market, then use the quoted prices should be used as the fair values. The strike prices in main stock exchanges and the announced price of popular government bonds in the GreTai Securities Market are the measurement basis for the fair value of equity instruments and debt instruments with quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if the Company and its subsidiary can attain the quote prices from stock exchanges, brokers, underwriters, industries associations, service organizations and the authorities timely and regularly, and the prices are used as the representative. If the above conditions are not attained, the market is regarded as non-active. In general, the wide bid-ask spread, the increasing bid-ask spread or the decreasing volume of trade are the indicators of a non-active market.

Except those with quoted price in an active market, the fair values of the other financial instruments are attained by valuation techniques or quoted prices from countered parties. The fair value calculated using valuation techniques can refer to the present fair values of financial instruments with similar conditions and characteristics, the discounted cash flow method or other valuation techniques, including the modular valuation method of which the calculated values are computed using attainable market information (such as yield curve offered by the GreTai Securities Market and the commercial paper fixing rates of Reuters.)

When evaluating the financial instruments that are not standardized and complex, such as bond investments with non-active market, interest rate swaps, FX swaps and options, the Company and its subsidiary adopt the valuation technique widely accepted by market participants. The parameters used by the valuation model are usually observable market information.

Aiming at the financial instruments with high complexity, the Company and its subsidiary use the valuation methods widely used by other banks and the self-developed valuation models to measure the fair value. These valuation models usually apply to derivatives, debt instruments of embedded derivatives or securitized products. Parts of the parameters used are not included in the observable market information. The Company and its subsidiary should make the proper estimate according to some assumptions.

8) The level information of financial instruments measured at fair value

1. The Three-level Definition

(a) Level 1

It refers to the quoted price of similar financial instruments in an active market. An active market indicates the market that is in conformity with all the following conditions. The products in the market have homophily; it is easy to find a willing party; the price information is attainable for the public. The equity investments, beneficiary certificates, popular Taiwan government bonds and derivatives with quoted price in an active market are classified as level 1.

(b) Level 2

The observable prices include direct (such as prices) or non-direct (such as those inferred from the prices) observable input parameters attained from an active market except the quoted prices in an active market. The non-popular government bonds, corporate bonds, financial bonds, convertible bonds, most of the derivatives and the financial bonds issued by the Company and its subsidiary belong to level 2.

(c) Level 3

The input parameters used are not attainable market information. Parts of the derivatives and equity investments with non-active market belong to level 3.

The Fair Value Level-Information of the Financial Instruments

Einspeisl instrument item messured at fair value	December 31, 2013					
Financial instrument item measured at fair value	Total	Level 1	Level 2	Level 3		
Non-derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss	160,979,498	100,830,044	59,852,398	297,056		
Financial assets held for trading						
Investment in stocks	54,301,549	54,301,549	-	-		
Investment in bonds	3,319,365	2,699,988	619,377	-		
Others	83,090,159	41,988,723	41,101,436	-		
Financial assets designated at fair value measured through profit or loss	20,268,425	1,839,784	18,131,585	297,056		
Available-for-sale financial assets	765,521,333	49,180,396	716,340,937			
Investments in stocks	43,866,637	43,866,637	-	-		
Investment in bonds	92,623,633	4,455,616	88,168,017	-		
Others	629,031,063	858,143	628,172,920	-		
Derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss	5,734,720	-	5,734,720	-		
Other financial assets						
Hedging derivative financial assets	5,443	-	5,443	-		
Liabilities:						
Financial liabilities measured at fair value through profit or loss	3,999,496	34,966	3,964,530	-		
Other financial liabilities Hedging derivative financial liabilities	225,806		225,806	-		

Einanaial instrument item maggurad at fair value	December 31, 2012					
Financial instrument item measured at fair value	Total	Level 1	Level 2	Level 3		
Non-derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss	135,008,288	81,778,388	52,083,511	1,146,389		
Financial assets held for trading						
Investment in stocks	45,546,940	45,546,940	-	-		
Investment in bonds	3,313,095	2,635,651	677,444	-		
Others	64,848,141	31,743,156	33,104,985	-		
Financial assets designated at fair value measured through profit or loss	21,300,112	1,852,641	18,301,082	1,146,389		
Available-for-sale financial assets	734,870,751	43,696,864	690,970,987	202,900		
Investment in stocks	38,990,770	38,990,770	-	-		
Investment in bonds	84,549,901	2,559,711	81,990,190	-		
Others	611,330,080	2,146,383	608,980,797	202,900		
Derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss	11,525,750	-	11,525,750	-		
Other financial assets						
Hedging derivative financial assets	3,543	-	3,543	-		
Liabilities:						
Financial liabilities measured at fair value through profit or loss Other financial liabilities	4,876,954	81,247	4,795,707	-		
Hedging derivative financial liabilities	301,390	-	301,390	-		

Financial instrument item measured at fair value	January 1, 2012					
Financial instrument item measured at fair value	Total	Level 1	Level 2	Level 3		
Non-derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss	99,918,593	71,818,290	28,100,303	-		
Financial assets held for trading						
Investment in stocks	42,161,922	42,161,922	-	-		
Investment in bonds	3,562,402	3,549,713	12,689	-		
Others	30,486,077	23,009,269	7,476,808	-		
Financial assets designated at fair value measured through profit or loss	23,708,192	3,097,386	20,610,806	-		
Available-for-sale financial assets	757,373,465	68,905,467	688,467,998			
Investment in stocks	41,059,718	41,059,718	-	-		
Investment in bonds	90,451,188	26,135,374	64,315,814	-		
Others	625,862,559	1,710,375	624,152,184	-		
Other financial assets						
Debt securities investment in non active market	3,948,977	-	3,948,977	-		
Derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss	10,967,414	-	10,967,414	-		
Other financial assets						
Hedging derivative financial assets	3,074	-	3,074	-		

Financial instrument item measured at fair value	January 1, 2012					
	Total	Level 1	Level 2	Level 3		
Liabilities:						
Financial liabilities measured at fair value through profit or loss	3,902,885	-	3,902,885	-		
Other financial liabilities						
Hedging derivative financial liabilities	409,907	-	409,907	-		

Disclosure for financial assets measured at fair value classified to the third level

Unit: Thousand TWD									
December 31, 2013									
		Evaluation	Incr	ease	Decr	rease			
Account	Balance on January 1, 2013	of gains and losses profit or loss or the amount of equity	Buy, issue or discount	Transferred to level 3	Sale, disposal or settle at premium	Transferred from level 3	Effect of exchange rate change	Balance on December 31, 2013	
Financial assets measured at fair value through profit or loss									
Financial assets designated at fair value measured through profit or loss	\$ 1,146,389	14,267	29,800	-	893,400	-	-	297,056	
Available-for-sale financial assets	202,900	1,525	825,927	-	208,778	821,574	-		
Total	\$ 1,349,289	15,792	855,727		1,102,178	821,574		297,056	

December 31, 2012									
		Evaluation of gains and	Incr	ease	Deci	rease			
Account	Balance on January 1, 2012	losses profit or loss or the amount of equity	Buy, issue or discount	Transferred to level 3	Sale, disposal or settle at premium	Transferred from level 3	Effect of exchange rate change	Balance on December 31, 2012	
Financial assets measured at fair value through profit or loss									
Financial assets designated at fair value measured through profit or loss	\$-	259,792	-	1,324,197	437,600	-	-	1,146,389	
Available-for-sale financial assets	-	9	165	211,395	8,669	-	-	202,900	
Total	<u> </u>	259,801	165	1,535,592	446,269			1,349,289	

9) The sensitivity analysis for the financial assets measured at fair value classified to the third level

The fair value measurement of the Bank is reasonable. However, if different valuation models or parameters are used, the valuation results will be different. The financial instruments are classified to the third level if the influence on the income or the other comprehensive income is due to the $\pm 1\%$ changes of the parameters that are as follows.

	Effect on Pr	ofit and Loss	Effect on Other Comprehensive Income		
	Favorable	Unfavorable	Favorable	Unfavorable	
December 31, 2013					
Assets					
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss	\$ 6	(6)	-	-	
Available-for-sale financial assets	-	-	1	(1)	
December 31, 2012					
Assets					
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss	24	(24)	-	-	
Available-for-sale financial assets	-	-	1	(1)	

The favorable or unfavorable changes refer to the volatility of fair value which is calculated using different observable input parameters.

If the fair value is affected by more than one parameter, the above table only reflects the influence owing to a single parameter. The Company and its subsidiary do not consider the correlation and variance.

10) Capital management

1. The Target and Procedure of capital management

The Target of capital management is to achieve the authority's requirements for the BIS Capital Adequacy Ratio and to improve the efficiency of capital usage through capital management procedures.

The Bank considers the short-term and long-term capital demand, operating plans and the lowest requirement to the BIS ratio to draft the capital plan. The Bank conducts the stress testing, the simulation analysis periodically, consider the external conditions and other factors, such as potential risks, environment changes of the financial market and other events that will affect the risk tolerable ability to ensure the company can maintain sufficient capital while unfavorable events and significant changes to the market occur.

2. The definition and regulations of capital

The Bank's authority is the Financial Supervisory Commission (the FSC). The Bank follows the "Regulations Governing the Capital Adequacy and Capital Category of Banks" issued by the FSC.

The term "Ratio of Regulatory Capital to Risk-weighted Assets" shall mean Common Equity Tier 1 Ratio, Tier 1 Capital Ratio, and Total Capital Adequacy Ratio. Except computing the Bank's own ratios, it also calculates the ratios using the consolidated financial information according to the IAS 27. All mentioned ratios should be in conformity with article 5 of the regulations.

3. Regulatory Capital

The term "Regulatory Capital" shall mean the net Tier 1 Capital and the net Tier 2 Capital according to the Regulations Governing the Capital Adequacy and Capital Category of Banks."

- (a) The term "Net Tier 1 Capital" shall mean the aggregate amount of net Common Equity Tier 1 and net additional Tier 1 Capital.
 - a) The common equity Tier 1 capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods. The common equity tier 1 capital shall mean the sum of the common stock and additional paid-in capital in excess of par-common stock, the capital collected in advance, the capital reserves, the statutory surplus reserves, the special reserves, the accumulated profit or loss, the non-controlling interests and the other items of interest.

- b) The range of additional Tier 1 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.
 - a. Non-cumulative perpetual preferred stock and its capital stock premium.
 - b. Non-cumulative perpetual subordinated debts.
 - c. The non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.
- (b) The range of Tier 2 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.
 - a) Cumulative perpetual preferred stock and its capital stock premium.
 - b) Cumulative perpetual subordinated debts.
 - c) Convertible subordinated debts
 - d) Long-term subordinated debts
 - e) Non-perpetual preferred stock and its capital stock premium
 - f) When the real estate was adopted by the International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost. The difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on available-for-sale financial assets, as well as operational reserves and loan-loss provisions.
 - g) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

When a bank reports its capital adequacy ratio according to the regulations, the competent authority shall examine its capital category in accordance with the provisions of these regulations on the calculation of capital adequacy ratio.

When a bank's capital is graded as inadequate capital, significantly inadequate capital or seriously inadequate capital by the competent authority's examination, the competent authority shall take prompt corrective actions in pursuant to Sections 1 to 3, Paragraph 1, Article 44-2 of the Act.

The government regulations are formulated in accordance with the Basel Accord. The followings are the content of the Basel Accord and the implementation of the Bank.

(a) The First Pillar

The first pillar contains the capital requirements for credit risks, market risks and operation risks.

- a) Credit risks refer to the default risk resulted from the counterparties. The credit risk is derived from the assets, liabilities or off-balance sheet items. There are two measurement methods, the Standardized Approach and the Internal Ratings-Based Approach (the IRB). The Bank uses the Standardized Approach.
- b) Market risks refer to the loss due to the changes of the market price, such as the changes of the market interest rate, the exchange rate, the stock price and the product price. There are two measurement methods, the Standardized Approach and the Internal Model Approach. The Bank uses the Standardized Approach.
- c) Operation risks refer that the Bank has loss caused by the internal operations, the employee's faults, the system errors or external events. The operation risks include legal risks but exclude strategy risks and reputation risks. The measurement methods are the Basic Indicator Approach, the Standardized Approach, the Alternative Standardized Approach and the Advanced Measurement Approach. The Bank uses the Basic Indicator Approach to calculate the required capital for operation risks.
- (b) The Second Pillar

The second pillar is used to ensure that each bank has sufficient internal assessment procedures and each bank can understand the capital adequacy through complete risk measurements. At the same time, it also uses proper supervisory operations to ensure the regulatory capital accord with the whole risk characteristics. The Bank reports the capital adequacy measurements and the risk management situations to the competent authority with related information.

(c) The Third Pillar

The third pillar is related to the market discipline. It requires banks to disclose more information about the risks, the capital and the risk managements according the new Basel Accord in order to increase their information transparency. As a result, the Banks has offered the "Information of the Capital Adequacy and the Risk Managements" in our website to disclose the qualitative data and the quantitative data.

Analyze	Items	Year	December 31, 2013	December 31, 2012	January 1, 2012
	Common stor	k capital	169,355,190	175,892,703	172,881,294
Eligible	Other tier 1 ca	pital	-	-	-
capital	Tier 2 capital		34,157,947	15,946,768	14,484,521
	Eligible capital		203,513,137	191,839,471	187,365,815
		Standardized approach	1,768,858,574	1,631,099,532	1,525,347,746
		Internal rating based approach	-	-	-
		Securitization	4,374,030	3,646,593	2,125,603
		Basic indicator approach	51,777,388	49,219,638	47,184,300
Risk- weighted assets		Standardized approach/ Alternative standardized approach	-	-	-
		Advance measurement approach	-	-	-
	Market risk	Standardized approach	71,523,188	72,726,088	71,441,638
	IVIDI NGL HSK	Internal models approach	-	-	-
	Total risk-weig	hted assets	1,896,533,180	1,756,691,851	1,646,099,287
Capital adequacy ratio			10.73%	10.92%	11.38%
Common stock - based capital ratio			8.93%	10.01%	10.50%
Tier 1 risk b	ased capital rati	0	8.93%	10.01%	10.50%
Leverage ra	tio		3.58%	4.40%	4.45%

(d) Bank of International settlement ratio

Note 1: The calculation of eligible capital, risk-weighted assets, and the total amount of risk exposure shall follow the Regulations Governing the Capital Adequacy and Capital Category of Banks, and Calculation of Equity Capital and Risk Assets.

Note 2: The annual report shall disclose the current and preceding period of BIS ratio. The semi-annual report (beside the current and preceding period) shall disclose the information one year before.

Note 3: The table shall disclose the calculation formula as follows:

- 1. Equity Capital = shareholders' equity + other tier 1 capital + tier 2 capital
 - 2. Risk-weighted assets = credit risk-weighted assets + (capital requirement for operational risk + capital requirement for market risk) × 12.5
 - 3. Capital adequacy ratio = equity capital / internal models approach
 - 4. Common stock based capital ratio = shareholders' equity / total risk weighted assets
 - 5. Tier 1 risk based capital ratio = (shareholders' equity + Other tier 1 capital)/ weighted risk

6. Leverage ratio = tier 1 capital / total risk exposure

Note 4: The table may choose not to disclose in Q1 and Q3 financial report.

(42) Related-party transactions

1) Name of related party and relationship

Name	Relationship
Taiwan Financial Holding Co., Ltd.	Parent company of the Bank
BankTaiwan Life Insurance Co., Ltd.	Wholly-owned subsidiary
BankTaiwan Securities Co., Ltd.	Wholly-owned subsidiary
Hua Nan Financial Holdings Co., Ltd. and its subsidiaries	Investee company of the Bank under the equity method
Taiwan Life Insurance Co., Ltd.	Investee company of the Bank under the equity method
Tang Eng Iron Works Co., Ltd.	Investee company of the Bank under the equity method
Kaohsiung Ammonium Sulfate Co., Ltd.	Investee company of the Bank under the equity method
Tai Yi Real Estate Management Co., Ltd.	Investee company of the Bank under the equity method
Taiwan business bank Co., Ltd.	Related- Party
Others	Directors, supervisors, general manager and vice general manger

2) Key Management Personnel Compensation

The related information about the salaries and bonus for the Bank's key management personnel in 2013 and 2012 are as follows:

	Decem	nber 31, 2013	December 31, 2012
Short-term employee benefits	\$	10,400	11,604

3) Other related party transactions

1. Placement with banks

	December 31, 2013		December 31, 2012		January 1, 2012	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 6,745		30,217	0.06	23,301	0.05

2. Call loans to banks

	December 31, 2013						
	Highest balance	Ending balance	Annual interest rate (%)	Interest expense			
Hua Nan Financial Holdings Co., Ltd.	\$ 21,751,792	2,229,060	0.05~1.30	24,919			

	December 31, 2012						
	Highest balance	Ending balance	Annual interest rate (%)	Interest expense			
Hua Nan Financial Holdings Co., Ltd.	\$ 10,863,955	871,050	0.10~1.28	13,739			

3. Account receivables

		December 31, 2013		Decembe	r 31, 2012	January 1, 2012		
Name		Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance	
Taiwan Financial Holdings	\$	1,294	-	668	-	632	-	
BankTaiwan Life Insurance		48,406	0.06	67,759	0.08	94,867	0.11	
BankTaiwan Securities	_	88						
Total	\$	49,788	0.06	68,427	0.08	95,499	0.11	

4. Loans and discounts

		December 31, 2013		December 31, 2012		January 1, 2012	
Name		Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$	1,600,000	0.52	5,800,000	0.27	5,800,000	0.27
BankTaiwan Securities	_	200,791	0.01				
Total	\$	1,800,791	0.53	5,800,000	0.27	5,800,000	0.27

5. Other assets

		December 31, 2013		Decembe	r 31, 2012	January 1, 2012	
Name		Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$	3,598,815	39.30	4,594,012	43.26	4,371,752	31.88
BankTaiwan Life Insurance		6,251	0.07	7,492	0.07	8,373	0.06
BankTaiwan Securities	_	14		14		14	
Total	\$	3,605,080	39.37	4,601,518	43.33	4,380,139	31.94

6. Deposits of banks

	December 31, 2013		December 31, 2012		January 1, 2012	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 388,945		268,592	0.98	728,860	2.88

7. Call loans from banks

	December 31, 2013							
	Highest balance	Ending balance	Annual interest rate (%)	Interest expense				
Hua Nan Financial Holdings Co., Ltd.	\$ 11,453,725		0.26~2.70	505				

