玉山二十二年
22th

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ANNUAL REPORT 2013

102年年報

玉山銀行 E.SUN BANK

Pure as Jade, Sturdy as Mountain.

E.SUN Spokesman

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Position: Senior Executive Vice President

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Deputy Spokesman

Name: Mao-Chin Chen

Position: CEO of Corporate Banking Division

Telephone: +886 2 2175 1313

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Registered Office and Branches

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Branches	Please refer to the back cover		

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Website：www.esunbank.com.tw

Telephone：+886 2 2719 1313

Rating Agency

Name：Moody's Investors Service Inc.

Address：7 World Trade Center, 250 Greenwich Street, New York, NY 10007, U.S.A.

Telephone：+1 212 553 0300

Name：Taiwan Ratings Corporation

Address：49th FL., Taipei 101 Tower No.7, Sec.5, xinyi Rd., Taipei, Taiwan R.O.C.

Telephone：+886 2 8722 5800

Auditing Certified Public Accountant

Certified Public Accountant：Huang Jui Chan, Lai Kwan Chung

Accounting Firm：Deloitte Taiwan

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The highest peak, the best bank.

E.SUN BANK 22th

CONTENTS

I.Letter to Shareholders

Yushan, or Mt. Jade, is the highest peak in Taiwan. Named after Yushan, E.SUN is resolved to make not only the best bank but also the favorite bank among customers. In its first decade, the Bank sounded the bugle and began by acting on a set of core values: professionalism, service and responsibility. To develop Infrastructure, emphasis was placed on establishment of systems, cultivation of human resources, and development of information. In the second decade, the Bank expanded rapidly on all fronts by means of organic growth, strategic alliances and a prudent approach toward M&A. Its endeavors were rewarded with big round of applause from both customers and society. Now entering its third decade, E.SUN is ready to accelerate its ascent and attain higher ground in the form of across-the-board innovation, a jump in earnings and a more significant presence in Asia. It will also adopt a segmented approach toward serving customers while consolidating its services. By working with more partners outside the banking sector and fulfilling its social responsibility, E.SUN is confident it can build on what it has accomplished and make the leap from good to great.

E.SUN's outstanding performance in 2013 marked a fabulous start of its journey into a third decade. Net income amounted to NT$8.8 billion, or NT$1.77 per share. The ROE was at 11.23% while the ROA was 0.68%. All these tallies were multiyear highs. Meanwhile, the Bank was able to keep up its asset quality as well. The NPL ratio of 0.20% was supplemented by a 532.81% loan loss coverage ratio. In particular, the Bank scored another handsome year in terms of SME loans, credit card services and fee income from wealth management.

At the end of 2013, E.SUN Bank's total assets amounted to NT$1.36 trillion; outstanding balance of deposits, NT$1.1502 trillion (NT$634.4 billion in demand deposits); outstanding balance of loans, NT$831.3 billion; and capital adequacy ratio, 12.27%. Combined, these numbers attest to the Bank's balanced development on all fronts. A further breakdown shows that SME loans grew 15.9% while demand deposits rose 17.9% in 2013. In turn, net fee income increased to NT$7.88 billion (42.6% from wealth management and 32% from credit cards). In 2013, E.SUN Bank thus ranked among the top three on the Taiwan market in terms of net growth in the following areas: demand deposits, loans to private companies, SME loans, total fee income, total revenue, number of active cards, cumulative cardholder spending, and cumulative pretax profit. In terms of credit ratings, E.SUN Bank was assigned by Moody's Investors Service its long/short-term foreign-currency deposit ratings of Baa1/P-2. For its part, Taiwan Ratings Corp. assigned its twA+/twA-1 ratings to the Bank with a stable outlook.

In 2014, the Bank is set to vie for victory at the forefront of channel developments. That is, it will integrate its branches, call center and electronic channels as well as product teams in attaining across-the-board consolidation that goes beyond product lines and national borders and brings together the virtual and the brick-and-mortar. Every moment dealing with customers will be undertaken with utmost passion to ensure customer satisfaction and create customer value. On top of 136 domestic branches and four overseas branches in Los Angeles, Hong Kong, Singapore and Dongguan China, the Bank set up a representative office in Myanmar and completed acquisition of a 70% stake in Cambodia's Union Commercial Bank in 2013. Applications are now under way for the Bank to open branch in Vietnam and Sydney, Australia and establish a second branch in Shanghai and a Dongguan branch, Changan sub-branch in mainland China. At the same time, We are busy applying for a subsidiary licence in the Shenzhen, Qianhai special economic zone. We are ready to make further inroads into mainland China and Asia. We will accelerate growth by capitalizing on all the opportunities for development and doing business and consolidating our cross-border service platform.

In promoting businesses, emphasis will be placed on growing SME clients and getting involved in the cultural and creative industry. Drawing on its team of proactive professionals, the Bank will serve all segments of customers as it seeks to increase deposits in both the Taiwan dollar and foreign currencies, craft VIP-grade wealth management services, and accommodate a growing wealth of electronic banking businesses. In the spotlight will be consolidated marketing that spans products, customers, organization and retail outlets. In the perspective of corporate banking business, E.SUN represents the only one who won SME Credit Guarantee Partner Awards for eight consecutive years in the banking sector and was rewarded the Best Payment Initiative in Taiwan from The Asian Banker. With a view to wealth management business, E.SUN upholds "Pure As Jade, Sturdy As Mountain" as the core ideal to initiate the non-individual bonus sales rewarding system and devotes itself to perform the icon as financial consultant for customer's asset allocation. In 2013, E.SUN was again accorded the Best Wealth Management Bank Award by Business Today. As far as the credit card business is concerned, priority will be given to developing new customers, enhancing market share and increasing customer preference in terms of card use. We pledge to deliver services of warmth; Every service starts with a smile. Build a thorough understanding of customers and then deliver services with professionalism and teamwork. Like in a relay, E.SUN employees play their respective parts in meeting a full variety of customer needs at different stages. Differentiation brings customers, or to be specific, the opportunities to serve them.

E.SUN intends innovation to be an integral part of every employee's DNA. Like a multitude of seeds, innovation is to sprout and grow—find its way into every aspect of business. Take ecommerce and mobile commerce for example, in Taiwan's online market, E.SUN Bank took the lead to enforce account verification, launch third-party payment services through cash storage accounts, make available mobile payments via QR code scanning by handset, and introduce a mobile banking app for corporate clients. It also teamed up with 7-Eleven Taiwan and members of the local hospitality industry in launching "Ticket Presale Pro," a premium platform for consumers to get tickets to tourism spots and services at a discount conveniently, with E.SUN as their guarantor. Taking the lead to innovate has always been our goal. We aim for a new level of customer value by incorporating banking services into people's lives.

Corporations are increasingly called upon to honor their social responsibility. As a responsible corporate citizen, E.SUN Bank is committed to environmental protection and energy conservation, community engagement, social contributions and services, and human rights. Once again, it won a good number of honors on this front in 2013. It was the local financial services industry's No. 1 recipient of Commonwealth magazine's Commonwealth Corporate Citizen Award for the fifth consecutive year; it was rated by the Environmental Protection Administration as an excellent private entity worthy of a National Environmental Education Award; it was rated by the weekly Business Today as the No. 1 winner of its Best Wealth Management Bank Awards; and it also won certification for ISO 14001, the world's most popular standard for environmental management. With holders of the Bank's World MasterCard invited to join the cause, the E.SUN Golden Seed Project has to date helped establish 70 libraries for Taiwan's elementary school pupils in remote areas. In a similar vein, E.SUN volunteers have solicited donations from colleagues and launched the "Care for Schoolchildren Project." Joining forces with school teachers, the project to date has benefitted more than 8,000 schoolchildren in need of help. Meanwhile, E.SUN is an avid sponsor of high school baseball, blood drives and the local cultural and creative industry at large. By pooling many a positive force, it has been able to bring society more warmth.

Faced with both challenges and opportunities, we need to keep looking for new possibilities for moving forward from good to better. We want to speed up where others may be forced to slow down. Setting oneself apart from the crowd points the way to excellence. All E.SUN employees have the confidence and carry the hope that their service out of love is worthy of a team of unsung heroes. Together, E.SUN employees are really collaborating in a heroic symphony. E.SUN is grateful for all the encouragement and expectations it has received from all quarters of society over the years. It is not only an honor but also a responsibility. In turn, it is also a source of inspiration for all employees of the Bank to do more and create higher value for customers, E.SUN and this land where they call home.

Gary Tseng　　Joseph Huang

Kuo-Lieh Tseng
Chairman of the Board

Joseph Huang
President

II.Company Profile

1.Introduction

In 1992, Taiwan lifted a decades-old ban on starting new commercial banks. Huang Yung-jen, founder and chairman of E.SUN Bank, was joined by a number of financial elites to start a bank not affiliated with any business conglomerate or having any connection with the government. It was named after Yushan, or Mt. Jade, Taiwan's highest peak. With "Pure as Jade, Sturdy as Mountain" as its hallmark, E.SUN Bank has aimed for the best bank not only in Taiwan but also in Asia since its establishment on February 21, 1992.

Core Values That Have Won Trust

Abiding by its core values of expertise, service and business, E.SUN Bank acts on the belief that it is the Bank's responsibility to cultivate talent and provide the best possible services. The financial services industry weighs heavily on the future of both the state and society. In turn, privatization and deregulation promise to dictate where the industry may be headed going forward. Committed to making "a paradigm of the financial services industry and a bellwether of the service industry," E.SUN Bank gives priority to putting in place most solid infrastructure as the foundation for sustainable development.

Innovation Driven by Emphasis on Retail Channels

Retail channels are crucial to the financial services industry, which is in turn subject to the dynamics of change at all times. For its part, E.SUN draws on wisdom, methods and discipline to create superior results consistently. In the meantime, equal emphasis is placed on channel innovation. At E.SUN, innovation is a constant undertaking across the board, from financial products and operating procedures to experience creation and cross-sector alliances. Always staying on the forefront for financial innovation, the Bank is set to provide customers with better-rounded quality services.

Having expanded domestic branches to 136, E.SUN Bank is proactive to have them complemented by virtual channels as it adopts an innovative, flexible approach to solving problems and meeting needs while providing customers with a full spectrum of financial services. In the perspective of oversea channel development, in addition to four overseas branches in Los Angeles, Hong Kong, Singapore and China Dongguan, the Bank set up a representative office in Vietnam and Myanmar and completed the acquisition of a

70% stake in Cambodia's Union Commercial Bank. Applications are now under way for the Bank to open branch in Sydney, Australia and establish the Dongguan Changan sub-branch, branch in Shanghai and Qianhai Shenzhen subsidiary in mainland China. A brief review of the Bank's history is as follows:

a. On January 28, 2002, the Bank became a subsidiary of E.SUN Financial Holding Co., Ltd.

b. In 2004, E.SUN Bank generally accepted the asset liability and oprations of Kaohsiung Business Bank, setting a landmark for the consolidation of information and operations in Taiwan's financial services industry.

c. On March 18, 2011, the Bank and Chunan Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that July 9 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities and operations..

d. On March 16, 2012, the Bank and Chiayi Fourth Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that November 3 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities and operations.

e. In a meeting on March 22, 2013, the Bank's board of directors approved taking a 70% stake in Cambodia's Union Commercial Bank. Comprising five branches, it offers a wide range of financial services, from deposits and loans to credit cards.

f. Others: None.

Accomplishments and Accolades

As a brand and team of quality service, E.SUN has won the recognition and acclaim of the competent authority, specialized institutions both in Taiwan and abroad, and the general public. But we will never become complacent. We will stay proactive and modest and work even harder in the days ahead. Here are the accolades and glories we have won over the past three years:

* 2013

- E.SUN FHC was rated as 4th place winner among Taiwan's major companies and as the local financial industry's No. 1 recipient of the Commonwealth Corporate Citizen Awards (Commonwealth magazine).
- E.SUN Bank was accorded the Best Wealth Management Bank Award and top prize/Best Reassurance Awards (Business Today).
- E.SUN Bank was awarded the Platinum Corporate Award for Management Excellence among Asian Enterprises for the third consecutive year (the Asset magazine).
- E.SUN Bank won the Best SME Bank for Treasury/Working Capital Management in Taiwan award (The Asset magazine).
- E.SUN Bank, in its capacity as head office, was a recipient of the SME Credit Guarantee Partner Awards and Awards for Helping Youth Start Businesses for eight consecutive years (SME Credit Guarantee Fund, Ministry of Economic Affairs).
- E.SUN Bank was awarded the Golden Service Award for top service in the banking industry for the third consecutive year (Commonwealth magazine).
- E.SUN FHC's CSR report was rated as excellent for two consecutive years (Industrial Development Bureau, Ministry of Economic Affairs).
- E.SUN FHC was accorded an Award of Excellence for the Most Yearned-After Financial Holding Company Among Life Insurance Salespeople (Risk Management, Insurance & Finance Foundation).
- E.SUN Bank was cited as a bellwether entity of "green procurement in the private sector" (Taipei City government).
- E.SUN Bank was cited as a bellwether entity of "green procurement" for four consecutive years (Environmental Protection Administration).

-E.SUN FHC won an exemplary award in the environmental protection subcategory of the Corporate Social Responsibility Awards (Global Views Monthly).
-E.SUN Bank won the Best Payment Initiative in Taiwan award (The Asian Banker).
-E.SUN Bank won an excellence award in a survey on information technology innovation among service industry brand names (Institute for Information Industry).
-E.SUN FHC won certification for ISO 27001.
-E.SUN FHC won certification for ISO 14001.
-E.SUN FHC was rated as an excellent private entity worthy of a National Environmental Education Award (Environmental Protection Administration).
-E.SUN FHC was accorded top prize in the financial services industry in a survey of “green” brand names (Business Next magazine).
-E.SUN FHC was rated as A+ in a survey of information disclosure by listed companies for five consecutive years (Securities and Futures Institute).
-The 2012 E.SUN CSR Report was certified as complying with both the AA1000 standards and the G3.1 Guidelines.
-E.SUN Securities won a Golden Torch Award for innovative design (Outstanding Enterprise Manager Association).
-E.SUN FHC won the CSR Award in Green Policy (British Standards Institution).
-E.SUN Bank won a Long-Term Sponsorship Award, an honor under the Sports Activists Awards (Sports Affairs Council).
-E.SUN Bank won the Excellence in Innovation Award in the category of “foreign currency settlement platform—onshore dollar services” (Financial Information Service Co., Ltd.).

＊2012

-E.SUN FHC received the Corporate Social Responsibility Award and ranked No.5 among large enterprise sector; No.1 among financial sector (Commonwealth magazine).
-E.SUN Bank was once again rated as No. 1 winner of Best Service Awards for the wealth management sector of Taiwan’s banking industry (Business Today).
-E.SUN FHC secured CG 6007 accreditation for corporate governance (Taiwan Corporate Governance Association).
-E.SUN Bank was once again awarded the Platinum Corporate Award for Management Excellence among Asian Enterprises (the Asset magazine).
-E.SUN Bank was once again rated as the local financial industry’s No. 1 recipient of Gold Medal Service Awards (Commonwealth magazine).
-E.SUN Bank was cited as a bellwether entity of “green procurement in the private sector” (Taipei City government).
-E.SUN Bank was cited as a bellwether entity of “green procurement”(Environmental Protection Administration).
-E.SUN Bank won the Golden Award for the lending data segment (Joint Credit Information Center).
-E.SUN FHC won citation as a premium winner of the certification mark for carbon emissions reduction (Environmental Protection Administration).
-E.SUN FHC was rated as A+ in a survey of information disclosure by listed companies (Securities and Futures Institute).
-E.SUN Bank, in its capacity as head office, was a recipient of the SME Credit Guarantee Partner Awards; three managers of the Bank were also award recipients in recognition of their outstanding personal performance (Ministry of

Economic Affairs)

- The 2011 E.SUN CSR Report was certified as complying with both the AA1000 standards and the G3.1 Guidelines.
- E.SUN Bank was once again rated as a bank of excellence in providing loans for young people to start their own business; the Shuanghe and Dali branches were also awarded for their outstanding performance on this front (National Youth Commission, Executive Yuan)

＊2011

- E.SUN Bank was awarded the Golden Service Award for top service in the banking industry (Commonwealth magazine).
- E.SUN Bank was again recognized as the most trustworthy bank in wealth management services, and won the best personal finance consultant team award and the best performance award in wealth management services (Business Today).
- E.SUN Bank was awarded the Platinum Corporate Award for Management Excellence among Asian Enterprises (the Asset magazine).
- E.SUN Bank won a good number of top prizes for service capital, employee happiness, customer service in corporate banking, business culture, business strategy, accountability and devotion, and customer loyalty (China Productivity Center).
- E.SUN Bank, also in its capacity as head office, was a recipient of the SME Credit Guarantee Partner Awards (MOEA and Credit Guarantee Fund).
- E.SUN FHC was rated as A+ in a survey of information disclosure by listed companies (Securities and Futures Institute).
- E.SUN Bank was rated as a bank of excellence in providing loans for young people to start their own business; the Dadun, Chihsien, Minsheng and Jhongli branches were also awarded for their outstanding performance on this front (National Youth Commission, Executive Yuan).
- E.SUN Bank was cited as a bellwether entity of “green procurement in the private sector” (Taipei City government).
- E.SUN Bank was cited as a bellwether entity of “green procurement”(Environmental Protection Administration).
- E.SUN Bank won a Sponsorship Gold Medal, an honor under the Sports Activists Awards (Sports Affairs Council).
- The E.SUN Volunteer Foundation was again given a rating of excellence in the government survey of the country’s social welfare and charity foundations (Ministry of the Interior).
- The E.SUN Foundation won the Social Education and Public Service Award (Ministry of Education).

A Track Record of Excellence, a Vision of Glory

Over the past two decades E.SUN has stood by its prudent and honest way of doing business. A fresh, professional brand image is built on the back of excellent services that are rewarded with customer satisfaction. All this serves as a catalyst to trigger change across Taiwan's financial services industry and service industry at large. Thanks to the concerted efforts and teamwork of all E.SUN employees, the Bank is well-positioned to usher in its next decade. On top of sustainable, balanced growth across the board, it has won extensive recognition of its commitment to honoring corporate social responsibility.

Challenges and opportunities await both domestic and overseas financial markets. But E.SUN is ready. With each and every one at E.SUN joining forces, the Bank is set to keep up its passion and commitment to service as it aims for the vision of emerging "the best-performing and most-respected enterprise." Entering its third decade of glory, it pledges to prevail in the finals for the financial services industry and take the helm in financial innovation. Cheered on by its own march of success, it will confidently take strides on the path of sustainable development.

Expanding E.SUN Network of Excellent Service

E.SUN COMMERCIAL BANK, LTD.	
Taipei City	30
Taipei Country	32
Keelung	1
Taoyuan	10
Hsinchu	6
Miaoli	3
Taichung	14
Nantou	1
Changhua	2
Yunlin	1
Chiayi	3
Tainan	9
Kaohsiung	16
Pingtung	4
Luodong	1
Hualien	1
TaiTung	1
Penghu	1
Appointed foreign exchange business units	130
Offshore branches	7

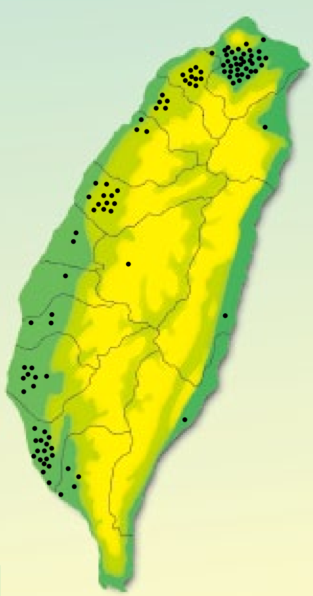
E.SUN SECURITIES CO., LTD.	
Taipei City	8
Taipei Country	4
Taoyuan	1
Hsinchu	1
Taichung	2
Chiayi	1
Tainan	2
Kaohsiung	2
Cross-selling Conner	76

E.SUN SECURITIES INVESTMENT TRUST CO., LTD.	
Taipei City	1

E.SUN INSURANCE BROKERS CO., LTD.	
Taipei City	1

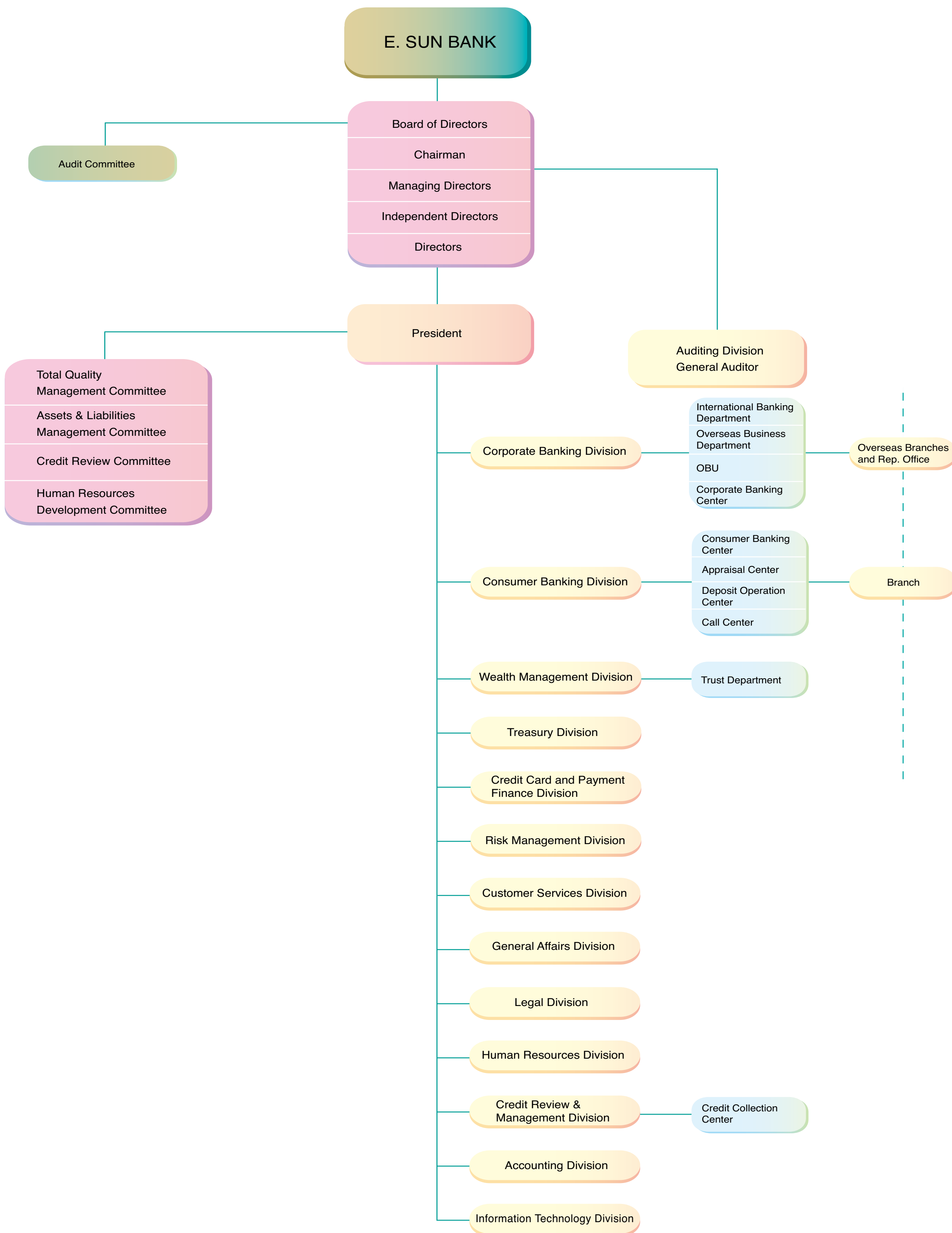
E.SUN VENTURE CAPITAL CO., LTD.	
Taipei City	1

OVERSEAS NETWORK	
Los Angeles	1
Hong Kong	1
Dongguan	1
Singapore	1
Ho Chi Minh City Representative Office	1



III.Corporate Governance Report

1.Organization



2. Directors, Independent Directors and Management Team

2.1 Directors and Independent Directors

2013.12.31 unit: 1,000 shares; %

Position	Representative (Name)	Date of Election	Term	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC						Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of eth Management Team, Directors or Supervisors		
							Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	Ratio%	Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Chairman	Representative of E.SUN Financial Holding Company Kuo-Lieh Tseng	2011.7.7	3	2010.5.14	3,510,000	100%	4,985,000	100%	0	0	0	0	Harvard University Master's in Public Administration Director General of Banking Bureau, Financial Supervisory Commission	Director of E.SUN FHC	None	None	None
Managing Director & President	Representative of E.SUN Financial Holding Company Joseph Huang	2011.7.7	3	2008.6.13	3,510,000	100%	4,985,000	100%	0	0	0	0	MBA of the City University of New York, 21 years in Financial Industry	President of E.SUN Bank; Director, President and CSO of E.SUN FHC; Director of Kellong (International) Cosmetic Limited; Director of Cho Pharma Inc.	None	None	None
Managing Director	Representative of E.SUN Financial Holding Company Jackson Mai	2011.7.7	3	1991.12.16	3,510,000	100%	4,985,000	100%	0	0	0	0	Kai-Nan Commercial & Technical High School	Chairman of Hsin Tung Yang Co., Ltd, Shang Yang Investment Co., Ltd., Ding Yang Investment Co., Ltd., Cheng Yang Investment Co., Ltd., Hsin Tung Yang Real Estate Broker Co., Ltd, Sheng Yang Construction Co., Ltd., Hsin Tung Yang. Construction Co., Ltd., Sun Mall Department Co., Ltd., and Sing Yang Investment Co., Ltd.; Director of J.K. Multiplayer Techology Co., Ltd., Sheng Yang Marketing Co.,Ltd. , Hwa Yang International. Distribution Co., Ltd., Tao Garden Hotel, LION TECH. Co., Ltd., TDW Pharmaceuticals, Inc., and Ltd.,E.SUN FHC., Sheng Yang Land Holding Co., Ltd., Sheng Yang International Land Holding Co., Ltd.	None	None	None

Position	Representative (Name)	Date of Election	Term	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC						Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of eth Management Team, Directors or Supervisors		
							Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	Ratio%	Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Managing Director	Representative of E.SUN Financial Holding Company Chiu-Hsiong Huang	2011.7.7	3	1991.12.16	3,510,000	100%	4,985,000	100%	0	0	0	0	PhD of Business Administration at Dela Salle University	CPA; Supervisor of Ya Pu Construction; Representative of Comewell Investment (BVI) Co., Ltd.; Chairman of Allcan Investment Co., Ltd., Perfect Source Technology Co. Ltd, and Sin Kang Investment Co.Ltd; Director of E.SUN FHC	None	None	None
Independent Director (Managing Director)	Representative of E.SUN Financial Holding Company Chen-Chen Chang Lin	2011.7.7	3	2007.8.16	3,510,000	100%	4,985,000	100%	0	0	0	0	Master of Mathematical Statistics of University of Michigan	Independent Director and Chairman of Remuneration Committee of E.SUN FHC	None	None	None
Independent Director	Representative of E.SUN Financial Holding Company Chen-En Ko	2011.7.7	3	2007.8.16	3,510,000	100%	4,985,000	100%	0	0	0	0	PhD of Department of Accounting at University of Minnesota Dean, College of Management, National Taiwan University	Professor Emeritus of Department of Accounting and Engineering at National Taiwan University; Independent Director of Chang Type Industrial Co., Ltd., Novatek Microelectronics Corp., Ltd., Cho Pharma Inc., E.SUN FHC; Supervisor of Fareastone Telecommunication Co., Ltd.; Member of Compensation Committee of ATEN International Co., Ltd., Zhen Ding Technology Co., Ltd., E.SUN FHC	None	None	None
Independent Director	Representative of E.SUN Financial Holding Company Ji-Ren Lee	2011.7.7	3	2007.8.16	3,510,000	100%	4,985,000	100%	0	0	0	0	PhD of Business Administration, University of Illinois, USA	Professor of Graduate Institute of International Business at National Taiwan University; Independent Director of E.Sun FHC, Wowprime Corp.; Director of Aver Media Technologies Co., Ltd.; Member of Compensation Committee of Nien Hsing Textile Co., Ltd., Wowprime Corp., Aver Media Technologies Co., Ltd., E.SUN FHC	None	None	None
Independent Director	Representative of E.SUN Financial Holding Company Hsin-I Lin	2011.7.7	3	2008.6.13	3,510,000	100%	4,985,000	100%	0	0	0	0	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University	Chairman of Guang Yuan Invesmt Co.Ltd.; Managing Director of China Motor Co.; Director of Yulon Motor Co. Ltd., Tai Yuen Textile Co., Ltd., Acer Incorporated and Shye Shyang Mechanical Industrial CO., Ltd., Altek Co., Ltd; Independent Director of E.SUN Bank and Sinyi Realty and E.SUN FHC.	None	None	None
Director	Representative of E.SUN Financial Holding Company Chao-Kuo Chen	2011.7.7	3	2008.11.21	3,510,000	100%	4,985,000	100%	0	0	0	0	MBA, UCLA	Chairman of Nien Hsing Textile Co.,Ltd., Nien Hsing Intl. Investment Co., Ltd., Ming Yuan Investment Co., Ltd., Wei Han Investment Co., Ltd., Ron Yuan Investment Co.Ltd., Jia Tien Sia Investment Co., Ltd. and Fu Yuan Construction Co.Ltd.; Director of Kuo Jhong Investment Co., Ltd. and E.SUN FHC.	None	None	None
Director	Representative of E.SUN Financial Holding Company Chien-Li Wu	2011.7.7	3	1995.4.17	3,510,000	100%	4,985,000	100%	0	0	0	0	Chung Jung High School	Chairman of Shang Li Car Co.,Ltd, Ruen Li Transportation Co., Ltd., Shen Li investment Co., Ltd., Shang Li Transportation Co., Ltd, Shan Ben Intl. Investment Co.Ltd and San Li Investment Co., Ltd.; Director of Guang Yuan Investment Co, Ltd, KeeperTechnology Co., Ltd. TongLit Logistics Co., Ltd. and E.Sun FHC; Supervisor of Jung Shing Wire Co., Ltd.	None	None	None
Director	Representative of E.SUN Financial Holding Company Cheng-Ping Lee	2011.7.7	3	1991.12.16	3,510,000	100%	4,985,000	100%	0	0	0	0	Master of pubic Administration of University of San Francisco	Chairman of Hsin-Nan Co., Ltd, Danver Trading Co, Ltd and Hua Bin Co., Ltd; Director of Dai Kong Trading Co, Ltd, Kuan Cheng Limited, Danver Chemical & Pharmaceutical Co., Ltd, Tsai Hsing Co., Ltd; Supervisor of Taiwan Tanabe Seiyaku Co Ltd., Jia Terng Enterprise Co., Ltd.	None	None	None

Position	Representative (Name)	Date of Election	Term	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC						Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of eth Management Team, Directors or Supervisors		
							Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	Ratio%	Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Director	Representative of E.SUN Financial Holding Company Tai-Chi Lee	2011.7.7	3	1992.11.26	3,510,000	100%	4,985,000	100%	0	0	0	0	Department of Business Administration at Fu Jen Catholic University	Chairman of Tidehold Development Co., Ltd., Tai Yo Investment Co., Ltd., TideHold Investment Co., Ltd., Jia Yo Investment Co., Ltd.; Hsing Hua Matches Co., Ltd; Director of Hsing Yung Li Co., Ltd., Pu Lien Auto Co., Ltd., Pro Car Leasing Co., Ltd.; Supervisor of Po Hsing Chemical Co., Ltd., Yung Jia Investment Co., Ltd., Jia Hsing Investment Co., Ltd., Fu Li Investment Co., Ltd.	None	None	None
Director	Representative of E.SUN Financial Holding Company Magi Chen	2011.7.7	3	2011.07.07	3,510,000	100%	4,985,000	100%	0	0	0	0	MBA. The University of Tennessee	CFO and SEVP of E.SUN FHC and E.SUN Bank	None	None	None
Director	Representative of E.SUN Financial Holding Company J.C. Wang	2011.7.7	3	2011.07.07	3,510,000	100%	4,985,000	100%	0	0	0	0	Master of Agricultural Economics, National Chung Hsing University	Head of HR and SEVP of E.SUN FHC and E.SUN Bank, Supervisor of Shan Meng Investment Co., Ltd.	None	None	None
Director	Representative of E.SUN Financial Holding Company Mao-Chin Chen	2011.7.7	3	2011.07.07	3,510,000	100%	4,985,000	100%	0	0	0	0	Master of Economics, National Taiwan University	CEO of Corporate Banking Division of E.SUN Bank, SEVP of E.SUN FHC	None	None	None

Major shareholders of the institutional shareholders

2013.12.31

Name of institutional shareholders	Major shareholders of the institutional shareholders
E.SUN Financial Holding Co., Ltd.	Saudi Arabian Monetary Agency Investment Account (4.23%) Ron-Yuan Investment Co., Ltd. (3.47%) E.SUN Bank Trust Account (2.50%) ABU DHABI Investment Authority (1.98%) Hsin Kang Investment Co., Ltd. (1.95%) Vanguard Stock Index Fund (1.71%) Universities Superannuation Scheme Limited (1.41%) Allcan Investment (1.37%) New Labor Pension Found (1.34%) Dimensional Emerging Markets Value Fund (1.17%)

Professional Qualifications and Independent Analysis of Directors

Criteria / Name (note)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company 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 Company	Have Work Experience in the Areas of Commerce, Law, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Chairman Kuo-Lieh Tseng	√	√	√	√		√	√		√	√	√	√		0
Managing Director Joseph Huang			√			√	√		√	√	√	√		0
Managing Director Chiu-Hsiong Huang		√	√	√		√	√		√	√	√	√		0
Managing Director Jackson Mai			√	√		√	√		√	√	√	√		0
Independent Director/ Managing Director Chang Lin Chen Chen			√	√	√	√	√		√	√	√	√		0
Independent Director Chen-En Ko	√		√	√	√	√	√		√	√	√	√		2
Independent Director Ji-Ren Lee	√		√	√	√	√	√		√	√	√	√		1
Independent Director Hsin-I Lin			√	√	√	√	√		√	√	√	√		1
Director Chao-Kuo Chen			√	√		√	√		√	√	√	√		0
Director Chien-Li Wu			√	√		√	√		√	√	√	√		0
Director Cheng-Ping Lee			√	√		√		√	√	√	√	√		0
Director Tai-Chi Lee			√	√		√	√	√	√	√	√	√		0
Director Magi Chen			√			√	√		√	√	√	√		0
Director J.C. Huang			√			√	√		√	√	√	√		0
Director Mao-Chin Chen			√			√	√		√	√	√	√		0

Note: 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 Company or any of its affiliates.
(2)Not a director or supervisor of the Company or any of its affiliates. However, if cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Bank holds, directly or indirectly, more than 50% of the voting shares, this restriction does not apply.
(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 Company or ranking in the top 10 in holdings.
(4)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.
(5)Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company 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 Company.
(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 or accounting services or consultation to the Bank or to any affiliate of the Bank, or a spouse thereof. The restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM.
(8)Not having a material relationship, or a relative within the second degree of kinship to any other director of the Company.
(9)Not been 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.