	December 31, 2012							
	Highest balance	Ending balance	Annual interest rate (%)	Interest expense				
Hua Nan Financial Holdings Co., Ltd.	\$ 6,574,565	391,973	0.15~0.75	739				

	January 1, 2012								
	Highest balance	Ending balar	се	Annual interest rate (%)	Interest expense				
Hua Nan Financial Holdings Co., Ltd.	\$ 8,571,450			0.2~0.8	2,035				

8. Deposits

		December 31, 2013		Decembe	r 31, 2012	January 1, 2012	
Name		Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$	260,594	0.01	309,735	0.01	171,328	0.01
BankTaiwan Life Insurance		12,922,188	0.38	16,504,966	0.50	14,707,240	0.46
BankTaiwan Securities		458,997	0.01	319,947	0.01	300,697	0.01
Hua Nan Financial Holdings Co., Ltd.		26,698	-	38,672	-	47,659	-
Taiwan Life Insurance Co., Ltd.		32,022	-	5,221	-	11,168	-
Kaohsiung Ammonium Sulfate Co., Ltd.		46,216	-	112,152	-	101,734	0.01
Tang Eng Iron Works Co., Ltd.		3,891	-	314	-	357	-
Tai Yi Real Estate Management Co., Ltd.		14,165					
Total	\$	13,764,771	0.40	17,291,007	0.52	15,340,183	0.49

9. Account payables

		December 31, 2013		Decembe	r 31, 2012	January 1, 2012	
Name		Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$	17	-	17	-	9	-
BankTaiwan Life Insurance		4,472	0.01	3,343	0.01	2,668	0.01
BankTaiwan Securities	_	304		360		298	
Total	\$	4,793	0.01	3,720	0.01	2,975	0.01

10.Other liabilities

	Decemt	December 31, 2013		er 31, 2012	January 1, 2012	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 2,70	0.04	2,901	0.04	2,737	0.04
BankTaiwan Securities	1,63	0.02	1,968	0.02	1,631	0.02
Total	\$ 4,34	0.06	4,869	0.06	4,368	0.06

11.Interest income

		20	13	2012		
Name	Amount		Amount Percentage of account balance		Percentage of account balance	
Taiwan Financial Holdings	\$	91,330	0.15	59,412	0.10	
BankTaiwan Securities		741				
Total	\$	92,071	0.15	59,412	0.10	

12.Interest expenses

		2013	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
Taiwan Financial Holdings	\$ 30	- 1	209	-	
BankTaiwan Life Insurance	91,53	3 0.27	70,827	0.21	
BankTaiwan Securities	3,89	0.01	3,875	0.01	
Total	<u>\$ 95,73</u>	0.28	74,911	0.22	

13. Transaction fee income

	20)13	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
BankTaiwan Life Insurance	\$ 384,027	6.80	1,054,299	20.65	
BankTaiwan Securities	2,271	0.04	2,284	0.03	
Total	\$ 386,298	6.84	1,056,583	20.68	

14.Transaction fee expense

	20	013	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
BankTaiwan Securities	\$ 13,392	2.23	10,954	2.01	

15.Loss on financial assets or liabilities measured at fair value through profit or loss

	20)13	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
BankTaiwan Securities	\$ 1,740	0.01	5,224	0.04	

16.Realized loss on available-for-sale financial assets

	20)13	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
BankTaiwan Securities	\$ 1,878	0.19	2,265	0.24	

17.Other non interest gain or losses, net

	2	013	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
Taiwan Financial Holdings	\$ 26,453	0.12	26,555	0.14	
BankTaiwan Life Insurance	32,055	0.15	42,929	0.23	
BankTaiwan Securities	42,539	0.20	23,723	0.29	
Total	\$ 101,047	0.47	93,207	0.66	

18.Other business and management expenses

	20	13	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
Taiwan Financial Holdings	\$ 738	0.01	956	0.02	
BankTaiwan Life Insurance	38,095	0.74	38,875	0.84	
BankTaiwan Securities	 86		84		
Total	\$ 38,919	0.75	39,915	0.86	

19.Loans

December 31, 2013								
	House holder	Highest		Status of p	erformance		Differences in	
Category	amount or name of related party	balance in current period	Ending balance	Performing loans	Non performing loans	Type of collateral	transaction terms between related and non related parties	
Consumer loans	48	25,955	16,355	-	-	None	None	
House mortgages	117	642,566	549,285	-	-	Land and buildings	None	
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	11,500,000	-	-	-	None	None	
Call loans to banks	Taiwan business bank Co., Ltd.	5,000,000	-	-	-	None	None	
Long-term secured loans	Tai Yi Real-Estate Management Co., Ltd.	30,000	29,129	29,129	-	Land and buildings	None	
Short-term secured loans	Taiwan Financial Holding Co., Ltd.	11,600,000	11,600,000	11,600,000	-	Government (or financial institutions) guarantee	None	
Secured overdrafts loans	Tang-Eng Iron Works Co., Ltd.	52,236	52,236	52,236	-	Land and factory	None	

December 31, 2013								
	House holder	Highest	best Status of performance			Differences in		
Category	amount or name of related party	balance in current period	Ending balance	Performing Ioans	Non performing loans	Type of collateral	transaction terms between related and non related parties	
Short-term secured loans	Tang-Eng Iron Works Co., Ltd.	50,000	50,000	50,000	-	Land and factory	None	
Short-term secured loans	Tang-Eng Iron Works Co., Ltd.	1,250,000	950,000	950,000	-	Land and factory	None	
Short-term secured loans	Tang-Eng Iron Works Co., Ltd.	190,880	-	-	-	Land and factory	None	
Medium-term secured loans	Tang-Eng Iron Works Co., Ltd.	500,000	500,000	500,000	-	Land and factory	None	
Long-term secured loans	Tang-Eng Iron Works Co., Ltd.	741,000	582,000	582,000	-	Land and factory	None	
Short-term secured loans	BankTaiwan Securities Co., Ltd.	730,791	200,791	200,791	-	Real estate and government (or financial institutions) guarantee	None	

	December 31, 2012								
	House holder	Highest		Status of p	erformance		Differences in		
Category	amount or name of related party	balance in current period	Ending balance			Type of collateral	transaction terms between related and non related parties		
Consumer loans	40	19,348	12,584	12,584	-	None	None		
House mortgages	103	521,012	412,317	412,317	-	Land and buildings	None		
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	5,500,000	-	-	-	None	None		
Call loans to banks	Taiwan business bank Co., Ltd.	6,000,000	-	-	-	None	None		
Short-term secured loans	Taiwan Financial Holding Co., Ltd.	5,800,000	5,800,000	5,800,000	-	Government (or financial institutions) guarantee	None		
Secured overdrafts loans	Tang-Eng Iron Works Co., Ltd.	608,315	84,270	84,270	-	Land and factory	None		
Short-term secured loans	Tang-Eng Iron Works Co., Ltd.	121,569	95,028	95,028	-	Land and factory	None		
Long-term secured loans	Tang-Eng Iron Works Co., Ltd.	900,000	741,000	741,000	-	Land and factory	None		
Short-term secured loans	BankTaiwan Securities Co., Ltd.	2,441,000	-	-	-	None	None		
Short-term secured loans	BankTaiwan Securities Co., Ltd.	930,000	-	-	-	Government (or financial institutions) guarantee	None		

January 1, 2012								
	House holder	Highest		Status of p	erformance		Differences in	
Category	amount or name of related party	balance Ending in current balance period	Performing loans	Non performing loans	Type of collateral	transaction terms between related and non related parties		
Consumer loans	36	19,559	12,857	12,857	-	None	None	
House mortgages	99	545,136	442,658	442,658	-	Land and building	None	
Other loans	Tang-Eng Iron Works Co., Ltd.	104,566	-	-	-	Land and building	None	
Other loans	Tang-Eng Iron Works Co., Ltd.	266,141	266,141	266,141	-	Land and building	None	
Other loans	Tang-Eng Iron Works Co., Ltd.	1,500,000	900,000	900,000	-	Land and building	None	
Other loans	BankTaiwan Securities Co., Ltd.	83,899	-	-	-	Government (or financial institutions) guarantee	None	
Other loans	BankTaiwan Securities Co., Ltd.	521,000	-	-	-	Government (or financial institutions) guarantee	None	
Other loans	BankTaiwan Securities Co., Ltd.	3,869,756	-	-	-	Government (or financial institutions) guarantee	None	
Other loans	Taiwan Financial Holding Co., Ltd.	5,700,000	5,700,000	5,700,000	-	Government (or financial institutions) guarantee	None	
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	23,711,368	1,060	1,060	-	None	None	

Note 1: The consumer loans to staff and mortgage loans to staff can be lumped together for disclosure. The disclosure of other loans is sorted by interested parties.

Note 2: Collateral is classified by real estate, short term notes, government bonds, secured or non secured bonds, TSEC and GTSM stocks, non TSEC and non GTSM stocks, and others.

20.Derivative instruments

December 31, 2013									
Name of		Agreement	eement Notional Current		Balance sheet				
relative party	Subject	period	amounts	valuation adjustment	Account name	Amount			
Taiwan Life Insurance Co., Ltd.	Forward agreement	2004.11.30~ 2014.01.17	414,691	4,939	Valuation adjustment of financial assets measured at fair value through profit or loss - forward	4,939			
Taiwan Life Insurance Co., Ltd.	Swap agreement	2008.11.06~ 2014.02.25	11,849,481	106,843	Valuation adjustment of financial assets measured at fair value through profit or loss - swap	106,843			
Taiwan Life Insurance Co., Ltd.	Swap agreement	2013.04.01~ 2014.02.27	2,991,810	(18,040)	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(18,040)			
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2008.11.20~ 2013.04.14	13,920,533	119,910	Valuation adjustment of financial assets measured at fair value through profit or loss - swap	119,910			
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2008.04.30~ 2014.04.25	14,654,226	(68,103)	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(68,103)			

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	December 31, 2012									
Name of		Agreement	Notional	Current	Balance sheet	e sheet				
relative party	Subject	period	amounts	valuation adjustment	Account name	Amount				
Taiwan Life Insurance Co., Ltd.	Forward agreement	2004.11.30~ 2013.01.28	412,845	(3,599)	Valuation adjustment of financial liabilities measured at fair value through profit or loss - forward	(3,599)				
Taiwan Life Insurance Co., Ltd.	Swap agreement	2010.05.07~ 2013.01.16	2,320,926	1,681	Valuation adjustment of financial assets measured at fair value through profit or loss - swap	1,681				
Taiwan Life Insurance Co., Ltd.	Swap agreement	2008.11.06~ 2013.03.20	6,776,525	(21,812)	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(21,812)				
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2009.06.08~ 2013.01.16	2,321,800	881	Valuation adjustment of financial assets measured at fair value through profit or loss - swap	881				
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2008.04.30~ 2014.09.30	28,352,616	(415,208)	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(415,208)				

21. The expense of shared assets was allocated to Taiwan Financial Holdings, BankTaiwan Life Insurance, BankTaiwan Securities, and the Bank, as follows:

	20)13	2012		
Name	Amount	Percentage of account balance	Amount	Percentage of account balance	
Taiwan Financial Holdings	\$ 10,388	0.05	9,395	0.05	
BankTaiwan Life Insurance	32,055	0.18	42,929	0.23	
BankTaiwan Securities	31,870	0.18	42,222	0.23	
Total	\$ 74,313	0.41	94,546	0.51	

(43) Pledged assets

Pledged assets	Purpose of pledge	December 31, 2013	December 31, 2012	January 1, 2012
Available-for-sale financial assets - bonds	Guarantee deposit for provisional seizure against defaulted loans and others	\$ 279,500	225,000	241,400
Held-to-maturity financial assets - government bonds	Guarantee deposit for provisional seizure against defaulted loans and others		10,200	10,200
Available-for-sale financial assets - bonds	Operating deposit for securities investment trust and consulting	150,000	150,000	150,000
Available-for-sale financial assets - bonds	Guarantee deposits for trust business compensation reserve	50,000	100,000	100,000
Held-to-maturity financial assets - government bonds	Guarantee deposits for trust business compensation reserve	400,000	300,000	300,000
Available-for-sale financial assets - negotiable certificate of deposit	Payment and settlement systems of Central Bank	25,000,000	25,000,000	25,000,000
		\$ 25,879,500	25,785,200	25,801,600

(44) Commitments and contingencies

1) Commitments and contingencies

	December 31, 2013	December 31, 2012	January 1, 2012
Consignment collection	\$ 52,322,587	43,825,073	48,803,965
Contract guarantee on behalf of counter parties	3,339,044	3,780,562	5,393,061
Traveler's checks held on consignment	1,229,319	1,173,028	1,087,707
Marketable securities held as custodian	1,668,910,750	1,552,788,585	1,612,616,773

	December 31, 2013	December 31, 2012	January 1, 2012
Letters of credit	32,737,581	46,718,813	43,112,360
Goods held in custody	14,316,968	12,696,949	10,797,009
Issuance of New Taiwan Dollars	1,558,048,571	1,439,592,396	1,322,680,282
Trustee of behalf of Lenders	880,318,278	863,881,944	816,438,869
Guarantee notes payable		214,900	240,200
Registered government bonds for sale	474,860,600	400,317,500	331,884,300
Registered short term bills for sale	186,737,836	200,823,700	265,095,673
Consigned sales of goods	2,330,513	2,316,501	1,947,495
Trust liabilities	535,650,876	512,856,940	505,848,030
Guarantees	83,279,532	73,486,171	71,389,619
	\$ 5,494,082,455	5,154,473,062	5,037,335,343

2) Balance sheet, income statement and details of assets under trust

Trust assets	December 31, 2013	December 31, 2012	January 1, 2012
Deposits			
Deposits in the BOT	\$ 31,238,139	31,552,700	26,596,608
Deposits in other banks	4,401,991	3,197,294	3,029,334
Short term investment			
Investment in funds	174,442,560	176,166,500	163,596,031
Investment in bonds	201,695,311	181,509,311	196,046,874
Common stock investment-marketable securities	46,403,259	49,740,466	51,158,626
Receivables			
Interest receivable	1,408,992	1,244,485	1,434,094
Cash dividend receivable	1,538	1,190	1,604
Receivables from trading securities	740,029	368,435	402,087
Receivables from forward contracts	8,002,289	6,340,990	9,558,813
Prepaid expense	970	1,785	677
Real estate			
Land	12,419,874	8,667,018	1,992,865
Buildings	143,500	147,154	151,797
Construction in progress	6,099,891	3,809,955	621,565
Marketable securities under custody	48,652,533	50,109,657	51,257,055
Total of trust assets	\$ 535,650,876	512,856,940	505,848,030

Trust liabilities	December 31, 2013	December 31, 2012	January 1, 2012
Payables			
Payables from trading securities	\$ 301,829	138,736	271,267
Payables from forward contracts	7,975,500	6,326,250	9,535,900
Payables from management fee	4,046	1,998	1,964
Payables from supervision fee	325	323	100
Other payables	285	227	168
Tax payable	208	285	280
Securities held in custody payable	48,652,533	50,109,657	51,257,055
Trust capital			
Money trust	386,836,981	380,068,690	372,183,932
Marketable securities trust	2,497,474	6,589,900	8,280,795
Real estate investment trust	27,195,633	23,172,998	4,763,696
Other reserve and accumulated income			
Accumulated loss	33,383,769	28,412,668	31,085,015
Foreign currency translation	(1,095,677)	(6,161,908)	1,410,786

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Trust liabilities	December 31, 2013	December 31, 2012	January 1, 2012
Deferred unrealized income	9,193,039	9,200,613	10,002,421
Current income	20,704,931	14,996,503	17,054,651
Total of trust liabilities	\$ 535,650,876	512,856,940	505,848,030

Note: Including fund investments of the offshore business branch amounting to \$289,171, \$314,730 and \$392,589 as of December 31, 2013 and 2012 and January 1, 2012, respectively.

Details of trust	December 31, 2013	December 31, 2012	January 1, 2012
Deposits			
Deposits in the Bank	\$ 31,238,139	31,552,700	26,596,608
Deposits in other banks	4,401,991	3,197,294	3,029,334
Short term investment			
Investment in funds	174,442,560	176,166,500	163,596,031
Investment in bonds	201,695,311	181,509,311	196,046,874
Common stock investment- marketable securities	46,403,259	49,740,466	51,158,626
Real estate			
Land	12,419,874	8,667,018	1,992,865
Buildings	143,500	147,154	151,797
Construction in progress	6,099,891	3,809,955	621,565
Marketable securities under custody	48,652,533	50,109,657	51,257,055
Trust capital	\$ 525,497,058	504,900,055	494,450,755

Income statement for assets under trust	December 31, 2013	December 31, 2012
Trust revenue		
Capital interest revenue	\$ 9,433,617	9,345,735
Cash dividend revenue	2,318,628	2,833,571
Realized capital gain shares	4,083,806	895,543
Realized capital gain fund	1,734,464	328,887
Realized exchange gain – bond	1,799,725	2,894,220
Realized foreign exchange gain	746,848	-
Realized gain on property exchange	823,399	86,051
Income from beneficiary certificates	274,682	
Total trust revenue	21,215,169	16,384,007
Trust expense		
Capital management fee	473,886	339,453
Realized foreign exchange loss		432,610
Realized loss on property exchange		457,324
Tax expense	5,497	113,691
Supervisory fee	338	459
Storage fee	7,859	11,155
Commission fee	16	13
Other expense	22,642	32,799
Total trust expense	510,238	1,387,504
Net income	\$ 20,704,931	14,996,503

(45) Losses due to major disasters: None.

(46) Subsequent events: None.

(47) Other

1) The employee benefit expenses, depreciation, depletion and amortization, categorized by function, were as follows:

By function	December 31, 2013			December 31, 2012		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	53,631	10,106,307	10,159,938	46,579	10,097,825	10,144,404
Labor and health insurance	118,185	495,832	614,017	117,995	447,243	565,238
Pension	2,755	800,787	803,542	2,805	811,024	813,829
Others	-	159,698	159,698	-	150,718	150,718
Depreciation	37,308	872,276	909,584	38,172	907,665	945,837
Amortization	-	410,146	410,146	-	349,340	349,340

2) Government audit adjustments for fiscal year ended December 31, 2012 and 2011

The accounting records as at and for the year ended December 31, 2012 and 2011, have been audited and examined by the MoA, and the resulting adjustments are summarized as follows:

Balance Sheet	As Previously Reported December 31, 2012	Adjustments -Increase (Decrease)	As Audited by the MoA, December 31, 2012
Asset			
Receivables, net	\$ 91,268,044	3,350	91,271,394
Liabilities			
Payables	42,146,153	(19)	42,146,134
Stockholders' equity			
Unappropriated retained earnings	8,377,872	3,369	8,381,241

Income statement	As Previously Reported 2012	Adjustments -Increase (Decrease)	As Audited by the MoA, 2012
Income tax expense	\$ 861,112	(3,369)	857,743
Net income	7,224,872	3,369	7,228,241

Balance Sheet	As Previously Reported December 31, 2011	Adjustments -Increase (Decrease)	As Audited by the MoA, December 31, 2011
Asset			
Receivables, net	\$ 86,422,934	16,846	86,439,780
Loans and discounts, net	2,153,645,231	(54,113)	2,153,591,118
Liabilities			
Payables	39,471,578	2	39,471,580
Accrued pension liability	4,566,754	(2)	4,566,752
Stockholders' equity			
Unappropriated retained earnings	6,301,072	(37,267)	6,263,805

Income statement	As Previously Reported 2011	Adjustments -Increase (Decrease)	As Audited by the MoA, 2011
Other non interest gain (loss)	\$ (3,092,639)	9,271	(3,083,368)
Bad debt expense	4,991,365	54,109	5,045,474
Personnel expense	11,928,775	(3,430)	11,925,345
Income tax expense	789,301	(4,141)	785,160
Net income	3,701,072	(37,267)	3,663,805

Revised entries by the MoA in 2012 were as follows:

Item	Adjustment accounts	Amount revise	ed by the MoA	Explanation of revision by the MoA
1.	Income tax expense	\$ 18		Based on the local tax bureau's announcement, Shanghai Branch
	Income tax payable		18	paid the business income tax for year 2012.
2.	Income tax payable	37		The adjustment for the tax collector's income tax of Hong Kong
	Income tax expense		37	Branch.
3.	Income tax refund receivable	3,350		The adjustment for taxable profit based on revised details.
	Income tax expense		3,350	

Revised entries by the MoA in 2011 were as follows:

Item	Adjustment accounts	Amount revise	ed by the MoA	Explanation of revision by the MoA
1.	Accrued pension liability	\$ 2		Adjust resignation pay of 2011
	Personnel expense		2	
2.	Provision for credit	54,109		The borrowers, Ding-Chou Co., Ltd., Rung-Yuan Co., Ltd. and
	Allowance for doubtful debt		54,109	Chen-Tzuan Co., Ltd. of Chienkuo, Chunhsien and Muzha Branch increase allowance for bad debt in 2011.
З.	Other receivable	9,271		The 2011 receivable excess interest from favorable interest rate in staff
	Other non-interest gain (loss)		9,271	deposits.
4.	Refundable income tax	4		The branch of Tainan Innovation and Research Park has received \$4,660 thousand dollars of Housing Mortgage Loan Customers' death
	Long term secured loans		4	insurance and \$34 thousand dollars of net delay interest which has been deducted 10% income interest tax, \$4 thousand dollars, from BankTaiwan Life Insurance. The total amount was used to reduce the customers' account in arrears. If the tax return was not sent to the Bank headquarters, the bank had to add an entry of deducted tax.
5.	Refundable income tax	1		The Wenshan branch has received \$1,960 thousand dollars of Housing
	Other payable		1	Mortgage Loan Customers' death insurance and \$5 thousand dollars of net delay interest which has been deducted 10% income interest tax, \$1 thousand dollars, from BankTaiwan Life Insurance. The total amount, \$1,965 thousand dollars, was used to reduce the customers' account in arrears. If the tax return was not sent to the Bank headquarters, the bank had to add an entry of deducted tax.
6.	Refundable income tax	1		The Lingya branch has received \$1,500 thousand dollars of Housing
	Other payable		1	Mortgage Loan Customers' death insurance and \$5 thousand dollars of net delay interest which has been deducted 10% income interest tax, \$1 thousand dollars, from BankTaiwan Life Insurance. The total amount, \$1,505 thousand dollars, was used to reduce the customers' account in arrears. If the tax return was not sent to the Bank headquarters, the bank had to add an entry of deducted tax.
7.	Other receivable	3,428		The Bank executed downsizing preferential retirement plan and gave
	Personnel expense		3,428	seven months compensation to the managers of Peitou, Chianjin, Pingtung and Chungshan branch according to "Downsizing directions of Financial and insurance entities under the Ministry of Finance." If the managers didn't meet the requirement, the Bank had to reduce the operational expense and increase the profit before tax.
8.	Refundable income tax	1,387		Adjustment of income tax
	Allowance for deferred income tax assets	2		
	Deferred inocme tax assets		2	
	Income tax expense		1,387	

3) Supplementary information for government employees' insurance department

1. Balance sheets

	Government employees insurance department			
	December 31, 2013	December 31, 2012	January 1, 2012	
Cash and cash equivalents	\$ 32,288,292	21,373,048	24,911,164	
Financial assets at fair value through profit or loss	99,412,781	85,703,614	65,802,579	
Receivables, net	19,220,747	22,494,214	23,330,050	
Current income tax assets	631	3,367	-	
Held-to-maturity financial assets	57,668,646	54,953,270	50,321,722	
Property and equipment, net	11,935	13,902	6,832	
Intangible assets, net	3,992	4,791	442	
Other assets, net	9,585,446	10,162,145	13,690,111	
Total assets	\$ 218,192,470	194,708,351	178,062,900	
Financial liabilities measured at fair value through profit or loss	\$ 6,182	43	5,254	
Payables	1,591,709	35,883	33,146	
Provisions	216,594,551	194,672,423	178,024,500	
Other liabilities	28	2		
Total liabilities	\$ 218,192,470	194,708,351	178,062,900	

2. Income statement

	Government employees insurance department			
	December 31, 2013	December 31, 2012		
Net interest income	\$ 1,447,520	1,325,944		
Service fee expenses	22,715	88,678		
Gain (loss) on financial assets and liabilities at fair value through profit or loss	9,724,337	8,750,735		
Foreign exchange gain (loss)	740,029	(1,651,528)		
Premium income	20,863,142	17,992,149		
Government subsidy	15,696,251	18,525,118		
Insurance payments	(26,426,619)	(28,267,159)		
Provision for insurance premium reserve	(21,922,128)	(16,632,709)		
Miscellaneous expense	(94,103)	(515,694)		
Miscellaneous revenue	82,880	515,558		
Net revenue	134,024	131,092		
Bad debt expenses and reserve for guarantees	(55)	-		
Employee benefits	117,427	114,866		
Depreciation and amortization expenses	4,148	2,340		
Other general and administrative expenses	12,504	13,886		
	134,024	131,092		
Net income	\$			

Note: According to Government Employees and School Staff Insurance Act, if GESSI experiences a loss, the loss before May 31, 1999, would be covered by the Ministry of Finance; and the loss after that date would be covered by an adjustment of the insurance premium.

4) In order to strengthen the capital structure, the Bank applied to release 10 years, 25 billion, subordinate, unsecured financial bond from Financial Supervisory Commission, and it has been approved by the Board of Directors on May 10, 2013. Although the application has been approved by Financial Supervisory Commission, the Bank had not released this unsecured financial bond on the date of reporting.

(48) Notes to Disclosure Items

1) Information on significant transactions:

Following the principle of financial report for public bank, the disclosure of information on significant transaction of the Bank and its Subsidiary were as follow:

- 1. Information regarding securities where the accumulated purchase or sale amounts for the period exceeded NT\$300 million or 10% of the Bank's paid in capital: None.
- 2. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.
- 3. Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital:

											Unit: Thousa	nd NTD
Name of company	Name of assets	Date	Original purchase date	Book value	Amount	Detail of receiving payment	Gain (loss) on disposal of assets	Transaction person	Relation with transaction person	Purpose of disposal assets	Determine method	Others
Bank of Taiwan	Lot number 231-1 and 44 others lands in Shuanglian sec., Datong Dist., Taipei City	102.3.29	36.5.1	147,974	543,590	Bidders need to pay for security deposit, which is 10% of the base price, when entering a bid, and need to settle in forty days after the next day of announcement for winning the bid.	388,966	OOTsai and 5 others	None	Follow the budget	After consulting the price form the appraisal company, reviewed by the Bank's consulting team and the auditor of board of directors, approved by the general manager of the base price of opening bid for 539,520 thousand NTD.	

- 4. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- 5. Information regarding receivables from related parties for which the amount exceeded \$300 million or 10% of the Bank's paid-in capital: None.
- 6. Information regarding selling non-performing loans:
 - (a) The information regarding selling non-performing loans were as follow:

						ι	Jnit: Thousand NTD
Transaction date	Transaction person	Contain of loans	Book value	Selling price	Gain (loss) on disposal	Condition with contract	Relation with the Bank
102.2.27	A Company	General working capital loans	51,625	61,950	10,325	-	Non-related parties
102.7.15	B Company	Construction loans, domestic machine	-	18,444	18,444	-	Non-related parties

(b) Information regarding selling non-performing loans for which the amount exceeded \$1 billion: None.

7. Approved securitization instrument types and related information according to "asset backed securitization" or "mortgage backed securitization": None.

							Unit: Thousand NTD
			Existing relationship		State of transaction	n	Percentage of the
Number	Name of Company	Name of the counter-party	with the counter-party	Account name	Amount	Terms of trading	total consolidated revenues or total assets
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Deposits	192,116	Same as regular transaction	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Due from banks	192,116	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other receivables	75,672	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Other payables	75,672	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Service fees	650,014	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Service charges	650,014	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Miscellaneous revenues	240	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Administrative expense	240	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Guarantee deposits received	688	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Guarantee deposits paid	688	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Miscellaneous revenue	2,064	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Operating expenses	2,064	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other operating expenses	2,593	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	General expenses	2,593	"	-
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Interest expenses	99	"	-
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Interest incomes	99	"	-

8. Information on significant transactions between parent and subsidiary company were as follow:

Note 1: Number is based on the following rules:

1) The parent company is 0.

2) Subsidiaries are numbered by company from 1.

Note 2: The relation with trader is numbered as follow:

1) The parent company to its subsidiary is 1.

2) The subsidiary to its parent company is 2.

Note 3: The transactions mentioned above have already write-off when building the financial report.

9. Other material transaction items which were significant to people who use the information in the financial statements: None.

2) Information on investees:

The followings are the information on investees:

Unit: Thousand NTD											
			Original		Gain(Loss)	Held by	the bank and	related party at yea	ır-end		
Name of the investee	Investee	nvestee Major ocation Operation		investment during the	Ohanaa	Pro forma	Subtotal		Notes		
	Looddon		shares amount		period	Shares	shares	Shares	% of Shares		
Hua Nan Financial Holdings Co., Ltd. and its subsidiaries	NO.38, Sec. 1, Chung-King South Road, Taipei, Taiwan	Financial Holding	21.23%	28,800,466	2,133,923	1,922,761,905	-	2,270,759,073	25.07%		
Taiwan Life Insurance Co., Ltd.	No.17 and 18 , Xuchang St., Taipei City, Taiwan	Life Insurance	17.96%	2,311,109	61,873	172,011,552	-	196,136,255	20.48%		

				Original	Gain(Loss)	Held by	the bank and	related party at yea	r-end	
Name of the investee	Investee Location	Major Operation	% of shares	OT investment	recognized during the	Ohanna	Pro forma	Subto	tal	Notes
investee	Location	operation	amount		period	Shares	shares	Shares	% of Shares	
Tang Eng Iron Works Co., Ltd.	5F., No.53, Zhonghua 4th Rd., Kaohsiung City, Taiwan	Iron Industry	21.37%	1,334,645	(206,563)	74,802,414	-	74,802,414	21.37%	
Kaohsiung Ammonium Sulfate Co., Ltd.	No.4, Yanhai 2nd Rd., Kaohsiung City, Taiwan	Liquidation	91.86%	2,328,632	(64,853)	303,131,576	-	303,131,576	91.86%	
Tai Yi Real Estate Management Co., Ltd.	3F., No.56, Dunhua N. Rd.,Taipei City, Taiwan	Real Estate Service	30.00%	17,189	1,720	1,500,000	-	1,500,000	30.00%	

3) Information regarding investment in China:

1. Information on investees' names, locations, etc. in China:

										Unit: Tho	usand NTD
Name of the investee	Investee's main operation	Paid in capital	Way of investing	Opening balance of accumulated investment amount from	Remit or regain investment amount in current period		Ending balance of accumulated investment amount from	% of share	Gain (loss) on investment in current period	Ending balance of book value	Remit back by gain from investment
				Taiwan	Remit	Regain	Taiwan				
Bank of Taiwan, Shanghai Branch	Banking business	2,456,560	(5)	2,456,500	-	-	2,456,500	-%	96,168	2,483,376	

Notes: The way of investing differentiates into 5 types as follow.

1. Investing the company in China by remitting money from the third country.

2. Investing the company in China by establishing investment in the third country.

3. Investing the company in China by investing the company in third country.

4. Directly investing the company in China.

5. Others: Establish oversea subsidiaries.

2. Rationed investment in China:

		Unit: Thousand NTD
Current period of accumulate investment amount remitting from Taiwan	The rationed investing amount approved by Investment Commission, MOEA	The regulation announced by Investment Commission, MOEA rationed investing amount
2,456,500	2,456,500	148,789,261

4) Subsidiaries lending to other parties, guarantees and endorsements for other parties, securities held as of December 31, 2012, securities for which purchase or sale amount for the period exceed \$300 million or 10% of the Bank's paid-in capital, and trading in derivative financial instruments: None.

(49) Segment Information

The Bank has five departments needed to be disclosed. Each department provides different services and products, and managed separately based on their diverse techniques and marketing tactic. The higher level management of the Bank review each department's internal management report every quarter. The information of asset and income disclosed by segments all follow the significant accounting policies stated above. The operation businesses of the segments which need to be disclosed were as follow:

1) Bank department: include transacting deposit, loan, and foreign exchange; dispatching, managing, performing NTD and foreign currency; investing in securities, and analyzing, managing interest for loan and deposit, and etc.

- 2) Government employees' insurance department: include managing government employees' insurance business; auditing insurance, cash settlement, and issue business; analyzing, managing, and taking statistics of government employees' insurance business, and etc.
- Department of Procurement: include managing government institutions, public schools, and public enterprises' centralized purchasing business; being agency of government institutions, public schools, and public enterprises for inter-entity supply contract, and etc.
- 4) Department of Precious Metals: include managing gold, silver, precious metals and analyzing customs duty; gold, silver and precious metals intermediary trading, planning, marketing, training, settlement, risk management, assuring and etc.
- 5) BankTaiwan Insurance Broker: operation businesses include insuring personal, property insurance, related services, and the business approved by the authority and related to insurance broker.

				2013			
	Bank department	Department of Government Employees Insurance	Department of Procurement	Department of Precious Metals	BankTaiwan Insurance Brokers	Reconciliation and elimination	Total
Interest income	\$ 57,804,653	1,447,520	80	30	117	(117)	59,252,283
Less: interest expense	33,364,506					(117)	33,364,389
Interest income, net	24,440,147	1,447,520	80	30	117	-	25,887,894
Non-interest income, net	13,913,684	10,487,081	393,582	26,244	232,317	(129,355)	24,923,553
Other non-interest income	(9,744,910)	(11,800,576)	(10,504)	249,160	(174)	(6,835)	(21,313,839)
Net income	28,608,921	134,025	383,158	275,434	232,260	(136,190)	29,497,608
Bad debt expenses and reserve for guarantees	(2,697,594)	55	-	-	-	-	(2,697,539)
Operating costs	(17,622,953)	(134,080)	(118,595)	(79,808)	(76,411)	6,835	(18,025,012)
Continuing operating income before income tax	<u>\$ 8,288,374</u>		264,563	195,626	155,849	(129,355)	8,775,057
Continuing operating income after inocme tax	\$ 6,865,705		264,563	195,626	129,355	(129,355)	7,325,894
Total assets	\$ 4,043,650,688	218,192,470	3,145,911	1,594,177	296,194	(12,577,619)	4,254,301,821
Total Liabilities	\$ 3,796,128,773	218,192,470	2,881,349	1,398,551	146,839	(12,428,264)	4,006,319,718

				2012		·	
	Bank department	Department of Government Employees Insurance	Department of Procurement	Department of Precious Metals	BankTaiwan Insurance Brokers	Reconciliation and elimination	Total
Interest income	\$ 54,713,696	1,325,944	67	9	-	-	56,039,716
Less: interest expense	31,952,145						31,952,145
Interest income, net	22,761,551	1,325,944	67	9		-	24,087,571
Non-interest income, net	14,517,996	7,187,885	503,920	25,830	-	-	22,235,631
Other non-interest income	(9,666,409)	(8,382,737)	(6,750)	606,903			(17,448,993)
Net income	27,613,138	131,092	497,237	632,742	-	-	28,874,209
Bad debt expenses and reserve for guarantees	(3,107,865)	-	-	-	-	-	(3,107,865)
Operating costs	(17,385,488)	(131,092)	(123,057)	(83,279)			(17,722,916)
Continuing operating income before income tax	\$ 7,119,785		374,180	549,463			8,043,428
Continuing operating income after inocme tax	\$ 6,262,043		374,180	549,463		(4,818)	7,180,868
Total assets	\$ 3,866,130,092	194,708,351	3,790,189	2,470,385		(13,307,090)	4,053,791,927
Total Liabilities	\$ 3,625,231,181	194,708,351	3,416,010	1,920,923		(13,307,090)	3,811,969,375

(50) First time Adoption of International Financial Reporting Standards

The financial statement of the Bank and its subsidiaries on December 31, 2012 followed the ROC GAAP as stated in note 4 1). This financial statement included the period of First-time adoption of International Financial Reporting Standards approved by Financial Supervisory Commission R.O.C. Also, this financial statement is applicable with IFRS 1 First-time Adoption of International Financial Reporting Standards accepted by Financial Supervisory Commission R.O.C.

The accounting standards stated in note 4 have been applied to the consolidated financial statements of 2012, the consolidated balance sheets of December 31, 2012 and January 1, 2012 (the translation date).