2.2 Executive Officers

2014.03.30 Unit: 1,000 shares; %

Department	Position	Name	Date of Appointment	Shareholding in E.SUN FHC(2012.12.31)						Education (Experience)	Current Position with E.SUN and Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
				Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
				Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Headquarter	President	Joseph Huang	2011.08.01	4,124	0.0747	197	0.0036	0	0	President, E.SUN FHC	Director, President and CSO, E.SUN FHC; Managing Director, ESB; Director, Kellong (International) Cosmetic Limited and Cho Pharma Inc.	None	None	None
Corporate Banking Division	CEO of Corporate Banking Division	Mao-Chin Chen	2011.08.01	1,281	0.0232	6	0.0001	0	0	SEVP, ESB Corporate Banking Division	SEVP, E.SUN FHC, Director, ESB Director, UCB	None	None	None
Director, ESB	SEVP	L.C. Lin	2012.01.07	487	0.0088	0	0	0	0	EVP, ESB Corporate Banking Division	SEVP of E.SUN FHC	None	None	None
Corporate Banking Division	EVP	Hao-Chang Lien	2013.09.13	313	0.0057	0	0	0	0	Chief Compliance Officer, E.SUN FHC	None	None	None	None
Corporate Banking Division	EVP	Da-Tan Lin	2014.01.24	542	0.0098	9	0.0002	0	0	EVP, Corporate Banking Division	None	None	None	None
Corporate Banking Division	EVP	Cathy Kuo	2014.01.24	754	0.0136	0	0	0	0	EVP, Corporate Banking Division	Director, UCB	None	None	None
Corporate Banking Division	EVP	Yao-Bing Lin	2013.02.01	643	0.0116	2	0.00004	0	0	SVP of Corporate Banking Division	None	None	None	None
OBU Branch	Senior Vice President	Tung-Yu Hung	2013.02.01	276	0.0050	0	0	0	0	Senior VP of Corporate Banking Division	Director of E.SUN Venture Capital	None	None	None
International Banking Department	Senior Vice President	Maggy Chou	2010.01.29	991	0.0179	223	0.0040	0	0	GM,ESB International Banking Department	Director of TAILUNG Spectacles Industrial CO., LTD.CO.,	Senior VP	Chun-Nan Tsai	Spouse
Consumer Banking Division	CEO of Consumer Banking Division	Suka Chen	2012..01.07	1,460	0.0264	59	0.0011	0	0	President, E.SUN Securities	Director and SEVP, E.SUN FHC	None	None	None
Consumer Banking Division	SEVP	Wu-Ming Hsieh	2014.01.24	553	0.0100	22	0.0004	0	0	EVP, ESB Consumer Banking Division	None	None	None	None
Consumer Banking Division	EVP	Te-Ming Chung	2014.01.24	585	0.0106	0	0	0	0	Senior VP of Consumer Banking Division	Director of E.SUN Venture	None	None	None
Wealth Management Division	SEVP	Shui-Chin Shen	2012.01.07	632	0.0114	86	0.0016	0	0	EVP, ESB North Koahsiung Consumer Banking Center	SEVP, E.SUN FHC	None	None	None

Department	Position	Name	Date of Appointment	Shareholding in E.SUN FHC(2012.12.31)						Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
				Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
				Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Wealth Management Division	EVP	Louis Chang	2014.01.24	718	0.0130	170	0.0031	0	0	EVP, ESB Wealth Management Division	Director, E.SUN Insurance Brokers	None	None	None
Trust Department	GM	Chien-Chih Lin	2014.01.24	46	0.0008	0	0	0	0	Assistant VP, ESB Trust Department	None	None	None	None
Treasury Division	CFO/SEVP	Magi Chen	2014.01.24	820	0.0148	0	0	0	0	SEVP, ESB Treasury Division	CFO, E.SUN FHC	None	None	None
Treasury Division	SEVP	Joseph Shue	2014.01.24	355	0.0064	0	0	0	0	EVP, ESB Treasury Division	EVP, E.SUN FHC	None	None	None
Treasury Division	Vice CFO/ EVP	Hsien-Hsuan Tsai	2014.01.24	267	0.0048	0	0	0	0	EVP, ESB Treasury Division	None	None	None	None
Treasury Division	EVP	Peter Shih	2014.01.24	533	0.0096	0	0	0	0	EVP, ESB Treasury Division	None	None	None	None
Credit Card and Payment Finance Division	SEVP	Ben Chen	2014.01.24	2,235	0.0405	739	0.0134	0	0	SEVP, ESB Credit Card and Payment Finance Division	SEVP, E.SUN FHC Director, E.SUN Insurance Brokers Director, EASYCARD Investment Holdings Co. and EASYCARD Co.	None	None	None
Credit Card and Payment Finance Division	SEVP	Jung-Hua Lin	2014.01.24	757	0.0137	0	0	0	0	EVP, ESB Credit Card and Payment Finance	None	None	None	None
Credit Card and Payment Finance Division	EVP	Fu-Chung Huang	2014.01.24	305	0.0055	30	0.0005	0	0	EVP, ESB Credit Card and Payment Finance Division	None	None	None	None
Credit Card and Payment Finance Divisio	EVP	Samuel Lin	2013.02.01	424	0.0077	0	0	0	0	SVP, ESB Credit Card and Payment Finance	None	None	None	None
Audit Division	General Auditor	Chung-Chen Sun	2012.04.26	1,003	0.0182	80	0.0015	0	0	EVP, Credit Review & Management Division	None	None	None	None
Headquarter	EVP	Cheng-Kuo Li	2014.01.24	379	0.0069	46	0.0008	0	0	Senior VP of ESB President Office	None	None	None	None
Headquarter	Chief Compliance Officer/SVP	Fion Ouyang	2012..4.26	40	0.0007	0	0	0	0	GM, Legal Division	Chief Compliance Officer, E.SUN FHC	None	None	None
Legal Division	SVP	Mei-Cheng Chu	2014.01.24	19	0.0003	0	0	0	0	GM, Legal Division	None	None	None	None
General Affairs Division	EVP	Chien-Yu Chou	2007.02.15	1,671	0.0302	435	0.0079	0	0	EVP, ESB General Affairs Division	EVP, E.SUN FHC	None	None	None
Accounting Division	CAO/EVP	Kuan-Her Wu	2005.02.24	313	0.0057	0	0	0	0	EVP, ESB Accounting Division	CAO of E.SUN FHC, Supervisor of E.SUN Venture	None	None	None
IT Division	CIO/EVP	Wan-Li Hsieh	2013.02.01	370	0.0067	54	0.0010	0	0	EVP, ESB IT	CIO of E.SUN FHC	None	None	None
HR Division	Head of HR/ SEVP	J.C Wang	2012.01.07	1,856	0.0336	644	0.0117	0	0	SEVP, ESB HR Division	Head of HR, E.SUN FHC Director, ESB Supervisor of Shan Meng Investment Co. Ltd.	None	None	None
Risk Management Division	CRO/EVP	Oliver Hsieh	2013.02.01	647	0.0117	0	0	0	0	EVP, ESB Risk Management Division	CRO of E.SUN FHC	None	None	None
Credit Review and Management Division	GM	Hsiao-Lan Lin	2012.01.07	241	0.0044	211	0.0038	0	0	Assistant VP of Credit Review and Management Division	None	None	None	None

2.3 Renumeration of Directors (including Independent Directors), President and SEVP

(1) Remuneration of Directors

2013.12.31 Unit: NT$ thousands

Title	Name	Director Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees														Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowance (D)				Salary, Bonuses, and Allowance (E)		Severance Pay (F)		Profit Sharing-Employee Bonus (G)				Exercisable Employee Stock Options (H)		Holding Restricted Stock Options				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the financial statements	The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
List as following		6,672	6,672	0	0	62,000	62,000	5,580	5,580	0.84%	0.84%	17,137	17,137	0	0	2,000	492	2,000	492	0	0	0	0	1.06%	1.06%	0

* E.SUN FHC Representative: Chairman Kuo-Lieh Tseng; Managing Directors Joseph Huang, Jackson Mai, Chiu-Hsiung Huang, Chang Lin Jen Jen; Directors Chen-En Ko, Chi-Jen Lee, Hsin-I Lin, Chai-Kuo Chen, Jian-Li Wu, Tai-Chi Lee, Cheng-Pin Lee, Magi Chen, J.C. Wang, Mao-Chin Chen.

* All Bonuses to Directors in Director Remuneration has been paid to E.SUN Financial Holding Company.

Remuneration Bracket

Unit: NT$ thousands

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements (I)	The Company	Companies in the consolidated financial statements (J)
Under NT$ 2,000,000	Joseph Huang, Jackson Mai, Chiu-Hsiong Huang , Chang Lin Chen Chen, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin Chao-Kuo Chen, Chien-Li Wu,	Joseph Huang, Jackson Mai, Chiu-Hsiong Huang , Chang Lin Chen Chen, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin Chao-Kuo Chen, Chien-Li Wu,	Joseph Huang, Jackson Mai, Chiu-Hsiong Huang , Chang Lin Chen Chen, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Chao-Kuo Chen, Chien-Li Wu,	Joseph Huang, Jackson Mai, Chiu-Hsiong Huang , Chang Lin Chen Chen, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin , Chao-Kuo Chen, Chien-Li Wu,
NT$ 2,000,000 ~ 5,000,000	Chen-En Ko, Cheng-Ping Lee, Tai-Chi Lee, Magi Chen, J.C. Wang, Mao-Chin Chen	Chen-En Ko, Cheng-Ping Lee, Tai-Chi Lee, Magi Chen, J.C. Wang, Mao-Chin Chen	Chen-En Ko, Tai-Chi Lee, Cheng-Ping Lee,	Chen-En Ko, Tai-Chi Lee, Cheng-Ping Lee,
NT$ 5,000,000 ~ 10,000,000			J.C. Wang, Mao-Chin Chen	J.C. Wang, Mao-Chin Chen
NT$ 10,000,000 ~ 15,000,000			Magi Chen	Magi Chen
NT$ 15,000,000 ~ 30,000,000	Kuo-Lieh Tseng	Kuo-Lieh Tseng	Kuo-Lieh Tseng	Kuo-Lieh Tseng
NT$ 30,000,000 ~ 50,000,000	E.SUN FHC	E.SUN FHC	E.SUN FHC	E.SUN FHC
NT$ 50,000,000 ~ 100,000,000				
Over NT$ 100,000,000				
Total	74,252	74,252	93,881	93,881

* The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

(2) Comparison of Remuneration and the ratio of total Remuneration paid by the Company and by all companies included in the financial statements for the most recent two years to Directors, Independent Directors, President and Senior Executive Vice Presidents of the Company, to the net profit after tax

Unit: NT$ thousands

Title \ Year	2013						2012					
	The Company			Companies in the Financial Statements			The Company			Companies in the Financial Statements		
	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax
Directors	15	74,252	0.84%	15	74,252	0.84%	15	67,987	0.94%	15	67,987	0.94%
President and SEVP	13	60,322	0.68%	13	60,322	0.68%	15	76,519	1.06%	15	76,519	1.06%

Note: 2013 Bank Net Profit after tax was 8,847,604 thousand ; 2012 Bank Net Profit after tax was 7,204,092 thousand.

(3) The Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance:

a. The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

b. The performance review system and remuneration framework for high-level managers is first screened by the Company's Renumeration Committee, following which the board makes a final decision. Salaries of managers should reflect their professional experience, and the Company's, counterparts' and market standards and be given in accordance with E.SUN FHC Management Salary Payment Policy. The company will periodically evaluate the linkage of individual performance, profitability, operation, potential risk and salary to incentivate managers to achieve the set goal of the company which enables a manager's compensation to be closely related to operational performance. A manager's bonus will be impacted if a major risk event occurs that impacts the Company's reputation, inappropriate internal management is seen, or other abuses are documented. At the same time, the Company will carry out stress tests and scenario analysis to evaluate possible risk in the future, and the Risk Management Committee each quarter will report to the board and Auditing Committee on the level of such risk.

(4) Name of Managers who received dividend/bonus and the distribution thereof

unit : NT$thousands

Title	Name	Stock	Cash	Amount	Ratio of Amount to Net profit after tax (%)
President	Joseph Huang	1,845	5,550	7,395	0.08%
CEO of Consumer Banking Division	Suka Chen				
SEVP	Magi Chen				
SEVP	Ben Chen				
SEVP	J.C Wang				
CEO of Corporate Banking Division	Mao-Chin Chen				
SEVP	Biing-Huei Chen				
SEVP	Tung-Pao Cheng				
SEVP	Shui-Chin Shen				
SEVP	L .C. Lin				
SEVP	Tony Wan				
SEVP	Wen-Cheng Cheng				
General Auditor	Chung-Chen Sun				

3. Implementation of Corporate Governance

3.1 Board of Directors

A total of 11 (A) meeting of the board of directors were held in the previous period. Director and supervisor attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B / A】	Remarks
Chairman	E.SUN FHC representative Kuo-Lieh Tseng	11	0	100	Re-elected
Managing Director	E.SUN FHC representative Jospeh Huang	11	0	100	Re-elected
Managing Director	E.SUN FHC representative Chiu-Hsiong Huang	10	1	90.91	Re-elected
Managing Director	E.SUN FHC representative Jackson Mai	11	0	100	Re-elected
Independent Director (Managing Director)	E.SUN FHC representative Chen-Chen Chang Lin	11	0	100	Re-elected
Independent Director	E.SUN FHC representative Chen-En Ko	11	0	100	Re-elected
Independent Director	E.SUN FHC representative Ji-Ren Lee	11	0	100	Re-elected
Independent Director	E.SUN FHC representative Hsin-I Lin	9	2	81.82	Re-elected
Director	E.SUN FHC representative Chao-Kuo Chen	8	3	72.73	Re-elected
Director	E.SUN FHC representative Chien-Li Wu	11	0	100	Re-elected
Director	E.SUN FHC representative Cheng-Ping Lee	10	1	90.91	Re-elected
Director	E.SUN FHC representative Tai-Chi Lee	10	1	90.91	Re-elected
Director	E.SUN FHC representative Magi Chen	11	0	100	Re-elected
Director	E.SUN FHC representative J.C. Wang	11	0	100	Re-elected
Director	E.SUN FHC representative Mao-Chin Chen	9	2	81.82	Re-elected

Other mentionable items:

1. If there are the 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 independents' 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:

-Practice of Directors' avoidance of motions in conflict of interest:

Director Name	Content of Motion	Cause of Avoidance	Voting
Chai-Kuo Chen	Lending to Nien Hsing Textile Co., Ltd.	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Cheng-Pin Lee, Tai-Chi Lee	Lending to Yung Shin Securities	The motion involves a company whose owner is related to one of the Bank's board directors, either his/her spouse or relative within the second degree of kinship.	No
Jackson Mai	Invitation for bidders for construction of the Credit Card Building	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Mao-Chin Chen	Appointment of a board director to a subsidiary of the Bank's investee, Cambodia's Union Commercial Bank	The director has a personal interest in the matter under discussion.	No
Hsin-I Lin	Lending to Sinyi Realty Inc.	The matter under discussion involves an enterprise of which the independent director acts as the responsible person.	No
Magi Chen, Mao-Chin Chen	Promotion of SEVP	The director has a personal interest in the matter under discussion.	No
Mao-Chin Chen	Credit Card Service Agreement with Union Bank of Cambodia	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Mao-Chin Chen	Consulting Service Agreement with Union Bank of Cambodia	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Kuo-Lieh Tseng, Joseph Huang, Jackson Mai, Tai-Chi Lee, J.C. Wang	The motion with regard to making donations to the E.SUN Foundation and E.SUN Volunteer Foundation.	The motion involves making a donation to a foundation that is headed by a board director of E.SUN Bank.	No

3. Measures taken to strengthen the functionality of the Board:

The Board of Directors has established Audit Committee, Corporate Governance and Nomination Committee, Compensation Committee and Board Strategy Development Committee in June, 2008 to assist the Board in carrying out its various duties.

3.2 Audit Committee

A total of 11(A) Audit Committee meetings were held in the previous period. The attendances of Independent Directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B / A】	Remarks
Independent Director	Chen-En Ko	11	0	100	
Independent Director	Ji-Ren Lee	10	1	90.91	
Independent Director	Chen-Chen Chang Lin	11	0	100	
Independent Director	Shin-I Lin	9	2	81.82	

Other mentionable items:

1. If there are the 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: None

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:

-Practice of Directors' avoidance of motions in conflict of interest:

Name of the independent director	Content of Motion	Cause of Avoidance	Voting
Hsin-I Lin	Extension of the strategic alliance with Sinyi Realty Inc.	The matter under discussion involves an enterprise of which the independent director acts as the responsible person	No

3.Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)

Date	Method	Object of Communication	Subject of Communication	Result
2013.01.31	Audit Commitee	Appointed accountant of E.SUN	Report of the plan for auditing of 2012 Financial statements.	Acknowledged
		General Auditor of E.SUN	Report of the 2012 auditing work of E.SUN.	Acknowledged
2013.03.21	Audit Committee	Appointed accountant of E.SUN	Report of the result for auditing of 2012 Financial statements.	Acknowledged
2013.04.23	Audit Commitee	Appointed accountant of E.SUN	Report of appointed accountant of E.SUN	Acknowledged
		General Auditor of E.SUN	Report of the 2013 Q1 auditing work of E.SUN.	Acknowledged
2013.06.07	Audit Committee	General Auditor of E.SUN	Status of correcting deficiencies	Propose to the Boad of Director for approval and authorization
2013.08.22	Audit Commitee	Appointed accountant of E.SUN	Report of the result for auditing of 2013 H1 Financial statements.	Acknowledged
		General Auditor of E.SUN	Report of the 2013 H1 auditing work of E.SUN.	Acknowledged and executed with the suggested matter
2013.11.13	Audit Committee	General Auditor of E.SUN	Report of the 2013 Q3 auditing work of E.SUN.	Acknowledged and executed with the suggested matter
			Report of the 2014 auditing plan of E.SUN.	Propose to the Boad of Director for approval and authorization
2014.01.23	Audit Committee	Appointed accountant of E.SUN	Report of the plan for auditing of 2013 Financial statements.	Acknowledged
		General Auditor of E.SUN	Report of the 2013 auditing work of E.SUN.	Acknowledged
			Report of the 2014 auditing plan of E.SUN.	Propose to the Boad of Director for approval and authorization
2014.03.05	Audit Commitee	Appointed accountant of E.SUN	Report of the result for auditing of 2013 Financial statements.	Acknowledged

3.3 Corporate Governance Execution Status and Deviations from "Bank Governance Best-Practice Principles":

Item	State of Operation	Deviations from "Bank Corporate Governance Best Practice Principles" and reasons
1.Ownership structure and shareholders' equity of the Bank (1)The manner in which the Bank handles shareholders' proposals or disputes. (2)The ability of the Bank to identify its controlling shareholders and the ultimate person or persons behind such shareholders. (3)The ways the Bank establishes firewalls and risk management mechanisms with respect to its affiliates.	(1)E.SUN FHC is the sole shareholder of the Bank. the FHC's shareholder can file opinions via the FHC's Stock service department or customer service division. Qualified persons will then handle these Issues. Avenue for communication are quite smooth. (2)The Bank is a wholly owned subsidiary of E.SUN FHC. (3)Risk management committee has been set up to oversee the execution of risk management policy and culture. In addition, E.SUN risk management rules has been established.	No Difference
2.Duties of Board of Directors (1)State of Company designating of independent director. (2)State of regularly evaluating independence of certifying accountant.	(1)The Bank's Board has 15 members. On 7th of July, 2011. The Parent company appointed four Independent directors. The Company has formulated guidelines delineating the responsibilities of independent directors to serve as a basis for these individuals in carrying out their jobs. (2)The Company annually commissions an accounting agency to carry out and approve financial- and tax-related audits. The Auditing Committee and board screen accounting agencies for professionalism, independence and reasonable fees, after which they appoint an agency to serve as the Company's auditing accountant.	No Difference
3. State of establishing avenues of communication with interested parties	(1)The Bank has a special division in charge of building up and maintaining list of related party and related communication. (2)The Bank's customers can express their opinions through customer service units. Employee disputes will be handled by human resource division. (3)This ensures smooth communication channels for interested parties.	No Difference
4. Disclosure of information (1)The FHC has set up website for the disclosure of financial information and its corporate governance practices. (2)Any other methods adopted by the Bank for the disclosure of information (e.g., establishing English version website, appointing persons responsible for gathering and disclosing Bank information, implementing a spokesperson system, and placing the record of analyst meeting on its website).	(1)a.Disclose status of Financial information, Business operation and Corporate governance in the website (http://www.esunbank.com.tw/about/legal_info.info) b.Information disclosed include financial information, business operation, material for analyst meeting, internal control and contact information (2) a.The Bank has already set up English and Chinese websites. Designated persons are responsible for collecting and posting information on those sites. b.The Bank has mandated an individual with full knowledge of financial and operational information and department coordination ability as spokesperson. **E.SUN Bank Spokesman** Name: Magi Chen Position:SEVP Telephone +8862-2175-1313 #1833 Email: magi@email.esunbank.com.tw **Deputy Spokesman** Name: Mao-Chin Chen Position: CEO of Corporate Banking Division Telephone: +8862-2175-1313 #7048 Email: James-0081@email.esunbank.com.tw	No Difference
5.The status of establishment and operation of functional committees, such as Audit committee	(1)E.SUN FHC has established Audit Committee, Corporate Governance and Nomination Committee, Compenastion Committee, Board Strategy Development Committee and Corporate Social Responsibility Committee. Independent directors serve as conveners or participate in these committee. (2) E.SUN Bank set up Audit Committee on 2011.7.7 and E.SUN FHC appoints 4 Independent Directors to the Committee. a. Rules of Audit committee organization has been established. b.The committee is composed with all independent directors, the committee has the following main objectives in its work. 1.Ensuring the Company's financial statements are in proper form. 2.Selecting (dismissing) Certified Public Accountant(CPA), and to verifying CPA's independence and monitoring performance. 3.Ensuring effective implementation of the Company's internal controls. 4.Ensuring Company compliance with related rules and regulations. 5. Control the internal risk within the company. (3)Other information please refer to "3.2 audit committee" of Chapter 3 in this annual report.	No Difference

Item	State of Operation	Deviations from "Bank Corporate Governance Best Practice Principles" and reasons
6. If the Company has established corporate governance principles based on "Bank Corporate Governance Best-Practice Principles", please describe any discrepancy between the principles and their implementation. The Company practices Corporate Governance fully in accordance with "Bank Corporate Governance Best-Practice Principles" and there has been no difference. E.SUN Bank and E.SUN FHC have participated in the corporate governance certification system hosted by Taiwan Corporate Governance Association in an effort to strengthen and fulfill the corporate governance systems of the companies.		
7.Other important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors): (1)Enacted Guidelines for Minutes of Board Meetings to improve supervision and management of such meetings and to provide a regulatory basis to abide by in holding meetings. (2)The Company periodically asks directors and supervisors to take various courses. (3)The Company has established a Risk Management Division to draft and carry out risk control policies. The scope of risk reports and measurement systems cover the following: a.Credit Risk The information imparted at these events helps to establish systematic methods to manage risk derived from borrowers, counterparties, and portfolios, including creating an appropriate credit risk control environment, the adoption of credit risk controls for counterparties, and the establishment of counterparty credit ratings, along with limits on exposure to a single product, single industry, or single conglomerate. b.Market Risk The Company and all subsidiaries must establish price, currency, and interest rate fluctuation risk assessment and control mechanisms on all on-sheet and offsheet items. c.Operational Risk E.SUN is making every effort to establish operational procedures in all areas of business, and controls and auditing procedures on authorized limits, documents and custodianship of beneficiary certificates. d.Banking Book Risk E.SUN has established banking book interest risk management structure, related policy, method and procedure to measure, monitor and control Banking Book interest, and set up management index, warning threshold and limits. e.Legal and Compliance Risk E.SUN has established compliance officer system to effectively manage and improve the legal and compliance risk. f.Liquidity Risk E.SUN has established the mechanism of evaluating and monitoring liquidated positions to manage liquidity risk. g.Other Risk E.SUN has mechanisms to carry out and manage risk of reputation and other major risk via scenario stress tests, risk appetite analysis and capital adequacy. (4) E.SUN has always emphasized customer service quality. It provides customer complain channel and has implemented a number of customer protection policies. (5) In order to round out the company's corporate governance mechanism and reduce risk exposed to directors and key staff members of the company, E.SUN FHC has taken out liability insurance for directors, supervisors and key staff members. Those insured include past, present and future directors and key employees of E.SUN FHC and the FHC's subsidiaries, as well as managerial and supervisory personnel. The policies include liability insurance for these individuals, corporate compensation insurance, corporate securities claims liability coverage, and corporate employment practice liability coverage. (6)Employee disputes will be handled by Human Resource Division. This ensures smooth communication channels for interested parties. E.SUN holds knowledge sharing meetings in different region every year to disclose company's goal, policy and other employee-related information. In addition, employee welfare committee is set up to take care all employees. (7)To encourage shareholders participating corporate governance, regulation of AGM is conducted, in addition, spokesman system and stock affair unit provide a communication channel for shareholders to express their opinions. Disclose status of Financial information and Business operation within the website. (8)Political donation and donation to interested party and public interested group: 1. Political Donations:None 2. Interested Parties: E.SUN Volunteers Social Welfare and Charitable Foundation: About NT$28,692,686. (These donation includes the E.SUN World Card activity - the E.SUN Golden Seed Project - that is jointly carried out with E.SUN Bank and E.SUN Volunteers Foundation. A portion of the World Card annual fee and 0.3% of the spending made using the card is donated to the cause, which will create 100 libraries at elementary schools in remote areas.) 3. Public interested group: a.Chinese Taipei Baseball Association NTD 5,000,000.(E.SUN Cup Junior Championship). b.Taiwan Thinktank NTD 3,000,000. c.Taiwan Black Bear Conservative Association NTD 1,000,000. d.New Taipei City Quchi Natural Environment and Folk Art Development Association NTD 1,000,000. e.Taiwan small and medium enterprise Credit Gurantee Fund of Taiwan NTD 68,116,208. f.Central Health Insurance Charity Fund Account NTD 1,000,000. g.Others NTD1,010,000.		
8. Please describe the results of any corporate governance self-appraisals by the Company or appraisal reports commissioned by the Company, any shortcomings or suggestions presented in the reports and measures to rectify such: E.SUN Bank received Corporate Governance Advanced Certificate from Taiwan Corporate Governance Association. Taiwan's Corporate Governance Association has granted accreditation to the Bank in recognition of its commitment to corporate social responsibility as well as corporate governance. The Bank has devised a set of criteria for evaluating performance of board directors. Both the Audit Committee and contracted CPAs are consulted to determine the way and scope of evaluation. An exclusive email address is assigned for direct communication with the Audit Committee		

3.4 State of E.SUN Achieving Trustworthy Operations and Related Measures

Implementation of Ethical Corporate Management

Item	State of Operation	Any departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and reasons for such
1. Establishment of ethical corporate management policies and programs. (1) The Bank's explicit indication of its ethical corporate management policy in internal regulations and external documents; implementation of the pledge by its board of directors and management to enforce the policy rigorously and thoroughly. (2) The Bank's establishment of its own ethical corporate management program designed to forestall unethical conduct; implementation of operational procedures, guidelines and training laid out in the program.	(1) Based on a board of directors resolution, the Bank's parent company E.SUN FHC has established a set of "Ethical Corporate Management Principles, Operational Procedures and Guidelines (hereafter "Ethical Corporate Management Principles," applicable to the Bank as well). It illustrates E.SUN's ethical corporate management policy, which is specified through such channels as the corporate website, external documents and investor briefings. Meanwhile, it also specifies that the board of directors shall exercise the due care of a good administrator to urge the Bank to prevent unethical conduct, always review the results of preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policy. (2) To effectively forestall unethical conduct, the Bank makes ethical corporate management an integral part of its evaluation of employee performance and human resources policy. It has also established a clearly defined, effective system for setting rewards/penalties and handling complaints. (3) Standing by ethical principles and committed to honest business, the Bank refrains from engaging in business activities within its business scope that may incur a higher risk of committing acts of unethical conduct, and makes it a point to strengthen preventive measures. Meanwhile, the Bank refrains from offering political donations as it is set to uphold political neutrality.	None
2. Implementation of ethical corporate management (1) While engaging in commercial activities, the Bank shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Bank shall include in such contract provision demanding ethical corporate management policy compliance. (2) Status of the Bank's setting up a dedicated (concurrent) unit to be in charge of promoting ethical corporate management; status of oversight by the board of directors. (3) Status of the Bank's promulgating policies for prevention of conflicts of interests and offering appropriate means for related personnel to voluntarily explain whether their interests would potentially conflict with those of the Bank. (4) Status of the Bank's establishment of effective accounting and internal control systems designed to ensure ethical corporate management; status of examination by internal auditors.	(1) In the Ethical Corporate Management Principles, it is specified that the Bank shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Bank shall include in such contract provision demanding ethical corporate management policy compliance. (2) The regulatory compliance unit of the Bank's parent company E.SUN Financial Holding Co., Ltd. shall be responsible for amending and implementing the Ethical Corporate Management Principles and offering consultation and training; it is also supposed to compile reports on implementation results and submit them to the board of directors on a regular basis. (3) The Ethical Corporate Management Principles shall specify policies for preventing conflicts of interests and provide a smooth communication and complaint filling system. Employees can file reports through a number of channels to senior management and the Human Resources Division. (4) The Bank has established an effective accounting system that prohibits any outside or secret accounts. On top of an effective internal control system, the Bank has also established an internal audit unit under the board of directors; it is required to report to the Audit Committee and the Board of Directors at least once per quarter.	None
3. Status of the Bank's establishment of a formal channel for receiving reports on unethical conduct and of a disciplinary and complaint filling system to handle violation of ethical corporate management regulations.	(1) The Bank shall make ethical corporate management an integral part of its evaluation of employee performance and human resources policy and establish a clearly defined, effective system for setting rewards/penalties and handling complaints. (2) The Bank shall remove or discharge, in accordance with related laws or internal regulations, employees who commit major acts of unethical conduct. (3) The Bank makes it a point to offer a smooth communication and complaint system under which both the identity of informers and content of their reports shall be kept confidential. Employees can file reports through a number of channels to senior management and the Human Resources Division.	None

Item	State of Operation	Deviations from "Bank Corporate Governance Best Practice Principles" and reasons
4. Enforcement of information disclosure (1) The Bank's establishment of a corporate website to disclose information regarding its implementation of ethical corporate management. (2) The Bank's other information disclosure channels (e.g. maintaining an English-language website; designating people to handle information collection and disclosure and to post information onto the corporate website).	(1) The Bank's parent company E.SUN FHC has a corporate website, accessible in both Chinese and English, that discloses the Ethical Corporate Management Principles of its own as well as the Bank's ethical corporate management practices. (2) The Bank discloses its ethical corporate management policy through a number of channels: internal regulations, annual reports, the corporate website and other promotional materials. It also specifies this policy in investor briefings among other public occasions so that business partners and other related entities and individuals can clearly understand the Bank's ethical corporate management concepts and conventions.	None
5. If the Bank has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe any discrepancy in the Bank's implementation of the principles and explain why:none.		
6. Other important information to facilitate better understanding of the Bank's implementation of ethical corporate management (e.g., status of the Bank's getting across to business partners its resolve to implement ethical corporate management and related policies and its inviting business partners to participate in related training; status of the Bank's reviewing and amending its own ethical corporate management principles): the Bank's ethical corporate management principles and practices are subject to reexamination and readjustment whenever warranted. With "Pure as Jade, Sturdy as Mountain" as its hallmark in business operation, E.SUN Bank is committed to making "a paradigm of the financial services industry and a bellwether of the service industry." Over the years E.SUN has taken action to show care for society and honor its commitment to Taiwan. E.SUN aims to be recognized as not only the best-performing enterprise but also the most-respected one in Taiwan.		