The significant differences of preparing financial statements which the Company evaluated between current GAAP and IFRSs are listed below:

1) Reconciliation of Balance Sheet

	[December 31, 2012	2		January 1, 2012		
Account Name	GAAP	IFRS Conversion Impact	IFRSs	GAAP	IFRS Conversion Impact	IFRSs	Note
Assets							
Cash and Cash Equivalents	\$ 72,812,404	-	72,812,404	\$ 76,426,176	-	76,426,176	
Placement with Central Bank and Call Loans to Banks	549,627,869	-	549,627,869	488,555,403	-	488,555,403	
Financial Assets Measured at Fair Value through Profit or Loss, Net	146,534,038	-	146,534,038	110,886,007	-	110,886,007	
Available-for-sale Financial Assets, Net	734,870,751	-	734,870,751	757,373,465	-	757,373,465	A, G
Hedging Financial Assets	-	3,543	3,543	-	3,074	3,074	J
Bills and Bonds Purchased under Resell Agreements	4,980,621	-	4,980,621	3,231,949	-	3,231,949	
Receivables, Net	91,271,394	(2,104,846)	89,166,548	86,439,780	(1,838,010)	84,601,770	D
Current Income Tax Assets	-	2,131,424	2,131,424	-	1,872,826	1,872,826	D
Loans and Discounts, Net	2,177,133,260	-	2,177,133,260	2,153,591,119	-	2,153,591,119	
Held-to-maturity Financial Assets, Net	61,999,045	10,040	62,009,085	50,942,589	15,196	50,957,785	А
Investments under Equity Method, Net	35,393,882	(741,773)	34,652,109	32,479,598	(404,548)	32,075,050	G
Other Financial Assets, Net	69,672,866	(4,662)	69,668,204	72,207,332	(5,244)	72,202,088	A, J
Property and Equipment, Net	97,253,304	833,063	98,086,367	97,864,904	846,455	98,711,359	F
Intangible Assets	1,164,105	-	1,164,105	821,057	-	821,057	
Deferred Tax Assets	-	331,086	331,086	-	267,915	267,915	A, D, H
Other Assets	11,934,506	(1,313,993)	10,620,513	15,119,109	(1,577,141)	13,541,968	B, D, F
Total assets	\$ 4,054,648,045	(856,118)	4,053,791,927	\$ 3,945,938,488	(819,477)	3,945,119,011	
Liabilities							
Deposits of Central Bank and other banks	\$ 213,374,465	-	213,374,465	\$ 208,926,475	-	208,926,475	
Financial Liabilities Measured at Fair Value through Profit or Loss	4,876,954	-	4,876,954	3,902,885	-	3,902,885	

		December 31, 2012			January 1, 2012		
Account Name	GAAP	IFRS Conversion Impact	IFRSs	GAAP	IFRS Conversion Impact	IFRSs	Note
Hedging Financial Liabilities	-	301,390	301,390	-	409,907	409,907	J
Bills and Bonds Sold under Repurchase Agreements	11,998,398	-	11,998,398	14,906,165	-	14,906,165	
Payables	42,146,134	(157,451)	41,988,683	39,471,580	(41,960)	39,429,620	C, D, I
Current Income Tax Liabilities	-	96,083	96,083		33,893	33,893	D
Deposits and Remittances	3,294,903,719	-	3,294,903,719	3,218,010,687	-	3,218,010,687	
Accrued pension liabilities	4,959,970	(4,959,970)	-	4,566,752	(4,566,752)	-	B, I
Other Financial Liabilities	8,499,403	(301,390)	8,198,013	5,756,183	(409,907)	5,346,276	J
Provision	-	210,201,483	210,201,483	-	192,806,676	192,806,676	A, B, C, I
Deferred Tax Liabilities	-	18,359,086	18,359,086	-	18,278,673	18,278,673	A, D
Other Liabilities	221,158,900	(213,487,799)	7,671,101	204,028,632	(196,894,555)	7,134,077	D, I
Total liabilities	3,801,917,943	10,051,432	3,811,969,375	3,699,569,359	9,615,975	3,709,185,334	
Equity							
Capital stock	70,000,000	-	70,000,000	70,000,000	-	70,000,000	
Common stock	70,000,000	-	70,000,000	70,000,000	-	70,000,000	
Capital surplus	105,682,871	(229,837)	105,453,034	106,077,872	(624,838)	105,453,034	G
Retained earnings	33,697,991	14,988,684	48,686,675	30,901,653	15,479,560	46,381,213	
Legal reserve	25,218,428	-	25,218,428	24,119,287	-	24,119,287	
Special reserve	98,322	14,988,684	15,087,006	518,561	15,479,560	15,998,121	G, L
Unappropriated retained earnings	8,381,241	-	8,381,241	6,263,805	-	6,263,805	A, B, C, D, E, G, H, L
Other equity	43,349,240	(25,666,397)	17,682,843	39,389,604	(25,290,174)	14,099,430	A, B, E, G, H
Total equity	252,730,102	(10,907,550)	241,822,552	246,369,129	(10,435,452)	235,933,677	
Total liabilities and equity	\$ 4,054,648,045	(856,118)	4,053,791,927	\$ 3,945,938,488	(819,477)	3,945,119,011	

2) Reconciliation of Income Statement

		2012							
	GAAP	IFRS Conversion Impact	IFRSs	Note					
Interest income	\$ 57,663,081	(1,623,365)	56,039,716	А, К					
Less: Interest expense	(32,987,442)	1,035,297	(31,952,145)	К					
Net interest income	24,675,639	(588,068)	24,087,571						

	GAAP	IFRS Conversion Impact	IFRSs	Note
Non interest income, net			-	
Service fees, net	4,700,011		4,700,011	
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	12,107,835	763,715	12,871,550	A, K
Realized gain (loss) on available-for-sale financial assets	929,157	1	929,158	А
Foreign exchange gain (loss)	1,679,754	(182)	1,679,572	А
Share of income of equity accounted investees	1,948,134	191,534	2,139,668	G
Provision of impairment loss on assets	(72,267)	(12,061)	(84,328)	E
Gains (losses) on property exchange	812,794	(59,230)	753,564	E
Other non interest income	(17,603,144)	(599,413)	(18,202,557)	A, C, F, K
Net revenues	29,177,913	(303,704)	28,874,209	
Bad debt expense and reserve for guarantees	3,107,865	-	3,107,865	
Operating costs				
Employee benefits expenses	11,732,941	(226,131)	11,506,810	B, C
Depreciation and amortization expenses	1,292,022	(35,017)	1,257,005	F
Other business and administrative expense	4,959,101		4,959,101	
Continuing operating income before income tax	8,085,984	(42,556)	8,043,428	
Income tax expense	857,743	4,817	862,560	D
Continuing operating income after inocme tax	7,228,241	(47,373)	7,180,868	
Discontinued operations gains or losses				
Net inocme	\$ 7,228,241	(47,373)	7,180,868	

3) Reconciliation of Cash flow

Beside the differences stated above, the cash flow has no other significant differences between ROC GAAP and IFRS approved by Financial Supervisory Commission R.O.C

4) Notes to the above reconciliation reports

A. Effective interest rate method

According to IAS No. 39 accepted by FSC, the amortization of financial assets will be calculated by using the effective interest rate method rather than straight line method.

On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for available-for-sale financial assets, a decrease of \$7,394 and \$4,535, respectively; for held-to-maturity financial assets, an increase of \$15,196 and \$10,040, respectively; for other financial assets, a decrease of \$2,170 and \$1,119, respectively; for provision, an increase of \$15,220 and \$10,327, respectively; for retained earnings, a decrease of \$9,588 and \$6,264, respectively; for available-for-sale financial assets valuation adjustment, an increase of \$7,394 and \$4,535, respectively; for deferred income tax assets, a decrease of \$554 and an increase of \$57,229, respectively; for deferred income tax liabilities, an increase of \$52 and \$57,436, respectively; for other equities, an increase of \$6,788 and \$4,651, respectively. Also, for the consolidated

comprehensive income statement for the year 2012, this adjustment reduces the interest income by \$1,337, the foreign exchange gains and losses by \$182, the gains or losses on financial assets and liabilities measured at fair value through profit or loss by \$12, and increases the realized gains on available-for-sale financial assets by \$1, and the other interest income by \$4,893.
B. Employee benefits-adjustments to pension actuarial gains and losses and pension obligations

According to the exemption related to employee benefits in IFRS 1, on January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for provisions, an increase of \$3,413,317 on both dates; for retained earnings, a decrease of \$3,413,317 on both dates.

The Bank applied the application of IAS19, and adjusted the related balances of net unrecognized transitional benefit obligation and pension liability under the R.O.C. GAAP.

On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for retained earnings, a decrease of \$272,163 and \$661,802, respectively; for provisions, an increase of \$272,163 and \$656,084, respectively; for other assets, a decrease of \$356,876 and \$275,998, respectively; for accrued pension liability, a decrease of \$1,164,206 and \$1,431,635, respectively; and for other equities, an increase of \$807,330 and \$1,161,355, respectively.

On December 31, 2012, the effect of the above two paragraphs on related accounts is as follows: for retained earnings, an increase of \$213,631; for provisions, decrease of \$213,631. Also, for the consolidated comprehensive income statement for the year ended 2012, this adjustment reduced the employee benefits expense by \$213,631.

C. Employee benefits-retiree deposits with favorable rates and bonus, special care fund

According to IAS 19 and the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, effective 2013, retiree deposits with favorable rates should be recognized as post employment benefits with actuarial amount. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for provisions, an increase of \$6,858,510 and \$7,305,174, respectively; for retained earnings, a decrease of \$6,858,510 and \$7,250,761, respectively and for payable, a decrease of \$54,413. Also, for the consolidated comprehensive income statement for the year 2012, this adjustment reduces a non interest income by \$392,253.

Also, the bonus and special care fund should be recognized as post-employment benefits with its actuarial amount. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for provisions, an increase of \$220,919 and \$208,420, respectively and for retained earnings, a decrease of \$220,919 and \$208,420, respectively. Also, for the consolidated comprehensive income statement for the year ended 2012, this adjustment reduced the employee benefits expenses by \$12,500.

D. Income tax

Following IAS 12 and SIC 21, the temporary difference of the land revaluation increments tax payable under taxable should be reclassified to deferred tax liabilities. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other liabilities, a decrease of \$18,278,621 and \$18,201,297, respectively and for deferred income tax liabilities, an increase of \$18,278,621 and \$18,201,297, respectively.

In accordance with IAS 1, current tax assets, current tax liabilities and deferred tax assets should be recorded separately in financial statement. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for current income tax assets, an increase of \$1,872,826 and \$2,131,424, respectively; for receivables, a decrease of \$1,838,010 and \$2,104,846, respectively; for other assets, a decrease of \$373,810 and \$204,932, respectively; for deferred tax assets, an increase \$338,994 and \$173,536, respectively; for other asset, a decrease of \$33,893 and \$96,083, respectively; for current income tax liabilities, an increase of \$33,893 and \$96,083, respectively and for payable, a decrease of \$0 and \$4,817, respectively.

Following IAS 12, the Bank must consider the statutory tax set-off rights of deferred tax assets and liability. In December 31, 2012, the bank records the deferred tax assets and liabilities respectively.

Both deferred tax assets and liabilities were increased by \$100,353. Because of the differences between the ROC GAAP and IFRS for assets, liabilities, equity, revenue and losses, the tax expense in 2012 increased by \$4,817.

E. Deemed costs of property and equipment

According to the exemption about deem cost of property and equipment, the revaluation of land in accordance with the ROC GAAP was transferred to retained earnings. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other equities, a decrease of \$24,225,103 and \$24,153,812, respectively and an increase of \$24,225,103 and \$24,153,812, respectively. Also, for the consolidated comprehensive income statement for the year ended 2012, this adjustment increased a reversal loss by \$12,061 and reduced gain (loss) on disposal of property, factory and equipment by \$59,230.

F. The depreciation of property and equipment

Other assets were reclassified to property and equipment. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other assets, a decrease of \$846,455 and \$833,063, respectively; for property and equipment, an increase of \$846,455 and \$833,063, respectively. Also, for the consolidated comprehensive income statement for the year 2012, this adjustment reduced the depreciation expenses by \$35,017 and the non interest income by \$35,017.

G. Investments under equity method, net

The Bank retrospectively applies IAS 28 to adjust items related to invest in related enterprises. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for investments under equity method, a decrease of \$404,548 and \$741,773, respectively; for available-for-sale financial assets, a decrease of \$128,551 on both dates; for available-for-sale financial assets evaluation, an increase of \$128,551 on both dates; for other equities, a decrease of \$2,223,516 and \$3,147,276, respectively; for capital surplus , a decrease of \$624,838 and \$229,837, respectively; for special reserve, a decrease of \$56,431 on both dates; for retained earnings, an increase of \$2,500,237 and \$2,691,771. Also, for the consolidated comprehensive income statement for the year 2012, this adjustment increased the gains on investments under equity method by \$191,534.

H. Translation of financial statements of the foreign operation

According to the exemption of IFRS 1 about cumulative translation differences of foreign branches, on January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for retained earnings, a decrease of \$414,852 and \$468,718; for other equities, an increase of \$344,327 and \$468,685, respectively and for deferred income tax assets, a decrease of \$70,525 and \$32, respectively.

I. Provisions

According to IFRS 1, provisions should be recognized separately and accrued pension liabilities would be eliminated. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for accrued pension liabilities, a decrease of \$3,402,546 and \$3,528,335, respectively, and for provisions, an increase of \$3,402,546 and \$3,528,335, respectively.

In response to the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, effective 2013, the provision of decommissioning liabilities under payables was reclassified to provisions. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for payable, a decrease of \$8,067 and \$6,955, respectively, and for provisions, an increase of \$8,067 and \$6,955, respectively.

In conformity with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, effective 2013, the provisions should be recorded respectively. Therefore, on January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other liabilities, a decrease of \$178,615,934 and \$195,286,502, respectively, and for provisions, an increase of \$178,615,934 and \$195,286,502, respectively.

J. Hedging derivative financial assets and liabilities

In conformity with Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, effective 2013, the hedging derivative financial assets and the hedging derivative financial liabilities should be recognized out of other financial assets and other financial liabilities, respectively. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other financial assets, a decrease of \$3,074 and \$3,543, respectively; for hedging derivative financial assets, an increase of \$3,074 and \$3,543, respectively; for other financial liabilities, a decrease of \$409,907 and \$301,390, respectively; for hedging derivative financial liabilities, an increase of \$409,907 and \$301,390, respectively.

K. Gains and losses on financial assets or liabilities measured at fair value through profit or loss, gains and losses on fair value of the hedging instrument

In accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, effective 2013, the interest revenue and expense resulting from the financial assets and liabilities at fair value through profit or loss were reclassified to gain or loss on financial assets and liabilities at fair value through profit or loss. For the consolidated comprehensive income statement for the year 2012, this adjustment reduced an interest income by \$1,479,239, an interest expense by \$715,512, increased gains and losses on financial assets or liabilities measured at fair value through profit or loss by \$763,727. Reclassified gains and losses on fair value of the hedging instrument to non interest income, for the consolidated comprehensive income statement for the year 2012, this adjustment reduced an interest income by \$142,749, an interest expense by \$319,785 and a non interest income by \$177,036.

L. Special reserve

In accordance with Permit No. 1010012865 (see note 2) issued by FSC on April 6, 2012, when adopting IFRS for the first time, special reserves should be recorded as the same amount as that of the unrealized revaluation surplus, and the cumulative

translation differences are transferred to retained earnings while applying the exemption of IFRS 1. However, special reserve should be recognized as the increment of retained earnings due to IFRS adoption. The special reserves should be reversed in proportion to using, disposing or reclassifying the related accounts subsequently. On January 1 and December 31, 2012, the effect of this adjustment on special reserve was \$15,535,991 and \$15,045,115, respectively.

5) According to IFRS 1 First time Adoption of International Financial Reporting Standards, except for adopting optional exemptions or mandatory exceptions, the company should prepare the financial statements following the effective accounting standards, and it should also make retroactive application to past years.

The instructions of adopted optional exemptions are as follows:

- (a) Not apply IFRS 3 for enterprise mergers conducted before the adoption date of IFRS. Therefore, we didn't take any retroactive application for related accounts.
- (b) The Bank decided to recognize the cost for real estate by the re-estimated value, which follows the ROC GAAP before changing to IFRS. Other equipments do not have the situation for re-estimated. For the Bank mostly met the IAS 16 which is approved by the Financial Supervisory Commission R.O.C. before the changing date, the Bank decided to retroactive based on IAS 16, Property, plant and equipment. There is no need to adjust the book value.
- (c) Transfer all cumulative actuarial gains and losses to retained earnings on adoption date.
- (d) Transfer the cumulative translation differences as zero and not to take any retroactive application to past years.
- (e) For the Bank's intangible assets mostly met the IAS 38 which is approved by the Financial Supervisory Commission R.O.C. before the changing date, the Bank decided to retroactive based on IAS 38, Intangible assets. There is no need to adjust the book value of intangible assets.
- (f) According to IFRIC 1-Changes in Existing Decommissioning, Restoration and Similar Liabilities, the liability of decommissioning and changing amounts for properties and equipments shall be recognized as part of the cost of assets, and amortized based on the asset's residual useful life. The Bank decided to retroactive. There is no significant difference after valuating this type of liability.

V. Individual Financial Statements of Recent Years, and Independent Auditors' Report

Independent Auditors' Report

The Board of Directors Bank of Taiwan:

We have audited the accompanying financial statements of Bank of Taiwan, which comprises the balance sheet as at December 31, 2013 and 2012, and January 1, 2012, the related statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended. The preparation of the financial statements is the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in note 15 to the financial statements, certain investments under the equity method in the financial statements of Bank of Taiwan as of December 31, 2013 and 2012, and January 1, 2012 amounting NT\$28,817,655 thousand, 0.68% of total assets, NT\$27,534,116 thousand, 0.68% of total assets, and, NT\$26,187,815 thousand, 0.66% of total assets, respectively, and related investment gains of NT\$2,135,643 thousand and NT\$1,900,579 thousand, which were 24.41% and 23.63% of income before income tax, in 2013 and 2012, respectively, were accounted for by using the equity method and based on the investees' financial statements audited by other auditors.

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

In our opinion, based on our audits and the audits of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Taiwan as of December 31, 2013 and 2012, and January 1, 2012, and the results of its operations and its cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Publicly Banks", the International Financial Reporting Standards, the International Accounting Standards and IFRS interpretation committee endorsed by the Financial Supervisory Commission.

In accordance with the auditing regulations in Taiwan, the financial statements of Bank of Taiwan are required to be audited by the National Audit Office, known as the Ministry of Audit. The statements for the years ended 2012 and 2011 have been audited and approved by the Ministry of Audit. And the adjustments by that office are reflected in the financial statement amounts.

KPMG

March 14, 2014

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

BANK OF TAIWAN Balance Sheets December 31, 2013 and 2012, and January 1, 2012 (expressed in thousands of New Taiwan dollars)

	December 31, 2013		December 31,	2012	January 1, 2	012
	Amount	%	Amount	%	Amount	%
Assets						
Cash and Cash Equivalents	\$ 119,265,263	3	72,812,404	2	76,426,176	2
Placement with Central Bank and Call Loans to Banks	585,444,071	14	549,627,869	14	488,555,403	12
Financial Assets Measured at Fair Value through Profit or Loss, Net	166,714,218	4	146,534,038	3	110,886,007	3
Hedging Financial Assets	5,443	-	3,543	-	3,074	-
Bills and Bonds Purchased under Resell Agreements	6,173,451	-	4,980,621	-	3,231,949	-
Receivables, Net	82,258,188	2	89,166,548	2	84,601,770	2
Current Income Tax Assets	2,301,083	-	2,131,424	-	1,872,826	-
Loans and Discounts, Net	2,240,652,458	53	2,177,133,260	54	2,153,591,119	55
Available-for-sale Financial Assets, Net	765,521,333	18	734,870,751	18	757,373,465	19
Held-to-maturity Financial Assets, Net	73,044,728	2	62,009,085	2	50,957,785	1
Investments under Equity Method, Net	34,941,396	1	34,652,109	1	32,075,050	1
Other Financial Assets, Net	70,317,917	1	69,668,204	2	72,202,088	2
Property and Equipment, Net	97,497,978	2	98,086,367	2	98,711,359	3
Intangible Assets	1,047,495	-	1,164,105	-	821,057	-
Deferred Tax Assets	204,531	-	331,086	-	267,915	-
Other Assets	9,030,041	-	10,620,513	-	13,541,968	-
Total assets	\$ 4,254,419,594	100	4,053,791,927	100	3,945,119,011	100

		December 31, 2	013	December 31, 2	2012	January 1, 20)12
		Amount	%	Amount	%	Amount	%
Liabilities and Stockholders' Equity							
Liabilities:							
Deposits of Central Bank and other banks	\$	252,738,244	7	213,374,465	5	208,926,475	5
Financial Liabilities Measured at Fair Value through Profit or Loss		3,999,496	-	4,876,954	-	3,902,885	-
Hedging Financial Liabilities		225,806	-	301,390	-	409,907	-
Bills and Bonds Sold under Repurchase Agreements		19,036,703	-	11,998,398	-	14,906,165	-
Payables		44,801,734	1	41,988,683	2	39,429,620	1
Current Income Tax Liabilities		97,148	-	96,083	-	33,893	-
Deposits and Remittances		3,409,804,155	80	3,294,903,719	81	3,218,010,687	83
Financial bonds payable		15,998,240	-	-	-	-	-
Other Financial Liabilities		1,243,698	-	8,198,013	-	5,346,276	-
Provision		232,743,115	6	210,201,483	5	192,806,676	5
Deferred Tax Liabilities		18,266,259	-	18,359,086	1	18,278,673	-
Other Liabilities	_	7,482,893		7,671,101		7,134,077	
Total liabilities	_	4,006,437,491	94	3,811,969,375	94	3,709,185,334	94
Capital stock		70,000,000	2	70,000,000	2	70,000,000	2
Capital surplus		105,496,092	2	105,453,034	3	105,453,034	3
Retained earnings:							
Legal reserve		27,386,900	1	25,218,428	1	24,119,287	1
Special reserve		16,488,296	-	15,087,006	-	15,998,121	-
Unappropriated retained earnings	_	7,085,827		8,381,241		6,263,805	
	_	50,961,023	1	48,686,675	1	46,381,213	1
Other equity	_	21,524,988	1	17,682,843		14,099,430	
Total equity	_	247,982,103	6	241,822,552	6	235,933,677	6
Total liabilities and stockholders' equity	\$	4,254,419,594	100	4,053,791,927	100	3,945,119,011	100

BANK OF TAIWAN Statements of Comprehensive Income For the year ended December 31, 2013 and 2012 (expressed in thousands of New Taiwan dollars)

	2013		2012		Percentage
	Amount	%	Amount	%	Change
Revenue and income (note):					
Interest income	\$ 59,252,282	202	56,039,716	194	6
Less: Interest expense	(33,364,505)	(113)	(31,952,145)	(111)	4
Net interest income	25,887,777	89	24,087,571	83	7
Non-interest income, net					
Service fees ,net	5,043,288	17	4,700,011	16	7
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	14,147,606	48	12,871,550	45	10
Realized gain (loss) on available-for-sale financial assets	1,007,390	3	929,158	3	8
Foreign exchange gain (loss)	2,585,863	9	1,679,572	6	54
Provision of impairment loss on assets	(19,013)	-	(84,328)	-	77
Share of income of equity-accounted investees	2,055,455	7	2,139,668	7	(4)
Premiums loss	(5,563,476)	(19)	(10,275,010)	(35)	46
Sales income	430,636	1	831,440	3	(48)
Subsidized income from government	15,696,251	53	18,525,118	64	(15)
Other miscellaneous income	872,722	3	766,490	3	14
Provisions for policyholders' reserve premium	(21,922,128)	(75)	(16,632,709)	(58)	(32)
Excess interest expenses	(10,820,835)	(36)	(10,664,322)	(37)	(1)
Net Revenue	29,401,536	100	28,874,209	100	2
Bad debt expense and reserve for guarantees	(2,697,539)	(9)	(3,107,865)	(11)	(13)
Expenses (note):					
Employee benefits expenses	(11,526,020)	(39)	(11,506,810)	(40)	-
Depreciation and amortization expenses	(1,281,873)	(4)	(1,257,005)	(4)	2
Other general and administrative expenses	(5,147,542)	(18)	(4,959,101)	(17)	4
Total Expenses	(17,955,435)	(61)	(17,722,916)	(61)	1
Operating Income, Net	8,748,562	30	8,043,428	28	9
Net income before income tax	8,748,562	30	8,043,428	28	9
Income Tax Expenses	(1,422,668)	(6)	(862,560)	(3)	(65)
Consolidated net income	7,325,894	24	7,180,868	25	2
Other comprehensive income (loss):					
Finanacial statements translation differences of foreign operations	6,933	-	(327,865)	(1)	102
Unrealized gain (loss) on available-for-sale financial assets	4,754,330	16	2,504,040	9	90
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(330,269)	(1)	(383,921)	(1)	14
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(911,410)	(3)	1,309,393	5	(170)
Income tax relating to components of other comprehensive income (loss)	38,135		38,262		-
Other comprehensive income (loss) for the period	3,557,719	12	3,139,909	12	-
Total comprehensive income (loss) after tax for the period	\$ 10,883,613	36	10,320,777	37	5
Basic earnings per share (In NT dollars)	<u>\$</u>	1.05		1.03	

			S For the y (express	BANK C Statements of ear ended Dec sed in thousan	BANK OF TAIWAN Statements of Changes in Equity the year ended December 31, 2013 and 2012 pressed in thousands of New Taiwan dollars)	uity 3 and 2012 an dollars)				
				Retainec	Retained earnings		Other	Other equity adjustments		
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences of foreign operation	Unrealized gain on valuation of available-for-sale financial assets	Total	Total
Balance at January 1, 2012	\$70,000,000	105,453,034	24,119,287	15,998,121	6,263,805	46,381,213		14,099,430	14,099,430	235,933,677
Appropriation and distributions										
Legal reserve	I	I	1,099,141	,	(1,099,141)	1	I	I	1	I
Special reserve appropriated	ı	I	I	732,761	(732,761)	ı	I	I	ı	ı
Cash dividends	,	1	1	,	(4,431,902)	(4,431,902)	1	I		(4,431,902)
Reversal of special reserve-disposal of land	ľ	ľ	1	(37,985)	37,985	ı		·		ı
Reversal of special reserve			1	(1,605,891)	1,605,891	'		I	'	1
Profit for the period			1	ı	7,180,868	7,180,868		I		7,180,868
Other comprehensive income (loss) for the period				1	(443,504)	(443,504)	(363,405)	3,946,818	3,583,413	3,139,909
Balance at December 31, 2012	70,000,000	105,453,034	25,218,428	15,087,006	8,381,241	48,686,675	(363,405)	18,046,248	17,682,843	241,822,552
Appropriation and distributions										
Legal reserve	I	I	2,168,472	,	(2,168,472)	1	1	I	1	1
Special reserve appropriated	1	I	I	1,445,648	(1,445,648)	,	I	I	ı	I
Cash dividends	,	I	I	1	(4,767,120)	(4,767,120)	I	I	I	(4,767,120)
Reversal of special reserve-disposal of land	I	·	1	(44,358)	44,358	I	ı	·		ı
Changes in equity of associates and joint ventures accounted for using equity method	I	43,058	I	ı	I	ı	1	·	I	43,058
Profit for the period	1	I	I	1	7,325,894	7,325,894	I	I	I	7,325,894
Other comprehensive income (loss) for the period	ľ			1	(284,426)	(284,426)	54,487	3,787,658	3,842,145	3,557,719
Balance at December 31, 2013	\$ 70,000,000	105,496,092	27,386,900	16,488,296	7,085,827	50,961,023	(308,918)	21,833,906	21,524,988	247,982,103
Note: The directors and supervisors' compensations are \$3,240 and \$3,268 thousand dollars in 2013 and 2012, respectively. Both of them are recognized in the consolidated statements of comprehensive income.	compensations are	\$3,240 and \$3,268 t	housand dollars	in 2013 and 2012,	respectively. Both c	of them are recogn	iized in the consolidated	statements of compreh	lensive income	

BANK OF TAIWAN Statements of Cash Flows For the year ended December 31, 2013 and 2012 (expressed in thousands of New Taiwan dollars)

	2013	2012
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 8,748,562	8,043,428
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	871,819	1,000,846
Amortization expense	410,054	349,340
Provision for bad debt expense and guarantee liabilities	2,697,539	3,107,865
Interest expense	33,364,505	31,952,145
Interest income	(59,252,283)	(56,039,716)
Net change in other provisions	22,559,159	17,361,223
Printing retirement losses and reversal of impairment loss on inventory valuation	(6,899)	(224,302)
Share of profit of associates and joint ventures accounted for using equity method	(2,055,455)	(2,139,668
Gain on disposal of property and equipment	(448,724)	(792,909
Impairment loss on non-financial assets	19,013	84,328
Total adjustments to reconcile profit (loss)	(1,841,272)	(5,340,848
Changes in operating assets and liabilities :		
Increase in due from the Central Bank and call loans to banks	(28,075,744)	(11,901,027
Increase in financial assets at fair value through profit or loss	(14,328,674)	(11,016,087
Increase in derivative financial assets for hedging	(1,900)	(469
Decrease (increase) in securities purchased under resell agreements	4,980,621	(1,748,672
Decrease (increase) in receivables	7,142,466	(3,831,036
Increase in discounts and loans	(66,309,595)	(26,369,308
(Increase) decrease in available-for-sale financial assets	(98,587,399)	9,296,63
Increase in held-to-maturity financial assets	(34,308,521)	(8,128,984
(Increase) decrease in other financial assets	(962,726)	2,521,59
Decrease in other assets	1,610,852	3,152,310
Total changes in operating assets	(228,840,620)	(48,025,041
Increase in deposits from the Central Bank and banks	39,363,779	4,447,990
(Decrease) Increase in financial liabilities at fair value through profit or loss	(877,458)	974,065
Decrease in derivative financial liabilities for hedging	(75,584)	(108,517
Increase (decrease) in notes and bonds issued under repurchase agreement	7,038,305	(2,907,767
Increase in payable	4,044,023	2,265,926
Increase in deposits and remittances	114,900,436	76,893,032
Increase in other liabilities	357,878	614,16
Total changes in operating liabilities	164,751,379	82,178,894
Total changes in operating assets and liabilities	(64,089,241)	34,153,853
Total adjustments	(65,930,513)	28,813,005

	2013	2012
Cash (outflow) inflow generated from operations	(57,181,951)	36,856,433
Interest received	57,839,959	55,058,860
Dividends received	2,171,366	872,001
Interest paid	(34,595,678)	(31,659,008)
Income taxes paid	(1,557,534)	(1,041,726)
Net cash flows (used in) from operating activities	(33,323,838)	60,086,560
Cash flows from (used in) investing activities :		
Acquisition of property and equipment	(533,849)	(590,474)
Proceeds from disposal of property and equipment	598,119	981,879
Increase in refundable deposits	(14,300)	(8,697)
Acquisition of intangible assets	(292,624)	(690,244)
Decrease in other financial assets	313,013	12,289
Net cash flows from (used in) investing activities	70,359	(295,247)
Cash flows from (used in) financing activities :		
Proceeds from issuing bank notes payable	15,998,441	-
Decrease in guarantee deposits received	(546,086)	(77,137)
(Decrease) increase in other financial liabilities	(6,954,315)	2,851,737
Cash dividends paid	(4,767,120)	(4,431,902)
Net cash flows from (used in) financing activities	3,730,920	(1,657,302)
Effect of exchange rate changes on cash and cash equivalents	82,010	(422,084)
Net (decrease) increase in cash and cash equivalents	(29,440,549)	57,711,927
Cash and cash equivalents at beginning of period	903,661,538	845,949,611
Cash and cash equivalents at end of period	\$ 874,220,989	903,661,538
Compose of cash and cash equivalents :		
Cash and cash equivalents reported in the statement of financial position	\$ 119,265,263	72,812,404
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	176,106,816	168,366,358
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	578,848,910	662,482,776
Cash and cash equivalents at end of period	<u>\$ 874,220,989</u>	903,661,538

VI. Effect of Financial Difficulties Experienced by the Bank and Related Enterprises on the Bank's Financial Status in Recent Years and to the Annual Report Publication Date

None

Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Unit: NT\$1,c								
Year		Dec. 31, 2012	chan	ge				
Items	Dec. 31, 2013	(restated)	Amount	%				
Total Assets	4,254,301,821	4,053,791,927	200,509,894	4.95				
Total Liabilities	4,006,319,718	3,811,969,375	194,350,343	5.10				
Total Shareholders' Equities	247,982,103	241,822,552	6,159,551	2.55				

Note: Consolidated financial reports serve as the accounting basis.

II. Financial Performance

				Unit: NT\$1,000
Year	2013	2012 (restated)	Amount Change	% Change
Net interest income	25,887,894	24,087,571	1,800,323	7.47
Non-interest income (net)	3,609,714	4,786,638	(1,176,924)	(24.59)
Net revenues	29,497,608	28,874,209	623,399	2.16
Bad debt expenses and reserve for guarantees	2,697,539	3,107,865	(410,326)	(13.20)
Operating expenses	18,025,012	17,722,916	302,096	1.70
Net income before tax	8,775,057	8,043,428	731,629	9.10
Income tax expense	1,449,163	862,560	586,603	68.01
Net income after tax	7,325,894	7,180,868	145,026	2.02

Notes: Consolidated financial reports serve as the accounting basis.

- Analysis of changes in increase / decrease ratios:
- 1. The increase in net income before tax in 2013 compared with 2012 was due mainly to reduced provision for bad loans and increased net interest income and net fee and commission income.
- 2. The increase in net interest income in 2013 compared with 2012 was due to the fact that the increase in interest income was larger than the increase in interest expense.
- 3. The decrease in non-interest net income in 2013 was due mainly to a decrease in gross profit on sale and subsidized income from government.
- 4. The decrease in bad debt expenses and reserve for guarantees in 2013 as compared with 2012 was caused mainly by a decrease in provision for bad debts.
- 5. The increase in income tax expense in 2013 as compared with 2012 was due mainly to an increase in net income before tax; calculation by actual profit structure led to an increase in income tax.

III. Analysis of Cash Flow

1. Liquidity Analysis for the Past Year

(1) Cash Flow Analysis

				Unit: NI\$1,000
Item	2013	2012 (restated)	Amount Change	% Change
Net cash inflow (outflow)	(29,440,519)	57,711,927	(87,152,446)	(151.01)

Linit: NT\$1,000

The main reasons for the net change were as follows:

	Unit: NT\$1,000
Items	Amount
Increase in net cash outflow from placement with Central Bank and call loans to banks	(16,174,718)
Increase in net cash outflow from discounts and loans	(39,940,287)
Increase in net cash outflow from available-for-sale financial assets	(107,864,036)
Increase in net cash outflow from held-to-maturity financial assets	(26,179,537)
Increase in net cash inflow from deposits of Central Bank and other banks	34,915,789
Increase in net cash inflow from deposits and remittances	37,815,288
Increase in net cash inflow from other operating activities	24,023,733
Increase in net cash inflow from investing activities	364,784
Increase in net cash inflow from financing activities	5,387,534
Others	499,004
Amount Change	(87,152,446)

Note: Consolidated financial reports serve as the accounting basis.

(2) Remedy for Estimated Shortage of Liquidity: Not applicable.

2. Cash Flow Analysis for the Coming Year

Beginning Cash	g Cash Annual Net Cash Annual Net Cash Balance	Remedy for Estimation	ated Cash Shortage		
Balance (a)	Flow from Operating Activities (b)	Flow from Other Activities (c)	(Shortage) (a)+(b)-(c)	Investment Plan	Financial Management Plan
874,221,019	2,281,054	2,391,004	874,111,069	-	-

Note: Consolidated financial reports serve as the accounting basis.

- (1) Cash Flow Analysis
 - a. Operating activities: Due primarily to a net cash inflow produced by interest.
 - b. Investing activities: Mainly due to purchase of property and equipment.
 - c. Financing activities: Primarily due to cash dividends released.
- (2) Remedial action to make up for cash inadequacy, and liquidity analysis: Not applicable.