3.5 Corporate Governance Guidelines and Regulations

Pleae refer to the Bank's website at http://www.esunbank.com.tw/about/legal_info.info

3.6 Other Important Information Enhancing Understanding of the State of the Company's Corporate Governance

The parent company, E.SUN FHC, has also produced the Self-assessment Report on Corporate Governance. This document was posted on the Market Observation Post System.

3.7 Internal Control

3.7.1 Representation on Internal Control

E.SUN COMMERCIAL BANK, LTD.

Representation on Internal Control

March 5, 2014

On behalf of E.SUN Commercial Bank, Ltd., we hereby declare that the company indeed complied with the Enforcement Regulations for FHC and Bank Internal Audit Control System during the fiscal year of 2013, and have established the internal control system and risk management mechanism and been audited by the independent internal auditors; the internal audit reports have been periodically presented to the Bank's board of directors and auditing committee.

Regarding securities business, according to criteria for evaluation of internal control systems required by the " Criteria for Establishment of Internal Control Systems by Securities and Futures Service Enterprises " promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission, our bank has carried out an evaluation of whether the design and implementation of our internal control system is effective.

Under due assessment, the internal controls and legal compliance of each department during 2013 are effectively in place. This representation will be a part of our annual report and prospectus, and will also be released to the public. The existence of discrepancies or omissions in the content of this representation would constitute violations of Articles 20, 32, 171 and 174 of the Securities and Futures Exchange Act and entail relevant legal responsibility.

Submitting to,

Financial Supervisory Commission, Executive Yuan

Chairman Gary Tseng

President Joseph Huang

General Auditor Chung-chen Sun

Compliance Officer Fion Ou Yang

3.7.2 Disclosure of any commissioned internal control review carried out by CPA: None

3.8 Legal Infractions and Punishment and Major Shortfalls and the State of Improvement over the Past Two Years

(1)Litigation filed by prosecutors of E.SUN's managers or employees in the line of work: None.

(2)Fines Levied by the FSC for Regulatory Violations: None.

(3)Deficiencies in business operations reprimanded by the FSC:

In response to the Bank’s failure to make public consolidated revenue for May 2013 by the tenth of the following month pursuant to pertinent regulations, the competent authority ruled that it was a deficiency worthy of rectification. The Bank responded by reviewing its various reporting procedures and establishing a management system governing all reporting operations. The system offers both prior reminders and notices of overdue cases to minimize the risk of repeating similar operating deficiencies going forward.

(4)Adverse decision(s), if any, by the Financial Supervisory Commission under Article 61.1 of the Banking Act : None.

(5)Losses, if any, resulted by events of corruption of personnel, serious accidents or incidents of security failure due to failed compliance with the Security Maintenance Requirements of Financial Institutions, of which the amount incurred during the period or cumulative actual amount incurred exceeds TWD50 million (where serious accidents means events of fraud, theft, misappropriation and embezzlement of company assets, false transactions, forgery of evidence and securities, acceptance of rebate, act of Nature, external force, computer hacking, theft of data and divulgence of trade secret and customer information): None.

(6)Other disclosures, if any, designated by the Financial Supervisory Commission: None.

IV. Capital Overview

1. Shares and Dividends

1.1 Source of Capital

2014.3.30 Unit: thousand shares, NT$ thousands

Month/Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Others
2007.1.1		2,890,991	28,909,905	2,890,991	28,909,905		
2007.6.5 (note1)	10	29,009	290,095	2,920,000	29,200,000	Retained Earnings	
2007.6.21 (note2)	20	200,000	2,000,000	3,120,000	31,200,000	Cash Capital	
2009.6.26 (note3)	10	62,400	624,000	3,182,400	31,824,000	Retained Earnings	
2009.12.4 (note4)	14	180,000	1,800,000	3,362,400	33,624,000	Cash Capital	
2010.6.3 (note5)	10	147,600	1,476,000	3,510,000	35,100,000	Retained Earnings	
2011.6.13(note6)	10	210,600	2,106,000	3,720,600	37,206,000	Retained Earnings	
2011.11.22(note7)	15	500,000	5,000,000	4,220,600	42,206,000	Cash Capital	
2012.6.8(note 8)	10	151,900	1,519,000	4,372,500	43,725,000	Retained Earnings	
2012.11.30(note9)	15	200,000	2,000,000	4,572,500	45,725,000	Cash Capital	
2013.6.6(note10)	10	412,500	4,125,000	4,985,000	49,850,000	Retained Earnings	
2014.3.21(note11)	15	140,000	1,400,000	5,125,000	51,250,000	Cash Capital	

Note1 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 5, 2007 granted approval for issuance in its letter Zidi 0960027542.
Note2 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on June 21, 2007 granted approval for issuance in its letter Zidi 09600256501.
Note3 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 26, 2009 granted approval for issuance in its letter Zidi 0980030711.
Note4 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on December 4, 2009 granted approval for issuance in its letter Zidi 09800558761.
Note5 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 3, 2010 granted approval for issuance in its letter Zidi 0990027492.
Note6 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 13, 2011 granted approval for issuance in its letter Zidi 1000025959.
Note7 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on November 22, 2011 granted approval for issuance in its letter Zidi 10000401021.
Note8 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 8, 2012 granted approval for issuance in its letter Zidi 1010024779.
Note9 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on November 30, 2012 granted approval for issuance in its letter Zidi 10100388601.
Note10 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on June 6, 2013 granted approval for issuance in its letter Zidi 1020021282.
Note11 : Ministry of Economic Affair on March 21, 2014 granted approval for issuance in its letter Zidi 10301045950.

1.2 Type of Shares

2014.03.30 Unit: Share

Type of Shares	Authorized Capital			Remark
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	5,125,000,000	0	5,125,000,000	

Note：The bank is a public company and the stock is not belong to listed or OTC stock.

1.3 State of Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.4 Shareholding Distribution Status

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.5 List of Major Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.6 Dividend Policy and Implementation Status

In order to achieve the goal of sound financial structure and to enhance the self-owned capital ratio, the policy of dividend distribution of the bank shall be primarily on the basis of stock dividend. In the event that at the year dividends proposed to be distributed the bank's BIS ratio after compilation of final financial statements is greater than the requirement by the regulatory agencies, the cash dividend may therefore be distributed but shall not be less than 10% of the total dividends. However, in case of the proposed distribution of cash dividend lower than NT$0.1 per share, the bank may, at its sole discretion, opt to make such distribution out of stock dividends. Before the legal reserve equals the total capital amount, the maximum cash distribution of profit shall not exceed fifteen percent of the total, paidup capital amount. The proposed dividends payout for the 2013 financial year is NT$1.14 per share.

1.7 Impact on business performance and earnings per share of stock dividend payment proposed at the most recent shareholders' meeting: Not applicable

1.8 Employee Bonus and Compensation for Directors

Article 40 of the Bank's Articles of Incorporation: Should the Bank in a fiscal year post profits, after the payment of taxes and appropriations for any accumulated deficit, a 30% legal reserve shall be set aside. A special reserve may also be set aside if needed. Distribution of the remaining funds, including retained earnings from the previous fiscal year, is as follows:
(1) Shareholder Dividend: 94%.
(2) Directors' Compensation: 1%.
(3) Employee Bonus: 5%.

1.9 Information on board-approved Employee Bonus and Compensation for Directors

(1) Employee Bonus is NT$ 310,000,000 and Directors' compensation is NT$62,000,000.

(2) Ratio between proposed stock dividends given out to employees and capital increments from retained earnings: Not applicable.

(3) Consider calculating EPS after the distribution of employees' bonuses and directors' and supervisors remuneration: Since 2008/1/1, the Bank adopted EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., the costs of employees' bonuses and directors' and supervisors remuneration are accounted for as expenses rather than distribution of profits. Thus, not applicable.

1.10 Share Repurchase: None.

2. Preferred Shares Issuance: None.

3. GDR Issuance: None.

4. Employee Stock Option and Status of New Shares: None.

5. Mergers and Acquisitions with other financial institutions: None.

6. Financing Plan and Implementation:

Analysis on previous issuances or private placement of securities and debentures have not been completed or the implementation impact of the recent 3-year financial plan has not been realized: None.

V. Operational Highlights

1. Business Activities

In 2013, E.SUN was well prepared. Under its strategy designed to "deepen its root in Taiwan and make inroads into Asia," it opened more branches both domestically and internationally while integrating virtual and brick-and-mortar outlets. E.SUN also continued its effort to secure a foothold in ASEAN as it aims for the best-performing bank in Taiwan and a benchmarking bank in Asia. The financial services industry tends to bring even faster changes and more complex uncertainties in 2014. Undoubtedly, E.SUN is ready to strive for organic growth, promote strategic alliances and consider M&A possibilities prudently. Doing its best in Taiwan, E.SUN is determined to grab the spotlight on the international stage.

1.1 Corporate Banking

(1) Corporate Lending

E.SUN's lending policies continue to operate under the same principle, which is to focus on providing credit to corporate clients with strong credit records and reputable operations. At the same time, it protects itself by continually enhancing its risk control mechanisms. This has helped to boost capital utilization and enhance asset quality. At the end of 2013, the outstanding of corporate lending stood at NT$413,258 million, representing 50.04% of the Bank's total loan portfolio. Corporate lending increased NT$47,821 million in 2012. Of these loans, 49% were provided to the manufacturing industry, 15% to the financial, insurance and real estate industries, and 18% to the wholesale and retail sector.

(2) Foreign Exchange

As of December 2013, the total amount for foreign currency deposit equal to NTD 191,903 million, increased by 18.23% compared to year 2012. It now has 130 domestic branches with designated foreign exchange bank status that form a solid network of trade service channels throughout Taiwan. In terms of e-channels, emphasis is placed on automated cash flow tools and mobile foreign exchange services. Above all, the Bank is keen to reach out to more customers by combining the virtual and the branch channels, thereby offering customers a fully satisfying foreign exchange experience. The Bank has established remittance links with correspondent banks in major cities around the world. The DBU were allowed to execute RMB business since 2013/2/6. To respond the market, E.SUN released a "Fast, Easy and Flow" remittance service for renminbi to promote the market occupation and reputation of our Bank in the cross boarder RMB remittance market. In sum, the volume of import, export and remittance business grows 51% in 2013 compared to year 2012.

1.2 Consumer Banking

(1) Deposit and Remittance

At the end of 2013, the Bank's total deposits amounted to NT$1,150,220 million, a rise of 11.729% from the end of 2012. Demand deposits amounted to NT$634,398 million, comprising 55% of all deposits. Time deposits amounted to 45% of all deposits, amounting to NT$515,822 million. The structure of deposits is advantageous to the Bank and the amount of deposits continues to grow.

(2) Mortgage Loan

In the property market, authorities imposed selective credit control over mortgage loans meant for specific areas and high-priced houses. Coupled with the compulsory registration of actual transaction prices and levy of a luxury tax, property transactions lost steam last year. As it grows the mortgage business, E.SUN Bank always places equal emphasis on quantity and quality. Taking into account customer differences, it seeks to provide customers with comprehensive asset planning, thereby meeting their every need and enhancing customer value across the board. As of the end of 2013, the Bank's outstanding balance of mortgage loans came in at NT$364,382 million. In 2014, it remains to be seen what the Fed's tapering of its QE stimulus may mean in macroeconomic terms and what effect it may have on property markets. Of particular concern is certainly the possibility of the Fed's reverting to rate hikes, a move that will inevitably heighten the risk of debtor default. As such, E.SUN is ready to determine pricing strictly in accordance with risk differentials, seek out quality clients, keep up debt quality and deepen relationships with high-asset customers.

(3) Unsecured Personal Loan

As far as credit lending was concerned, priority was given to sustaining growth with profits and growing the business steadily. Building on the existing credit lending business, E.SUN developed new kinds of loans that call for supplementary collateral to increase both interest and fee income. With equal emphasis placed on quantitative and qualitative growth, it was also keen to keep tight control of asset quality at large. In terms of business promotion, the Bank made use of a great variety of channels in expanding product and image exposure. Fully integrated marketing campaigns were undertaken to attract quality clients. Coupled with meticulously calibrated database marketing, E.SUN was able to grow its customer base and enhance customer contributions. Meanwhile, various risk identification models and tools were developed to help the Bank stay up to date with customer risks. Innovation means competitiveness. As such, E.SUN introduced a brand new process for extending loans, making an utterly refreshing experience for customers all the way from loan application to loan allocation. While the Taiwan economy is expected to pick up slightly in 2014, E.SUN Bank will retain its stringent control over asset quality while growing the credit lending business. The goal is to ensure healthy growth in earnings.

(4) Small Business

Small Businesses (SBs) have played a key part in Taiwan's economic development. They contribute to economic growth by serving every aspect of daily lives. E.SUN considers it a corporate social responsibility to help SBs survive and grow. Its branches are charged with the duty of maintaining and deepening relations with customers in their neighborhood, including SBs owners. Emphasis is placed on making available to SBs and their employees unsophisticated consumer banking products efficiently. E.SUN joins forces with the government's SME Credit Guarantee Fund to provide SBs with the working capital they need. This, of course, complies with the Fund's mission: "make use of credit guarantee in helping SMEs secure loans from financial institutions to foster economic development and social stability."

(5) E-commerce and Internet Banking

In the development of electronic banking and commerce, the Bank is committed to innovation and refinement of internet, mobile and cash flow services. In August 2013, E.SUN updated its online banking services meant for individual customers. On top of a friendlier user interface and more personalized services, customers were accorded the convenience of undertaking money transfers to accounts that had not been designated in advance for such purposes. In September, E.SUN emerged as the first local bank to introduce third-party payment services.

Thanks to the Bank's identity certification and cash storage services, trading security was guaranteed for both buyer and seller. The Bank determines to continue to enhance in innovation of the cash management and functions of internet banking, in an effort to maximize the benefits its e-channels have to offer and take the lead of next-generation electronic banking.

1.3 Wealth Management

The Bank's commitment to providing customers with specialized wealth management services did not go unnoticed. In 2013, E.SUN was accorded the weekly Business Today's Best Wealth Management Bank Award and top prize of its Best Reassurance Awards for the wealth management industry.

(1) Mutual Funds

Mutual funds constitute the main focus of E.SUN's wealth management, helping customers to build up core assets. It also assists customers in allocating assets and understanding the importance of stop-loss and lock-in-gain. The Bank is actively developing new financial products, including those for AUM, and using IT, data analysis and professional financial advisory team to help the customer to allocate their assets in the most appropriated methods. As of the end of 2013, the total amount of overseas trust assets stood at NT$104,073million, while the total amount of domestic trust assets stood at NT$32,825 million, and custodianship stood at NT$120,720 million.

(2) Bancassurance

In bancassurance, E.SUN is keen to provide customers with better-rounded, premium-quality coverage planning and after-sales service. In addition to ensuring product completeness and variety, and improving service quality and procedures, emphasis is also placed on working with partner insurers to develop offerings available only at E.SUN. In return, customers can enjoy tailor-made services and a truly unique bancassurance experience at E.SUN. Furthermore, databank mining analysis always plays an important part in the Bank's wide variety of marketing endeavors so as to meet the needs of different segments of customers and deepen customer relationship, thereby maximizing the efficiency and returns therein.

(3) Trust

E.SUN takes every opportunity to demonstrate its dedication to providing trustworthy services. It tailors trust products to individuals and provides comprehensive trust services to meet the needs of customers. E.SUN is committed to providing a full spectrum of innovative, quality trust services. Based on customer needs, it is ready to offer professional recommendations and assist in custom-made planning. The Bank offers trust for the following: advance receipts, third-party payments, restricted stock, cash for property transactions, insurance money, securities, realty development, and employee shares/savings. Also available are testamentary, charitable and all kinds of tailor-made trusts. Separately, E.SUN is always keen to introduce products in a class of their own. In 2013, the Bank joined forces with 7-Eleven in launching "Ticket Presale Pro," an innovative service that delivers customer convenience quickly. As of the end of 2013, total assets under trust stood at NT$270,196 million, which was a rise of NT$27,914 million from the previous year. Assets under custodianship in the form of securities stood at NT$3,333 million, while asset funds under custodianship in special accounts amounted to NT$120,720 million.

1.4 Credit Card

Although the credit card market in 2013 was impacted by a downturn in economic environment, the total amount of credit card spending, the number of cards in circulation, and the cards in force all experienced slight growth. As of the end of 2013, E.SUN had 3.48 million cards in circulation, ranked No.3 among peers, with 2.35 million cards in force. The amount of credit card spending during the year was around NT$193.1 billion, card in force and amount of spending occupy above 10% of the market. Meanwhile, E.SUN's NPL ratio of credit card revolving stood at 0.23%, which was better than the market average 0.29%, pointing to a continued strong asset quality.

E.SUN continued to attract more customers and pursue a strategy of growth in this area of operations. Making inroads into the credit card market remains a priority. When it comes to the sixth batch of Travel Cards meant for civil servants, E.SUN was by far the largest provider with a market share of over 70%. Likewise, E.SUN is ranked No. 1 in both the number of World MasterCards in circulation and cardholder spending. Having issued more than 2 million co-brand EasyCards, it is also the largest card provider serving the micro payments market. As is appropriate to customer preferences, a great variety of publicity events are undertaken to increase cards in circulation, sustain cards in force and expand cardholder spending, thereby further advancing E.SUN’s market share. Meanwhile, emphasis is placed on enhancing market visibility and engaging more authorized shops, thereby meeting customer needs and creating customer value. E.SUN emphasizes integrated marketing in each of its product lines, making customers even more inclined to use the Bank's cards.

1.5 Investment

Investments by E.SUN Bank at the end of 2013 stood at NT$2,583 million. The Bank maintains stakes in the following companies: Taipei Forex Inc. (0.81%), Taiwan Futures Exchange (0.45%), Financial Information Service (2.28%), Bank Pro E-Service Technology (3.33%), Taiwan Asset Management (0.57%), Taiwan Financial Asset Service (2.94%), Taiwan incubator SMEs Development (3.44%), Taiwan Finance (0.41%), Apex Venture Capital (4.67%), EASYCARD Investment Holdings Corp. (4.82%) and Sunny Asset Management Corp. (4.35%).

In addition, the Bank invested in Cambodia's Union Commercial Bank, Plc., holding 70% of its total shares; the face value of the investment recognized under equity method is NT$ 2,066 million.

2. Business Plan

The financial services industry of 2014 is likely to bring both opportunities and challenges. In particular, banks rely on their branches in delivering the latest innovation in financial services to customers. Branches are indeed the battlefield where banks can expect to win over customers and expand their reach of business. For its part, E.SUN Bank seeks to maximize its reach of financial services by diversifying retail channels, consolidating virtual and brick-and-mortar outlets, and setting up both domestic and overseas locations. Committed to prudent business principles and practices, it is keen to keep up a fresh and vigorous brand image. Above all, it seeks to meet customer needs and secure customer satisfaction by delivering a full spectrum of financial services.

2.1 Corporate Banking

(1) E.SUN will continue to be customer-oriented, strive for cross border customers and will work to add depth to its relationship with customers. In addition, it will work in conjunction with government policy to foster the development of SMEs, becoming the best partner for SMEs as they grow.

(2) E.SUN will utilize the SME Credit Guarantee Fund and other global insurance company as external resource, continue to enhance the risk management mechanism and asset allocation, in an effort to maintain the superiority and asset quality of a Tier 1 bank.

(3) In conjunction with its expanding overseas operations and cross border service, E.SUN will use information technology and expertise as a foundation, integrate the resource from our FHC, and its brand name and professional workforce as the core of its efforts to meet the service needs of customers.

(4) Continue to provide a comprehensive range of diverse financial products and services, and help E.SUN become best partner for successful companies.

2.2 Consumer Banking

(1) E.SUN's branch network continues to grow, now reaching 136. The comprehensive services provided by these branches enhance customer satisfaction and loyalty. In tandem with its virtual network and mobilization, E.SUN has established an even more well-rounded and tight-knit financial services network.

(2) Give a new look to E.SUN branches, expand the reach of customer services and refresh customers' e-banking experiences. To deepen the relationship with customers by drawing on this new look of E.SUN outlets, in an effort to create value in wealth management that benefits both E.SUN and its customers.

(3) The global financial services industry has undergone significant changes in recent years. E.SUN thus makes it a point to reinvent itself in all dimensions—people, products, organization and systems. To maximize the economies of scale, it seeks to build an environment and atmosphere conducive to marketing across the board. In other words, everyone working in the Bank's retail channels is charged with the duty of marketing.

(4) E.SUN channels are going international. The Bank will not only further deepen its overseas operations but also promote businesses throughout its overseas channels, thus ushering in new earnings sources.

2.3 Wealth Management

(1) The bank will uphold "Pure As Jude, Sturdy As Mountain" as the core ideal, to draw on the Bank's knowledge-sharing platform in spreading and passing on the expertise regarding how to render quality services, thus building a comprehensive set of on-the-job training courses for all positions. E.SUN will continue to train more wealth management specialists with the capacity for serving customers with

professionalism and devotion. Emphasis is also placed on devising investment strategies that best suit economic cycles and optimizing asset allocation for customers in a timely and effective fashion.

(2) In terms of mutual fund services, the Bank will further enhance its competitiveness by expanding its business presence in the custodian sector and thus raising constant inflows of fee income. Meanwhile, it will bolster its product offerings by introducing funds unique in their own right for which E.SUN serves as the exclusive vendor. Above all, E.SUN will stay proactive with up to date know-how as it strives to meet diverse customer needs and optimize allocation of customer assets.

(3) Persist with innovation and develop new varieties of trust services, such as the trust of advance receipts, third-party payments and restricted stock.

(4) To accommodate fast changes in regulations and external environment, E.SUN always makes it a point to keeps it eyes on the new market trend and business opportunities with innovative mind. Among other initiatives to meet all kinds of customer needs, plans are under way for the Bank to trade securities (U.S. and Hong Kong stocks) on its trust business platform, at the same time, expand the clientele for dual currency derivatives and structured products. Also, provide specialized investors with tailor-made offerings.

(5) By empowering its e-channels, the Bank is keen to improve its online wealth management system. With risk control kept intact, trading procedures of mutual funds and foreign currency have now been made more efficient. Wealth management is also made a feature of the Bank's mobile banking platform, making it easier for customers to manage their wealth via the power of technology.

2.4 Credit Card

(1) The belief that customers always come first dictates how E.SUN conducts business. Build a complete product mix. Provide customers with the right credit cards and to satisfy the comprehensive demands of the customers.

(2) The Bank is keen to increase card uses and cardholder spending by launching a great variety of promotional campaigns, to identify customer preferences and tendencies. Develop and maintain decisive channels; enhance the frequency and amount of cardholder spending, and in turn devise strategies to have its credit cards accepted as users' favorite.

(3) Continue to Innovate and expand the added features and functions of credit cards; provide cardholders with more convenient and faster payment options and mobile services.

(4) E.SUN utilizes model application and information systems to forge a comprehensive risk management mechanism based on changes in the environment, and ensure legal compliance and the constant betterment of systems. These plans help to prevent risk, monitor risk post disbursement, and determine when it is appropriate to seek collection on overdue credit. The Bank will enhance its operating procedures, and reduce costs and NPLs, helping to yield the maximum business results.

(5) Introduce a greater number of partner stores willing to offer discounts as well as authorized shops for acquiring services. Branches are encouraged to participate in this initiative, thereby expanding the synergies of authorized shops and enhancing the visibility of E.SUN credit cards in the market.

3. Market Analysis

Generally, the world economy underwent a phase of readjustment and transformation in 2013. It continued running on low gear as a good number of uncertainties remained. To be sure, political and economic complications—jitters over QE tapering, China's economic slowdown, the U.S. fiscal stalemate, turmoil in the Middle East and heightened tension in East Asia—hampered its recovery and resulted in a disappointing year. Signs of improvement emerged in the second half of the year. Stabilization of the U.S. and European economies brought rays of hope. But resolving structural problems needs time. Against a still challenging external environment, a solid recovery looks unlikely anytime soon. Modest growth is thus expected of the world economy in 2014.

Some Economies Grow More Strongly Than Others

Economic sluggishness remained a feature of 2013. But there were already some conspicuous structural changes. In the first half of the year, the U.S. and Japan enjoyed modest growth, the eurozone was yet to break away from its plight, and emerging markets began losing steam. Combined, the world economy was mired in a muted recovery. Things turned for the better a bit in the second half as the U.S. recovery persisted, the eurozone showed marginal growth, and the Chinese economy stabilized. All in all, still high unemployment in developed countries weakened consumer demand, which in turn deprived emerging economies of growth momentum. According to Global Insight (GI) estimates released in November 2013, the world economy was expected to grow at a slower pace of 2.5% last year. In 2014, the U.S. will play a decisive role in sustaining a global recovery. The eurozone, Japan and mainland China are set to continue their economic restructuring. On the other hand, global monetary policy is expected to remain accommodative so as not to derail a still fragile economic recovery. GI expected the world economy to grow 3.1% this year, higher than the long-term average of 3%.

For the U.S., its ongoing modest recovery is far from solid. In 2013, GDP growth accelerated quarter by quarter. With QE keeping down long-term interest rates, a moderate pickup in the housing market prompted private investment to grow strongly. Moreover, the manufacturing sector grew steadily as the Obama administration's push to bring manufacturers home and double exports in five years paid off. The government's aggressive bid for invigorating the jobs market was also rewarded with a decline in the unemployment rate to 6.7% in December. Yet unemployment remained a thorny problem against a drop in the labor participation rate and a still massive jobless population measured on a long-term basis. Fortunately, a subsequent string of encouraging economic numbers inspired optimism over the 2014 outlook for the U.S. economy, leading many to believe that it will steer the world toward the path of moderate growth this year. GI predicted that U.S. GDP growth will accelerate to 2.5% in 2014 from 1.9% in 2013. Still, some points argue that since significant momentum in both consumption and investment are lacking, fiscal restraints and QE tapering uncertainties should not be ignored. Such eminent economists as Paul Krugman and Lawrence Summers caution that low growth is likely to become the norm. A full-fledged economic recovery may be a long way off.

The eurozone is gradually pulling out of recession but still lacks the momentum to sustain a full recovery. While the sovereign debt crisis abated in 2013, it could not expect to undertake economic restructuring overnight. Given across-the-board fiscal restraints, economies in the region had no choice but to rely on the ECB's monetary easing. In November, the ECB reduced its benchmark rate to a new low of 0.25%. This stimulus paid off as private investment rose and the manufacturing sector expanded. According to GI, the eurozone is expected to grow 1.1% in 2014, reversing the 0.4% contraction of 2013. The future of the eurozone hinges on structural reforms, which are inevitably subject to the working of political forces. With the EU monitoring their budgets, a number of countries are now undertaking structural reforms. In December, Irish and Spanish banks decided to make an exit from the EU's emergency relief program. But it remains to be seen how the broader structural reforms in this part of the world may play out down the road.

Emerging economies seem losing their luster. Given still sluggish major economies and the specter of the Fed's imminent tapering of QE, they had to cope with a second consecutive year of slower growth in 2013. For its part, mainland China pledged to vie for economic growth that strikes a balance in both quantity and quality. The heightened risk of a hard landing in the first half was averted as the country adopted minor stimulus and was able to return to a more comfortable pace of growth. The Indian economy was mired in the doldrums as, on top of inflation and capital flight, current account and fiscal deficits weighed on investor confidence. With the economy slipping and inflation running high at the same time, Brazil's central bank was forced into a sixth consecutive rate increase to 10%. In Southeast Asia, economies suffered from a variety of negative factors: political bickering, natural disasters and financial market turmoil. Against ongoing economic restructuring, emerging markets will have to cope with the pressure of capital outflows back to the U.S. and Europe in 2014. The more vulnerable countries—Brazil, India and Turkey—will sustain a heavier impact from the exit of QE. By contrast, export-oriented countries are likely to benefit from the recovery of developed economies. Combined, according to GI estimates, emerging economies are expected to grow 4.8% in 2014, a bit faster than the 4.7% in 2013.

Abenomics Leads Japan Out of Doldrums

Japan has restored economic vitality and gradually broken away from deflation. Abenomics began to assert itself at the end of 2012. In practice, its "three-arrow" initiative—ultra-easy monetary policy, aggressive fiscal policy and structural reforms—was designed to end over two decades of stagnation. Thanks to the first two arrows, the yen depreciated by 21% versus the dollar and equities rallied more than 50% in 2013. With consumer and business confidence both lifted, GDP grew 4% in the first half of the year. This rosy picture, however, darkened again in the third quarter as growth missed expectations and decelerated to 1.1% amid weaker exports, lackluster investment and slower growth in consumption. Moreover, the near-term economic outlook is further overshadowed by an imminent increase in the country's sales tax to 8% from 5% in April 2014. To offset its impact, Prime Minister Abe introduced a 5.5 trillion yen stimulus program. Based on GI estimates, the Japanese economy should grow slower by 1.4% in 2014, compared with 2013's 1.6%. On the other hand, Japan's CPI rose an annualized 1.3% in February 2014, signaling moderate growth for a sixth consecutive month. In a December report on the economy, the Bank of Japan acknowledged progress in combatting deflation by deleting any reference to the term outright.

Despite optimism for the near term, it is the apparent slow progress in shooting the third arrow—structural reforms that weigh heavily on the future of the Japanese economy—that is worrying. In June 2013, the Abe administration unveiled a new economic growth strategy to stimulate private investment. As of October, however, it had followed up with no more than a few reform bills aiming at the electricity industry, agriculture, special economic zones and upgrade of industrial competitiveness without spelling out convincing action plans. Structural reforms remain a formidable challenge.