IV. Investment Policy in Last Year

The Bank actively plans for the disposal of reinvested enterprises that are performing poorly, for which the original purpose of investment has been achieved, or which are unrelated to the Bank's business. Following the experience of the European debt turmoil on the global financial market in 2013, the market bottomed out and then began to recover. Investment income as recognized under the equity method increased slightly from the previous year. When stock dividends received are added, investment income for the year amounted to approximately NT\$3.07 billion, reflecting a good investment performance.

To assure the quality of investment and to heighten return on investment, the Bank sends letters asking for the formulation of improvement measures to reinvested enterprises whose operations resulted in losses on a regular basis in the hope of improving their operations, upgrading their operating performance, creating profits, and protecting investment costs; participates in meetings of the boards of directors and supervisors of invested enterprises so as to remain aware of their business conditions and protect the Bank's investment interests.

In regard to investment plans, the Bank expects to invest in a wholly-owned Bank of Taiwan (China) Limited with a capitalization provisionally set at RMB 2 billion in 2014.

V. Risk Management

1. Qualitative & Quantitative Information on Different Types of Risk

(1) Credit Risk Management and Accrued Capital

A. Credit Risk Management System

Year 2013

Items	Contents
Credit Risk Strategies, Goals, Policies, and Procedures	 Credit Risk Strategies, Goals, Policies In accordance with the loan, investment strategies and operating directions approved by the Board of Directors, and in compliance with the New Basel Capital Accord and the regulatory provisions of the competent authority, the Bank readjusts its credit risk management strategies according to internal procedures whenever necessary, and in response to changes in the macroeconomic market, loan portfolio risk, and asset quality, and to coordinate with government policy. The Bank will establish and effectively implement a healthy credit risk management mechanism, lower credit risk, and achieve operating and management targets. When the Bank engages in business and management procedures related to credit risk, it evaluates the probability and severity of losses from the investment or loan and adopts appropriate credit risk management countermeasures in consideration of the Bank's risk appetite and cost effectiveness. Risk management countermeasures include risk hedging, risk transfer or mitigation, risk control, and assumption of risk. Credit Risk Management Procedures Credit Risk quotas and early-warning indexes are established by industry, country, conglomerate, financial institution, and trading partner in order to control the concentration of risk and large exposure, and monitoring are carried out. To effectively measure the quality of loan assets, the Bank has established pre-loan investigation and screening rules and procedures. It has also strengthened post-loan management, and has adopted the following control and measurement mechanisms: a loan review and follow-up evaluation system, and loan early-warning mechanism; monitoring of asset quality; full allocation of loss provisions; and adequate capital provision. The Bank is establishing various risk rating models and management systems rela
Organizational Framework of Credit Risk Management	The BOT's organizational framework of credit risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and other business units. The Board of Directors is the Bank's supreme policymaking unit and has final responsibility for the Bank's overall risk management. The Risk Management Committee is responsible for the Bank's risk management policy, system, rules, organization, overall risk assessment, supervise, and examining revision affairs.
Scope and Characteristics of the Credit Risk Reporting and Measuring System	 Credit Risk Reporting Scope: Includes the standard system-produced credit risk reports that are submitted to the competent authority, and monthly credit risk monitoring reports. Characteristics: The Bank's Department of Risk Management produces credit risk monitoring reports and submits them to the chief executive on a monthly basis, and also makes regular reports to the Board of Directors and Risk Management Committee. The contents of these reports include risk-control conditions such as the status of bank-wide exposure to credit risk, the status of utilization of total amounts and quota limits, analysis of the management of credit risk concentration, analysis of overseas branch (including the OBU) loan asset portfolios and anonymous loan participants, and asset quality and off-book items. Dynamic monitoring of credit risk is also carried out as necessary, and if major changes are found they are reported to the chief executive in order to control credit risk effectively. Credit Risk Measuring System Scope: The Bank currently uses the risk standardized approach to calculate capital allocation. The Risk Management Information System automatically produces various reports are used to compile monitoring reports for ranking executives, the Risk Management Committee, and the Board of Directors. The Bank is currently installing a risk-management mechanism with an internal ratings-based approach that is compliant with the New Basel Capital Accord. Corporate and consumer banking information is being collected bank-wide for the establishment of a credit risk databank, data mart, and credit-rating system, and models are being set up for default probability in corporate banking and consumer banking, loss given default, and exposure at default. After these systems are in place they will be introduced into the Bank's credit analysis and loan processes, and the advance measurement approach will be used to measure and manage credit risk Characteristics: The Bank is establish
Credit Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	 Credit Risk Hedging and Mitigation Policy The Bank has established quotas for the concentration of various items of risk—by industry, conglomerate, and country, among others. The Bank has established a loan review and follow-up auditing system to strengthen post-loan management, and continuous monitoring of the condition of borrowers. Loan review is carried out within the term of loans in accordance with the review rating, and follow-up auditing is carried out for important loan cases. The Bank operates in accordance with its loan policy and rules for the handling of collateral to seek the provision of collateral or guarantees to augment the creditworthiness of borrowers and lower credit risk. Credit risk mitigation methods (such as offset against net, and eligible collateral and guarantees) are included in related information systems in accordance with the rules of the New Basel Capital Accord and the competent authority in order to calculate the results of the Bank's risk mitigation accurately.

Integrity · Care · Efficiency · Prudence

Items	Contents	
Credit Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	 Strategy and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments The Bank monitors the status of and changes in credit risk-concentration quotas, distribution of risk exposure, asset quality, and types of collateral exposure on a scheduled basis, reviews trigger ratios and limit ratios whenever necessary, and assure the integrity and effectiveness of collateral and guarantees. Scheduled reports are submitted to the Risk Management Committee for use in compiling statements on effective strategies and procedures, and in studying countermeasures. The Bank has set up a collateral management system that can effectively handle its collateral. Analysis and policy readjustments are carried out when necessary in response to market and economic changes. In the future, a collateral reappraisal system and mechanism will be established for the accurate calculation of the results of collateral mitigation and the effective use of the early-warning system. 	
Method of Legal Capital Allocation	Standardized Credit Risk Approach	

B.Exposure and Accrued Capital Following Risk Mitigation Using the Standardized Credit Risk Approach Dec. 31, 2013

		Unit: NT\$1,000
Type of Exposure	Exposure Following Risk Mitigation	Accrued Capital
Sovereign Nations	1,446,417,819	76,244
Non-Central Government Public Sector	464,556,569	13,944,351
Banks (including multilateral development banks)	294,735,614	8,221,970
Enterprises (including securities and insurance firms)	910,103,214	65,458,993
Retail Loans	399,560,094	18,241,336
Residential Real Estate	484,239,658	22,334,819
Equity Investment	13,028,884	4,062,471
Other Assets	145,134,892	9,168,502
Total	4,157,776,744	141,508,686

(2) Securitization Risk Management System, Exposure, and Accrued Capital A.Securitization Risk Management System

Year 2013

Items	Contents
Securitization Management Strategy and Procedures	 The BOT has not acted as the originator of securitized products, but only as investor. The BOT's management strategy and procedures for investment in securitized products are handled in accordance with the rules contained in the Bank's "Investment Policy," "Guidelines for Dealing in Domestic Bonds," and "Operating Rules for Engaging in the Offshore Banking Business."
Securitization Management Organization and Framework	The BOT has not played the role of originator bank, and the risks potentially associated with its investment in securitized products (including credit risk, market risk, liquidity risk, interest rate risk, and operational risk) are controlled in accordance with the organizations and frameworks related to the different categories of risk as well as with the BOT's risk management system and reporting mechanism.
Scope and Characteristics of the Securitization Risk Reporting and Measuring System	The BOT carries out prior evaluation of the risks and benefits associated with investment in securitized products in accordance with the relevant investment rules; evaluates profit and loss on a monthly basis; submits risk reports to the unit in charge, Department of Risk Management, ranking executives, and Investment Commission; and reports regularly to the Risk Management Committee and the Board of Directors.
Method of Legal Capital Allocation	Standardized Approach

B. Status of Risk Securitization Undertaken

None

C. Securitization Risk Exposure and Accrued Capital (according to the type of transactions) Dec. 31, 2013

	Unit: NT\$1,000												
Type of Exposure			Traditional					Synthe	etic	Total			
		Asset	Risk Exposure					Risk Exposure					
Bank	Book	Class	Retention or Purchasing	The provision of liquidity facilities	The provision of credit strengthened	Subtotal (1)	Accrued Capital (2)	Retention o Purchasing (3)		Risk Exposure (5)=(1)+(3)	Accrued Capital (6)=(2)+(4)	Accrued Capital Before Securitization	
	Banking	СМО	1,236,437	0	0	1,236,437	19,783	0	0	1,236,437	19,783		
Non-	Book	CDO	607,364	0	0	607,364	330,139	0	0	607,364	330,139		
Originating Bank	Trading Book												
	Subtotal		1,843,801	0	0	1,843,801	349,922	0	0	1,843,801	349,922		
	Banking Book												
Originating Bank	Trading Book												
	Subtotal												
Total			1,843,801	0	0	1,843,801	349,922	0	0	1,843,801	349,922		

Note:"Risk Exposure" in this chart refers to the market value of financial asset (including non-active market financial products.)

Securitized product information—securitized product investment summary sheet Dec. 31, 2013

		200.01,2010			Unit: NT\$1,000
Items	Account Name	Historical Cost	Accumulated profit and loss assessment	Accumulated impairment loss	Book Value
ABS	Available-for-sale financial assets-noncurrent	995,505		(995,505)	0
CDO	Financial assets measured at fair value through profit or loss-current	297,800	(745)		297,055
CDO	Debt investment without quoted price in active markets-current	297,800			297,800
СМО	Debt investment without quoted price in active markets-noncurrent	1,215,051	23,277		1,238,328

Securitized product information -

Original cost of single investment in securitized products in excess of NT\$300 million

Dec. 31, 2013

Unit: NT\$1,000

Name of Security	Account Name		Issuer of security and its location		Expiry Date	Coupon Rate	Credit Rating	Settlement Method	Historical Cost	Accumulated assessment of profit and loss / Amortization	Book Value	Attachment point	Asset Pool
E. Sun Bank 2007-1 ABSB1	Available- for-sale financial assets- noncurrent	NTD	HSBC, Taipei	2007/5/25	2014/6/15	2.4500%	C.tw	Quarterly interest payments; repayment of principal in 10 payments beginning Mar. 15, 2012	995,505	(995,505)	0	6.67%	Triaxx Funding High Grade I, Ltd. Class C Notes: USD149,375,000

(3) Operational Risk Management System and Accrued Capital

A. Operational Risk Management System

Year 2013

Items	Contents
Operational Risk Management Strategies and Procedures	The Bank has established multi-level authorization rules and reporting procedures in its business rules and operating manuals, in regard to bank customers, products and business activities, business sources, sales channels, and transaction complexity and volume, and in consideration of potential risk. In its SOP the Bank also stipulates that in their review work officers should pay attention to risk control, strengthen identification, emphasize potential risk, formulate evaluation procedures, and establish a frequency of risk monitoring on a regular basis.
Organizational Framework of Operational Risk Management	 The Board of Directors is the Bank's operational risk management supreme policymaking unit, which approves the Bank operation management policies and makes sure the Bank effectively carries out the operational risk management mechanism. The Risk Management Committee implements operational risk management policies approved by the Board of Directors, establishes and maintains operational risk management mechanism, coordinates interdepartmental operational risk management matters. The Department of Auditing of Board of Directors is the Bank's independent auditing unit, and evaluates the effectiveness, design and implementation of operational risk management. The Department of Risk Management is responsible for establishing a systematic criteria to identify, measure, evaluate and monitor operational risk management, and submits reports to the Risk Management Committee on bank-wide operation risk information. The units in charge of different areas of business have established business rules and operating manuals in order to distinguish operational risk. The different units bank-wide carry out their various businesses in accordance with business rules, operating manuals, and standard operating procedures.
Scope and Characteristics of the Operational Risk Reporting and Measurement System	 Operational risk reporting: 1. The Bank convenes meetings of the Risk Management Committee on a regular basis, and bank-wide operational risk management and control reports are submitted. The scope of the reports encompasses the collection, filing, and analysis of incidents of operational risk loss; the establishment of standard operating procedure "SOP" pages on the Bank's internal global information website to provide for retrieval by Bank employees; and various kinds of risk-culture education. These activities are designed to lower operational risk. 2. Any unit that discovers deficiencies in the management mechanism or major operational risk incidents immediately notifies the relevant unit, and the unit in charge of the business concerned carries out review and improvement as well as guidance for the various units. Measurement system: The Bank constantly collects internal loss data and has set up an operational loss databank. The Bank is also introducing Operational Risk Control Self-Assessment (RCSA) and Key Risk Indicators (KRI) as tools for measuring operational risk.
Operational Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	 To reduce operational risk, the Bank has established regulations and manuals to serve as a basis for undertaking relevant business operations. In accordance with its accumulated experience and operating procedures, as well as in consideration of various types of business cost/effectiveness analysis, the Bank uses insurance (such as employee fidelity insurance, cash insurance, home insurance and miscellaneous equipment insurance) and remote backup to offset operational risk losses caused by operational negligence, personnel, assets, or systems. The outsourcing of operations is handled in accordance with the Bank's "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Operations" in order to prevent operational risk from outsourced operations.
Method of Legal Capital Allocation	Basic Indicator Approach

B.Operational Risk Management Accrued Capital

Dec. 31, 2013

	200101,2010	Unit: NT\$1,000
Year	Operating gross profit	Accrued Capital
2011	26,509,906	
2012	28,281,524	
2013	28,052,382	
Total	82,843,812	4,142,191

(4) Market Risk Management System and Accrued Capital A.Market Risk Management System

5	Year 2013				
Items	Contents				
Market Risk Management Strategies and Procedures	In accordance with the risk management strategies and operating directions approved by the Board of Directors, and in compliance with the New Basel Capital Accord and the regulatory provisions of the competent authority, the Bank has established a market risk management system and policy. To effectively identify, assess, measure and monitor the risk associated with different investment business, the Bank sets up different investment quotas and stop-loss limits and reports are submitted to the Board of Directors and Risk Management Committee.				
Organizational Framework of Market Risk Management	 The BOT's organizational framework of risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, trading units and their traders, risk control personnel, and back-office personnel. The Board of Directors is the Bank's supreme market risk management and monitoring unit, which is responsible for the risk policies and the Bank's quota limits approval. The Risk Management Committee is responsible for the Bank's risk management policy, system, rules, organization, overall risk assessment, supervision, and examining revision affairs. Department of Risk Management is responsible for the planning and revision of risk management, handles formulation and integration of risk management regulations. 				
Scope and Characteristics of Market Risk Reporting and Measurement	 The Bank's market risk monitoring encompasses all trading units and overall and individual trading procedures for different financial products, and includes changes in position, changes in profit and loss, trading models, and trading targets, all of which should be carried out in accordance with the Bank's quota limits, stop-loss, and over limit disposition rules, and within authorization limits. The Bank's Department of Risk Management produces market risk monitoring reports and submits them to the chief executive on a monthly basis, and also makes regular reports to the Board of Directors and Risk Management Committee. The contents of these reports include risk-control conditions such as the status of bank-wide exposure to credit risk, capital requirement, financial instruments quotas and limit exceeding, analysis of the management of risk concentration, and analysis of overseas branch (including the OBU) investment assets portfolio, among others. The Bank currently uses the risk standardized approach to calculate capital allocation. The Risk Management Information System automatically produces various reports each month, including reports to the competent authority, management-related reports, and information-disclosure reports. These reports are used to compile monitoring reports for ranking executives, the Risk Management Committee, and the Board of Directors. In response to the increasing complexity and innovativeness of financial products and trading, and to strengthen the management of market risk, the BOT has set up a complete internal model approach VaR system for market risk that produces various kinds of risk management reports every day, including value at risk, profit and loss analysis, sensitivity analysis, extent of concentration, and capital requirements. The Bank has also continued to carry out the accumulation of related data as a basis for advanced market risk control in the future. 				
Market Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	 The BOT's "Operating Rules for Engaging in the Offshore Banking Business" clearly specify the range of trading in the offshore banking business and establish trading limits according to the credit rating and world ranking of counterparties, issuing institutions, and guarantor institutions. The Rules also have strict specifications regarding categories of securities, with trading quotas and stop-loss limits being established for the trading book positions of different units. In accordance with the "Operating Criteria for Derivatives Products, and Internal Control Operating Methods," the Bank uses the following risk-hedging principles to trade in derivative financial products by trading units: (1) Principal and loss quotas are reviewed on a regular basis. (2) Reverse-squaring trading for derivatives positions has been provided for, and can be used for the mutual offsetting of positions, which are listed as net amounts. (3) The market risk of structured derivative financial products is calculated under the principle of decomposition. For products that do not admit of decomposition, positions should be covered in round lots, with no retained positions allowed. 				
Method of Legal Capital Allocation	Standardized Approach				

B.Market Risk Accrued Capital

Dec. 31, 2013

Unit: NT\$1,000

Risk Category	Accrued Capital
Interest rate risk	1,990,463
Equity security risk	1,615,616
Foreign exchange risk	2,113,017
Commodity risk	2,759
Total	5,721,855

(5) Liquidity Risk

The Bank uses two methods to manage liquidity risk: total amount management, and flow management. Total amount management is carried out according to the Central Bank's "Liquidity Reserve Checking Guidelines for Financial Institutions," and liquidity reserves are allocated in reference to fluctuations in the Bank's flow of funds. The implementation of flow management depends on the time and place of inflow and outflow of funds and is divided into real-time management and medium and long-term management. When the flow of funds reaches a set limit, business units are required to submit a report immediately so as to maintain a grasp of the status of capital and provide for the adoption of advance countermeasures. In addition, a monthly analytic report on the Bank's New Taiwan Dollar and Foreign Currencies funds liquidity risk and interest-rate risk is compiled and submitted to the Assets and Liabilities Management Committee and to the Board of Managing Directors quarterly.

	Unit:NT\$ 1,0									
			Amounts by Time Remaining before Maturity							
Items	Total	0-10 days	11-30 days	31-90 days	91-180 days	181 days- one year	Over one year			
Major inflows of matured funds	4,117,733,506	562,463,838	493,559,719	466,852,869	320,938,660	415,868,601	1,858,049,819			
Major outflows of matured funds	4,415,453,288	249,116,920	340,534,164	470,392,572	443,306,072	911,257,389	2,000,846,171			
Period gap	(297,719,782)	313,346,918	153,025,555	(3,539,703)	(122,367,412)	(495,388,788)	(142,796,352)			

A. New Taiwan Dollars-Denominated Maturity Date Structure

Dec. 31, 2013

Note: The table includes only New Taiwan Dollar Amounts held in head office and the domestic and overseas branches, excluding foreign currencies.