China Conducts Restructuring to Create a New Growth Model

As far as the Chinese economy is concerned, precedence is now given to stability over growth as the country is set to break away from the past by deepening reforms. Given its new economic thinking, the new leadership is willing to tolerate slower economic growth in the restructuring process and refrain from aggressive stimulus measures. But it is also ready for carefully calibrated policy adjustment to keep up GDP growth of 7-8%, thereby protecting the jobs market. China saw its export expansion slow for a second consecutive year in 2013 amid weaker end-user demand, industrial restructuring, higher labor costs and a stronger yuan. Government efforts to stimulate private consumption did not seem to work as they were offset by a less aggressive subsidy policy and anti-luxury and anti-corruption initiatives. Likewise, private investment fell further amid overcapacity, government policy to cool the property market and local debt burdens running high. This hardly encouraging picture was made even more worrisome by other potential risks in the form of shadow banking, liquidity shortages and housing bubbles. Fortunately the economy managed to stabilize in the second half as the government channeled funds toward the real economy, reduced taxes for small and medium-sized enterprises and undertook railway projects in central and western China among other micro-stimulus measures. Alongside the mainland's various ongoing reforms, stabilization of the world's other economies is expected to foster Chinese exports in 2014. For their part, various reform programs are expected to stimulate domestic demand as well, giving the economy enough impetus to keep up reasonable growth. GI's projection is for GDP to grow 7.5% this year, down from 7.7% the year before.

Reform is the greatest premium mainland China has to offer. It will set the stage for the country's economic development over the coming decade. The 12th Five-Year Plan spelled out how the Chinese economy is going to proceed with structural reforms. President Xi Jinping also presented his blueprint: Decision of the CCCPC on Some Major Issues Concerning Comprehensively Deepening the Reform. In this document that comprises 60 main points in 16 categories, Xi highlighted deregulation and giving the market a decisive role in economic activities. In particular, "we will uphold the direction of reform towards the socialist market economy"; "we will further streamline the administration and delegate more power to lower levels," keeping administrative approval procedures to a minimum. Separately, plans to push people-oriented urbanization, improve the household registration system and ease birth restrictions will prove crucial to expanding domestic demand. In terms of financial reform, private capital will be allowed to go toward the establishment of small and medium-sized banks. The exchange rate of the yuan will be permitted to move further toward a market-based mechanism. The government will also accelerate interest rate liberalization and opening of the capital market in both directions. For China, 2014 is none other than Year One for deepening reforms that are both diverse and complex. The aim is to create a new growth model for the country by ushering in more market elements into socialism with Chinese characteristics. But it remains to be seen how the intended reforms, a formidable undertaking that promises to encounter numerous challenges, E.SUN will continue to monitor the relevant development and respond accordingly.

Taiwan Lacks Internal Momentum, Needs to Promote Exports

As Taiwan's monitoring indicators rightly reflected, the economy was mired in the doldrums in 2013. Exports fell short of expectations as the world economy also lost steam and mainland Chinese exporters emerged as stronger competitors. Private consumption found no incentives amid political bickering, hikes in electricity rates and regress in real wages. Despite the aggressive capital expenditures of semiconductor companies and telecom operators, private investment lost steam in the second half as most businesses were unwilling to invest amid murky economic prospects. All in all, internal as well as external demand was in need of boosting. Research institutions reckon that the Taiwan economy has entered a phase of "soft expansion" or is being trapped in a new pattern of micro-growth. Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS) was forced to slash its GDP growth projection for 2013 quite a few times, from 3.53% seen at the beginning of the year to 2.11%. In 2014, an anticipated pickup in the world economy is expected to give a boost to Taiwan's exports. But there is no underestimating competition posed by rival exporters. On the domestic side, only minor growth is projected as investor confidence is unlikely to improve much and businesses remain reluctant to invest. For its part, the DGBAS predicted that GDP would grow a far from impressive 2.82% this year.

Taiwan relies heavily on exports. Competitiveness in overseas markets determines its economic success. Exports edged up 0.7% in 2013 after growing 2.4% in the first half and falling 1% in the second. It deserves special attention that second-half exports actually ran counter to the bullish theme for most other parts of the world. To be sure, Taiwan's lackluster export performance of recent years could be attributed to competition posed by China and Korea, excessive concentration in some industries, and lack of competitive brand names in the world market. China has been promoting some key industries and growing localized supply chains. Industries on both sides of the Taiwan Strait are increasingly competitive instead of complementary. For its part, Korea has been proactive to expand markets by entering into free trade agreements with trading partners. After the U.S. and Europe, it is now in FTA talks with China. Taiwan's industries are bound to sustain an even heavier impact if Korea and China also become FTA partners. After inking the ECFA with China, Taiwan also signed economic cooperation agreements with New Zealand and Singapore in 2013. But it remains a formidable challenge for Taiwan to get fully involved in regional integration. It is equally important to upgrade the competitiveness of local industry. As there is no short cut to industrial restructuring, still, Taiwan's export is facing challenge for high expansion

QE Tapering Brings Financial Markets to a New Era

In 2013, most central banks persisted with easy monetary policy to stimulate their respective economies. But concern over the Fed's possible tapering of QE was already setting in. Market volatility intensified as capital started flowing out of emerging markets back to the U.S. and Europe. Commodity prices went downhill. While central banks may head for monetary policy divergence in 2014, low interest rates are expected to stay in place for a while so as not to derail the ongoing economic recovery. With the Fed backing out of bond purchases, financial markets are bound to take on a different look: the dollar tends to strengthen while emerging economies are confronted with the challenge to preserve economic and financial stability.

For developed countries, easy monetary policy is set to remain the theme. QE tapering means that the U.S. is reverting to conventional monetary policy. As the U.S. economy stabilized and fiscal impasse eased, Fed Chairman Bernanke decided that, before his own term expired, QE should start to make an exit five years after its activation, by March 2014, the Fed has reduced monthly bond purchases to US$ 55 billion. The Fed, however, can be expected to keep interest rates low for quite a while yet as there is still a long way to go before the economy fully recovers. For its part, the eurozone also persisted with easy monetary policy in order to stimulate growth and ward off deflation. Two quarter-point cuts in 2013 brought the benchmark rate to a record low of 0.25%. Moreover, the ECB hinted that an additional rate cut or more quantitative easing would not be ruled out if necessary. Japan also expanded quantitative easing in 2013. The BOJ is ready to keep buying an additional 50 trillion yen of long-term bonds each year to pull the economy out of its chronic slump and push inflation to 2%.

For emerging economies, in response to their respective economic and financial conditions, they are set to adjust monetary policy differently in 2014. In 2013, China mainly resorted to open market operations in regulating liquidity while phasing in reforms to have interest rates determined by market forces. In 2014, it is expected to ward off financial risks by maintaining monetary policy neutral to tight. Given their reliance on international capital, Southeast Asian countries may have to cope with an impact from QE tapering. Thanks to much bolstered economic structures, however, they are unlikely to suffer a rerun of the 1998 financial storm. But a tightening of monetary policy may be needed to curb capital outflows and prevent excessive currency swings. Take the Indonesian currency that lost 23% in value in the second half of 2013. The country's central bank countered with two quarter-point rate hikes.

Amid expectations for QE to make an exit, the dollar first strengthened before weakening again in 2013. Now that QE tapering is already on course, the dollar can be expected to regain momentum. In the eurozone, the sovereign debt crisis eased and the economy stabilized in 2013. The euro thus fluctuated upward. The eurozone's single currency, however, is set to come under pressure in 2014 as the ECB may become more aggressive in monetary easing. Prodded by Abenomics, the yen slid to 105 versus the dollar from 86 in 2013. Its downward trend is poised to persist this year. In 2013, the yuan continued refreshing new highs since China's currency reform in 2005. To be sure, a stronger yuan can help the economy shift emphasis to domestic demand from outbound shipments and help to establish China's leading position in the integration of RECP to counter the US TPP. However, in Q1 of 2014, yuan took a different direction and increase the volitility to 2%, which should be closely monitored. For its part, the Taiwan dollar mostly traded at 29-30 versus the dollar in 2013. QE tapering is expected to push it down in 2014, but the extent may not prove significant thanks to the central bank's long-term policy of maintaining a "dynamically stable" currency.

4. Financial Products R&D and Business Status

E.SUN pays close attention to the banking environment and changes in customer needs. It has made efforts to develop the following product lines to meet client demands.

In the area of corporate banking, E.SUN is customer value-oriented, constantly striving to enhance banking service products and efficiency, thereby boosting its competitiveness. In tandem with the bid for expanding overseas and building an Asian presence, E.SUN charges its global finance team with the task of growing business across Greater China. In the highlight were the launch of DBU-conducted yuan services and opening of more overseas outlets. On the foreign exchange front, E.SUN has introduced express remittances in RMB business, express remittances to and from Cambodia, and other cross-border cash flow services. Also, E.SUN is expanding foreign currency deposits and the scale of its trade financing. As for e-banking, it is awarded for offering the best payment system in Taiwan, the Bank took the lead to introduce "E.SUN Corporate Banking on the Move" that allows entrepreneurs to keep track of capital movements anytime and everywhere. The Bank continues to enhance its corporate internet bank and cash management products, providing safe and convenient cross-strait services and increasing demand deposits and handling fee income.

In terms of personal e-banking services, E.SUN has added certain functions on the mobile banking, including "notification—transfers to non-designated accounts," "notification of foreign currencies hitting preset price targets" and "foreign currency trading", which are services that can induce customers to transact directly, thereby creating and enhancing the value of retail channels. Meanwhile, a variety of value-added applications and services like "Cycling" and "Mobile Coupons" have been introduced to make possible smart living in finance and refresh customer experiences. When it comes to cross-border collections, E.SUN has now made available QR code-aided mobile payments. Chinese consumers and Taiwanese vendors both stand to benefit as the former can make payments simply by means of QR code scanning with their handsets, helping SMEs cope with cash flow complications and facilitating business both in and outside Taiwan.

To further grow the wealth management business, the Bank will continue its development and integration of information systems in 2014. In the highlight are the systems of transaction management, customer relationship management and investment statement planning system. Efforts will also be made toward enhancing operational efficiency and saving manpower costs, making the online banking platform even more versatile, and providing customers with timely, convenient channels for various transactions, thereby creating greater customer usage and building trust. Likewise, the Bank will continue diversifying both its channels and product lines so that customers can fully enjoy a one-stop shopping experience. The Bank is set to further enhance service quality, consolidate service teams, and upgrade the expertise and competence of its wealth management consultants so as to best serve all customer segments and ensure sustainable growth going forward.

E.SUN makes it a point to offer credit card services across the board, providing different customer segments with exclusive benefits and services that best appeal to them. E.SUN's World MasterCard is rightly a symbol of the Bank's VIP customers. In particular, the E.SUN Golden Seed Project has won the endorsement of many cardholders. Parts of their annual fees and general payments are used as donations toward remote areas for the establishment of libraries for elementary school pupils. As of the end of 2013, 70 had been set up. In due time this number will be increased further to 100 so that cardholder benevolence can extend to more schoolchildren in need of help. At E.SUN, priority is given to providing these VIP cardholders with prestigious, considerate services. Placing equal emphasis on quantitative and qualitative aspects, E.SUN focuses on growing and expanding VIP clients. The Bank is also keen to encourage customers to engage its wealth management services, thus creating the greatest possible benefits from integrated marketing initiatives.

The number of outlets accepting small payments has grown substantially. E.SUN's co-brand EasyCard took the lead to offer a built-in capacity for automatic cash storage. This was complemented by a campaign to incentivize cardholders to make use of it: every three cash replenishments at 7-Eleven stores will be rewarded with a cup of coffee or a comparable gift. Separately, an "E.SUN Ubike Smile 123" drive was launched in 2013. When renting a Ubike, holders of E.SUN's co-brand EasyCard could pay nothing for the first hour and half the price from the second hour onwards. They could also share their biking experiences on E.SUN's Facebook Fan Page and get enrolled in prize-drawing. The campaign proved a huge success as Ubike uses expanded substantially to make a unique city scene of Taipei.

On top of travel insurance, E.SUN's newly launched Signature Business Card provides a great variety of benefits: handsome cash rebates for buying Taiwan High Speed Rail tickets and seating upgrade to business class; free shuttle services to and from the airport; free access to VIP lounges at the airport; discounts for parking in major cities, etc.

JCB Precious is designed specifically to provide visitors to Japan with the finest services. On top of free access to VIP lounges at Japanese airports, cardholders are entitled to cash rebates for buying Taiwan High Speed Rail tickets, free shuttle services to and from local airports, and discounts for afternoon tea at local five-star hotels. Separately, E.SUN's co-brand card in conjunction with Taiwan's largest hypermarket chain Carrefour rewards cardholders with special privileges every Wednesday and every 13th of the month. It stands out as the best choice for hypermarket shopping for daily necessities.

E.SUN's Travel Card is highly popular among civil servants around the country. The Bank is keen to collaborate with local governments and the Tourism Bureau in organizing all kinds of events and offering discounts for tickets to promote the local tourism industry. In the highlight are the Yilan International Children's Folklore & Folkgame Festival, Yilan Green Expo and Taiwan Lantern Festival. E.SUN believes every journey makes a memory to be treasured.

E.SUN's co-brand Signature EasyCard in collaboration with Luxgen Motor provides cardholders with such benefits as discounts at the latter's repair shops, cash rebates at gas stations, zero-interest installment plans for auto insurance, etc. In other words, E.SUN and Luxgen work hand in hand to provide motorists with convenience and comfort on the road.

To build up reputation in the recreational and tourism industry, E.SUN teams up with Taiwan's top 20 travel agencies, airlines, hotel chains and B&Bs in devising seasonal events as well as domestic and overseas tours. The Bank offers such benefits as zero-fee installment plans, rewards for specific cardholder spending levels, and cash rebates for overseas spending. It also joins local governments in organizing tourism events and producing pamphlets. All these cardholder events and benefits are designed to portray E.SUN as a premium brand in the recreational and tourism industry. On the other hand, E.SUN also provides cardholders with discounts in buying tickets for artistic and cultural events. These include such exhibitions as Renoir and Painters of the Twentieth Century and Robot Kitty as well as the performances of Vienna Boys' Choir. Cardholders can also buy discounted tickets for theme parks and cinema chains. Besides compiling a booklet on selected eateries, E.SUN offers discounts for patronizing some of the most popular restaurant chains. Similarly, discounts are made available for theme restaurants as are appropriate to the season or specific festivals. For cardholders, E.SUN may thus always take a special place in some of their most cherished memories. On the other hand, E.SUN partners with more gas station chains than any other local credit card provider to offer discounts every day of the week, a benefit most desirable for most cardholders.

To effectively meet customer needs, E.SUN Bank is devoted to updating its mobile payment services. As the first local acquiring bank approved to make use of QR codes, it now offers the option of mobile payments for credit card spending by means of QR code scanning. Meanwhile, it has launched an NFC handset credit card on a trial basis. Credit card information can be downloaded over the air (OTA) into the cardholder's SIM card. Cardholders can use their handsets as credit cards in patronizing more than 10,000 authorized shops around the country, including restaurants, theaters, hypermarkets and gas stations.

By providing a full range of innovative and considerate services, E.SUN intends its credit cards to meet every customer need. In effect, E.SUN aims to nurture a "Can't resist using E.SUN Card" urge among customers by keeping up their satisfaction while encouraging card uses whenever and wherever possible.

To build a stronger capacity for managing the risks of financial products, the Bank is proactive to upgrade its market risk management system. Employees charged with financial engineering responsibilities are also called upon to further enhance their professional competence so that the Bank can place the risks of financial products under effective control. In a similar vein, research is undertaken to learn more about the risk factors of especially complex derivatives. Thanks to the measures cited above, the Bank is able to build a stronger analytical ability for protecting its transactions and investment holdings against market swings. Based on the same analytical ability, it is able to lay down related countermeasures and a quota management mechanism, thereby keeping track of the risk brought by market volatility for the Bank's investment and trading positions.

The Bank adopts an internal control system that complies with regulations laid out by the competent authority. As is dictated by ongoing developments in different business lines, the Bank updates its internal control self-checklist and manual whenever warranted so as to ensure a better-rounded internal control system. When it comes to operational risk management, the Bank has enforced comprehensive rules and regulations. These are complemented by such management tools as risk control self-assessment, key risk indicators and collection of operational risk loss data, as the Bank persistently identifies, evaluates and monitors operational risk.

Innovation is one of the most effective strategy for creating long-term value. It also holds the key

R&D Expenditures in recent two years:

Unit: NT$ thousand

Item	2013	2012
R&D Expenditures	750,311	703,408

to E.SUN's across-the-board development going forward. The Bank is set to continue working on the following:

(1) Stay abreast of the latest trends of IT development and customer needs; conduct marketing that integrates different product lines; further refine financial products and innovate customer experiences.

(2) Give priority to risk management while operating systems in a safe and reliable manner; enforce stringent control over lending quality; cultivate a risk control and management mindset to facilitate both pre-event prevention and post-event evaluation.

(3) Integrate the virtual and the brick-and-mortar and strive for cross-sector innovation with a view to providing corporate and individual customers with the newest cash flow services, thereby maximizing customer value.

5. Human Resource

Innovative Mindset and Excellent Performance

Competition in financial markets knows no borders. To prevail in this competitive setting, it is crucial for enterprises to pinpoint their strategic goals and empower their employees for innovation. At E.SUN, building a well-rounded talent pool is a priority. And emphasis is placed on to ensure that every member of the E.SUN family can incorporate readiness for innovative thinking into their career path within the corporate hierarchy. As such, the Bank is set to nurture a sufficient number of top-notch financial professionals that serve as a driving force behind its rapid but sustainable development as well as constant pursuit of higher ground.

Development of Human Capital

High-caliber talent provides the driving force for corporate growth. As of December 2013, E.SUN was home to 6,364 employees who were 31.6 years of age on average. In a breakdown by academic achievements, 21.2% had graduate degrees, 70.9% undergraduate degrees, and 7.9% diplomas from junior colleges or other institutions. At E.SUN, promoting a talent development system that takes account of its strategic goals is considered crucial to its sustainable development in the long run.

In 2013, the Bank offered 271 classes under its internal training program and sent employees to attend another 508 classes organized by other specialized institutions. Combined, attendees totaled 44,640. Each employee underwent an average of seven training classes. All employees, from novices to executives, are given the opportunity to further upgrade their specialized skills and management competence. Knowledge drives performance, this is how E.SUN keeps its human capital competitive.

From Caring to Inspiring

E.SUN considers itself a family and every employee is treasured as a member of this family. Every man and woman at E.SUN helps and supports one another as they work together toward creating an environment of passion and vitality. A well-rounded mechanism of employee welfare and care is put in place so that everyone can become fully devoted to doing jobs and realizing dreams. Moreover, a clearly defined promotion and rotation mechanism is enacted to ensure that whoever aims for a long-term career at E.SUN will be rightly rewarded. As employees pursue personal growth and push on to higher ground, E.SUN can expect to draw on their support of its long-term bid for becoming a benchmark in the financial services industry.

5.1 E.SUN Bank Human Resource information

Item \ Year		2014/3	2013	2012
No. of Employees		6,319	6,364	5,862
Average Age		32.5	31.6	31.4
Average Years of Service		6.6	6.4	6.2
Educational Background (%)	Master's	21.5	21.2	20.4
	Bachelor's	70.7	70.9	70.7
	College	7.0	7.1	8.0
	High School (Vocational)	0.8	0.8	0.9
Number of Professional License	Bank	18,659	18,232	16,134
	Insurance	6,701	6,611	5,765
	Security	5,753	5,656	4,759
	Others	510	478	357

5.2 Advanced Training for Employees

(1) In accordance with its employee training guidelines, E.SUN arranges training and education opportunities for its employees each year.

(2) Based on the Bank's employee training and study guidelines, the supervisors in each department select employees to attend training courses or workshops either in Taiwan or overseas.

(3) In an effort to nurture a workforce with top-notch expertise and acumen in the banking industry, E.SUN built its own human resource development center to provide necessary training. Since its inauguration in June 2004, the facility has provided numerous learning opportunities for its employees.

(4) Education and training expenses amounted to 1.13% of total revenue in 2013.

5.3 Advocacy or Implementation of Employee Behavior or Code of Service Concepts

(1) E.SUN's employees must sign a pledge to fulfill the E.SUN employee service and behavior guidelines and regulations.

(2) E.SUN will disclose these guidelines and regulations both on internal and external websites to enable employees to browse through and familiarize with the information at will.

(3) E.SUN will periodically publicize and provide online quizzes for its employees on the information included in the guidelines and regulations.

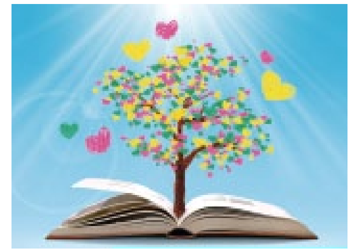
(4) Strengthen management to ensure the security of personal information is in line with the Personal Information Protection Act.

6. Corporate Responsibility and Ethical Behavior

E.SUN has clearly set forth a vision to fulfill its corporate responsibility to society (CSR) constitutes a clear strategy within E.SUN's operations. As a result, E.SUN spares no effort in planning and participating in social welfare activities, environmental protection initiatives, athletic activities, volunteer service, academic and education projects, and cultural activities. It also seeks to lend its corporate support with the objective of building something greater for the public, thereby fulfilling its responsibility as a corporate citizen.

E.SUN initiated the Golden Seed Project, this long-term initiative is aimed at creating E.SUN libraries in remote areas, thereby improving facilities to offer a more conductive environment for reading and studying. The project also promotes gifts of books and long - term maintenance of the facilities. E.SUN hopes that the systematic promotion and implementation of this program will help to close the gap between urban and rural areas and will provide the environment and resources to foster a love of reading among schoolchildren. Having greater access to books will enable them to read more, expanding their horizons and leading to new opportunities. As of the end of 2013, 70 E.SUN libraries had been established throughout Taiwan. Furthermore, the “E.SUN Volunteer Passport” was issued to encourage employees to take action to serve the public good. Likewise, the “Care for Schoolchildren Project” was introduced to help disadvantaged pupils and those adversely affected by major crisis, thus easing the financial burden on their households. Hopefully the beneficiary children could thus focus on their studies and enjoy a happier childhood. As of the end of 2013, the project had donated funds to 8,075 elementary schoolchildren.

E.SUN produced the E.SUN Green Policy, which exhibits its commitment and determination to environmental protection. It incorporated ISO 4001 Environmental Management System and continues to include electronic energy efficiency and environmental protection considerations in its lending activities and encourages energy conservation. The Bank also holds many environmental protection activities. To solicit more rigorous and concrete action, E.SUN has also invited business partners and major suppliers to jointly sign a Statement of Commitment to Human Rights and Environmental Sustainability. Separately, the Bank continued its sponsorship of Yushan National Park’s trails and its promotion of environmental education, joined forces with Yangmingshan National Park to organize the 2013 Yangmingshan Butterfly Festival. When it comes to promoting ecological and environmental awareness, E.SUN organized the “Lucky Cat Loves Earth” campaign to advance waste sorting; it also assisted in making the documentary “Black Bear Forest” to enhance public attention to conserving and protecting nature. Last but not least, E.SUN takes pride in being a signatory to the voluntary energy conservation initiative launched by the Bureau of Energy, Ministry of Economic Affairs. E.SUN initiated activities to clean up mountains. Company employees and volunteers cleaned up 21 mountain trails throughout the island. The Bank is cooperating with Shinhua Forest Station, which is managed by National Chung Hsing University, in promoting a six-year activity to plant trees. It participated in an activity to encourage people to turn off their lights on the summer solstice, while on Earth Day, it urged people to turn off lights for one hour. It also called for people to switch off their lights on the Mid-Autumn Festival for one hour so people could see the moon better. E.SUN participated in the Clean Up the World, Protect Taiwan's Environment activity. It also participated in International Car Free Day, joining with the rest of the world in advocating energy conservation



and reducing carbon emissions. Meanwhile, on the 13th day of each month, each department in E.SUN holds activities to promote environmental-related concepts and deeds.

On another front, E.SUN has been providing resources to improve the environment in Taiwan to foster the development of baseball. The Bank established the E.SUN Youth Baseball Fund Special Account, and the fund is being used to help stage the E.SUN Cup National Tournament, the E.SUN Sports Injuries Prevention Workshop, the E.SUN Youth Baseball Pitcher & Catcher Training Camp, and the Baseball Assistance Project for Remote Areas. Meanwhile, as of the end of 2013, E.SUN has provided baseball gear to baseball teams at 18 schools, including Meiho Senior High School, Mailiao Senior High School, Hsinshe Senior High School, and Cheng Te High School. E.SUN also invites coaches from Major League Baseball to Taiwan to give lectures and impart the latest techniques, skills, and psychology with regards to coaching. This has enabled Taiwan's youth baseball coaches to draw on the latest training methods, helping to create an even stronger foundation for youth baseball to develop on Taiwan.

E.SUN provides academic opportunities to outstanding students exhibiting potential, offering these individuals with scholarships so they can complete their education free from financial worries. To date, the Bank has provided scholarships to 66 students over the past eight years under its Outstanding Manager Training Program. It hopes that the financial assistance will help to create the groundwork for these students to become outstanding managers. In an effort to encourage the publishing of papers in the world's leading management publications, E.SUN has, in conjunction with National Taiwan University, established the E.SUN Academic Prize, which is awarded to three individuals. This is aimed at helping to raise the research standards in Taiwan's field of management. E.SUN is also actively providing assistance to the Financial Supervisory Commission in an activity carried out in neighborhoods and on campuses to promote proper concepts among the public and students with regards to spending and other banking-related knowledge. E.SUN also teamed up with SAS Taiwan, a leader in business analytics software and services, to organize the “Campus Data Mining Contest.” Furthermore, E.SUN co-sponsored the first Google AdWords Challenge, a training program for digital marketing. It was not only an endeavor to further enhance financial services technologically but also an act to honor the Bank’s corporate social responsibility.

E.SUN continues to hold blood drives, helping hospitals to increase their reserves of blood. Meanwhile, E.SUN employees and volunteers

continue to accompany children living in orphanages to baseball games and storytelling activities. Assistance is also provided to tutor children, clean up neighborhoods, and hold charity and fund-raising activities. It hopes these efforts will enable children to have happy memories as they grow up and bring love and compassion to every corner that needs it.

E.SUN takes up corporate social responsibility as a long-term commitment. Taking the inspiration from Taiwan's tallest peak Yushan, E.SUN does its best in every aspect of business to attain the ultimate goal of making the best bank in this country. In 2013, the Bank's parent company E.SUN Financial Holding Co., Ltd. was rated by Commonwealth magazine as the local financial industry's No. 1 recipient of its Commonwealth Corporate Citizen Award for the fifth time. The year also saw the Bank win a string of recognitions and awards: citation by the Environmental Protection Administration (EPA) as a bellwether entity of "green procurement" for the forth consecutive year and by Taipei City government as an outstanding company of "green procurement in the private sector"; rating by the weekly Business Today as No. 1 winner of its Best Service Awards for the wealth management sector of Taiwan's banking industry and top prize of its Best Reassurance Awards for the wealth management industry; rating by Commonwealth magazine as the top local financial industry to receive Gold Medal Service Awards for three consecutive years; the SME Credit Guarantee Partner Awards for both institutions and individuals from the Ministry of Economic Affairs for the eighth straight year—a record unmatched in the local financial services industry; the Joint Credit Information Center's Golden Quality Award for the lending data segment. As can be verified by the accolades cited above, the Bank not only provides customers with trustworthy financial services but also acts as a positive force of love and care capable of inspiring the entire community to follow its lead.

VI. Financial Information

Contents

1. Condensed Financial Statements from 2009~2013

(1) Condensed Balance Sheet (Consolidated)

Unit NT$1,000

Item \ Year		Financial data 2012-2013 (Note1) 2013	2012	As of February 28, 2014 (Note 2)
Cash and cash equivalents、due from the central bank and call loans to banks		79,225,351	78,924,090	2014 (Note 2)
Financial assets at fair value through profit or loss		283,198,494	61,246,430	280,539,844
Available-for-sale financial assets		71,157,160	76,155,007	82,307,285
Derivative financial assets for hedging		0	0	0
Securities purchased under resell agreements		0	210,863	0
Receivables, net		56,093,380	44,058,948	57,257,004
Current tax assets		159,549	159,455	179,281
Assets held for sale, net		0	0	0
Discounts and loans, net		828,238,170	735,406,720	843,683,211
Held-to-maturity financial assets, net		8,593,699	211,168,563	9,496,096
Investments accounted for using equity method, net		0	0	0
Restricted assets		0	0	0
Other financial assets, net		15,499,801	4,392,491	4,907,132
Properties and equipment, net		18,486,668	16,373,001	18,376,804
Investment properties, net		1,057,348	2,193,124	971,664
Intangible assets		5,457,944	4,137,558	5,184,996
Deferred tax assets, net		181,998	448,281	182,585
Other assets		1,563,680	1,457,072	1,905,508
Total assets		1,368,913,242	1,236,331,603	1,430,065,755
Due to the Central Bank and other banks		47,645,621	46,652,824	55,839,589
Funds borrowed from the Central Bank and other banks		0	0	0
Financial liabilities at fair value through profit or loss		5,838,296	6,978,757	11,567,793
Derivative financial liabilities for hedging		0	0	0
Securities sold under repurchase agreements		6,254,291	4,957,725	6,769,580
Payables		15,554,501	21,307,584	24,220,149
Current tax liabilities		409,930	826,344	720,427
Liabilities directly associated with assets held for sale		0	0	0
Deposits and remittances		1,157,482,350	1,029,974,595	1,193,089,273
Bonds payable		47,500,000	47,000,000	46,500,000
Preferred stock liabilities		0	0	0
Other financial liabilities		2,195,311	1,412,646	3,388,556
Provisions		380,251	428,108	380,646
Deferred tax liabilities		745,553	764,038	743,421
Other liabilities		1,452,548	1,189,424	1,475,440
Total liabilities	Before distribution	1,285,458,652	1,161,492,045	1,344,694,874
	After distribution	(NOTE2)	1,162,808,520	(NOTE2)
Equity attributable to owners of the Company		82,750,226	74,839,558	84,896,020
Capital stock		49,850,000	45,725,000	49,850,000
Capital surplus		12,573,696	12,345,531	12,618,658
Retained earnings	Before distribution	20,170,387	16,685,595	22,029,535
	After distribution	(NOTE 2)	11,244,320	(NOTE2)
Other equity		156,143	83,432	397,827
Treasury stock		0	0	0
Non-controlling interests		704,364	0	474,861
Total equity	Before distribution	83,454,590	74,839,558	85,370,881
	After distribution	(NOTE 2)	73,523,083	(NOTE2)

Note1: Based on audited financial statements.
Note2: Based on unaudited financial statements.

(2) Condensed Statement of Comprehensive Income (Consolidated)

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data 2012-2013 (Note 1)		As of February 28, 2014 (Note 2)
	2013	2012	
Interest revenue	22,330,735	22,577,990	3,973,459
Interest expense	(9,443,827)	(9,251,236)	(1,745,865)
Net interest (Note 3)	12,886,908	13,326,754	2,227,594
Net revenues and gains other than interest (Note 4)	13,072,553	9,139,569	2,696,501
Total net revenues	25,959,461	22,466,323	4,924,095
Bad-debt expenses and provision for losses on guarantees	(1,706,514)	(2,019,923)	(305,430)
Operating Expenses	(13,725,279)	(11,964,659)	(2,374,914)
Income before income tax from continuing operations	10,527,668	8,481,741	2,243,751
Income tax (expense) benefit	(1,680,158)	(1,316,482)	(368,674)
Net income from continuing operation	8,847,510	7,165,259	1,875,077
Net income (loss) from discontinued operations	0	0	0
Net income (loss)	8,847,510	7,165,259	1,875,077
Other comprehensive income for the year, net of tax	147,390	260,534	273,004
Total comprehensive income	8,994,900	7,425,793	2,148,081
Net income attributable to owners of the Company	8,847,604	7,165,259	1,864,406
Net income attributable to non-controlling interests	(94)	0	10,701
Total comprehensive income attributable to owners of the Company	8,998,778	7,425,793	2,111,403
Total comprehensive income attributable to non-controlling interests	(3,878)	0	36,678
Earnings per share (New Taiwan Dollars)	1.77	1.50	0.37

Note 1: Based on audited financial statements.

Note 2: Based on unaudited financial statements.

Note 3: Negotiable certificates of deposits (NCD) purchased since 2013 were classified as held for trading financial assets with its earning interests (amounted to 1,584 million) therefore classified as revenues other than interest. Otherwise interest revenue in 2013 including interest from NCD amounted to 14,471 million and represented compound annual revenue growth rated 8.59%.

Note 4: The Company recorded expenses related to credit card rewards of bonus points (amounted to 794 million) as general and administrative expenses (part of operating expenses) in compliance with credit card accounting since 2013. However, taking these expenses into calculating, service fee income therefore were amounted to 7,135 million and represented compound annual income growth rated 34.67%.

(3) Condensed Balance Sheet (Unconsolidated)

Unit:NT$1,000,

Item \ Year		Financial data 2012-2013 (Note 1) 2013	2012	As of February 28, 2014 (Note 3)
Cash and cash equivalents、due from the central bank and call loans to banks		76,148,621	78,924,090	121,741,311
Financial assets at fair value through profit or loss		283,198,494	61,246,430	280,539,844
Available-for-sale financial assets		71,152,842	76,155,007	82,303,001
Derivative financial assets for hedging		0	0	0
Securities purchased under resell agreements		0	210,863	0
Receivables, net		56,058,752	44,058,948	57,195,446
Current tax assets		159,549	159,455	170,188
Assets held for sale, net		0	0	0
Discounts and loans, net		822,018,909	735,406,720	836,937,125
Held-to-maturity financial assets, net		8,593,699	211,168,563	9,496,096
Investments accounted for using equity method, net		2,065,612	0	2,138,462
Restricted assets		0	0	0
Other financial assets, net		15,495,332	4,392,491	4,902,572
Properties and equipment, net		18,140,151	16,373,001	18,297,959
Investment properties, net		1,057,348	2,193,124	971,664
Intangible assets		4,181,034	4,137,558	4,152,453
Deferred tax assets, net		181,626	448,281	194,445
Other assets		1,533,172	1,457,072	1,868,128
Total assets		1,359,985,141	1,236,331,603	1,420,908,694
Due to the Central Bank and other banks		47,037,326	46,652,824	54,847,701
Funds borrowed from the Central Bank and other banks		0	0	0
Financial liabilities at fair value through profit or loss		5,838,296	6,978,757	11,567,793
Derivative financial liabilities for hedging		0	0	0
Securities sold under repurchase agreements		6,254,291	4,957,725	6,769,580
Payables		15,409,929	21,307,584	24,048,659
Current tax liabilities		374,974	826,344	684,090
Liabilities directly associated with assets held for sale		0	0	0
Deposits and remittances		1,150,641,738	1,029,974,595	1,185,635,866
Bonds payable		47,500,000	47,000,000	46,500,000
Preferred stock liabilities		0	0	0
Other financial liabilities		1,927,219	1,412,646	3,388,556
Provisions		380,251	428,108	380,646
Deferred tax liabilities		743,421	764,038	743,421
Other liabilities		1,127,470	1,189,424	1,447,632
Total liabilities	Before distribution	1,277,234,915	1,161,492,045	1,336,013,944
	After distribution	(Note 2)	1,162,808,520	(Note 2)
Equity attributable to owners of the Company		82,750,226	74,839,558	84,894,750
Capital stock		49,850,000	45,725,000	49,850,000
Capital surplus		12,573,696	12,345,531	12,618,658
Retained earnings	Before distribution	20,170,387	16,685,595	22,023,662
	After distribution	(Note 2)	11,244,320	(Note 2)
Other equity		156,143	83,432	402,430
Treasury stock		0	0	0
Non-controlling interests		0	0	0
Total equity	Before distribution	82,750,226	74,839,558	84,894,750
	After distribution	(Note 2)	73,523,083	(Note 2)

Note 1: Based on audited financial statements.
Note 2: Earnings distribution of the year(ended December 31)2013 shall be resolved in the shareholders' meeting.
Note 3: Based on unaudited financial statements.

(4) Condensed Statement of Comprehensive Income (Unconsolidated)

Unit:NT$1,000, Except Earnings Per Share

Item / Year	Financial data 2012-2013 (Note 1)		As of February 28, 2014 (Note 2)
	2013	2012	
Interest revenue	22,121,594	22,577,990	3,866,527
Interest expense	(9,343,458)	(9,251,236)	(1,698,001)
Net interest (Note 3)	12,778,136	13,326,754	2,168,526
Net revenues and gains other than interest (Note 4)	13,020,825	9,139,569	2,690,904
Total net revenues	25,798,961	22,466,323	4,859,430
Bad-debt expenses and provision for losses on guarantees	(1,653,829)	(2,019,923)	300,258
Operating Expenses	(13,631,177)	(11,964,659)	(2,340,857)
Income before income tax from continuing operations	10,513,955	8,481,741	2,218,315
Income tax (expense) benefit	(1,666,351)	(1,316,482)	(359,782)
Net income from continuing operation	8,847,604	7,165,259	1,858,533
Net income (loss) from discontinued operations	0	0	0
Net income (loss)	8,847,604	7,165,259	1,858,533
Other comprehensive income for the year, net of tax	151,174	260,534	246,997
Total comprehensive income	8,998,778	7,425,793	2,105,530
Net income attributable to owners of the Company	8,847,604	7,165,259	1,858,533
Net income attributable to non-controlling interests	0	0	0
Total comprehensive income attributable to owners of the Company	8,998,778	7,425,793	2,105,530
Total comprehensive income attributable to non-controlling interests	0	0	0
Earnings per share (New Taiwan Dollars)	1.77	1.50	0.37

Note 1: Based on audited financial statements.
Note 2: Based on unaudited financial statements.
Note 3: Negotiable certificates of deposits (NCD) purchased since 2013 were classified as held for trading financial assets with its earning interests (amounted to 1,584 million) therefore classified as revenues other than interest. Otherwise interest revenue in 2013 including interest from NCD amounted to 14,362 million and represented compound annual revenue growth rated 7.77%.
Note 4: The Company recorded expenses related to credit card rewards of bonus points (amounted to 794 million) as general and administrative expenses (part of operating expenses) in compliance with credit card accounting since 2013. However, taking these expenses into calculating, service fee income therefore were amounted to 7,085 million and represented compound annual income growth rated 33.74%.

(5) Condensed Balance Sheet – ROC GAAP

Unit:NT$1,000

Item / Year		Financial data for the most recent five years (Note) (2012、2011、2010、2009)			
		2012	2011	2010	2009
Cash and cash equivalents、due from the central bank and call loans to banks		78,924,090	64,947,853	57,888,365	226,975,581
Financial assets at fair value through profit or loss		61,142,893	52,152,745	54,900,270	39,489,518
Securities purchased under resell agreements		210,893	29,789	1,439,552	3,384,993
Available-for-sale financial assets		76,155,007	52,860,765	47,546,797	36,818,491
Discounts and loans		735,406,720	656,008,834	599,161,337	550,483,765
Receivables		44,304,823	42,260,221	35,891,606	32,990,151
Held-to-maturity financial assets		211,168,563	253,283,859	254,655,585	18,278,241
Investments accounted for using equity method		0	0	0	0
Properties		16,373,001	15,599,517	14,194,456	13,859,239
Intangible assets		4,137,558	4,036,275	3,991,910	4,030,756
Other financial assets		4,392,491	3,497,546	2,801,199	6,146,635
Other assets, net		3,672,695	2,667,589	2,169,454	2,339,493
Total assets		1,235,888,704	1,147,344,993	1,074,640,531	934,796,863
Due to the Central Bank and other banks		46,652,824	38,052,926	38,869,814	39,051,957
Deposits and remittances		1,029,974,595	962,841,827	904,760,847	775,064,009
Financial liabilities at fair value through profit or loss		6,971,106	7,850,768	12,945,397	11,059,469
Securities sold under repurchase agreements		4,957,725	13,247,387	17,394,242	14,518,968
Payables		22,357,418	18,017,856	9,911,896	7,556,252
Bank debentures		47,000,000	39,000,000	34,000,000	33,500,000
Other financial liabilities		1,412,646	1,943,643	304,715	2,136,729
Other liabilities		1,283,666	1,481,045	1,511,978	402,615
Total liabilities	Before distribution	1,160,609,980	1,082,435,452	1,019,698,889	883,289,999
	After distribution	1,161,926,255	1,082,857,928	1,020,400,809	883,831,983
Capital stock		45,725,000	42,206,000	35,100,000	33,624,000
Capital surplus		12,345,531	11,037,856	8,290,091	8,083,943
Retained earnings	Before distribution	17,130,721	11,893,202	11,459,706	9,496,329
	After distribution	11,689,446	9,951,726	8,651,706	7,478,345
Cumulative translation adjustments		(228,429)	(5,960)	(128,172)	(39,540)
Unrealized valuation gains (losses) on financial instruments		305,901	(221,557)	220,017	342,132
Total stockholders' equity	Before distribution	75,278,724	64,909,541	54,941,642	51,506,864
Total	After distribution	73,962,449	64,487,065	54,239,642	50,964,880

Note : Based on audited financial statements.

(6) Condensed Statement of Income – ROC GAAP

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data for the most recent five years (Note) (2012、2011、2010、2009)			
	2012	2011	2010	2009
Net interest	14,095,682	12,600,196	11,376,853	8,601,685
Total net revenues and gains other than interest	9,113,184	6,253,999	5,429,956	3,714,781
Total net revenues	23,208,866	18,854,195	16,806,809	12,316,466
Bad-debt expenses	(2,019,923)	(4,540,028)	(2,727,059)	(2,112,036)
Operating expenses	(12,689,540)	(10,711,433)	(9,489,674)	(8,336,371)
Income before income tax from continuing operations	8,499,403	3,602,734	4,590,076	1,868,059
Income tax benefit(expense)	(1,320,408)	(445,104)	(608,715)	(93,624)
Net income from continuing operations	7,718,995	3,157,630	3,981,361	1,774,435
Net income from discontinuing operations	0	0	0	0
Net extraordinary gain(loss) (After income tax)	0	0	0	0
Cumulative effect of changes in accounting principles (After income tax)	0	0	0	0
Net income	7,718,995	3,157,630	3,981,361	1,774,435
Basic earnings per share (NT$)	1.64	0.84	1.13	0.56

Note : Based on audited financial statements.

2.CPAs' Auditing Opinion from 2009 to 2013

Chen Li Chi, CPA, and Chang Ryh Yan, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the years of 2009 to 2011, ended on December 31, and issued modified unqualified opinion reports ; Chen Li Chi, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2012, ended on December 31, and issued an unqualified opinion report ; Huang Jui Chan, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2013, ended on December 31, and issued an unqualified opinion report.

3.Financial Analysis from 2009 to 2013

(1) Financial Analysis

(Consolidated)

Unit:NT$1,000

Item		Financial data 2012-2013 2013	2012	As of February 28, 2014 (Note 7)
Operating ratio	Ratio of loans to deposits(%)	72.40	72.25	71.54
	NPL ratio(%)	0.20	0.17	0.18
	Ratio of interest expenses to average deposit(%)	0.73	0.75	0.75
	Ratio of interest revenues to average loans(%)	2.22	2.26	2.24
	Total assets turnover (Times)	0.02	0.02	0.02
	Average revenue per employee	3,951	3,833	4,647
	Average net income per employee	1,347	1,222	1,759
Profitability ratio	Ratio of return on tier 1 capital (%)	14.20	12.92	17.13
	Ratio of return on total assets(%)	0.68	0.60	0.80
	Ratio of return on equity(%)	11.23	10.28	13.33
	Profit margin ratio(%)	34.29	31.89	37.86
	Basic earnings per share (NT$)	1.77	1.50	0.37
Debt Paying Ability	Interest protection multiples (%)	211.48	192.43	228.52
Financial structure	Ratio of debt to assets(%)	93.90	93.95	94.03
	Ratio of properties and equipment to shareholders' equity(%)	22.15	21.88	21.53
Ratio of growing	Ratio of assets growing(%) (Note 1)	10.72	7.73	4.47
	Ratio of income growing(%) (Note 2)	24.12	135.43	27.88
Cash Flow (Note 5)	Cash flow ratio(%)	Note 3	Note 3	Note 3
	Cash flow Adequacy ratio(%)(Note 4)	3.41	5.60	3.41
	Cash flow content ratio(%)	Note 3	Note 3	Note 3
Ratio of liquidity preparation(%)		26.27	29.13	27.68
Secured loan balance of related-party		8,946,196	7,731,951	9,646,876
Ratio of secured loans balance of related-party		1.08	1.04	1.13
Operating Scale (Note 6)	Market share of assets (%)	3.09	3.00	3.23
	Market share of equity (%)	2.93	2.85	3.00
	Market share of deposit (%)	3.94	3.71	4.06
	Market share of assets loans (%)	3.74	3.44	3.81

Please state the causes of changes in each financial ratio for the preceding two fiscal years (except when the change is less than 20%).

Note 1: The ratio of assets growing increased as a result of increase in loans in 2013.
Note 2: The ratio of income growing in 2012 was particularly outstanding and attributed to a substantial increase in profit among 2012.
Note 3: No further analysis to negative result of cash flows from operating activities.
Note 4: The cash flow adequacy ratio decreased as a result of sliding net cash flow from operating activities for the most recent five years.
Note 5: The Company used 2013 cash flow data to calculate cash flow ratios as of February 28, 2014.
Note 6: The Company used 2013 data as denominator to calculate operating scale as of February 28, 2014.
Note 7: Based on unaudited financial statements.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense to deposits / Average total deposit
   (4) Interest revenue to average total loans = Total interest revenue from loans / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
2. Profitability ratio
   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average total assets
   (3) Ratio of return on equity = Income after income tax / Average total equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(Income and loss attributable to owhers of the compang-Dividends for preferred stocks) / Average issued shares
3. Debt-paying ability
   (1) Interest protection multiples = (income before income tax - interest expense) / interest expense
4. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
5. Ratio of growing
   (1) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets
   (2) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax
6. Analyses for liquidity
   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)
   (2) Cash flow adequacy ratio = Net cash provided by operating activities(from 2009 to 2013) / from 2009 to 2013(capital expenditure + Cash dividends)
   (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities
7. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided
8. Operating Scale
   (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
   (2) Market share of equity = Total stockholders'equity / Total stockholders'equity of all financial institutions which are qualified in deposit and loan business.
   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of assets loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(Unconsolidated)

Unit:NT$1,000

Item		Financial data 2012-2013		As of February 28, 2014 (Note 7)
	Year	2013	2012	
Operating ratio	Ratio of loans to deposits(%)	72.27	72.25	71.41
	NPL ratio(%)	0.20	0.17	0.18
	Ratio of interest expenses to average deposit(%)	0.72	0.75	0.73
	Ratio of interest revenues to average loans(%)	2.23	2.26	2.18
	Total assets turnover (Times)	0.02	0.02	0.02
	Average revenue per employee	4,054	3,833	4,586
	Average net income per employee	1,390	1,222	1,754
Profitability ratio	Ratio of return on tier 1 capital (%)	14.16	12.92	16.92
	Ratio of return on total assets(%)	0.68	0.60	0.80
	Ratio of return on equity(%)	11.23	10.28	13.32
	Profit margin ratio(%)	34.29	31.89	38.25
	Basic earnings per share (NT$)	1.77	1.50	0.37
Debt Paying Ability	Interest protection multiples (%)	212.53	192.43	230.64
Financial structure	Ratio of debt to assets(%)	93.92	93.95	94.03
	Ratio of properties and equipment to shareholders' equity(%)	21.92	21.88	21.55
Ratio of growing	Ratio of assets growing(%) (Note 1)	10.00	7.73	4.45
	Ratio of income growing(%) (Note 2)	23.96	135.43	26.59
Cash Flow (Note 5)	Cash flow ratio(%)	Note 4	Note 4	Note 4
	Cash flow Adequacy ratio(%)(Note 3)	2.66	5.60	2.66
	Cash flow content ratio(%)	Note 4	Note 4	Note 4
Ratio of liquidity preparation(%)		26.27	29.13	27.68
Secured loan balance of related-party		8,946,196	7,731,951	9,646,876
Ratio of secured loans balance of related-party		1.08	1.04	1.17
Operating Scale (Note 6)	Market share of assets (%)	3.07	3.00	3.21
	Market share of equity (%)	2.93	2.85	3.00
	Market share of deposit (%)	3.92	3.71	4.04
	Market share of assets loans (%)	3.71	3.44	3.70

Please state the causes of changes in each financial ratio for the preceding two fiscal years (except when the change is less than 20%).

Note 1: The ratio of assets growing increased as a result of increase in loans in 2013.
Note 2: The ratio of income growing in 2012 was particularly outstanding and attributed to a substantial increase in profit among 2012.
Note 3:The cash flow adequacy ratio decreased as a result of sliding net cash flow from operating activities for the most recent five years.
Note 4: No further analysis to negative result of cash flows from operating activities.
Note 5: The Company used 2013 cash flow data to calculate cash flow ratios as of February 28, 2014.
Note 6: The Company used 2013 data as denominator to calculate operating scale as of February 28, 2014.
Note 7: Based on unaudited financial statements.

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   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense to deposits / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue from loans / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
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   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average total assets
   (3) Ratio of return on equity = Income after income tax / Average total equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(income and loss attributable to owners of the Company - Dividends for preferred stocks) / Average issued shares
3. Debt-paying ability
   (1) Interest protection multiples = (income before income tax - interest expense) / interest expense
4. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
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   (1) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets
   (2) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax
6. Analyses for liquidity
   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit or loss + Securities sold under repurchased agreements + Current portion of Payables)
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   (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
   (2) Market share of equity = Total shareholders' equity / Total shareholders' equity of all financial institutions which are qualified in deposit and loan business.
   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of assets loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(2)Financial Analysis – ROC GAAP

Unit:NT$1,000

Item	Year	Financial data 2009-2012			
		2012	2011	2010	2009
Operating ratio	Ratio of loans to deposits(%)	72.25	68.87	66.65	71.49
	NPL ratio(%)	0.17	0.20	0.39	0.67
	Ratio of interest expenses to average deposit(%)	0.79	0.71	0.58	0.84
	Ratio of interest revenues to average loans(%)	2.29	2.18	1.97	1.89
	Total assets turnover (Times)	0.02	0.02	0.02	0.01
	Average revenue per employee	3,959	3,557	3,667	2,778
	Average net income per employee	1,225	596	869	400
Profitability ratio	Ratio of return on tier 1 capital (%)	12.95	6.54	9.82	4.44
	Ratio of return on total assets(%)	0.60	0.28	0.40	0.20
	Ratio of return on stockholders' equity(%)	10.24	5.27	7.48	3.63
	Profit margin ratio(%)	30.93	16.75	23.69	14.41
	Basic earnings per share (NT$)	1.64	0.84	1.13	0.56
Debt Paying Ability	Interest protection multiples (%)	192.43	142.68	176.79	125.49
Financial structure	Ratio of debt to assets(%)	93.95	94.34	94.89	94.49
	Ratio of properties to stockholders' equity(%)	21.88	24.03	25.84	26.91
Ratio of growing	Ratio of assets growing(%)	7.73	6.77	14.96	13.63
	Ratio of income growing(%)	135.43	(21.51)	145.71	57.71
Cash Flow	Cash flow ratio(%)	Note	23.00	Note	39.34
	Cash flow Adequacy ratio(%)	5.60	1.30	6.24	46.83
	Cash flow content ratio(%)	Note	(31.75)	Note	(18.01)
Ratio of liquidity preparation(%)		29.13	29.13	32.03	26.26
Secured loan balance of related-party		7,731,951	6,330,065	5,093,609	5,316,351
Ratio of secured loans balance of related-party		1.04	0.95	0.85	0.96
Operating Scale	Market share of assets (%)	3.00	2.88	2.87	2.36
	Market share of equity (%)	2.87	2.69	2.40	2.41
	Market share of deposit (%)	3.71	3.58	3.53	3.19
	Market share of assets loans (%)	3.44	3.16	3.04	2.98

Note : No further analysis to negative result of cash flows from operating activities.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
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   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(Income after income tax - Dividends for preferred stocks) / Average issued shares
3. Debt-paying ability
   (1) Interest protection multiples = (income before income tax - interest expense) / interest expense
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5. Ratio of growing
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   (4) Market share of assets loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(3) Capital adequacy Ratio

Unit:NT$1,000

Item / Year			Financial data 2013 (Consolidated) 2013	As of February 28, 2014 (Consolidated)
Eligible capital	Common equity		77,370,270	79,793,560
	Other Tier 1 capital		0	0
	Tier 2 capital		35,976,930	35,547,651
	Eligible capital		113,347,200	115,341,211
Risk-weighted assets	Credit risk	Standardized approach	860,041,617	904,958,489
		Internal ratings - based approach	-	-
		Securitization	383,089	389,424
	Operational risk	Basic indicator approach	49,532,300	49,532,300
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	16,408,800	19,944,738
		Internal model approach	-	-
	Risk-weighted assets		926,365,806	974,824,951
Capital adequacy ratio			12.24%	11.83%
Ratio of Tier 1 capital to risk-weighted assets			8.35%	8.19%
Ratio of the common equity to risk-weighted assets			8.35%	8.19%
Ratio of leverage			4.91%	4.85%

Unit:NT$1,000

Item / Year			Financial data 2013 (Unconsolidated) 2013	As of February 28, 2014 (Unconsolidated)
Eligible capital	Common equity		77,614,374	79,719,267
	Other Tier 1 capital		0	0
	Tier 2 capital		34,739,284	34,415,334
	Eligible capital		112,353,658	114,134,601
Risk-weighted assets	Credit risk	Standardized approach	849,331,474	893,543,438
		Internal ratings - based approach	-	-
		Securitization	383,089	389,425
	Operational risk	Basic indicator approach	49,288,988	49,288,988
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	16,408,800	19,944,738
		Internal model approach	-	-
	Risk-weighted assets		915,412,351	963,166,589
Capital adequacy ratio			12.27%	11.85%
Ratio of Tier 1 capital to risk-weighted assets			8.48%	8.28%
Ratio of the common equity to risk-weighted assets			8.48%	8.28%
Ratio of leverage			4.94%	4.88%

(4) Capital adequacy Ratio – ROC GAAP

Unit:NT$1,000

Item		Year	Financial data 2009-2012			
			2012	2011	2010	2009
Equity Capital	Tier 1 capital	Common stock	45,725,000	42,206,000	35,100,000	33,624,000
		Non-cumulative Preferred Shares	0	0	0	0
		Perpetual non-cumulative subordinated debentures	0	0	0	0
		Capital collected in advance	0	0	0	0
		Additional paid-in capital(excluding reserve derived from rise in value of fixed assets)	12,345,531	11,037,856	8,290,091	8,083,943
		Legal reserve	9,442,173	8,494,884	7,300,476	6,768,146
		Special reserve	305,423	83,866	0	636,191
		Retained earnings	7,383,125	3,314,452	4,159,230	2,091,992
		Minority interest	0	0	0	0
		Other stockholders' equity	(349,597)	(398,778)	(394,412)	(363,049)
		Less : Goodwill	3,808,089	3,798,806	3,662,701	3,662,701
		Less : non-amortized loss on the sales of NPL	0	0	0	0
		Less : Capital allowances	170,386	555,935	920,246	3,528,928
		Total tier 1 capital	70,873,180	60,383,539	49,872,438	43,649,594
	Tier 2 capital	Perpetual accumulated preferred shares	0	0	0	0
		Perpetual cumulative subordinated debentures	0	0	0	0
		Reserve derived from rise in value of fixed assets	0	0	0	0
		45%of capital surplus via unrealized long-term equity investment	192,181	77,067	218,816	299,538
		Convertible bonds	0	0	0	0
		Operating reserve and bad loan provisioning	6,029,700	4,100,476	177,479	0
		Long-term subordinated debentures	26,500,000	18,300,000	18,000,000	16,660,000
		Non-perpetual preferred shares	0	0	0	0
		The total of perpetual non-cumulative preferred shares	0	0	0	0
		& subordinated debentures excess of 15 of Tier 1	170,386	555,935	920,246	2,555,890
		capital	32,551,495	21,921,608	17,476,049	14,403,648
	Tier 3 capital	Less : Capital allowances	0	0	0	0
		Total tier 2 capital	0	0	0	0
		Short-term subordinated debentures	0	0	0	0
	Equity Capital		103,424,675	82,305,147	67,348,487	58,053,242
Weighted Risk Assets	Credit Risk	The standardized approach	725,386,677	609,421,646	529,891,296	467,100,520
		Internal rating-based approach	-	-	-	-
		Securitization	265,725	1,195,353	1,193,323	2,104,311
	Operational Risk	Basic indicator approach	42,592,125	36,140,025	26,757,188	24,446,038
		Standardized approach/Alternative standardized approach	-	-	-	-
		Advanced measurement approach	-	-	-	-
	Market Risk	The standardized approach	14,833,625	22,810,125	25,347,388	32,578,363
		The standardized approach	-	-	-	-
	Total risk-weighted assets		783,078,152	669,567,149	583,189,195	526,229,232
Capital Adequacy Ratio (%)			13.21%	12.29%	11.55%	11.03%
Ratios of tier 1 capital to risk-weighted assets(%)			9.05%	9.02%	8.55%	8.29%
Ratios of tier 2 capital to risk-weighted assets(%)			4.16%	3.27%	3.00%	2.74%
Ratios of tier 3 capital to risk-weighted assets(%)			-	-	-	-
Ratios of common stockholders' equity to total assets(%)			3.70%	3.68%	3.27%	3.60%

Note 1: Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital ÷ Risk-weighted assets.
Note 5: Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital ÷ Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital ÷ Risk-weighted assets.
Note 7: Ratio of common stock to total assets = Common stock ÷ Total assets.

3. Audit Committee Report

Audit Committee Report.

Audit Committee Report

To: E.SUN Bank

The 2013 consolidated financial statements of E.SUN Bank ("the Bank") have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Guidelines Governing the Preparation of Financial Reports by Securities Firms", " International Financial Reporting Standards", "International Accounting Standards"," IFRIC Interpretations" and " SIC Interpretations " endorsed by the Financial Supervisory Commission of the Republic of China. The 2013 standalone financial statements of the Bank have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks" and "Guidelines Governing the Preparation of Financial Reports by Securities Firms." CPA Huang Jui Chan and CPA Lai Kwan Chung of Deloitte & Touche have been appointed by the Bank to audit the financial statements.. After reviewing the financial statements, the Audit Committee has found them to meet the requirements of the applicable laws and guidelines. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Security and Exchange Law and submitted along with the financial statements of the Bank for the Board's approval.

Chen-En Ko
Convener
Audit Committee
E.SUN Bank

Date: March 5, 2014

4. Financial statements of 2013

Independent Auditors' report.

Deloitte.
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Commercial Bank, Ltd.

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

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

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

We have also audited the parent company only financial statements of E.SUN Commercial Bank, Ltd. as of and for the years ended December 31, 2013 and 2012 and have issued an unqualified opinion thereon in our report dated March 5, 2014.

Deloitte & Touche

March 5, 2014

<u>*Notice to Readers*</u>

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

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$21,317,544	2	$23,068,127	2	$19,931,437	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4 and 7)	57,907,807	4	55,855,963	5	45,016,416	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 37)	283,198,494	21	61,246,430	5	52,250,936	5
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 9)	-	-	210,863	-	29,789	-
RECEIVABLES, NET (Notes 4, 10 and 37)	56,093,380	4	44,058,948	4	41,893,897	4
CURRENT TAX ASSETS (Notes 4, 33 and 36)	159,549	-	159,455	-	274,793	-
DISCOUNTS AND LOANS, NET (Notes 4, 11, 36 and 37)	828,238,170	61	735,406,720	60	656,008,834	57
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 12, 13 and 37)	71,157,160	5	76,155,007	6	52,860,765	5
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 14 and 37)	8,593,699	1	211,168,563	17	253,283,859	22
OTHER FINANCIAL ASSETS, NET (Notes 4, 15 and 37)	15,499,801	1	4,392,491	-	3,497,546	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	18,486,668	1	16,373,001	1	15,599,517	1
INVESTMENT PROPERTIES, NET (Notes 4 and 17)	1,057,348	-	2,193,124	-	1,216,332	-
INTANGIBLE ASSETS, NET (Notes 4 and 18)	5,457,944	-	4,137,558	-	4,036,275	-
DEFERRED TAX ASSETS (Notes 4 and 33)	181,998	-	448,281	-	315,686	-
OTHER ASSETS, NET (Notes 4, 19, 36 and 38)	1,563,680	-	1,457,072	-	1,427,934	-
TOTAL	$1,368,913,242	100	$1,236,331,603	100	$1,147,644,016	100
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 20)	$47,645,621	4	$46,652,824	4	$38,052,926	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	5,838,296	-	6,978,757	1	7,855,702	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 12, 14 and 21)	6,254,291	-	4,957,725	-	13,247,387	1
PAYABLES (Notes 22 and 36)	15,554,501	1	21,307,584	2	17,831,752	2
CURRENT TAX LIABILITIES (Notes 4, 33 and 36)	409,930	-	826,344	-	60,522	-
DEPOSITS AND REMITTANCES (Notes 23 and 36)	1,157,482,350	85	1,029,974,595	83	962,841,827	84
BANK DEBENTURES (Note 24)	47,500,000	4	47,000,000	4	39,000,000	3
OTHER FINANCIAL LIABILITIES (Notes 25, 36 and 38)	2,195,311	-	1,412,646	-	1,943,643	-
PROVISIONS (Notes 4, 26 and 27)	380,251	-	428,108	-	338,345	-
DEFERRED TAX LIABILITIES (Notes 4 and 33)	745,553	-	764,038	-	722,613	-
OTHER LIABILITIES (Notes 28 and 36)	1,452,548	-	1,189,424	-	1,220,733	-
Total liabilities	1,285,458,652	94	1,161,492,045	94	1,083,115,450	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock						
Common stock	49,850,000	4	45,725,000	4	42,206,000	4
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	12,344,136	1	12,146,702	1	10,949,525	1
From treasury stock transactions	483	-	483	-	483	-
Others	229,077	-	198,346	-	87,848	-
Total capital surplus	12,573,696	1	12,345,531	1	11,037,856	1
Retained earnings						
Legal reserve	11,595,872	1	9,442,173	1	8,494,884	1
Special reserve	83,866	-	305,423	-	83,866	-
Unappropriated earnings	8,490,649	-	6,937,999	-	2,927,517	-
Total retained earnings	20,170,387	1	16,685,595	1	11,506,267	1
Other equity	156,143	-	83,432	-	(221,557)	-
Total equity attributable to owners of the company	82,750,226	6	74,839,558	6	64,528,566	6
NON-CONTROLLING INTERESTS	704,364	-	-	-	-	-
Total equity	83,454,590	6	74,839,558	6	64,528,566	6
TOTAL	$1,368,913,242	100	$1,236,331,603	100	$1,147,644,016	100