B. U.S. Dollars-Denominated Maturity Date Structure Dec. 31, 2013

Unit:US\$ 1.000

			Amounts by	Amounts by Time Remaining before Maturity			
ltems	Total	0-30 days	31-90 days	91-180 days	181 days- one year	Over one year	
Major inflows of matured funds	30,953,367	12,139,136	7,884,089	3,732,614	1,911,627	5,285,901	
Major outflows of matured funds	30,604,934	15,527,801	8,248,176	2,675,105	1,835,814	2,318,038	
Period gap	348,433	(3,388,665)	(364,087)	1,057,509	75,813	2,967,863	

Note: The table includes only USD Amounts held in head office and the domestic and overseas branches and offshore Banking Branch.

2. Impact of Changes in Major Domestic and Overseas Policies and Laws on the Bank's Financial Operations, and Countermeasures

The Bank will remain attentive to the influence of major government financial and economic policies, and will provide appropriate responses in a timely fashion so as to lower the impact on its financial operations.

3. Impact of Technological and Industrial Changes on the Bank's Financial Operations, and Countermeasures

Global competition in technology industries is fierce, and the steady rise of mainland Chinese electronic industries in recent years has intensified tectonic movements in related Taiwanese industries. The Bank will respond carefully to these issues by keeping a firm grasp of economic conditions and the status of industrial development, making a cautious choice of outstanding customers for continued development, and planning out transaction-type and self-compensating loan items so as to maintain an understanding of repayment sources and reduce credit risk.

The Bank has established risk limits by industry and conglomerate in order to diversify the risks imposed on the Bank by industrial and technological changes: (a) Loan quota ratios and trigger ratios are established for different industries in order to diversify loan risk by industry; (b) Loan risk assumption ratios are established for conglomerates in order to strengthen risk management.

4. Impact of Changes on the Bank's Image, and Countermeasures

In addition to striving to expand its business and achieve its budget profit target, the Bank works actively to enhance its service quality by simplifying operating procedures and participates actively in numerous public-benefit activities, efforts in which its performance has been outstanding. This earned several awards for the Bank; including: a listing among Asia's 10 and the world's 50 safest banks by Global Finance magazine of the U.S.; the Most Active Confirming Bank in 2012 from the European Bank for Reconstruction and Development; three consumer finance brand awards for 2013 by Wealth magazine: Best Domestic Bank, Best Banking Image, and Best Banking Products; a Platinum Trusted Brand Award in the banking category by Reader's Digest; a Highly Recommended Bank award as a result of its wealth management customer satisfaction survey as well as a Highest Customer Recommendation award in its wealth management house assessment by Business Today magazine; a Government Service Quality Award from the Ministry of Finance; a 2013 Gold Award from the Joint Credit Information Center; and ISO 22301 Business Continuity Management certification from the British Standards Institution (BSI), outstanding operating performance and a good brand image capture the favor of the public.

Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans None

6. Expected Benefits from, Risks Relating to and Response to Operating Channel Expansion Plans

The BOT enjoys outstanding credit, a correspondent banking system that covers Taiwan and the world, and a fine management system. Since the addition of more business locations can expand the deposit, loan, remittance, and wealth management businesses while increasing stable customer sources, the Bank will continuously evaluate the feasibility of setting up new business locations, in light of economic conditions and the development of commerce and industry in different areas, in order to provide customers with a full range of services and establish a solid operating base.

To reinforce international deployment, the Bank is currently preparing for the establishment of a Mumbai Representative Office and Sydney Branch, and actively planning for the addition of more business locations in mainland China with the aim of expanding its cross-strait financial business.

The Bank has established an "Overseas Branch Preparatory Committee" to facilitate the careful planning of deployment strategy, including branch establishment, manpower training, business marketing, and establishment of regulatory and information systems, and to make preparations for potential operational risk.

7. Risks Arising from the Concentration of Business, and Countermeasures

The Bank's main source of income is interest, and for this reason changes in interest rates have a relatively large influence on the Bank's income. To reduce the risk caused by interest-rate fluctuations, the Bank will monitor changes in interest rates continuously and closely, adjust the structure of its assets and liabilities, and increase the ratio of fee and commission income.

VI. Crisis Management Mechanism

In regard to latent or present crisis, the Bank has adopted a series of pre-event, mid-event, and post-event countermeasures. The crisis management mechanism that has been established by the Bank includes the following:

- 1. A "BOT Emergency Response Manual."
- 2. The "BOT Crisis Reporting Rules."
- 3. A "BOT Operation Crisis Response Countermeasures."
- 4. A "BOT Operations Non-Interruption Plan."
- 5. An emergency reporting system for headquarters and branches.
- 6. A BOT Crisis Reporting System.



踏實經營、健全體質、穩定成長

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BANK ®F TAIWAN

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Special Disclosure

I. Information on Affiliated Enterprises

1. The Bank's Subsidiaries (Dec. 31, 2013)

Bank of Taiwan					
Shareholding 100%					
BankTaiwan Insurance Brokers Co., Ltd.					

2. Basic Data of the Bank's Subsidiaries

Unit:NT\$ 1,000

Enterprise Name	Establishment Date	Address	Paid-in Capital	Major Operations
BankTaiwan Insurance Brokers Co., Ltd.	Jan. 23, 2013	4F., No.49, Sec. 1, Wuchang St., Zhongzheng Dist., Taipei City	20,000	Life Insurance Agency Property Insurance Agency

3. Information of Chairperson, Directors, Supervisors and President of the Bank's Subsidiaries

Dec. 31, 2013

	Position	Company Name and Paprocentative	Shareholding		
Enterprise Name	POSILION	Company Name and Representative	Shares	%	
BankTaiwan Insurance Brokers Co., Ltd.	Chairperson Director Director Supervisor President	Bank of Taiwan Legal Representative : Hsieh, Fu-Deng Legal Representative : Chiang, Shih-Tien Legal Representative : Kang, Fan Legal Representative : Joanne Ling Kang, Fan	2,000,000	100%	

4. Operation Overview of the Bank's Subsidiaries

Dec. 31, 2013

								Unit:NT\$ 1,000
Enterprise Name	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profits	Income (After tax)	EPS in NT\$ (After tax)
BankTaiwan Insurance Brokers Co., Ltd.	20,000	300,057	150,702	149,355	1,075,731	155,907	129,355	64.68

II. Affiliation Report

1. Declaration Letter

Declaration Letter

The relationship report for the year ended December 31, 2013 of the Company was prepared in accordance with the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". There was no significant inconsistency on the related information between this report and notes for the financial report for the above period.

Declare here specially

Bank of Taiwan

Chairperson

Joh-Chu Lee

March 14, 2014

2. Independent Auditors' Review Opinion

Independent Auditors' Review Opinion

The Board of Directors Bank of Taiwan:

We have reviewed the relationship report of Bank of Taiwan for the year 2013 in accordance with the Securities and Futures Bureau of the Financial Supervisory Commission Tai Tsai Jeng (6) No. 04448 announced on November 30, 1999. Our work is to express an opinion on the relationship report of Bank of Taiwan for the year 2013, whether it was prepared in accordance with the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and not significantly inconsistent with the notes for the financial report for the same period audited in 2013.

In our opinion, we did not find any violation of the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" or any significant inconsistencies with the notes for the financial report for the same period in the above relationship report.

KPMG Certified Public Accountants March 14, 2014

The report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of , the English and Chinese language report, the Chinese version shall prevail.

3. A Relationship Profile Between Affiliated Company and Controlling Company

Dec. 31, 2013

Name of Reason for		Controlling Compan	y Shareholding and	Directors, Supervisors, and Managers Appointed by the Controlling Company		
Controlling Company	Control	Shares Owned	Ratio of Shares Owned	No. of Pledged Shares	Position	Name
					Chairperson	LEE, JIH-CHU
					Independent Managing Director	HSU, YI-HSIUNG
					Independent Director	SHIU, YUNG-MING
					Independent Director	CHEN, MING-CHIN
				Managing Director	WU, TANG-CHIEH	
	Affiliated	ationship 7 000 000 000 Shares	100%	None	Managing Director	YANG, CHENG-CHEN
Taiwan Financial	Relationship				Director	YANG, MING-SHYANG
Holding Co., Ltd.	with 100%				Director	CHANG, CHIH-HUNG
	5110105				Director	RAU, HSIU-HUA
					Director	LEE, KUANG-HUEI
					Director	LIU, YU-CHIH
					Director	LEE, HAO-HSUAN
					Director	CHEN, HSI-CHUAN
					Director	CHEN, CHUN-HSIUNG

4. Transactions Between Affiliated Company and Controlling Company

- (1) Transaction about sales and purchases: None
- (2) Transactions for properties: None
- (3) Finance:

(0) !									Un	it: NT\$1,000
				Total interest		Purpose of accommodation	Guarantee		Transaction	Allowance
Туре	Highest balance	Ending balance	Annual interest rate (%)	for current period	Accommodation term		Name	Amount	decision method	for doubtful accounts
Short-term secured loan	11,600,000	11,600,000	Interest is a floating rate calculated as the Reuters 6165 90-day fixed rate one working day prior to the date of drawdown or interest reset base date plus 0.15 percentage points. Interest is paid on the 28th of each month, and interest is adjusted on the payment days of March, June, September, and December.	91,330	June 28, 2013- June 27, 2014	Payment of BankTaiwan Life Insurance Co. capital increment	Letter of Guarantee	11,600,000	Resolution of Board Meeting	None

(4) Leases of assets:

()										Unit: NT \$1,000
Type of		Leased Item	Town of	Nature	Basis for	Mada a start	Comparison with	Total Lease	Status of	Others
Transaction (lease out or lease in)	Name	Location	Term of Lease	of Lease	Lease Cost Decision	Method of Payment	General Lease Standards	Payment for Current Period	Collection or Payment for Current Period	Other Commitments
Lease out	House	No.1 and No.3, BaoQing Road, Taipei City and 5 parking spaces 2~4F, No.120, Sec.1, Chongqing South Road, Taipei City	2008.1.1~ 2017.12.31	Business lease	House lease contract	Collection within first 5 days of each month	Normal	16,065	Collected	

(5) Other Significant Transactions:

a. Account Receivables

	Dec. 31, 2013			
	Amount	Percentage of account balance		
Taiwan Financial Holding Co., Ltd.	\$ 1,294			

b. Other assets – Prepaid stock dividends and bonus

	Dec. 31, 2013				
	Amount	Percentage of account balance			
Taiwan Financial Holding Co., Ltd.	\$ 3,598,815				

c. Deposits

	Dec. 31, 2013				
	Amount	Percentage of account balance			
Taiwan Financial Holding Co., Ltd.	\$ 260,594	0.01			

d. Account payables

	Dec. 31, 2013			
	Amount	Percentage of account balance		
Taiwan Financial Holding Co., Ltd.	\$ 17			

e. Other liabilities

	Dec. 31, 2013		
	Amount	Percentage of account balance	
Taiwan Financial Holding Co., Ltd.	\$ 2,708		

f. Interest income

	2013		
	Amount	Percentage of account balance	
Taiwan Financial Holding Co., Ltd.	<u>\$ 91,330</u>	0.15	

g. Interest expenses

	20	13
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ 301	

h. Other non-interest gains or losses, net (including operation assets rented revenue and other revenue)

	2013		
	Amount	Percentage of account balance	
Taiwan Financial Holding Co., Ltd.	<u>\$ 26,453</u>	0.12	

i. Other business and management expenses

	2013			
	Amount	Percentage of account balance		
Taiwan Financial Holding Co., Ltd.	<u>\$ 738</u>	0.01		

j. Cost share of common assets

	2013		
	Amount	Percentage of account balance	
Taiwan Financial Holding Co., Ltd.	<u>\$ 10,388</u>	0.05	

Directory of Head Office and Branches

I. Domestic Business Units

No.120, Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City 10007, Taiwan (R.O.C.) P.O. Box 5 or 305, Taipei, Taiwan SWIFT: BKTWTWTP http://www.bot.com.tw

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
Head Office				
0037	Department of Business	No.120, Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City	02-23493456	02-23759708
0059	Department of Public Treasury	No.120, Sec. 1, Gueiyang Street, Zhongzheng District, Taipei City	02-23494123	02-23751125
0082	Department of Trusts	6F., No.49, Sec. 1, Wuchang Street, Zhongzheng District, Taipei City	02-23493456	02-23146041
2329	Department of Procurement	No.45, Sec. 1, Wuchang Street, Zhongzheng District, Taipei City	02-23493456	02-23832010
2330	Department of Precious Metals	2F., Building B, No.49, Sec. 1, Wuchang Street, Zhongzheng District, Taipei City	02-23493456	02-23821047
2352	Department of Government Employees Insurance	6F., No.140, Sec. 3, Sinyi Rd., Taipei City	02-27013411	02-27015622
0691	Offshore Banking Branch	3F., No.49, Sec. 1, Wuchang Street, Zhongzheng District, Taipei City	02-23493456	02-23894500
Northern	Area			
0071	Guancian Branch	No.49, Guancian Road, Zhongzheng District, Taipei City	02-23812949	02-23753800
0336	Nanmen Branch	No.120, Sec. 1, Nanchang Road, Zhongzheng District, Taipei City	02-23512121	02-23964281
0347	Kungkuan Branch	No.120, Sec. 4, Roosevelt Road, Zhongzheng District, Taipei City	02-23672581	02-23698237
0451	Chengchung Branch	No.47, Cingdao East Road, Zhongzheng District, Taipei City	02-23218934	02-23918761
1229	Jenai Branch	No.99, Sec. 2, Renai Road, Zhongzheng District, Taipei City	02-23975936	02-23975927
1621	Chunhsien Branch	No.1, Jhongshan South Road, Zhongzheng District, Taipei City	02-23411001	02-23578831
1942	Tungmen Mini Branch	No.42, Sec. 1, Renai Road, Taipei City	02-23943168	02-23916855
1986	Taidian Mini Branch	No.242, Sec. 3, Roosevelt Road, Taipei City	02-23667506	02-23672354
2363	Wuchang Branch	No.49, Sec. 1, Wuchang St., Zhongzheng District, Taipei City	02-23493456	02-23141340
0808	Minsheng Branch	No.167, Fusing North Road, Songshan District, Taipei City	02-27192081	02-27188897
1067	Tunhwa Branch	No.205, Dunhua North Road, Songshan District, Taipei City	02-25455111	02-25450913
2798	Taipei International Airport Branch	No.340-9, Dunhua North Road, Songshan District, Taipei City	02-27187628	02-27187618
1104	Chunglun Branch	No.108, Sec. 5, Nanjing East Road, Songshan District, Taipei City	02-27698618	02-27603224
0646	Sungshan Branch	No.560, Sec. 4, Jhongsiao East Road, Sinyi District, Taipei City	02-27293111	02-27230014
0853	Taipei World Trade Center Branch	3F., No.333, Sec. 1, Keelung Road, Sinyi District, Taipei City	02-27200315	02-27576156
1931	Yongji Mini Branch	3F., No.3, Songren Road, Sinyi District, Taipei City	02-27209856	02-27209970

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CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0532	Chunghsiao Branch	No. 202, Sec. 1, Dunhua South Road, Da-an District, Taipei City	02-27516091	02-27411704
0543	Hsinyi Branch	No.88, Sec. 2, Sinyi Road, Da-an District, Taipei City	02-23515486	02-23973887
0864	Taan Branch	1F., No.69, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City	02-27553121	02-27093243
1089	Hoping Branch	No.180, Sec. 1, Hoping East Road, Da-an District, Taipei City	02-23687027	02-23626987
2396	Jinshan Branch	No.189, Sec. 2, Jinshan S. Rd., Da-an District, Taipei City	02-23413006	02-23413134
2400	Sinan Branch	No.132, Sec. 3, Sinyi Rd., Da-an District, Taipei City	02-27057905	02-27057906
1953	Aiguo Mini Branch	No.31, Aiguo East Road, Taipei City	02-23960017	02-23578646
0200	Chungshan Branch	No.150, Sec. 1, Jhongshan North Road, Jhongshan District, Taipei City	02-25423434	02-25710210
0509	Sungchiang Branch	No.115, Songjiang Road, Jhongshan District, Taipei City	02-25069421	02-25078786
1241	Yuanshan Branch	No.577, Linsen North Road, Jhongshan District, Taipei City	02-25976699	02-25932760
2385	Taipei Branch	No.80, Songjiang Rd., Jhongshan District, Taipei City	02-25435790	02-25236924
0196	Yenping Branch	No.406, Nanjing West Road, Datong District, Taipei City	02-25522859	02-25524317
0462	Minchuan Branch	No.239, Sec. 2, Chengde Road, Datong District, Taipei City	02-25530121	02-25529463
0521	Lungshan Branch	No.380, Kangding Road, Wanhua District, Taipei City	02-23088111	02-23366978
2422	Wanhua Branch	No.26, Sec. 2, Gueiyang St., Wanhua District, Taipei City	02-23830066	02-23830067
1654	Wenshan Branch	No.218, Sec. 6, Roosevelt Road, Wunshan District, Taipei City	02-86633456	02-86635656
2293	Muzha Branch	No.145, Sec. 1, Singuang Rd., Wunshan District, Taipei City	02-86615115	02-86617690
1078	Nankang Branch	No.95, Sec. 2, Nangang Road, Nangang District, Taipei City	02-26516706	02-27839049
2259	Nankang Software Park Branch	2F2, No.66, Sanchong Rd., Nangang District, Taipei City	02-27833009	02-27833900
1539	Neihu Branch	No.396, Sec. 1, Neihu Road, Neihu District, Taipei City	02-87977933	02-87977957
2237	Donghu Branch	No.458, Sec. 5, Chenggong Rd., Neihu District, Taipei City	02-26305768	02-26307233
2709	Xinhu Branch	No.188, Xing-ai Road, Neihu District, Taipei City	02-87927988	02-87928118
0705	Shihlin Branch	No.197, Sec. 6, Jhongshan North Road, Shihlin District, Taipei City	02-28367080	02-28362523
1425	Tienmou Branch	No.18, Sec. 7, Jhongshan North Road, Shihlin District, Taipei City	02-28755222	02-28755219
2411	Jiantan Branch	No.174, Sec. 4, Chengde Rd., Shihlin District, Taipei City	02-28831633	02-28831364
0369	Peitou Branch	No.152, Sec. 1, Jhongyang South Road, Beitou District, Taipei City	02-28951200	02-28973345
0277	Panchiao Branch	No.21, Fujhong Road, Banciao District, New Taipei City	02-29680172	02-29676416
2053	Peifu Mini Branch	B1, No. 161, Sec. 1, Jhongshan Road, Banciao District, New Taipei City	02-89535968	02-89535268
0875	Huachiang Branch	No.293-2, Sec. 1, Jhongshan Road, Banciao District, New Taipei City	02-29610101	02-29638280
2433	Bansin Branch	No.268, Sec. 1, Wunhua Rd., Banciao District, New Taipei City	02-22540560	02-22540570
0428	Sanchung Branch	No.39, Sec. 4, Chongsin Road, Sanchong District, New Taipei City	02-29719621	02-29719736
0484	Liancheng Branch	No.186, Jian 1st Rd., Zhonghe District, New Taipei City	02-82272611	02-82272511