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31				Percentage Increase (Decrease)
	2013		2012		
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 29 and 36)	$22,330,735	86	$22,577,990	100	(1)
INTEREST EXPENSE (Notes 4, 29 and 36)	(9,443,827)	(36)	(9,251,236)	(41)	2
NET INTEREST	12,886,908	50	13,326,754	59	(3)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 30 and 36)	7,928,614	30	5,297,874	24	50
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 31)	5,057,016	19	1,604,614	7	215
Realized gains on available-for-sale financial assets (Notes 4 and 13)	164,457	1	1,591,453	7	(90)
Foreign exchange gains (losses), net (Note 4)	(244,992)	(1)	477,781	2	(151)
Reversal of impairment losses (impairment losses) on assets(Notes 4 and 15)	(7,489)	-	17,039	-	(144)
Other noninterest gains, net (Note 36)	174,947	1	150,808	1	16
Subtotal	13,072,553	50	9,139,569	41	43
TOTAL NET REVENUES	25,959,461	100	22,466,323	100	16
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES (Notes 4 and 11)	(1,706,514)	(6)	(2,019,923)	(9)	(16)
OPERATING EXPENSES (Notes 4, 27, 32 and 36)					
Employee benefits	(6,454,877)	(25)	(5,775,727)	(26)	12
Depreciation and amortization	(888,210)	(3)	(813,976)	(3)	9
General and administrative	(6,382,192)	(25)	(5,374,956)	(24)	19
Total operating expenses	(13,725,279)	(53)	(11,964,659)	(53)	15
INCOME BEFORE INCOME TAX	10,527,668	41	8,481,741	38	24
INCOME TAX EXPENSE (Notes 4 and 33)	(1,680,158)	(7)	(1,316,482)	(6)	28
NET INCOME	8,847,510	34	7,165,259	32	23
OTHER COMPREHENSIVE INCOME (Notes 4, 27 and 33)					
Exchange differences on the translation of financial statements of foreign operations	150,707	1	(268,035)	(1)	156
Unrealized gains (losses) on available-for-sale financial assets	(83,765)	-	585,975	2	(114)
Actuarial gain and loss arising from defined benefit plans	78,463	-	(44,455)	-	276
Income tax relating to components of other comprehensive income	1,985	-	(12,951)	-	115
Other comprehensive income for the year, net of tax	147,390	1	260,534	1	(43)
TOTAL COMPREHENSIVE INCOME	$8,994,900	35	$7,425,793	33	21
NET INCOME ATTRIBUTABLE TO:					
Owners of the Company	$8,847,604	34	$7,165,259	32	23
Non-controlling interests	(94)	-	-	-	-
	$8,847,510	34	$7,165,259	32	23
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company	$8,998,778	35	$7,425,793	33	21
Non-controlling interests	(3,878)	-	-	-	-
	$8,994,900	35	$7,425,793	33	21
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 34)					
Basic	$1.77		$1.50		

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Capital Stock (Note 35)			Retained Earnings (Notes 4 and 35)			Other Equity			
	Shares (in Thousands)	Common Stock	Capital Surplus (Notes 4 and 35)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains (Losses) on Available-for-sale Financial Assets (Note 4)	Non-controlling Interests (Notes 4 and 35)	Total Equity
BALANCE AT JANUARY 1, 2012	4,220,600	$42,206,000	$11,037,856	$8,494,884	$83,866	$2,927,517	$-	$(221,557)	$-	$64,528,566
Appropriation of the 2011 earnings										
Legal reserve	-	-	-	947,289	-	(947,289)	-	-	-	-
Special reserve	-	-	-	-	221,557	(221,557)	-	-	-	-
Cash dividends	-	-	-	-	-	(422,476)	-	-	-	(422,476)
Stock dividends	151,900	1,519,000	-	-	-	(1,519,000)	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	207,675	-	-	-	-	-	-	207,675
Capital increase in December 2012	200,000	2,000,000	1,100,000	-	-	-	-	-	-	3,100,000
Net income for the year ended December 31, 2012	-	-	-	-	-	7,165,259	-	-	-	7,165,259
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(44,455)	(222,469)	527,458	-	260,534
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	7,120,804	(222,469)	527,458	-	7,425,793
BALANCE, DECEMBER 31, 2012	4,572,500	45,725,000	12,345,531	9,442,173	305,423	6,937,999	(222,469)	305,901	-	74,839,558
Reversal of special reserve	-	-	-	-	(221,557)	221,557	-	-	-	-
Appropriation of the 2012 earnings										
Legal reserve	-	-	-	2,153,699	-	(2,153,699)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,316,275)	-	-	-	(1,316,275)
Stock dividends	412,500	4,125,000	-	-	-	(4,125,000)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	708,242	708,242
Share-based payment arrangements involving ESFHC's common stock	-	-	228,165	-	-	-	-	-	-	228,165
Net income for the year ended December 31, 2013	-	-	-	-	-	8,847,604	-	-	(94)	8,847,510
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	78,463	128,420	(55,709)	(3,784)	147,390
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	8,926,067	128,420	(55,709)	(3,878)	8,994,900
BALANCE, DECEMBER 31, 2013	4,985,000	$49,850,000	$12,573,696	$11,595,872	$83,866	$8,490,649	$(94,049)	$250,192	$704,364	$83,454,590

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$10,527,668	$8,481,741
Adjustments for noncash items		
Depreciation expenses	687,097	635,264
Amortization expenses	201,113	178,712
Bad-debt expenses	1,672,446	1,970,127
Gains on financial assets and liabilities at fair value through profit or loss	(5,057,016)	(1,604,614)
Interest expense	9,443,827	9,251,236
Intereast revenue	(22,330,735)	(22,577,990)
Dividend income	(78,585)	(49,634)
Provision for losses on guarantees	34,068	49,796
Salary expenses on share-based payments	228,165	207,675
Gains on disposal of properties and equipment	(353)	(142)
Gains on disposal of investment properties	(11,643)	(25,970)
Gains on disposal of investments	(134,842)	(1,593,808)
Impairment losses on financial assets	5,900	-
Impairment losses on nonfinancial assets	1,589	-
Reversal of impairment losses on nonfinancial assets	-	(17,039)
Losses on disposal of foreclosed collaterals	8,327	6,525
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(4,995,222)	(9,494,681)
Increase in financial assets at fair value through profit or loss	(221,185,260)	(13,264,341)
Increase in receivables	(12,196,311)	(2,237,930)
Increase in discounts and loans	(88,595,557)	(80,602,294)
Decrease (increase) in available-for-sale financial assets	3,577,451	(21,956,350)
Decrease in held-to-maturity financial assets	202,433,018	41,856,385
Increase in other financial assets	(11,080,364)	(955,800)
Decrease (increase) in other assets	(732)	20,485
Increase in due to the Central Bank and other banks	395,795	8,599,898
Increase in financial liabilities at fair value through profit or loss	628,167	4,105,461
Increase (decrease) in securities sold under repurchase agreements	1,296,566	(8,289,662)
Increase (decrease) in payables	(5,749,833)	3,300,228
Increase in deposits and remittances	119,825,970	65,236,072
Increase (decrease) in other financial liabilities	503,718	(461,711)
Decrease in provision for employee benefits	(3,649)	(4,589)
Increase (decrease) in other liabilities	230,796	(41,975)
Cash used in operations	(19,718,421)	(19,278,925)
Interest received	25,684,601	23,401,376
Dividend received	86,178	56,529
Interest paid	(9,651,597)	(9,124,907)
Income tax paid	(1,872,271)	(558,167)
Net cash used in operating activities	(5,471,510)	(5,504,094)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from the acquisition of subsidiaries (Note 51)	733,910	-
Payments for properties and equipment	(1,470,399)	(2,405,821)
Proceeds of the disposal of properties and equipment	2,594	1,226
Increase in refundable deposits	(129,077)	(65,449)
Payments for intangible assets	(133,201)	(105,935)
Proceeds of the disposal of foreclosed collaterals	19,416	11,319
Increase in cash arising from acquisition of Chiayi The Forth Credit Cooperative	-	1,530,113
Proceeds of the disposal of investment properties	102,665	102,648
Increase in other assets	(1,840)	(3,878)
Net cash used in investing activities	(875,932)	(935,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issuance of bank debentures	6,500,000	13,000,000
Repayment of bank debentures	(6,000,000)	(5,000,000)
Increase in long-term borrowings	268,092	-
Increase in guarantee deposits received	10,855	-
Decrease in guarantee deposits received	-	(69,438)
Cash dividends paid	(1,316,275)	(422,476)
Capital increase	-	3,100,000
Net cash provided by (used in) financing activities	(537,328)	10,608,086
EFFECT OF EXCHANGE RATES CHANGE ON CASH AND CASH EQUIVALENTS	1,035,070	494,415
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,849,700)	4,662,630
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	28,448,096	23,785,466
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$22,598,396	$28,448,096
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2013 AND 2012		
Cash and cash equivalents in the consolidated balance sheets	$21,317,544	$23,068,127
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	1,280,852	5,169,106
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7	-	210,863
Cash and cash equivalents, end of the year	$22,598,396	$28,448,096

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

1. ORGANIZATION AND OPERATIONS

E.SUN Commercial Bank, Ltd. (the "Bank") engages in banking activities permitted by the Banking Law.

As of December 31, 2013, the Bank had a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), 4 overseas branches (Los Angeles, Hong Kong, Singapore and Dongguan), 135 domestic branches and 2 representative offices (in Ho Chi Minh City, Vietnam and in Yangon, Myanmar).

The operations of the Bank's Trust Department consist of planning, managing and operating a trust business. These operations are regulated under the Banking Law and Trust Law of the Republic of China (ROC).

On December 10, 2001, the Bank's stockholders approved the establishment of E.SUN Financial Holding Company, Ltd. (ESFHC) through a share swap. Thus, ESFHC acquired the shares of the Bank, E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. The board of directors designated January 28, 2002 as the effective date of the related share swap. After the share swap, the Bank became a 100% subsidiary of ESFHC. Also, on January 28, 2002, the trading of the Bank's stock on the Taiwan Stock Exchange (TSE) was stopped, and ESFHC's stock started to be traded on the TSE.

To integrate resources, enhance operating effectiveness, strengthen the Bank's equity structure, and ensure its long-term development, the stockholders resolved on August 25, 2006 for the Bank to merge with E.SUN Bills, with the Bank as the surviving entity. The effective date of the share swap and the merger recording date were both December 25, 2006.

The Bank acquired the assets, liabilities and business of Chiayi The Fourth Credit Cooperative and Chu Nan Credit-Cooperative Association on November 3, 2012 and July 9, 2011, respectively.

Union Commercial Bank PLC. (UCB) was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established four branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The Bank acquired 70% equity interest of UCB on August 28, 2013, and included UCB in the consolidated financial statements from the acquisition date (Note 46).

The operating units of the Bank and its subsidiaries (collectively, the "Company") maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

As of December 31, 2013 and 2012, the Company had 6,570 and 5,862 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved and authorized for issue of the consolidated financial statements in their meeting on March 5, 2014.

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

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

The Company has not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the International Accounting Standards Board (IASB) (the "IFRSs"). On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were approved and authorized for issue, the FSC has not endorsed the following New IFRSs issued by the IASB included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 " Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note1)
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

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

b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

Except for the following, the initial application of the above New IFRSs has not had any material impact on the Company's accounting policies:

1) IFRS 9 "Financial Instruments"

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

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

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

a) IFRS 10 "Consolidated Financial Statements"

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

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

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

3)IFRS 13 "Fair Value Measurement"

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

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

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

5)Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

6)Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

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

As of the date the consolidated financial statements were approved and authorized for issue, the Company was continually assessing the possible impact that the application of the above New IFRSs will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is complete.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under Rule No. 0980027134 issued by the FSC, effective 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and financial institutions supervised by the FSC should prepare their financial statements in accordance with the IFRSs endorsed by the FSC as well as related guidance translated by the Accounting Research Development Foundation (ARDF) and issued by the FSC.

The Company's consolidated financial statements for the year ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 50 for the impact of IFRS conversion on the Company's consolidated financial statements.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Firms and the IFRSs as endorsed by the FSC.

Basis of Preparation

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

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Company except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Company elected, refer to Note 50.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and UCB, an entity controlled by the Bank.

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

The accounting policies of the Bank and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes.

The Bank's financial statements include the accounts of the Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. For more information on the consolidated entities, please refer to Table 1 (attached).

Foreign-currency Transactions

The Bank records foreign-currency transactions in the respective currencies in which these are denominated. Every month-end, foreign currency income and expenses are translated into New Taiwan dollars at the prevailing exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation difference arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities - the prevailing exchange rates on the balance sheet date; and income and expenses - at the average exchange rate for the period. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of the Company and non-controlling interests.

Current and Noncurrent Assets and Liabilities

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the banking industry accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity.

Cash and Cash Equivalents

In the consolidated balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the central bank, call loans to other banks and securities purchased under resell agreements that correspond to the definition of cash and cash equivalents in IAS 7 - "Cash Flow Statements," as endorsed by the FSC.

Financial Instruments

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

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

Financial assets

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

a.Measurement category

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

1)Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as designated as at FVTPL upon initial recognition if:

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

Additionally, the contract contains one or more embedded derivatives so that the entire hybrid contract can be designated as financial assets at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 40.

2)Available-for-sale (AFS) financial assets

AFS financial assets are nonderivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss.

AFS financial assets are stated at fair value at each balance sheet date. Fair value is determined in the manner described in Note 40.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed or is determined to be impaired.

Cash dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of investee's shares held.

AFS financial assets that do not have a quoted market price in an active market and have a fair value that cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the balance sheet date and are recognized in a separate line item as financial assets carried at cost. These financial assets are measured at fair values if the fair values can be reliably measured subsequently. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income. When an AFS financial asset is considered impaired, the losses are recognized to profit or loss.

3)Held-to-maturity financial assets

Held-to-maturity financial assets are nonderivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. After initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

4)Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, due from the central bank and call loans to other banks, receivables, debt instruments with no active markets) are measured at amortized cost using the effective interest method less any impairment.

b.Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at the end of each reporting period and considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of financial assets, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the asset issuer and debtor;
- The financial assets becoming overdue;
- Probability that the debtor will enter into bankruptcy or undergo financial reorganization.

Amortized cost of the presentation of financial assets (loans and receivables) that are individually assessed had no objective evidence of impairment are further assessed collectively for impairment. Objective evidence of impairment of a portfolio of receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on financial assets.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate.

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

For AFS equity instruments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

For AFS equity instruments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. For AFS debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

Impairment loss on financial asset is recognized by reducing its carrying amount through the use of an allowance account. When financial assets are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

Under FSC guidelines, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectible, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

The Bank made 100%, 50%, 10%, 2% and 0.5% provisions for credits deemed uncollectible, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions.

Credits deemed uncollectible may be written off if the write-off is approved by the board of directors.

c.Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

<u>Equity instruments</u>

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

<u>Financial liabilities</u>

a.Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

1)Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

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

Additionally, the contract contains one or more embedded derivatives so that the entire hybrid contract can be designated as financial liabilities at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 40.

2)Financial guarantee contracts

Financial guarantee contracts issued by the Company are not designated as at FVTPL and are subsequently measured at the higher of (a) the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; or (b) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with revenue recognition policies.

b.Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

Overdue Loans

Under FSC guidelines, the Bank classifies loans and other credits (including accrued interest) that past due for at least six months as overdue loans.

Overdue loans (except other credits) are classified as discounts and loans, and the remaining are classified as other financial assets.

Securities Purchased/Sold Under Resell/ Repurchase Agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense over the life of each agreement.

Investment Properties

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Any gain or loss recognized on derecognition of the investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

Properties and Equipment

Properties and equipment are initially recognized at cost and subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Land for self-use is not depreciated. Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss recognized on the disposal or retirement of an item of property and equipment is the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

Leasing

The Company as a lessor

Rental income from operating leases is recognized in revenues over the lease periods on a straight-line basis. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives offered in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

The Company as a lessee

Lease payments under an operating lease are expensed on a straight-line basis over the lease period. Under operating lease, contingent rentals are recognized as expenses at current period.

Lease incentives received in the operating leases are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Goodwill

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit (CGU) that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arised from the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

Intangible Assets Other Than Goodwill

Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. At year-end, the

Company examines its estimates of the asset useful lives, residual values and amortization method with the effect of any changes in estimate accounted for on a prospective basis. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero.

Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. This asset is subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Derecognition

Gains or losses recognized on derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets (except goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less selling costs or value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

Foreclosed Collaterals

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet date. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized as gain. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, an additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

Provisions

Provision is the best estimate of the consideration required to settle a present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

Recognition of Revenue

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

Employee Benefits

Short-term employee benefits

Short-term and non-discounted employee benefits are recognized as expenses in the current period as services are rendered.

Post-employment benefits

For the defined contribution plan, the Company recognizes pension costs based on the Company's contributions to the employees' individual pension accounts during the employees' service periods.

For the defined benefit plan, the Company recognizes pension costs based on actuarial calculations. Actuarial gains and losses under the defined benefit plan should be immediately recognized under other comprehensive income. When the benefits are vested upon the amendments to the defined benefit plan, the Company should recognize the prior service cost as expense immediately. The benefits that are not yet vested are amortized on a straight-line basis equally over the non-vested periods.

Accrued pension liability is the present value of defined benefit obligation plus unrecognized prior service cost adjustment and less the fair value of plan assets. The amount of assets resulting from this calculation should not exceed the present value of accumulated unrecognized prior service cost plus available refunds and less reductions in future contributions to the plan.

Gains or losses resulting from curtailments or settlements of the defined benefit plan are recognized when the curtailment or settlement occurs.

Preferential interest deposits for employees

The preferential interest deposit for entitled employees is for deposits within a certain amount. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefit.

Share-based Payment

The Company's employees subscribed for the reserved shares of E.SUN Financial Holding Company, Ltd., (ESFHC) in accordance with the Financial Holding Company Act, and the Company recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Company and its employees made an agreement for the employees to subscribe for ESFHC's shares.

Taxation

Income tax expense is the sum of tax currently and deferred income tax.

Current income tax

Income tax at a rate of 10% of unappropriated earnings is expensed in the year when the stockholders resolve to retain the earnings.

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

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed each balance sheet date and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences based on the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred taxes arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

ESFHC and subsidiaries elected to file consolidated tax returns for periods starting in 2003. However, since the Bank applied the accounting treatment mentioned in the preceding paragraph to income tax, any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Unless stated in other notes, the following are the critical judgments, assumptions and estimation uncertainty that the Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a. Impairment losses on loans

The Company monthly assesses loans collectively. When determining whether an impairment loss should be recognized, the Company mainly seeks for observable evidence that indicates impairment. Objective evidence of impairment of a portfolio of loans and receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables. The management uses past loss experience on assets that have similar credit risk characteristics to estimate the expected future cash flows. The Company reviews the methods and assumptions of cash flow estimation regularly to eliminate the difference between expected and actual loss.

b. Fair values of financial instruments

Fair values of financial instruments in an inactive market or with no quoted market prices are determined by valuation techniques. Under these circumstances, fair values are derived from observable market data of other similar financial assets. When there are no observable inputs in the market, the fair values of financial instruments are estimated by making appropriate assumptions. The Company applies appropriate valuation models to determine the fair values of financial instruments subjective to valuation techniques. All models are fine-tuned to ensure the valuation results fairly reflect actual market information and prices. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

For the fair value determination of financial instruments, refer to Note 40 to the consolidated financial statements.

c. Income tax

The Company is required to make substantive estimates when calculating income tax. The final tax assessment is based on considerable transactions and calculations. When the final tax amount differs from the amount on original recognition, the difference affects the recognition of both current and deferred income tax. The realizability of deferred tax assets mainly depends on the future profitability and any other taxable temporary differences. If actual profit is less than expected, a significant reversal of deferred tax assets may be incurred, and an income tax expense should be recognized to the extent of the reversal.

d. Employee benefits

The calculation of the present value of post-employment benefits is based on the actuarial result based on several assumptions. Any change in these assumptions may affect the carrying amount of post-employment benefits.

One of the assumptions used for determining the net pension costs (revenues) is discount rate. The Company determines appropriate discount rates at the end of each year and estimates the present values of future cash outflows resulting from fulfilling the post-employment obligation by the discount rates. To better determine the discount rates, the Company takes into account the interest rates of high-quality corporate bonds or government bonds, with currencies the same as those of post-employment benefit payments, and with durations that match those of the corresponding pension liabilities.

Other significant assumptions for post-employment benefits are subject to current market condition.

e. Impairment of goodwill

The assessment of impairment of goodwill requires the Company to estimate the value in use of the cash-generating units (CGUs) to which goodwill has been allocated. For calculating the value in use, management is required to estimate the future cash flows expected to arise from each CGU and the discount rate to be used in calculating present value. If the actual cash flow falls below expectation, an impairment loss might be incurred.

f. Impairment assessment on available-for-sale equity instruments

Objective evidences of the impairment of an available-for-sale equity instruments include the fair value of that investment falling significantly or constantly below the cost. Subjective judgments are required when assessing the impairment. The Company's management considers past market fluctuation, historical prices of the investment and other factors that affect the performance of the industries to which the investees belong to make subjective judgments.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 9,873,477	$ 7,205,793	$ 6,093,294
Checks for clearing	2,829,534	10,608,961	9,408,051
Due from banks	8,614,387	5,240,173	4,430,092
Cash in transit	146	13,200	-
	$ 21,317,544	$ 23,068,127	$ 19,931,437

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of January 1, 2012 are stated below. Reconciliations as of December 31, 2013 and 2012 are shown in the consolidated statements of cash flows.

	January 1, 2012
Cash and cash equivalents, ending balance in the consolidated balance sheets	$ 19,931,437
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7	3,824,240
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7	29,789
Cash and cash equivalents, ending balance in the consolidated statements of cash flows	$ 23,785,466

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Deposit reserves - account A	$ 19,367,649	$ 17,222,273	$ 13,492,185
Deposit reserves - account B	29,814,621	26,735,726	26,089,659
Reserves for deposits - foreign currency deposits	163,834	130,680	99,917
Deposit in the Central Bank - deposits of government agencies	17,164	14,392	4,544
Call loans to banks	5,010,200	8,723,086	3,824,240
Due from the Central Bank - other	3,534,339	3,029,806	1,505,871
	$ 57,907,807	$ 55,855,963	$ 45,016,416

(Concluded)

As required by law, the deposit reserves are calculated by applying the prescribed rates to the average monthly balances of various types of deposit accounts. The deposit reserves - account B is subject to withdrawal restrictions, but deposit reserves - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the “Directions for a National Treasury Agent Bank Acting on Behalf of the Central Bank of the Republic of China Handling National Treasury Matters,” the Bank redeposits 60% of the receipts of deposit of government agencies in the Central Bank of the Republic of China, and the amount is subject to withdrawal restrictions.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Held-for-trading financial assets			
Negotiable certificates of deposits	$ 206,670,546	$ -	$ -
Commercial paper	19,489,481	21,665,075	12,390,025
Treasury bills	6,587,772	-	796,178
Currency option contracts	4,277,122	1,490,321	977,597
Bank debentures	1,555,685	56,958	88,830
Interest rate swap contracts	783,248	1,390,052	2,199,546
Overseas bonds	612,671	806,618	732,628
Currency swap contracts	766,495	634,191	604,888
Forward contracts	281,219	663,434	82,884
Beneficial certificates	150,269	40,850	1,087,318
Government bonds	202,121	158,739	-
Listed stocks - domestic	135,912	159,029	138,471
Futures exchange margins	73,532	39,473	86,080
Commodity option contracts	16,028	19,073	15,283
Non-deliverable forward contracts	37,626	46,083	141,918
Metal commodity swap contracts	7,073	15,463	78,989
Foreign-currency margin contracts	30,248	11,793	17,437
Forward commodity contracts	5,585	6,441	9,328
Convertible corporate bonds	-	19,700	19,500
Credit default swap contracts	-	9,278	35,922
Cross-currency swap contracts	-	119	157,496
	241,682,633	27,232,690	19,660,318
Financial assets designated as at fair value through profit or loss			
Bank debentures	$ 20,347,718	$ 16,392,542	$ 17,124,860
Corporate bonds	20,839,879	16,179,453	15,063,477
Overseas government bonds	328,264	632,123	389,205
Structured products	-	800,694	-
Sold equity securities with interest receivable	-	8,928	13,076
	41,515,861	34,013,740	32,590,618
	$ 283,198,494	$ 61,246,430	$ 52,250,936
Held-for-trading financial liabilities			
Currency option contracts	$ 4,363,097	$ 1,608,387	$ 1,134,114
Interest rate swap contracts	702,284	1,450,555	2,300,655
Currency swap contracts	349,321	530,403	322,099
Forward contracts	382,822	400,372	560,450
Non-deliverable forward contracts	11,899	23,245	33,788
Commodity option contracts	16,028	19,072	15,283
Metal commodity swap contracts	5,152	12,190	69,865
Forward commodity contracts	5,585	6,441	9,328
Credit default swap contracts	2,108	5,906	432
Cross-currency swap contracts	-	216	157,082
Foreign-currency margin contracts	-	109	169
	5,838,296	4,056,896	4,603,265
Financial liabilities designated as at fair value through profit or loss			
Structured products	-	2,921,861	3,252,437
	$ 5,838,296	$ 6,978,757	$ 7,855,702

(Concluded)

As of December 31, 2013, December 31, 2012 and January 1, 2012, some of the securities, which amounted to $39,954 thousand, $1,231,896 thousand and $3,633,920 thousand, respectively, had been sold under repurchase agreements.

The Company engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and hedge against its exchange rate and interest rate exposures as well as its credit risks as a bondholder.

The contract (nominal) amounts of derivative transactions by the Company as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Currency option contracts	$635,706,159	$309,719,379	$182,699,277
Interest rate swap contracts	130,238,793	179,998,466	239,566,385
Currency swap contracts	85,061,289	97,789,550	85,331,327
Forward contracts	26,940,232	47,842,580	21,584,566
Credit default swap contracts	238,304	8,791,120	9,321,414
Non-deliverable forward contracts	8,053,047	7,839,471	8,029,941
Commodity option contracts	190,703	823,362	149,271
Metal commodity swap contracts	267,380	900,622	1,510,279
Interest rate futures contracts	-	87,120	-
Foreign-currency margin contracts	245,741	331,137	272,650
Forward commodity contracts	224,512	218,874	228,205
Commodity futures contracts	63,825	9,641	-
Cross-currency swap contracts	-	31,681	3,193,995

9. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $210,863 thousand and $29,789 thousand under resell agreements as of December 31, 2012 and January 1, 2012, respectively, will subsequently be sold for $210,988 thousand and $29,833 thousand, respectively.

10. RECEIVABLES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Receivables on credit cards	$ 37,046,146	$ 35,806,522	$ 32,789,829
Accounts receivable factored without recourse	15,451,829	4,199,426	5,598,969
Accrued interest	2,126,018	1,978,666	1,520,585
Acceptances	2,090,015	2,810,014	2,229,997
Accounts receivable	687,502	237,581	207,526
Accrued income	224	77,397	346,863
Receivable on overdue securities	-	-	304,225
Others	559,182	452,116	314,949
	57,960,916	45,561,722	43,312,943
Less: Allowance for possible losses	(1,867,536)	(1,502,774)	(1,419,046)
	$ 56,093,380	$ 44,058,948	$ 41,893,897

The allowances for possible losses on receivables assessed for impairment as of December 31, 2013, December 31, 2012 and January 1, 2012, were as follows:

Items		December 31, 2013		December 31, 2012		January 1, 2012	
		Receivables	Allowance for Possible Losses	Receivables	Allowance for Possible Losses	Receivables	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	$20,453	$10,918	$5,353	$2,153	$307,872	$285,323
	Assessment for collective impairment	1,981,397	700,026	1,847,441	723,018	1,791,952	662,955
With no objective evidence of impairment	Assessment for collective impairment	54,307,160	1,156,592	42,391,629	777,603	40,191,524	470,768
Total		56,309,010	1,867,536	44,244,423	1,502,774	42,291,348	1,419,046

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2013	2012
Balance, January 1	$1,502,774	$1,419,046
Acquired from business combination	15,382	-
Provision for possible losses	221,026	262,810
Write-offs	(441,531)	(737,073)
Recovery of written-off receivables	556,740	547,169
Effects of exchange rate changes and other changes	13,145	10,822
Balance, December 31	$1,867,536	$1,502,774

11. DISCOUNTS AND LOANS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Loans			
Short-term	$ 187,842,592	$ 173,937,762	$ 148,124,194
Medium-term	243,632,502	211,063,307	187,441,903
Long-term	400,256,650	355,264,093	323,570,945
Overdue loans	1,363,483	677,613	918,756
Bills negotiated and discounts	4,620,986	2,906,861	2,837,704
	837,716,213	743,849,636	662,893,502
Less: Allowance for possible losses	(9,207,459)	(8,327,145)	(6,751,170)
Less: Adjustment of premium or discount	(270,584)	(115,771)	(133,498)
	$ 828,238,170	$ 735,406,720	$ 656,008,834

As of December 31, 2013, December 31, 2012 and January 1, 2012, the loan and credit balances, for which the accrual of interest revenues was discontinued, amounted to $1,363,483 thousand, $677,613 thousand and $918,756 thousand, respectively. The unrecognized interest revenues on these loans and credits were $29,948 thousand and $20,264 thousand for the years ended December 31, 2013 and 2012, respectively.

The allowances for possible losses on discounts and loans assessed for impairment as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

Items		December 31, 2013		December 31, 2012		January 1, 2012	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	$2,406,720	$628,574	$1,680,923	$770,602	$977,984	$223,550
	Assessment for collective impairment	2,215,358	495,121	2,185,816	574,943	2,198,685	604,799
With no objective evidence of impairment	Assessment for collective impairment	833,094,135	8,083,764	739,982,897	6,981,600	659,716,833	5,922,821
Total		837,716,213	9,207,459	743,849,636	8,327,145	662,893,502	6,751,170

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2013	2012
Balance, January 1	$8,327,145	$6,751,170
Transfer of allowance from Chiayi The Forth Credit Cooperative	-	9,104
Acquired from business combination	137,109	-
Provision for possible losses	1,451,420	1,707,317
Write-offs	(1,231,874)	(593,234)
Recovery of written-off credits	506,858	502,470
Effects of exchange rate changes and other changes	16,801	(49,682)
Balance, December 31	$9,207,459	$8,327,145

The bad-debt expenses and provision for losses on guarantees in 2013 and 2012 were as follows:

	For the Year Ended December 31	
	2013	2012
Provision for possible losses on discounts and loans	$1,451,420	$1,707,317
Provision for possible losses on receivables	221,026	262,810
Provision for possible losses on guarantees	34,068	49,796
	$1,706,514	$2,019,923

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	$24,062,344	$33,019,092	$15,222,035
Bank debentures	28,133,184	32,647,365	28,535,815
Corporate bonds	16,721,077	9,853,109	4,068,993
Listed stocks	1,300,332	245,774	486,921
Beneficial securities under securitization	28,918	253,418	4,547,001
Overseas bonds	911,305	136,249	-
	$71,157,160	$76,155,007	$52,860,765

As of December 31, 2013, December 31, 2012 and January 1, 2012, the available-for-sale financial assets, which amounted to $3,636,353 thousand, $1,300,176 thousand and $3,270,800 thousand, respectively, had been sold under repurchase agreements.

13. FINANCIAL ASSET SECURITIZATION

The Bank entered into trust contracts with The Hong Kong and Shanghai Banking Corporation Limited (HSBC, the trustee) and transferred the Bank's rights and risks on bondholding to the trustee in accordance with the Financial Asset Securitization Act. Upon the transfer, the trustee acquired the bondholder's rights from the Bank. The trustee issued beneficial securities named E.SUN CBO 2005-2, E.SUN CBO 2007-1 and E.SUN CBO 2007-2 to investors and passed to the Bank the funds raised on securities issuance along with the retained beneficial securities (E.SUN CBO 2005-2 is Type C) and the sold equity securities with interest receivable.

The issuance period for E.SUN CBO 2005-2, which amounted to $18,341,000 thousand, is between December 28, 2005 and September 20, 2014. In their meeting on February 24, 2012, the beneficiaries of E.SUN CBO 2005-2 resolved to liquidate the trust before maturity. On March 20, 2012, the bonds in the asset pool of E.SUN CBO 2005-2 were sold. As of December 31, 2012, the Bank received $5,920,841 thousand from the recovery of the retained beneficial securities and residual trust assets. Thus, the Bank recognized $1,644,490 thousand as realized gain on liquidation (part of realized gains on available-for-sale financial assets).

The Bank is the servicer of E.SUN CBO 2005-2 and E.SUN CBO 2007-1. Future service income on these contracts is expected to cover all service costs; thus, no service asset or service liability is recognized. The Bank keeps the retained beneficial securities and claims the residual cash flow after the investors collect their income based on the contract. If the security issuers cannot disburse funds upon security maturity, the investors and the trustee have no right of recourse on the Bank's other assets. In addition, the payments to the investors take precedence over those for the retained beneficial securities. The value of the retained beneficial securities will be affected by the credit risk of the bond issuers, interest rate risk, etc.

Cash flows resulting from the securitization were as follows:

	E.SUN CBO 2005-2	E.SUN CBO 2007-1	
	For the Year Ended December 31, 2012	For the Year Ended December 31	
		2013	2012
Service income	$1,065	$600	$600
Receipt of retained beneficial securities and residual trust assets	5,920,841	-	-

14. HELD-TO-MATURITY FINANCIAL ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	$5,912,182	$6,264,653	$9,825,349
Corporate bonds	803,871	1,640,723	3,381,152
Bank debentures	527,937	1,166,755	4,434,944
Overseas bonds	1,268,686	289,204	301,236
Overseas certificates of deposits	59,576	474,366	60,556
Beneficial securities under securitization	21,447	32,862	70,622
Negotiable certificates of deposits	-	201,300,000	235,210,000
	$8,593,699	$211,168,563	$253,283,859

As of December 31, 2013, December 31, 2012 and January 1, 2012, the held-to-maturity financial assets, which amounted to $2,397,827 thousand, $2,152,109 thousand and $5,768,003 thousand, respectively, had been sold under repurchase agreements.

Between 2010 and 2011, the Company disposed of some debt instruments because of the severe deterioration of debtors' credits. However, the amount disposed of was only a small portion of the held-to-maturity financial assets, and the Company had no intention to reclassify the rest of these investments. As of December 31, 2013, December 31, 2012 and January 1, 2012, the accumulated disposal amounts from the past three years were $156,276 thousand, $471,782 thousand and $471,782 thousand, respectively, and the accumulated realized losses on disposal were $12,901 thousand, $115,017 thousand and $115,017 thousand, respectively. The accumulated disposal amounts were 1.82%, 0.22% and 0.19% of held-to-maturity financial assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

15. OTHER FINANCIAL ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Due from banks - time deposits	$ 10,117,509	$ -	$ -
Debt instruments with no active market, net	4,757,310	4,063,185	3,163,239
Financial assets carried at cost, net	521,101	328,580	328,580
Others	103,881	726	5,727
	$ 15,499,801	$ 4,392,491	$ 3,497,546

Financial assets carried at cost were unlisted common stocks with no quoted market prices in an active market and with fair values that could not be reliably measured. Thus, these assets were measured at cost less accumulated impairment.

Some investees had operating losses; thus, the Company recognized an impairment loss of $5,900 thousand on financial assets carried at cost for the year ended December 31, 2013.

Debt instruments with no active market were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Corporate bonds	$4,757,310	$4,063,185	$2,367,740
Beneficial securities under securitization	-	-	695,499
Credit-linked products - host contracts	-	-	100,000
	$4,757,310	$4,063,185	$3,163,239

16. PROPERTIES AND EQUIPMENT, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Carrying amount			
Land	$11,526,220	$9,804,884	$9,385,367
Buildings	4,936,881	4,999,069	4,789,861
Computers	887,062	746,586	560,156
Transportation equipment	157,785	127,543	132,826
Miscellaneous equipment	559,107	477,437	381,581
Prepayments for properties and equipment	419,613	217,482	349,726
	$18,486,668	$16,373,001	$15,599,517

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Cost							
Balance, January 1, 2013	$9,804,884	$7,021,435	$3,065,825	$531,687	$1,696,680	$217,482	$22,337,993
Acquired from business combination (Note 46)	253,817	56,767	21,869	37,622	22,934	-	393,009
Addition	428,372	186,078	330,836	64,978	200,349	277,211	1,487,824
Disposal	-	(12,443)	(243,196)	(38,641)	(35,515)	-	(329,795)
Net exchange difference	(2,018)	(12,156)	456	(74)	1,574	-	(12,218)
Reclassification and others	1,041,165	(6,757)	23,469	-	2,685	(75,080)	985,482
Balance, December 31, 2013	$11,526,220	$7,232,924	$3,199,259	$595,572	$1,888,707	$419,613	$24,862,295
Balance, January 1, 2012	$9,385,367	$6,554,856	$2,851,414	$503,728	$1,506,314	$349,726	$21,151,405
Transfer of amounts from Chiayi The Forth Credit Cooperative	-	177	486	14	41	-	718
Addition	1,324,679	339,690	324,187	47,789	192,933	198,211	2,427,489
Disposal	-	-	(166,111)	(19,610)	(20,573)	-	(206,294)
Net exchange difference	-	-	(649)	(234)	(1,039)	-	(1,922)
Reclassification	(905,162)	126,712	56,498	-	19,004	(330,455)	(1,033,403)
Balance, December 31, 2012	$9,804,884	$7,021,435	$3,065,825	$531,687	$1,696,680	$217,482	$22,337,993

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Accumulated depreciation and impairment						
Balance, January 1, 2013	$ -	$(2,022,366)	$(2,319,239)	$(404,144)	$(1,219,243)	$(5,964,992)
Acquired from business combination (Note 46)	-	(12,255)	(17,838)	(21,520)	(20,325)	(71,938)
Disposal	-	12,444	243,194	37,618	34,816	328,072
Depreciation expenses	-	(288,142)	(218,072)	(50,055)	(121,241)	(677,510)
Net exchange difference	-	12,422	(242)	248	(922)	11,506
Reclassification and others	-	1,854	-	66	(2,685)	(765)
Balance, December 31, 2013	$ -	$(2,296,043)	$(2,312,197)	$(437,787)	$(1,329,600)	$(6,375,627)
Balance, January 1, 2012	$ -	$(1,764,995)	$(2,291,258)	$(370,902)	$(1,124,733)	$(5,551,888)
Disposal	-	-	166,111	19,195	19,905	205,211
Depreciation expenses	-	(260,115)	(194,684)	(52,268)	(118,315)	(625,382)
Net exchange difference	-	-	592	(169)	1,215	1,638
Reclassification	-	2,744	-	-	2,685	5,429
Balance, December 31, 2012	$ -	$(2,022,366)	$(2,319,239)	$(404,144)	$(1,219,243)	$(5,964,992)

Depreciation is calculated by the straight-line method over service lives estimated as follows:

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	4 to 20 years

17. INVESTMENT PROPERTIES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$817,072	$1,909,037	$907,264
Buildings	240,276	284,087	309,068
	$1,057,348	$2,193,124	$1,216,332

	Land	Buildings	Total
Cost			
Balance, January 1, 2013	$1,939,332	$351,585	$2,290,917
Disposal	(80,813)	(44,656)	(125,469)
Reclassification	(1,041,165)	(739)	(1,041,904)
Balance, December 31, 2013	$817,354	$306,190	$1,123,544
Balance, January 1, 2012	$960,194	$357,370	$1,317,564
Transfer of amounts from Chiayi The Forth Credit Cooperative	116,540	7,219	123,759
Disposal	(77,513)	-	(77,513)
Reclassification	940,111	(13,004)	927,107
Balance, December 31, 2012	$1,939,332	$351,585	$2,290,917
Accumulated depreciation and impairment			
Balance, January 1, 2013	$(30,295)	$(67,498)	$(97,793)
Depreciation expenses	-	(9,588)	(9,588)
Disposal	22,669	11,779	34,448
Reversals of impairment losses recognized in profit or loss	7,344	816	8,160
Reclassification	-	(1,423)	(1,423)
Balance, December 31, 2013	$(282)	$(65,914)	$(66,196)

(Continued)

	Land	Buildings	Total
Balance, January 1, 2012	$(52,930)	$(48,302)	$(101,232)
Depreciation expenses	-	(9,882)	(9,882)
Reversals of impairment losses/(Impairment losses) recognized in profit or loss	22,635	(6,569)	16,066
Reclassification	-	(2,745)	(2,745)
Balance, December 31, 2012	$(30,295)	$(67,498)	$(97,793)

Investment properties (except for land) are depreciated through 50 years on a straight-line basis.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the fair values of investment properties were $2,243,825 thousand, $2,886,413 thousand and $1,577,073 thousand, respectively. The fair values were based on the valuation at the respective dates by the Company's appraisal center and by independent appraisers that were not the Company's related parties.

The revenues generated from the investment properties are summarized as follows:

	For the Year Ended December 31	
	2013	2012
Rental income from investment properties	$42,197	$48,128
Direct operating expenses of investment properties that generate rental income	(8,703)	(9,064)
Direct operating expenses of investment properties that do not generate rental income	(7,852)	(7,710)
	$25,642	$31,354

18. INTANGIBLE ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Goodwill	$4,296,637	$3,805,337	$3,749,066
Banking licenses	475,178	-	-
Core deposits	347,707	40,854	40,642
Computer software	330,395	282,804	237,469
Customer relationship	8,027	8,563	9,098
	$5,457,944	$4,137,558	$4,036,275

	Goodwill	Computer Software	Core Deposits	Customer Relationship	Banking Licenses	Total
Balance, January 1, 2013	$3,805,337	$282,804	$40,854	$8,563	$ -	$4,137,558
Acquired from business combination (Note 46)	494,065	819	339,691	-	477,970	1,312,545
Separate acquisition	-	154,544	-	-	-	154,544
Amortization expenses	-	(166,526)	(30,722)	(536)	-	(197,784)
Reclassification	-	58,674	-	-	-	58,674
Net exchange difference	(2,765)	80	(2,116)	-	(2,792)	(7,593)
Balance, December 31, 2013	$4,296,637	$330,395	$347,707	$8,027	$475,178	$5,457,944
Balance, January 1, 2012	$3,749,066	$237,469	$40,642	$9,098	$ -	$4,036,275
Transfer of amounts from Chiayi The Forth Credit Cooperative	56,271	-	2,752	-	-	59,023
Separate acquisition	-	114,746	-	-	-	114,746
Amortization expenses	-	(172,948)	(2,540)	(535)	-	(176,023)
Reclassification	-	103,610	-	-	-	103,610
Net exchange difference	-	(73)	-	-	-	(73)
Balance, December 31, 2012	$3,805,337	$282,804	$40,854	$8,563	$ -	$4,137,558

The above intangible assets with limited useful lives are amortized on a straight-line basis by the useful lives as follows:

Computer software	3 to 4 years
Core deposits	4 to 16 years
Customer relationship	17 years

In testing assets for impairment, the Company uses as recoverable amounts (a) value in use for an operating segment defined as a cash-generating unit (CGU) and (b) net fair value for an investment property. Goodwill on the acquisition of UCB, the subsidiary, the Kaohsiung Business Bank Co., Ltd., Chu Nan Credit-Cooperative Association and Chiayi The Fourth Credit Cooperative was allocated to operating segments (CGUs with allocated goodwill). The Company estimates the next five years' cash flows of a CGU by taking into consideration the actual performance of each CGU, business cycle, etc. under the going-concern assumption. The discounted present value of cash flows is used to determine the value in use of each CGU. The discount rates for future cash flows of CGUs were determined using the capital asset pricing model (CAPM). The testing for asset impairment showed that no impairment losses had been incurred.

19.OTHER ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits, net	$1,428,292	$1,299,215	$1,229,609
Prepaid expenses	119,832	105,570	138,517
Foreclosed collaterals, net	8,223	46,507	54,602
Others	7,333	5,780	5,206
	$1,563,680	$1,457,072	$1,427,934

20.DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans from banks	$42,991,536	$40,100,818	$29,683,742
Deposits from Chunghwa Post Co., Ltd.	2,508,657	5,986,310	8,026,290
Bank overdraft	273,107	372,282	34,946
Due to banks	936,277	169,215	275,532
Due to the Central Bank	42,404	24,199	32,416
Call loans from the Central Bank	893,640	-	-
	$47,645,621	$46,652,824	$38,052,926

21.SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $6,254,291 thousand, $4,957,725 thousand and $13,247,387 thousand under repurchase agreements as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, would subsequently be purchased for $6,271,208 thousand, $4,966,886 thousand and $13,261,731 thousand, respectively.

22.PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Checks for clearing	$2,829,534	$10,608,961	$9,408,051
Accrued interest	1,790,426	1,882,493	1,740,532
Acceptances	2,093,861	2,847,478	2,263,778
Accounts payable	1,236,155	492,955	298,406
Factored accounts payable	1,586,390	1,249,839	1,380,320
Accrued expenses	2,018,170	1,758,851	1,389,309
Payables on credit cards	1,171,514	356,965	339,815
Collections payable	678,938	425,882	322,870
Tax payable	144,427	131,089	103,459
Others	2,005,086	1,553,071	585,212
	$15,554,501	$21,307,584	$17,831,752

23.DEPOSITS AND REMITTANCES

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits			
Checking	$15,289,871	$17,900,220	$11,194,405
Demand	290,312,930	241,225,202	200,694,046
Savings - demand	329,092,109	277,681,426	247,636,939
Time	275,787,948	239,091,879	260,304,146
Negotiable certificates of deposits	1,678,800	1,942,400	9,469,600
Savings - time	236,615,782	247,504,111	228,404,461
Treasury deposits	8,283,057	4,177,221	4,822,688
Remittances	421,853	452,136	315,542
	$1,157,482,350	$1,029,974,595	$962,841,827

24. BANK DEBENTURES

	December 31, 2013	December 31, 2012	January 1, 2012
Bonds issued on June 24, 2005; 2.75% interest, payable annually; principal repayable on maturity (10 years after the issue date).	$5,000,000	$5,000,000	$5,000,000
Subordinated bonds issued on October 11, 2005; interest rate at the one-year time savings deposit floating rate of Chunghwa Post Co., Ltd. plus 0.425%, payable quarterly; principal repayable on maturity (7 years after the issue date).	-	-	2,000,000
Subordinated bonds issued on October 19, 2005; 2.725% interest, payable annually; principal repayable on maturity (7 years after the issue date).	-	-	1,400,000
Subordinated bonds issued on November 4, 2005; interest rate at the one-year time savings deposit floating rate of Chunghwa Post Co., Ltd. plus 0.4%, payable annually; principal repayable on maturity (7 years after the issue date).	-	-	1,600,000
Two types of subordinated bonds issued on August 24, 2006; interest rate at (a) 90 days' interest rate for commercial paper (stated below) plus 0.25% for type A bond; and (b) 2.60% interest for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years after the issue date).	-	6,000,000	6,000,000
Two types of subordinated bonds issued on June 29, 2007; interest rate at (a) the one-year time savings deposit floating rate of Bank of Taiwan plus 0.5% for type A bond; and (b) 90 days' interest rate for commercial paper plus 0.39% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years after the issue date).	3,700,000	3,700,000	3,700,000
Subordinated bonds issued on February 15, 2008; 3.10% interest, payable annually; principal repayable on maturity (7 years after the issue date).	2,300,000	2,300,000	2,300,000
Subordinated bonds issued on October 24, 2008; 3.15% interest, payable annually; principal repayable on maturity (7 years after the issue date).	300,000	300,000	300,000
Subordinated bonds issued on February 20, 2009; 2.10% interest, payable annually; principal repayable on maturity (5 years after the issue date).	1,000,000	1,000,000	1,000,000
Subordinated bonds issued on March 5, 2009; 2.15% interest, payable annually; principal repayable on maturity (5.5 years after the issue date).	500,000	500,000	500,000
Two types of subordinated bonds issued on April 3, 2009; interest rate at (a) 2.15% for Type A bond and (b) 2.50% for Type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for Type A bond and 7 years for Type B bond after the issue date).	500,000	500,000	500,000
Subordinated bonds issued on May 18, 2009; 2.35% interest payable annually; principal repayable on maturity (5.5 years after the issue date).	1,800,000	1,800,000	1,800,000
Subordinated bonds issued on July 17, 2009; 2.50% interest payable annually; principal repayable on maturity (7 years after the issue date).	900,000	900,000	900,000
Subordinated bonds issued on October 20, 2009; 2.35% interest payable annually; principal repayable on maturity (7 years after the issue date).	1,500,000	1,500,000	1,500,000
Subordinated bonds issued on May 28, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	3,000,000	3,000,000	3,000,000
Subordinated bonds issued on July 13, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,500,000	2,500,000	2,500,000
Subordinated bonds issued on May 24, 2011; 1.73% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,100,000	2,100,000	2,100,000
Subordinated bonds issued on October 28, 2011; 1.80% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,900,000	2,900,000	2,900,000
Subordinated bonds issued on April 27, 2012; 1.58% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,280,000	2,280,000	-
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	2,720,000	2,720,000	-
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	8,000,000	8,000,000	-
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,300,000	-	-
Subordinated bonds issued on August 28, 2013; 1.75% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,700,000	-	-
Two types of subordinated bonds issued on December 19, 2013; interest rate at (a) 1.75% for type A bond and (b) 1.85% for type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for type A bond and 7 years for type B bond after the issue date).	1,500,000	-	-
	$47,500,000	$47,000,000	$39,000,000

Commercial paper interest rates for 90 days and floating interest rates were based on the average interest rates quoted by Hong Kong's Moneyline Telerate and Reuters.

To increase the Company's capital adequacy ratio and to strengthen its capital structure, the Company applied for the issuance of subordinated bank debentures amounting to $5,000,000 thousand. The application was approved by the FSC on September 14, 2013. As of December 31, 2013, debentures amounting to $3,500,000 thousand had not yet been issued.

The Company plans to issue subordinated bank debentures with an aggregate face value of $3,500,000 thousand and consisting of type A bonds worth $1,300,000 thousand and with interest rate of 1.80% and type B bonds worth $2,200,000 thousand and with interest rate of 1.95% on March 7, 2014.

To increase the Company's capital adequacy ratio and to strengthen its capital structure, the board of directors of the Company resolved in their meeting on March 5, 2014 to issue subordinated bank debentures of $5,000,000 thousand. The Company is going to apply for the approval of this issuance to the FSC.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Principal of structured products	$1,748,599	$1,208,633	$1,631,949
Guarantee deposits received	158,505	147,650	217,088
Appropriations for loans	20,115	56,363	94,606
Long-term borrowing	268,092	-	-
	$2,195,311	$1,412,646	$1,943,643

26. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Provision for employee benefits	$207,508	$289,620	$249,754
Provision for losses on guarantees	150,323	116,200	66,504
Others	22,420	22,288	22,087
	$380,251	$428,108	$338,345

27. POST-EMPLOYMENT BENEFIT PLAN

a. Defined contribution plan

The pension mechanism under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Under the Act, the Company makes monthly contribution equal to 6% of each employee's monthly salary to employees' pension accounts in the Bureau of Labor Insurance.

The Company recognized expenses of $187,894 thousand and $169,729 thousand in the consolidated statements of comprehensive income in 2013 and 2012 in accordance with the defined contribution plan.

b. Defined benefit plan

The Company has a defined benefit pension plan for all regular employees. Under this plan, the pension is calculated on the basis of an employee's seniority accumulated since the hire date in accordance with the Labor Standards Act.

The Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Workers' Retirement Preparation Fund, which manages the fund. The difference between the contributions and the pension costs based on actuarial calculations is deposited in a financial institution in the name of the employees' pension fund administration committee. Starting from July 1, 2005, the Company has made monthly contributions to the pension fund by the foregoing pension calculation for the employees that choose to continue being subject to the Labor Standards Act.

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

	Valuation Date		
	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	2.00%	1.60%	1.75%
Expected rates of return on plan assets	2.00%	1.60%	1.75%
Expected rates of future salary increase	2.50%	2.50%	2.50%

Amounts recognized as profit or loss in the consolidated statement of comprehensive income on the defined benefit plan were as follows:

	For the Year Ended December 31	
	2013	2012
Current service cost	$22,746	$23,312
Interest cost	22,899	22,963
Expected return on plan assets	(17,702)	(17,717)
Past service cost	9,804	9,804
	$37,747	$38,362

Amounts recognized as actuarial gains and losses recognized in other comprehensive income on the defined benefit plan were as follows:

	For the Year Ended December 31	
	2013	2012
Actuarial losses, January 1	$44,455	$-
Losses (gains) recognized	(78,463)	44,455
Actuarial losses (gains), December 31	$(34,008)	$44,455

Included in the consolidated balance sheets were the following amounts arising from the Company's obligation on its defined benefit plan:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$1,501,944	$1,431,159	$1,312,166
Fair value of plan assets	(1,249,045)	(1,086,344)	(997,413)
Deficit	252,899	344,815	314,753
Unrecognized past service cost	(45,391)	(55,195)	(64,999)
Accrued pension liability	$207,508	$289,620	$249,754

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

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$1,431,159	$1,312,166
Current service cost	22,746	23,312
Interest cost	22,899	22,963
Actuarial losses/(gains)	42,003	122,391
Benefits paid	(16,863)	(49,673)
Closing defined benefit obligation	$1,501,944	$1,431,159

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

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$1,086,344	$997,413
Expected return on plan assets	17,702	17,717
Actuarial losses/(gains)	120,466	77,936
Contributions from the employer	41,396	42,951
Benefits paid	(16,863)	(49,673)
Closing fair value of plan assets	$1,249,045	$1,086,344

The percentages of fair value of the main categories in the plan assets were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Equity instruments	39	33	28
Others	61	67	72
	100	100	100

The overall projected rate of return is an estimate that based on the trend of historical returns, the market prediction made by the actuary for the period in which the related obligations exist, the use of the labor pension fund by the Labor Pension Fund Supervisory Committee and the minimum return at a rate no less than the two-year time deposit rate of local banks.

The Company's experience adjustments made prospectively for each accounting period from the date of transition to IFRSs were as follows (refer to Note 50):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 1,501,944	$ 1,431,159	$ 1,312,166
Fair value of plan assets	$ 1,249,045	$ 1,086,344	$ 997,413
Deficit	$ 252,899	$ 344,815	$ 314,753
Experience adjustments of plan liabilities	$ 25,098	$ 45,165	$ -
Experience adjustments of plan assets	$ (120,466)	$ (77,936)	$ -

The Company expects to make a contribution of $41,500 thousand to the defined benefit plan during the annual period beginning after December 31, 2013.

28. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Advance receipts	$ 783,038	$ 801,013	$ 963,921
Deferred revenue	350,451	291,363	126,201
Others	319,059	97,048	130,611
	$ 1,452,548	$ 1,189,424	$ 1,220,733

29. NET INTEREST

	For the Year Ended December 31	
	2013	2012
Interest revenue		
From discounts and loans	$17,781,624	$15,931,039
From revolving interests of credit cards	2,198,236	2,260,075
From investments	1,742,443	3,568,993
Others	608,432	817,883
	22,330,735	22,577,990
Interest expense		
From deposits	(7,991,012)	(7,454,243)
From issuing bank debentures	(936,893)	(898,863)
From due to the Central Bank and other banks	(363,184)	(377,562)
Others	(152,738)	(520,568)
	(9,443,827)	(9,251,236)
	$12,886,908	$13,326,754

30. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2013	2012
Service fee income		
From credit cards	$ 3,620,074	$ 2,553,388
From trust business	1,949,325	1,188,742
From cross-selling	1,207,368	737,627
From loans	1,084,527	904,474
Others	1,316,724	1,216,310
	9,178,018	6,600,541
Service charge		
From agency	(574,349)	(684,068)
From cross-bank transactions	(224,971)	(204,254)
From computer processing	(176,682)	(195,809)
Others	(273,402)	(218,536)
	(1,249,404)	(1,302,667)
	$ 7,928,614	$ 5,297,874

31. GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31, 2013				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	$ 7,593	$ 1,804,486	$ (1,385,217)	$ 1,994,696	$ 2,421,558
Financial assets designated as at fair value through profit or loss	-	840,069	71,585	(31,810)	879,844
Held-for-trading financial liabilities	-	-	3,557,888	(1,811,121)	1,746,767
Financial liabilities designated as at fair value through profit or loss	-	(5,363)	-	14,210	8,847
	$ 7,593	$ 2,639,192	$ 2,244,256	$ 165,975	$ 5,057,016

	For the Year Ended December 31, 2012				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	$ 6,895	$ 574,956	$ (3,473,257)	$ (660,831)	$ (3,552,237)
Financial assets designated as at fair value through profit or loss	-	340,594	(272,056)	131,906	200,444
Held-for-trading financial liabilities	-	-	4,097,881	853,951	4,951,832
Financial liabilities designated as at fair value through profit or loss	-	(28,718)	-	33,293	4,575
	$ 6,895	$ 886,832	$ 352,568	$ 358,319	$ 1,604,614

32. EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2013	2012
Employee benefit		
Salaries	$ 5,403,783	$ 4,861,388
Insurance	390,292	324,533
Excessive interest from preferential rates	132,867	117,904
Post-employment benefits	225,641	208,091
Others	302,294	263,811
Depreciation expenses	687,097	635,264
Amortization expenses	201,113	178,712

33. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
Current year	$ 1,441,062	$ 1,438,657
Additional 10% income tax on unappropriated earnings	-	4,731
Prior year's adjustments	(2,678)	(6,941)
	1,438,384	1,436,447
Deferred tax		
Current year	241,774	(119,965)
Income tax expense recognized in profit or loss	$ 1,680,158	$ 1,316,482

A reconciliation of accounting profit and current income tax expenses for the years ended December 31, 2013 and 2012 is as follows:

	For the Year Ended December 31	
	2013	2012
Income before tax from continuing operations	$ 10,527,668	$ 8,481,741
Income tax expense at the 17% statutory rate	$ 1,789,704	$ 1,441,896
Nondeductible expenses in determining taxable income	51,307	90,935
Tax-exempt income	(477,226)	(281,681)
Additional 10% income tax on unappropriated earnings	-	4,731
Unrecognized deductible temporary differences	268,714	(728)
Effect of different tax rate of overseas branches operating in other jurisdictions	50,337	68,270
Adjustments for prior year's tax	(2,678)	(6,941)
Income tax expense recognized in profit or loss	$ 1,680,158	$ 1,316,482

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2013	2012
Deferred tax		
Recognized in other comprehensive income:		
Exchange differences in translation of financial statements of foreign operations	$ 26,303	$ (45,566)
Unrealized gains (losses) on available-for-sale financial assets	(28,288)	58,517
Total income tax expenses (benefits) recognized in other comprehensive income	$ (1,985)	$ 12,951

c.Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Receivables on consolidated tax returns	$ 152,340	$ 152,340	$ 242,628
Tax refund receivable	-	-	24,444
Others	7,209	7,115	7,721
	$ 159,549	$ 159,455	$ 274,793
Current tax liabilities			
Payables on consolidated tax returns	$ 297,521	$ 750,147	$ 6,161
Income tax payable	112,409	76,197	54,361
	$ 409,930	$ 826,344	$ 60,522

d.Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Financial instruments at fair value through profit or loss	$ 18,010	$ (7,521)	$ -	$ -	$ 10,489
Allowance for possible losses	348,152	(243,450)	-	-	104,702
Available-for-sale financial assets	-	-	5,815	-	5,815
Share of profit of subsidiaries, accounted for using equity method	-	37	-	-	37
Other financial assets	2,380	1,003	-	-	3,383
Investment properties	1,124	(1,050)	-	-	74
Properties and equipment	1,720	1,011	-	-	2,731
Foreclosed collaterals	476	1,657	-	-	2,133
Other assets	2,242	(2,135)	-	-	107
Payable for annual leave	$ 27,390	$ 4,281	$ -	$ -	$ 31,671
Exchange difference on foreign operations	46,787	-	(26,303)	-	20,484
Others	-	(3,908)	-	4,280	372
	$ 448,281	$ (250,075)	$ (20,488)	$ 4,280	$ 181,998
Deferred tax liabilities					
Temporary differences					
Available-for-sale financial assets	$ 24,963	$ -	$ (22,473)	$ 691	$ 3,181
Properties and equipment	-	(14,328)	-	14,722	394
Intangible assets	627,385	4,847	-	-	632,232
Unrealized foreign exchange gains	16,478	1,180	-	503	18,161
Provision of land revaluation increment tax	95,212	(3,627)	-	-	91,585
	$ 764,038	$ (11,928)	$ (22,473)	$ 15,916	$ 745,553

For the year ended December 31, 2012

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Financial instruments at fair value through profit or loss	$ 55,100	$ (37,090)	$ -	$ -	$ 18,010
Allowance for possible losses	135,668	212,484	-	-	348,152
Available-for-sale financial assets	33,554	-	(33,554)	-	-
Other financial assets	4,025	(1,645)	-	-	2,380
Investment properties	7	1,117	-	-	1,124
Properties and equipment	-	1,720	-	-	1,720
Foreclosed collaterals	476	-	-	-	476
Other assets	2,477	(235)	-	-	2,242
Payable for annual leave	23,464	3,926	-	-	27,390
Loss carryforwards	52,396	(52,396)	-	-	-
Investment credits	7,298	(7,298)	-	-	-
Exchange difference on foreign operations	1,221	-	45,566	-	46,787
	$ 315,686	$ 120,583	$ 12,012	$ -	$ 448,281
Deferred tax liabilities					
Temporary differences					
Available-for-sale financial assets	$ -	$ -	$ 24,963	$ -	$ 24,963
Intangible assets	624,973	2,412	-	-	627,385
Unrealized foreign exchange gains	18,272	(1,794)	-	-	16,478
Provision of land revaluation increment tax	79,368	(533)	-	16,377	95,212
	$ 722,613	$ 85	$ 24,963	$ 16,377	$ 764,038

e.Imputed tax credit is summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Balance of the imputation credit account (ICA)	$ 16,617	$ 12,088	$ 21,485

For the distribution of the 2012 earnings, the actual creditable ratios were 0.19% and 0.18% for cash dividends and stock dividends, respectively. The Bank estimates the creditable ratio of 0.19% for distributing 2013 earnings.

The actual stockholders' imputation credits should be based on the balance of the ICA as of the dividend distribution date. As a result, the estimated 2013 creditable ratio may differ from the actual creditable ratio.

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

f.The unappropriated earnings generated before January 1, 1998 as of December 31, 2012 and January 1, 2012 was $91,777 thousand at each period-end date. As of December 31, 2013, the balance of the unappropriated earnings generated before January 1, 1998 was zero.

g.The income tax returns through 2007 were examined by the tax authorities. For the aggregate amount of goodwill amortization of $4,078,277 thousand, which resulted from the Bank's acquisition of Kaohsiung Business Bank Co., Ltd. (KBB) and was reported in the income tax returns for 2004 to 2007, the tax authorities disapproved the related expense because the authorities considered the goodwill on the purchase of KBB's assets, liabilities and operations as having resulted mainly from a subsidy authorized by the Executive Yuan to be released from the Resolution Trust Corporation fund and not the Bank's use of its own cash. The Bank disagreed with the tax authorities' decision and initiated an administrative litigation.

The Bank did not accrue the related liabilities because the possibility of a positive result on the Bank's administrative litigation is high.

34.EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
For the year ended December 31, 2013			
Basic earnings per share			
Net income	$8,847,604	4,985,000	$1.77
For the year ended December 31, 2012			
Basic earnings per share			
Net income	$7,165,259	4,784,234	$1.50

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The basic earnings per share after income tax were retrospectively adjusted as followings:

Unit: NT$ Per Share

	For the Year Ended December 31, 2012	
	Before Retrospectively Adjusted	After Retrospectively Adjusted
Basic earnings per share	$1.63	$1.50

35.EQUITY

a.Capital stock

Common stock

	December 31, 2013	December 31, 2012	January 1, 2012
Authorized number of shares (in thousands)	4,985,000	4,572,500	4,220,600
Authorized capital	$49,850,000	$45,725,000	$42,206,000
Number of shares issued (in thousands)	4,985,000	4,572,500	4,220,600
Common stock issued	$49,850,000	$45,725,000	$42,206,000

Common stock issued has a NT$10 par value. Each share has one voting right and the right to receive dividends.

The stockholders resolved to use the 2011 unappropriated earnings of $1,519,000 thousand as stock dividends consisting of 151,900 thousand shares. This issuance was approved by the Ministry of Economic Affairs (MOEA).

In December 2012, the Bank increased its capital by $3,100,000 thousand through private placement and issued 200,000 thousand shares at NT$15.50 per share. ESFHC subscribed for all the new shares. This issuance was approved by the MOEA.

The stockholders resolved to use the 2012 unappropriated earnings of $4,125,000 thousand as stock dividends consisting of 412,500 thousand shares and to raise the authorized capital to $49,850,000 thousand on May 2, 2013. This issuance was approved by the MOEA.

On January 24, 2014, the board of directors of the Bank resolved to increase its capital by $2,324,000 thousand through private placement, to issue 140,000 thousand shares at NT$16.60 per share and to raise the authorized capital to $51,250,000 thousand. ESFHC subscribed for all the new shares. The Company is going to apply for the approval of this issuance to the MOEA.