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0668	Chungho Branch	No.253, Sec. 2, Jhongshan Road, Jhonghe District, New Taipei City	02-22488980	02-22461474
2444	Shuanghe Branch	No.126, Jhonghe Rd., Jhonghe District, New Taipei City	02-82457558	02-82452722
0716	Hsinchuang Branch	No.85, Sintai Road, Hsin Chuang District, New Taipei City	02-22056699	02-22031524
2455	Nan HsinChuang Branch	No.653, 653-1, Jhongjheng Rd., Hsin Chuang District, New Taipei City	02-29012999	02-29012119
2802	Xinzhuang Fuduxin Branch	No.119, Touqian Road, Hsin Chuang District, New Taipei City	02-22773000	02-89945222
0750	Hsintien Branch	No.45, Baojhong Road, Sindian District, New Taipei City	02-29180795	02-29105461
1115	Tucheng Branch	No.344, Sec. 2, Jhongyang Road, Tucheng District, New Taipei City	02-22703791	02-22603314
1872	Lu Jou Branch	No.50, Sanmin Road, Lujhou District, New Taipei City	02-82868686	02-82868989
1562	Hsichih Branch	No.175, Sec. 2, Datong Road, Sijhih District, New Taipei City	02-86926822	02-86926828
0749	Shulin Branch	No.29, Wunhua Street, Shulin District, New Taipei City	02-26866511	02-26861307
1481	Tamsui Branch	No.93, Jhongshan Road, Danshuei District, New Taipei City	02-26281111	02-26281122
2189	Taipei Port Branch	2F., No.123, Shanggang Rd., Bali District, New Taipei City	02-26196269	02-26196272
1355	Wuku Branch	No.42, Sec. 4, Jhongsing Road, Wugu District, New Taipei City	02-22936699	02-22918201
0129	Keelung Branch	No.16, YiYi Road, Jhongjheng District, Keelung City	02-24247113	02-24220436
0266	Taoyuan Branch	No.46, Jhongjheng Road, Taoyuan City, Taoyuan County	03-3352801	03-3322007
1861	East Taoyuan Branch	No.300, Jingguo Road, Taoyuan City, Taoyuan County	03-3263888	03-3265666
2466	Taosing Branch	No.28-8, Yanping Rd., Taoyuan City, Taoyuan County	03-3645566	03-3643322
0417	Chungli Branch	No.580, Yanping Road, Jhongli City, Taoyuan County	03-4252160	03-4258751
1447	Neili Branch	No.125, Singnong Road, Jhongli City, Taoyuan County	03-4618519	03-4519650
1724	Chienkuo Branch	No.169, Jiansing Road, Jhongli City, Taoyuan County	03-4670081	03-4670010
2477	Sinming Branch	No.7, Sinming Rd., Jhongli City Taoyuan County	03-4951301	03-4943210
1218	Pingchen Branch	No.11, Sec. 2, Huannan Road, Pingjhen City, Taoyuan County	03-4945688	03-4945699
2282	Linkou Branch	No.368, Fusing 1st Rd., Gueishan Township, Taoyuan County	03-3277299	03-3277706
1230	Nankan Branch	No.81, Sec. 1, Nankan Road, Lujhu Township, Taoyuan County	03-3529191	03-3520916
1159	Taoyuan International Airport Branch	No.15, Hangjhan South Road, Pusin Village, Dayuan Township, Taoyuan County	03-3982166	03-3834834
2260	Longtan Branch	No.142, Donglong Rd., Longtan Township, Taoyuan County	03-4790888	03-4700999
0152	Hsinchu Branch	No.29, Linsen Road, Hsinchu City	03-5266161	03-5266446
0738	Science-Based Industrial Park Branch	2F., No.5, Industrial E. 6th Road, Science- Based Industrial Park, Hsinchu	03-5770050	03-5777936
1643	Peitalu Branch	No.68, Beida Road, Hsinchu City	03-5354381	03-5354380
0680	Chupei Branch	No.16, Guangming 6th Road, Jhubei City, Hsinchu County	03-5513111	03-5517322
2488	Lioujia Branch	No.312, Dong Sec. 1, Guangming 6th Rd., Jhubei City, Hsinchu County	03-6585858	03-6587500
0299	Miaoli Branch	No.510, Jhongjheng Road, Miaoli City, Miaoli County	037-326791	037-327111

CODE	OFFICE	ADDRESS	TELEPHONE	FAX	
0439	Toufen Branch	No.65, Jhongjheng Road, Toufen Township, Miaoli County	037-663451	037-672213	
Central Area					
0107	Taichung Branch	No.140, Sec. 1, Zihyou Road, West District, Taichung City	04-22224001	04-22224274	
0554	Fuhsing Branch	No.102, Sec. 4, Fusing Road, East District, Taichung City	04-22244181	04-22205856	
0657	Chienhsing Branch	No.276, Sec. 1, Taiwan Boulevard, Central District, Taichung City	04-22242141	04-22293851	
0794	Liming Branch	No.607, Daye Rd., Nantun District, Taichung City	04-22551178	04-22524822	
0923	Taichung Industrial Park Branch	No.196, Industrial Park 1st Road, Situn District, Taichung City	04-23597850	04-23599868	
1090	Shuinan Branch	No.416, Sec. 2, Chongde Road, Beitun District, Taichung City	04-22468130	04-22466855	
1414	Hsitwun Branch	No.41, Sec. 2, Cinghai Road, Situn District, Taichung City	04-23128528	04-23117106	
2499	North Taichung Branch	No.17, Taiping Rd., North District, Taichung City	04-22257412	04-22257413	
2503	Central Taichung Branch	No.95, Mincyuan Rd., West District, Taichung City	04-22281191	04-22247323	
0303	Fengyuan Branch	No.302, Jhongjheng Road, Fongyuan District, Taichung City	04-25278686	04-25256981	
0370	Wufeng Branch	No.838, Jhongjheng Road, Wufong District, Taichung City	04-23302216	04-23327104	
0473	Tantzu Branch	No.1, Jianguo Road, Tanzih District, Taichung City	04-25323133	04-25339071	
0576	Taichung Harbor Branch	No.2, Sihwei Road, Wuci District, Taichung City	04-26562311	04-26580625	
0727	Tachia Branch	No.61, Minsheng Road, Dajia District, Taichung City	04-26868111	04-26865224	
0901	Taya Branch	No.1080, Sec. 3, Jhongcing Road, Daya District, Taichung City	04-25683330	04-25680164	
1366	Tali Branch	No.481, Sec. 2, Guoguang Road, Dali District, Taichung City	04-24180211	04-24180801	
1573	Wuchi Branch	No.2, Jian 5th Road, Export Processing Zone, Wuci District, Taichung City	04-26565111	04-26570157	
1702	Taiping Branch	No.146, Jhongsing East Road, Taiping District, Taichung City	04-22736666	04-22736120	
1713	Defang Branch	No.63, Sec. 1, Defang Road, Dali District, Taichung City	04-24853280	04-24826661	
2204	Taichung Science Park Branch	2F5-6, No.6, Zhongke Rd., Daya District, Taichung City	04-25658111	04-25658220	
2787	Chungdu Branch	No.99, Sec. 3, Taiwan Boulevard, Xitun District, Taichung City	04-22589611	04-22584278	
0130	Chunghsing New Village Branch	No.11, Guanghua Road, Jhongsing Village, Nantou City, Nantou County	049-2332101	049-2350457	
0325	Nantou Branch	No.101, Fusing Road, Nantou City, Nantou County	049-2232121	049-2229845	
0598	Puli Branch	No.112. Dongrong Road, Puli Township, Nantou County	049-2983991	049-2995949	
0163	Changhua Branch	No.130, Chenggong Road, Changhua City, Changhua County	04-7225191	04-7257871	
0495	Yuanlin Branch	No.63, Minsheng Road, Yuanlin Township, Changhua County	04-8323191	04-8330663	
1436	Lukang Branch	No.2, Lugong Road, Lugang Township, Changhua County	04-7810168	04-7810268	
0314	Touliu Branch	No.27, Wenhua Road, Douliou City, Yunlin County	05-5324155	05-5338309	
1470	Huwei Branch	No.369, Sec. 2, Linsen Road, Huwei Township, Yunlin County	05-6337367	05-6321611	
0141	Chiayi Branch	No.306, Jhongshan Road, Chiayi City	05-2224471	05-2258400	

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
1540	Chiabei Branch	No.602, Jhongsiao Road, Chiayi City	05-2718911	05-2718922
2525	Jianan Branch	No.353, Zhongxing Road, Chiayi City	05-2348686	05-2348661
0679	Taipao Branch	No.2, East Section, Hsiangho 1st Road, Hsiangho New Villiage, Taipao City, Chiayi County	05-3620016	05-3620021
Southern	Area			
0093	Tainan Branch	No.155, Sec. 1, Fucian Road, Central District, Tainan City	06-2160168	06-2160188
0406	Anping Branch	No.240, Jhongjheng Road, West Central District, Tainan City	06-2292181	06-2241520
1377	Annan Branch	No.298, Sec. 2, Anhe Road, Annan District, Tainan City	06-3555111	06-3565881
2307	Tainan Innovation & Research Park Branch	No.31, Gongye 2nd Road, Annan District, Tainan City	06-3842585	06-3842568
2536	Nandu Branch	No.180, Sec. 2, Chung-Yi Rd., Tainan City	06-2219999	06-2206977
0288	Hsinying Branch	No.10, Jhongjheng Road, Sinying District, Tainan City	06-6351111	06-6321843
0819	Yungkang Branch	No.513, Siaodong Road, Yongkang District, Tainan City	06-3125411	06-3138709
1469	Tainan Science-Based Industrial Park Branch	No.15, Nanke 3rd Road, Sinshih District, Tainan City	06-5051701	06-5051709
2271	Rende Branch	No.899, Sec. 2, Jhongjheng Rd., Rende District, Tainan City	06-2492389	06-2498078
2721	Lioujiading Branch	No.41, Zhongzheng S. Road, Yongkang District, Tainan City	06-2810991	06-2810360
0118	Kaohsiung Branch	No.264, Jhongjheng 4th Road, Cianjin District, Kaohsiung City	07-2515131	07-2211257
0211	Kaohsiung Export Processing Zone Branch	No.1, Jhongyi Road, Export Processing, Cianjhen District, Kaohsiung City	07-8215141	07-8115648
0358	Tzoyin Branch	No.19, Zuoying Avenue, Zuoying District, Kaohsiung City	07-5819141	07-5850051
0440	Chienchen Branch	No.1-3, Kuojian Road, Cianjhen District, Kaohsiung City	07-8115171	07-8413413
0510	Kusan Branch	No.23, Linhai 1st Road, Gushan District, Kaohsiung City	07-5218291	07-5315544
0565	Sanming Branch	No.567, Jiouru 2nd Road, Sanmin District, Kaohsiung City	07-3127143	07-3215350
0613	Hsingsing Branch	No.133, Minzu 2nd Road, Sinsing District, Kaohsiung City	07-2384611	07-2387374
0624	Lingya Branch	No.261, Cingnian 1st Road, Lingya District, Kaohsiung City	07-3358700	07-3327904
0820	Sandou Branch	No.142, Singuang Road, Lingya District, Kaohsiung City	07-3349341	07-3336835
0912	Nantze Branch	No.201, Nanzih Road, Nanzih District, Kaohsiung City	07-3526680	07-3531484
1160	Tachang Branch	No.540, Jiouru 1st Road, Sanmin District, Kaohsiung City	07-3891036	07-3806046
1193	Poai Branch	No.394, Yucheng Road, Zuoying District, Kaohsiung City	07-5567690	07-5562613
1595	Hsiaokang Branch	No.410, Hongping Road, Siaogang District, Kaohsiung City	07-8010399	07-8066029
1919	Kaohsiung Airport Branch	No.2, Jhongshan 4th Road, Siaogang District, Kaohsiung City	07-8017564	07-8022004
2547	Cianjin Branch	No.259, Jhongjheng 4th Rd., Cianjin District, Kaohsiung City	07-2413200	07-2152230
2558	North Kaohsiung Branch	No.106, Bo'ai 2nd Rd., Zuoying District, Kaohsiung City	07-5581900	07-5583917
2569	Chenggong Branch	No.261, Chenggong 1st Rd., Lingya District, Koahsiung City	07-2512031	07-2517471
2248	Gaorong Branch	No.415, Chongsin Rd., Zuoying District, Kaohsiung City	07-3432258	07-3431198

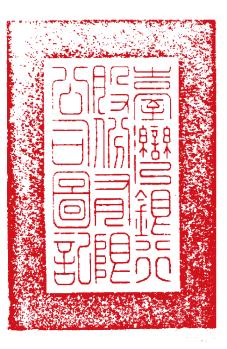
CODE	OFFICE	ADDRESS	TELEPHONE	FAX
2710	Wufu Branch	No.52, Sihwei 2nd Road, Lingya District, Kaohsiung City	07-7271606	07-7271617
0255	Fengshan Branch	No.20, Caogong Road, Fongshan District, Kaohsiung City	07-7416131	07-7433478
0602	Kangshan Branch	No.16, Shoutian Road, Gangshan District, Kaohsiung City	07-6216141	07-6214853
1182	Wuchia Branch	No.168, Wujia 2nd Road, Fongshan District, Kaohsiung City	07-7170730	07-7233469
1207	Chungchuang Branch	No.339, Fongping 1st Road, Daliao District, Kaohsiung City	07-7038838	07-7038964
2215	Kaohsiung Science Park Branch	1F., No.82, Luke 5th Rd., Lujhu District, Kaohsiung City	07-6955268	07-6955278
0174	Pingtung Branch	No.43, Jhongshan Road, Pingtung City, Pingtung County	08-7328141	08-7322309
0886	Chaochou Branch	No.13-2, Sinsheng Road, Chaojhou Township, Pingtung County	08-7883084	08-7883614
1551	Donggang Branch	No.105, Xinsheng St., Donggang Township, Pingtung County	08-8323131	08-8352545
1609	Chungping Branch	No.9, Jhonghua Road, Pingtung City, Pingtung County	08-7677001	08-7320199
1768	Yenpu Branch	No.37, Shengli Road, Yanjhong Village, Yanpu Township, Pingtung County	08-7932111	08-7932091
1805	Hsinyuan Branch	No.65, Sianji Road, Sianji Village, Sinyuan Township, Pingtung County	08-8687705	08-8687505
Eastern	Area			
0222	llan Branch	No.50, Jiucheng S. Rd., I-Lan City, I-Lan County	03-9355121	03-9355822
0587	Lotung Branch	No.93, Gongjheng Road, Luodong Township, Yilan County	03-9576866	03-9560622
0897	Suao Branch	No.97, Sec. 1, Jhongshan Road, Su-ao Township, Yilan County	03-9962566	03-9963370
0233	Taitung Branch	No.313, Jhongshan Road, Taitung City, Taitung County	089-324201	089-311608
0185	Hualien Branch	No.3, Gongyuan Road, Hualien City, Hualien County	03-8322151	03-8322404
2570	North Hualien Branch	No.281, Linsen Road, Hualien City, Hualien County	03-8361163	03-8361165
Isolated Islands				
0244	Penghu Branch	No.24, Jenai Road, Magong City, Penghu County	06-9279935	06-9272347
0381	Kinmen Branch	No.4, Fusing Road, Jinhu Township, Kinmen County, Fuchien Province	082-333711	082-333719
0392	Matsu Branch	No.257, Chiehshou Village, Nangan Township, Lienchiang County, Fuchien Province	083-626046	083-625801

II. Overseas Units



Branch	Address	Telephone	SWIFT	FAX
New York Branch	100 Wall Street, 11th Floor New York, N.Y. 10005 U.S.A.	1-212-968-8128	BKTWUS33	1-212-968-8370
Los Angeles Branch	601 S. Figueroa Street, Suite 4525 Los Angeles, CA 90017 U.S.A.	1-213-629-6600	BKTWUS6L	1-213-629-6610
Hong Kong Branch	23/F., Central Tower, 28 Queen's Road Central, Central, Hong Kong	852-2521-0567	BKTWHKHH	852-2869-4957
Singapore Branch	80 Raffles Place #28-20 UOB Plaza 2 Singapore 048624	65-6536-5536	BKTWSGSG	65-6536-8203
Tokyo Branch	7F, Fukoku Seimei Building, 2-2 Uchisaiwaicho 2-Chome Chiyoda-Ku, Tokyo 100-0011, Japan	81-3-3504-8881	BKTWJPJT	813-3504-8880
South Africa Branch	No. 11, Cradock Ave. Rosebank 2196, Johannesburg, South Africa	27-11-880-8008	BKTWZAJJ	27-11-447-1868 27-11-447-1750
London Branch	Level 5, City Tower, 40 Basinghall Street, London, EC2V 5DE, U.K.	44-20-7382-4530	BKTWGB2L	44-20-7374-8899
Shanghai Branch	30 F, No.1788 Nan-Jing West Rd., Jing-An Dist., Shanghai, China	86-21-3256-9900	BKTWCNSH	86-21-3256-9477

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BANK OF TAIWAN

Chairperson J.h.-Chu Le





銀行

BANK OF TAIWAN



NO. 120, Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City 10007, Taiwan (R.O.C.) Tel: 886-2-2349-3456 www.bot.com.tw SWIFT: BKTWTWTP