On March 5, 2014, the board of directors of the Bank resolved to use the 2013 unappropriated earnings of $4,240,000 thousand as stock dividends consisting of 424,000 thousand shares and to raise the authorized capital to $55,490,000 thousand. The issuance of common stock is waiting for the approval of the stockholders.

b.Capital surplus

Under the Articles of Incorporation of ESFHC, the employees of ESFHC's subsidiaries could be included in the distribution of bonus to employees. Thus, the Bank recognized the estimated distribution of share bonus to the Bank's employees under both salary expenses and capital surplus at $229,078 thousand and $198,346 thousand in 2013 and 2012, respectively.

Material differences between such estimated amounts and the amounts proposed by ESFHC's board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If the actual distribution of share bonus to the Bank's employees differ from the estimated distribution, this change should be treated as a change in accounting estimate, and the related accrued expenses and capital surplus should be adjusted in the year of ESFHC's stockholders' approval of the bonus.

Under the related regulations, capital surplus may be used to offset a deficit. Capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law. The foregoing capital surplus may be distributed as cash dividends as well.

Capital surplus arising from equity investments under the equity method should not be distributed for any purpose.

c.Special reserve

Under FSC guidelines, the Bank reclassified the trading loss reserve of $83,866 thousand accrued until December 31, 2010 to special reserve. This special reserve may be used to offset a deficit and may be appropriated when legal reserve reaches 50% of the Bank's paid-in capital.

Also under FSC guidelines, on the first-time adoption of IFRSs, a special reserve should be appropriated at an amount equal to unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Bank's use of exemptions under IFRS 1 starting from 2013. The Bank did not have any unrealized revaluation increments, and the exchange differences on the translation of financial statements of foreign operations, to which an IFRS 1 exemption was applicable, was negative. Thus, no special reserve was required to be appropriated on the Bank's first-time adoption of IFRSs.

d.Appropriation of earnings

The Bank's Articles of Incorporation provide that the following should be appropriated from the annual net income less any accumulated deficit:

1) 30% as legal reserve;

2) Special reserve, if needed; and

3) From any remainder -

a) 94% as dividends

b) 1% as remuneration to directors; and

c) 5% as bonus to employees.

The stockholders may decide not to declare any dividends or decide to distribute only a portion of the distributable earnings.

Under the Bank's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen the Bank's financial structure. This policy is also intended to improve the Bank's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. When dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT$0.10. However, cash dividends should not be more than 15% of paid-in capital if legal reserve is less than the total paid-in capital.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of the Bank's paid-in capital, the excess may be used to issue new shares or distribute cash dividends. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived.

Under the related regulations, a special reserve is appropriated from the balance of the retained earnings generated before January 1, 2012 at an amount from the net income and unappropriated earnings that is equal to the debit balance of unrealized loss on financial instruments in the stockholders' equity section. The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings generated after January 1, 2013 at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section (such as exchange differences in translation of financial statements of foreign operations and unrealized gains or losses on available-for-sale financial assets). The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts.

The imputation credits for stockholders are calculated on the creditable ratio on the date of dividend distribution.

In the years ended December 31, 2013 and 2012, the bonus to employees and remuneration to directors, which totaled $369,198 thousand and $347,315 thousand, respectively, and represented 5% (employees' bonus) and 1% (directors' remuneration), respectively, of the appropriation of earnings, were accrued on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If the bonus and remuneration approved by the Bank's stockholders differ from the board of directors' proposal, this change should be treated as a change in accounting estimate, and the related accrued expenses should be adjusted in the year of the stockholders' approval of the bonus and remuneration.

The appropriations from the earnings of 2012 and 2011 were approved in the stockholders' meetings on May 2, 2013 and May 4, 2012, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2012	2011	2012	2011
Legal reserve	$2,153,699	$947,289		
Special reserve	-	221,557		
Cash dividends	1,316,275	422,476	$0.29	$0.10
Stock dividends	4,125,000	1,519,000	0.90	0.36

The bonus to employees and the remuneration to directors for 2012 and 2011, which were approved in the stockholders' meetings on May 2, 2013 and May 4, 2012, respectively, were as follows:

	For the Year Ended December 31	
	2012	2011
Bonus to employees - cash	$289,429	$103,270
Remuneration to directors - cash	57,886	20,654

There was no difference between the amounts of the bonus to employees and the remuneration to directors approved in the stockholders' meetings in 2013 and 2012 and the amounts recognized in the financial statements for the years ended December 31, 2012 and 2011.

The appropriations from the 2013 earnings were approved in the board of directors meetings on March 5, 2014 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$2,654,281	
Cash dividends	1,588,000	$0.31
Stock dividends	4,240,000	0.83

The proposal on the appropriation of the 2013 earnings, bonus to employees and remuneration to directors is waiting for the approval of the stockholders. Information on earnings appropriation or deficit offsetting can be accessed through the Web site of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e.Non-controlling interests

	For the Year Ended December 31, 2013
Balance, January 1	$-
Increase in non-controlling interests from the acquisition of UCB (Note 46)	708,242
Attributable to non-controlling interests	
Net income	(94)
Unrealized gains on available-for-sale financial assets	231
Exchange differences in translation of financial statement of foreign operations	(4,015)
Balance, December 31	$704,364

36.RELATED-PARTY TRANSACTIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) is the parent company of the Bank and the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the Bank and the subsidiaries (related parties of the Bank) are eliminated on a consolidated basis. In addition to those mentioned in Table 2 and in other notes, the significant related-party transactions are summarized as follows:

a.Related parties

Related Party	Relationship with the Bank
E.SUN Financial Holding Company, Ltd. (ESFHC)	Parent company
E.SUN Securities Co., Ltd., E.SUN Venture Capital Co., Ltd., E.SUN Insurance Broker Co., Ltd. and E.SUN Securities Investment Consulting Corp.	Sister companies
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	One third of the funds are donated by the Bank
Others	Main management of the parent company (ESFHC) and the Bank and other related parties

b.Significant transactions between the Bank and related parties

1)Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
2013				
Sister companies	$287,000	$-	$15	
Main management	75,598	69,709	764	
Others	1,153,586	935,192	11,870	
	$1,516,184	$1,004,901	$12,649	0-2.25
2012				
Sister companies	$10,000	$-	$11	
Main management	71,030	55,370	868	
Others	883,710	744,533	10,376	
	$964,740	$799,903	$11,255	0.99-3.38

2)Deposits

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
Year ended December 31, 2013				
Parent company	$8,788,051	$5,664,594	$29,924	
Sister companies	6,767,950	1,922,256	16,963	
Main management	$2,591,367	$627,877	$4,785	
Others	1,918,525	713,558	10,612	
	$20,065,893	$8,928,285	$62,284	0-6.9
Year ended December 31, 2012				
Parent company	$13,723,515	$5,519,651	$47,715	
Sister companies	2,380,135	1,504,828	15,288	
Main management	1,298,826	1,012,349	3,116	
Others	1,013,656	608,855	9,013	
	$18,416,132	$8,645,683	$75,132	0-6.9

Note: The sum of the respective highest balances of each account in 2013 and 2012.

	December 31, 2013	December 31, 2012	January 1, 2012
3)Consolidated tax return receivables (part of current tax assets)			
Parent company	$152,340	$152,340	$242,628
4)Refundable deposit (part of other assets)			
Sister companies	$1,086	$1,086	$1,086
5)Prepaid expense (part of other assets)			
Sister companies	$2,391	$2,391	$2,391
6)Interest payable (part of payables)			
Parent company	$12,090	$7,937	$10,307
Sister companies	681	658	617
Main management	560	459	147
Others	760	577	904
	$14,091	$9,631	$11,975
7)Remuneration to directors and supervisors (part of payables)			
Parent company	$61,533	$57,886	$20,654
8)Consolidated tax return payables (part of current tax liabilities)Parent company	$297,521	$750,147	$6,161
9)Other payable (part of payables)Sister companies	$-	$6,229	$-
10)Accrued expenses (part of payables)Sister companies	$-	$-	$7,962
11)\Guarantee deposits received (part of other financial liabilities)			
Parent company	$1,472	$1,433	$1,433
Sister companies	7,724	7,477	7,477
	$9,196	$8,910	$8,910
12)Unearned revenue (part of other liabilities)			
Parent company	$910	$910	$910
Sister companies	2,573	2,649	2,600
	$3,483	$3,559	$3,510

The Bank's parent company, ESFHC, has filed consolidated corporate tax returns, i.e., including the Bank's income tax return, from 2003, as allowed by certain tax regulations.

	For the Year Ended December 31	
	2013	2012
13)Income from investment properties (part of other noninterest gains, net)		
Parent company	$5,497	$5,460
Sister companies	28,844	28,378
	$34,341	$33,838
14)Rental income from operating assets (part of other noninterest gains, net)		
Parent company	$120	$139
Sister companies	5,656	6,546
	$5,776	$6,685
15)Donation (part of general and administrative expenses)		
E.SUN Volunteer & Social Welfare Foundation	$28,693	$20,979
16)Other (part of general and administrative expenses)		
Parent company	$61,533	$57,886
Sister companies	14,346	14,346
Others	1,184	1,117
	$77,063	$73,349

The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity.

17)Directors as credit guarantors

	Amount	Interest Rate (%)	Rate of Guarantee Service Fee (%)
December 31, 2013	$54,667	1.263-2.17	-
December 31, 2012	$178,000	1.316-2.17	-
January 1, 2012	$155,250	1.261-2.17	-

18)In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to the Bank. The Bank charged $71 thousand and $15 thousand (part of service fee income, net) accordingly in 2013 and 2012.

The Bank has operating lease contracts with related parties, which cover certain office spaces within the Bank's building. The monthly or quarterly rentals, which had been prepaid by the lessees, were based on rentals for buildings near the Bank.

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates for saving deposits given to managers of the Bank are the same as the interest rates of employees' savings deposits within a certain amount.

Under the Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

c.Salaries, bonuses and remuneration to main management

The salaries, bonuses and remuneration to the directors and other main management for the years ended December 31, 2013 and 2012, are summarized as follows:

	For the Year Ended December 31	
	2013	2012
Salaries and other short-term employment benefits	$143,477	$133,188
Post-employment benefits	886	895
Interest arising from the employees' preferential rates in excess of normal rates	395	418
	$144,758	$134,501

37.PLEDGED ASSETS

a.In addition to those mentioned in other notes, the pledged assets were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at fair value through profit or loss (bonds and securities at face value)	$15,098,440	$467,803	$389,688
Receivables (bonds)	1,600	2,000	9,900
Available-for-sale financial assets (bonds at face value)	1,078,586	316,870	51,000
Held-to-maturity financial assets (bonds and securities at face value)	1,628,076	16,329,080	22,936,936
Other financial assets	745	726	757
	$17,807,447	$17,116,479	$23,388,281

As of December 31, 2013, December 31, 2012 and January 1, 2012, the foregoing bonds and securities, with aggregate face value of $10,000,000 thousand, $10,000,000 thousand, and $10,900,000 thousand, respectively, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as the Bank's liquidity reserve.

The Bank is authorized by the CB to act as a national treasury agent bank. For its role as CB's agent and for covering its call loans from the CB, the Bank had provided collaterals consisting of securities with aggregate face values of $5,000,000 thousand, $5,000,000 thousand and $10,300,000 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

b.To expand its capital sourcing and enhance its liquidity position, the Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. For this access, the Branch pledged the following assets:

(In Thousands of U.S. Dollars)

Date	Outstanding Loan Balance	Collateral Value
December 31, 2013	$-	$-
December 31, 2012	$15,417	$10,388
January 1, 2012	$10,100	$8,997

38.CONTINGENCIES AND COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

a.E.SUN Bank

1)Lease agreements on premises occupied by the Bank's branches are operating lease. Rentals are calculated on the basis of the leased areas and are payable monthly, quarterly or semiannually. As of December 31, 2013, refundable deposits on these leases totaled $985,478 thousand (part of refundable deposits). Minimum future annual rentals are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Within one year	$ 627,156	$ 541,849	$ 537,544
One to five years	1,482,043	1,367,406	1,344,254
Over five years	18,283	37,403	54,417
	$ 2,127,482	$ 1,946,658	$ 1,936,215

The lease payments recognized as expenses are as follows:

	For the Year Ended December 31	
	2013	2012
Minimum lease payments	$ 480,299	$ 458,464
Contingent rentals	2,314	1,079
	$ 482,613	$ 459,543

2)Lease agreements on investment properties owned by the Bank and rent to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of December 31, 2013, refundable deposits on these leases totaled $10,929 thousand (part of guarantee deposits received). Minimum future annual rentals are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Within one year	$ 35,649	$ 42,298	$ 45,292
One to five years	22,197	45,180	81,518
	$ 57,846	$ 87,478	$ 126,810

3)Agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by the Bank's branches amounted to approximately $503,014 thousand. As of December 31, 2013, the remaining unpaid amount was approximately $358,018 thousand.

b.Union Commercial Bank (UCB)

1)Lease agreements on premises occupied by UCB are operating lease. As of December 31, 2013, refundable deposits on these leases totaled $2,525 thousand (part of refundable deposits). Minimum future annual rentals are as follows:

	December 31 2013
Within one year	$ 4,401
One to five years	13,138
Over five years	3,396
	$ 20,935

2)Decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately $40,648 thousand. As of December 31, 2013, the remaining unpaid amount was approximately $24,965 thousand.

39.THE BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Year Ended December 31			
	2013		2012	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents and other financial assets - due from banks	$9,966,137	0.44	$5,472,248	1.27
Call loans to banks	10,432,010	0.94	6,805,492	0.77
Due from the Central Bank	28,632,124	0.55	26,160,968	0.59
Held-for-trading financial assets - bonds	1,471,177	2.92	1,467,485	2.54
Held-for-trading financial assets - bills	207,441,867	0.85	18,253,524	0.74
Financial assets designated as at fair value through profit or loss - bonds	39,805,681	2.11	34,226,433	2.09
Securities purchased under resell agreements	56,532	0.74	436,850	0.85
Discounts and loans	790,107,669	2.23	694,206,194	2.29
Receivables on credit cards	18,286,932	12.01	16,843,550	13.38
Available-for-sale financial assets - bonds	76,323,438	1.82	52,347,172	2.30
Held-to-maturity financial assets	18,193,929	1.34	235,943,249	0.86
Debt instruments with no active market	4,815,721	2.23	4,194,980	3.04
Interest-bearing liabilities				
Due to the Central Bank and other banks	56,795,574	0.74	45,534,260	0.83
Financial liabilities at fair value through profit or loss	910,278	1.42	3,125,000	1.39
Securities sold under repurchase agreements	5,166,214	0.85	8,789,030	0.66
Demand deposits	255,913,396	0.24	207,641,216	0.22
Savings - demand deposits	301,659,901	0.31	259,389,082	0.30
Time deposits	252,723,446	1.18	263,349,560	1.17
Savings - time deposits	247,368,585	1.35	237,183,341	1.34
Negotiable certificates of deposits	1,571,560	0.50	1,675,353	0.57
Bank debentures	47,280,274	1.98	43,736,503	2.05
Principal of structured products	1,560,558	2.53	1,653,060	1.65

40.FINANCIAL INSTRUMENTS

a.Fair values of financial instruments

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or that the fair values cannot be reasonably measured.

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets						
Held-to-maturity financial assets	$8,593,699	$8,699,175	$211,168,563	$211,347,422	$253,283,859	$253,513,119
Debt instruments with no active market	4,757,310	4,770,533	4,063,185	4,063,185	3,163,239	3,169,296
Financial liabilities						
Bank debentures	47,500,000	47,674,560	47,000,000	47,537,501	39,000,000	39,741,888

b.The valuation techniques and assumptions the Company uses for determining fair values are as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied.

The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values of these two types of contracts are provided by counter-parties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. Fair values of credit default swap contracts are valuated using the discount spread method or modified Hull-White model. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discou approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for payments. As of December 31, 2013, December 31, 2012 and January 1, 2012, the discount rates used ranged from 0.388% to 2.336%, from 0.41% to 1.7005% and from 0.401% to 1.83%, respectively, for the New Taiwan dollar and from 0.10% to 3.851%, from 0.10% to 2.717% and from 0.13% to 2.606%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for evaluating the fair value of debt instruments with no active market, which are classified as other financial assets; otherwise, the Company uses the foregoing valuation techniques to determine fair value.

c.The fair value hierarchies of the Company's financial instruments as of December 31, 2013, December

31, 2012 and January 1, 2012 were as follows:

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$135,913	$135,913	$ -	$ -
Debt instruments	2,370,477	2,370,477	-	-
Others	232,898,068	150,269	232,747,799	-
Financial assets designated as at fair value through profit or loss	41,515,861	7,319,320	34,196,541	-
Available-for-sale financial assets				
Stocks	1,300,332	1,300,332	-	-
Debt instruments	69,856,828	60,580,270	9,247,640	28,918
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	6,278,175	103,780	6,168,810	5,585
Liabilities				
Financial liabilities at fair value through profit or loss	5,838,296	-	5,832,711	5,585

	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$159,029	$159,029	$ -	$ -
Debt instruments	1,042,015	1,042,015	-	-
Others	21,705,925	40,850	21,665,075	-
Financial assets designated as at fair value through profit or loss	34,013,740	4,372,148	29,641,592	-
Available-for-sale financial assets				
Stocks	245,774	245,774	-	-
Debt instruments	75,909,233	63,352,976	12,302,839	253,418
Liabilities				
Financial liabilities at fair value through profit or loss	2,921,861	-	2,921,861	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,325,721	51,266	4,268,014	6,441
Liabilities				
Financial liabilities at fair value through profit or loss	4,056,896	109	4,050,346	6,441

	January 1, 2012			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$138,471	$138,471	$ -	$ -
Debt instruments	840,958	840,958	-	-
Others	14,273,521	1,087,318	13,186,203	-
Financial assets designated as at fair value through profit or loss	32,590,618	3,536,138	29,054,480	-
Available-for-sale financial assets				
Stocks	486,921	486,921	-	-
Debt instruments	52,373,844	39,582,492	8,121,106	4,670,246
Liabilities				
Financial liabilities at fair value through profit or loss	3,252,437	-	3,252,437	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,407,368	103,517	4,294,523	9,328
Liabilities				
Financial liabilities at fair value through profit or loss	4,603,265	169	4,593,768	9,328

1)Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are defined as markets with all of the following characteristics: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

2)Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3)Level 3 - inputs not based on observable market data (unobservable inputs).

d.Other information on financial assets and liabilities in Level 3 in 2013 and 2012 is as follows:

December 31, 2013 (In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
Assets								
Financial assets at fair value through profit or loss Held-for-trading financial assets	$ 6,441	$ (856)	$ -	$ -	$ -	$ -	$ -	$ 5,585
Available-for-sale financial assets	253,418	-	7,820	-	-	(232,320)	-	28,918
Liabilities								
Financial liabilities at fair value through profit or loss Held-for-trading financial liabilities	6,441	(856)	-	-	-	-	-	5,585

December 31, 2012 (In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
Assets								
Financial assets at fair value through profit or loss Held-for-trading financial assets	$ 9,328	$ (2,887)	$ -	$ -	$ -	$ -	$ -	$ 6,441
Available-for-sale financial assets	4,670,246	-	(8,375)	-	-	(4,408,453)	-	253,418
Liabilities								
Financial liabilities at fair value through profit or loss Held-for-trading financial liabilities	9,328	(2,887)	-	-	-	-	-	6,441

e. Information on financial assets designated as at fair value through profit or loss that should be originally measured at amortized cost is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Carrying amounts of debt instruments designated as at fair value through profit or loss	$ 237,947	$ 231,391	$ 241,376
Maximum amount of exposure to credit risks net of effect of credit derivative instruments	237,947	231,391	241,376

	Change in Fair Values Resulting from Credit Risk Variations	Change in Fair Values of Related Credit Derivatives
Change in amount in the period		
For the Year Ended December 31, 2013	$ (206)	$ 3,379
For the Year Ended December 31, 2012	$ 12,864	$ (10,451)
Accumulated amount of change		
As of December 31, 2013	$ (810)	$ (2,107)
As of December 31, 2012	$ (604)	$ (5,486)
As of January 1, 2012	$ (13,468)	$ 4,965

The change in fair value of debt instruments designated as at fair value through profit or loss resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of these debt instruments. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair value of debt instruments is the present value of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' financial assets with similar maturities.

As of the balance sheet dates, the debt instruments designated as at fair value through profit or loss have no concentration of credit risk. The carrying amounts are the maximum exposure to credit risks of these debt instruments.

f. Information on the financial liabilities designated as at fair value through profit or loss is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Difference between carrying amounts and the amounts due on maturity			
Fair value	$ -	$ 2,921,861	$ 3,252,437
Amounts due on maturity	-	2,900,000	3,200,000
	$ -	$ 21,861	$ 52,437

	Change in Fair Values Resulting from Credit Risk Variations
Change in amount in the period	
For the Year Ended December 31, 2013	$ -
For the Year Ended December 31, 2012	$ 13
Accumulated amount of change	
As of December 31, 2013	$ (419)
As of December 31, 2012	$ (419)
As of January 1, 2012	$ (432)

The change in fair value of structured products resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of the structured products. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair value of structured products is the present value of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' borrowings with similar maturities.

g.Information on financial risk management

1)Risk management

The Bank established the risk management division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for the Bank.

2)Credit risk

Credit risk refers to the Company's exposure to financial losses due to inability of customers or counter-parties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off- balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risks fall within the acceptable range, the Company has stipulated in the Guidelines for Credit Risk Management that for all the products provided and businesses conducted, including all on- and off-balance sheet transactions in the banking and trading books, the Company should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., the Company also requires the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with the Company's risk management policies and guidelines.

The measurement and management of credit risks from the Company's main businesses are as follows:

a)Loans and credit card business (including loan commitment and guarantees):

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectible. The Company also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, the Company rates credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, the Company has developed a credit rating model for clients. The Company reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credits and residential mortgages, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

The Company classifies the credit qualities of corporate loans as strong, medium and weak. The Company evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, the Company annually conducts validity test and back testing on the models using data on customers' actual defaults.

b)Due from and call loans to other banks

The Company evaluates the credit status of counter-parties before deals are closed. The Company grants different limits to the counter-parties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

c)Investment in debt instruments and derivatives

The Company identifies and manages credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counter-party risks.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The Company monitors the credit limits (including lending limits) by counter-parties. The credits extended to counter-parties that are not rated as investment grade are assessed case by case. The credits extended to counter-parties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

The Company classifies the debt instruments and derivatives into different categories, which are mainly based on the credit ratings provided by external credit agencies (Moody's, S&P, Fitch or Taiwan Ratings).

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the debt, the Company manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to reduce the repayment period, to demand immediate settlement or to offset the debts of the borrowers by their deposits in the Company in order to reduce the credit risks. The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

To avoid the concentration of credit risks, the Company has included credit limits for a single counter-party and for a single group in its credit-related guidelines. The Company has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Company set credit limits by industry, conglomerate, country, transactions collateralized by stocks, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counter-parties or some circumstances where the transactions with counter-parties are terminated due to defaults.

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Loan commitments issued	$482,520,110	$393,773,363	$344,059,555
Credit card commitments	266,608,615	270,578,343	217,979,705
Letters of credit issued yet unused	11,172,690	11,016,369	9,080,847
Other guarantees	13,753,439	10,507,216	11,023,248

The management of the Company believes its ability to minimize the credit risk exposures of the off-balance sheet items is mainly attributed to its rigorous evaluation of credit extended and the periodic reviews of these credits.

Concentration of credit risk exists when counter-parties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Group or industry, regions and collaterals that were 10% or more of total outstanding loans were as follows:

Credit Risk Profile by Group or Industry	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
Natural person	$ 412,515,544	48	$ 374,854,505	49	$ 341,328,300	50
Manufacturing	217,199,784	25	199,732,382	26	186,020,462	27

Credit Risk Profile by Regions	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
Domestic	$ 760,132,572	88	$ 689,626,565	91	$ 620,391,870	91

Credit Risk Profile by Collaterals	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
Unsecured	$ 250,440,739	29	$ 222,615,883	29	$ 200,191,570	29
Secured						
Real estate	508,982,622	59	451,193,278	59	399,251,339	59

Some financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counter-parties have rather high credit ratings.

In addition to the above assets, credit quality analyses on other financial assets are as follows:

a) Credit quality analysis on discounts, loans and receivables

December 31, 2013	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 34,456,700	$ 636,891	$ 1,952,555	$ 37,046,146	$ 686,728	$ 950,950	$ 35,408,468
Others	20,849,005	16,470	49,295	20,914,770	24,216	205,642	20,684,912
Discounts and loans	829,473,376	3,620,759	4,622,078	837,716,213	1,123,695	8,083,764	828,508,754

December 31, 2012	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 33,257,454	$ 727,522	$ 1,821,546	$ 35,806,522	$ 714,560	$ 679,581	$ 34,412,381
Others	9,710,151	13,801	31,248	9,755,200	10,611	98,022	9,646,567
Discounts and loans	737,076,142	2,906,755	3,866,739	743,849,636	1,345,545	6,981,600	735,522,491

January 1, 2012	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 30,283,315	$ 740,646	$ 1,765,868	$ 32,789,829	$ 656,008	$ 294,559	$ 31,839,262
Others	10,178,300	10,858	333,956	10,523,114	292,270	176,209	10,054,635
Discounts and loans	657,386,150	2,330,683	3,176,669	662,893,502	828,349	5,922,821	656,142,332

b)Credit quality analysis on discounts and loans neither past due nor impaired (based on credit ratings of clients)

December 31, 2013	Neither Past Due Nor Impaired			
	Strong	**Medium**	**Weak**	**Total**
Consumer loans				
Residential mortgage	$110,711,496	$130,829,611	$5,914,181	$247,455,288
Petit credit	10,185,228	33,709,941	3,324,247	47,219,416
Others	51,375,800	60,711,634	2,744,483	114,831,917
Corporate loans				
Secured	77,333,537	89,697,903	14,703,110	181,734,550
Unsecured	124,774,554	106,617,876	6,839,775	238,232,205
Total	$374,380,615	$421,566,965	$33,525,796	$829,473,376

December 31, 2012	Neither Past Due Nor Impaired			
	Strong	**Medium**	**Weak**	**Total**
Consumer loans				
Residential mortgage	$103,304,189	$127,239,949	$5,741,747	$236,285,885
Petit credit	9,183,333	20,137,867	7,048,435	36,369,635
Others	43,646,282	53,772,543	2,425,902	99,844,727
Corporate loans				
Secured	60,827,826	78,164,474	14,346,840	153,339,140
Unsecured	121,608,935	82,884,433	6,743,387	211,236,755
Total	$338,570,565	$362,199,266	$36,306,311	$737,076,142

January 1, 2012	Neither Past Due Nor Impaired			
	Strong	**Medium**	**Weak**	**Total**
Consumer loans				
Residential mortgage	$54,262,014	$169,450,204	$7,682,298	$231,394,516
Petit credit	1,887,494	22,583,113	3,368,536	27,839,143
Others	21,757,205	67,962,743	3,080,337	92,800,285
Corporate loans				
Secured	43,775,992	76,886,656	9,921,880	130,584,528
Unsecured	78,560,230	88,604,666	7,602,782	174,767,678
Total	$200,242,935	$425,487,382	$31,655,833	$657,386,150

c)Credit quality analysis on securities

December 31, 2013	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$46,293,302	$22,297,117	$1,266,409	$69,856,828	$ -	$ -	$69,856,828	$ -	$69,856,828
Equities	747,650	206,059	346,623	1,300,332	-	-	1,300,332	-	1,300,332
Held-to-maturity financial assets									
Bonds	7,525,970	544,502	21,447	8,091,919	-	494,333	8,586,252	52,129	8,534,123
Others	59,576	-	-	59,576	-	-	59,576	-	59,576
Other financial assets									
Bonds	605,211	1,575,437	2,576,662	4,757,310	-	-	4,757,310	-	4,757,310
Equities	-	-	496,836	496,836	-	44,164	541,000	19,900	521,100

December 31, 2012	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$73,237,903	$2,671,330	$ -	$75,909,233	$ -	$ -	$75,909,233	$ -	$75,909,233
Equities	22,724	-	223,050	245,774	-	-	245,774	-	245,774
Held-to-maturity financial assets									
Bonds	8,938,967	-	24,131	8,963,098	-	481,919	9,445,017	50,820	9,394,197
Others	201,774,366	-	-	201,774,366	-	-	201,774,366	-	201,774,366
Other financial assets									
Bonds	2,866,737	696,960	499,488	4,063,185	-	-	4,063,185	-	4,063,185
Equities	-	-	322,487	322,487	-	20,093	342,580	14,000	328,580

January 1, 2012	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$46,449,206	$1,263,644	$4,660,994	$52,373,844	$ -	$ -	$52,373,844	$ -	$52,373,844
Equities	157,882	-	329,039	486,921	-	-	486,921	-	486,921
Held-to-maturity financial assets									
Bonds	17,534,053	-	29,773	17,563,826	-	502,464	18,066,290	52,987	18,013,303
Others	235,270,556	-	-	235,270,556	-	-	235,270,556	-	235,270,556
Other financial assets									
Bonds	1,220,286	1,119,391	823,562	3,163,239	-	-	3,163,239	-	3,163,239
Equities	-	-	322,487	322,487	-	29,770	352,257	23,677	328,580

The processing delays by the borrowers and other administrative reasons may cause financial assets to become past due but not impaired. As defined in the internal rules governing the Company's risk management, financial asset that are past due within 90 days are not deemed as impaired, unless there are other evidences that indicate impairment.

The vintage analysis of financial assets that are past due but not impaired is as follows:

Item	December 31, 2013		
	Past Due Up to 1 Month	Past Due by 1-3 Months	Total
Receivables			
Credit cards	$485,713	$151,178	$636,891
Others	11,636	4,834	16,470
Discounts and loans			
Consumer loans			
Residential mortgage	895,431	145,179	1,040,610
Petit credit	720,276	169,226	889,502
Others	305,394	24,363	329,757
Corporate loans			
Secured	501,392	517,122	1,018,514
Unsecured	318,851	23,525	342,376

Item	December 31, 2012		
	Past Due Up to 1 Month	Past Due by 1-3 Months	Total
Receivables			
Credit cards	$506,877	$220,645	$727,522
Others	8,965	4,836	13,801
Discounts and loans			
Consumer loans			
Residential mortgage	857,360	104,146	961,506
Petit credit	444,606	193,387	637,993
Others	330,279	28,943	359,222
Corporate loans			
Secured	625,908	41,424	667,332
Unsecured	242,521	38,181	280,702

Item	January 1, 2012		
	Past Due Up to 1 Month	Past Due by 1-3 Months	Total
Receivables			
Credit cards	$531,305	$209,341	$740,646
Others	7,306	3,552	10,858
Discounts and loans			
Consumer loans			
Residential mortgage	1,142,518	151,863	1,294,381
Petit credit	340,767	128,593	469,360
Others	217,250	34,937	252,187
Corporate loans			
Secured	93,084	20,402	113,486
Unsecured	153,516	47,753	201,269

3) Market risk

Market risk refers to the risk of fluctuation in the fair values or the future cash flows of the on- and off-balance sheet instruments held by the Company because of market price changes. The risk factors which cause market price changes usually include interest rates, exchange rates, and the prices of equity securities and commodities. Changes in these risk factors will cause risk of fluctuation in the net income or in the value of investment portfolio of the Company.

The main market risks the Company faces are the risks on equity securities, interest rates, and exchange rate risks. The equity securities exposed to market risks mainly include stocks listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and stock index futures in Taiwan; the instruments exposed to interest rate risk mainly include bonds and interest rate derivatives such as the fixed-for-floating interest rate swap; and the instruments exposed to exchange rate risk mainly include the consolidated positions of the investment held by the Company, such as the derivatives denominated in foreign currency and foreign-currency bonds.

The Bank monitors the market risk positions and the tolerable loss of the Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors.

The Bank has set up market risk information systems to effectively monitor the management of amount limits on financial instruments, to evaluate the profit and loss, to conduct sensitivity analysis, stress test and calculation of value at risk (VaR), etc. The result is reported in the meetings of risk management and to the board of directors as their reference for making managerial decisions.

The Company mainly divides the positions exposed to market risks into investment portfolios held for trading and investment portfolios not held for trading. The portfolios are monitored by the Risk Management Division, and the management results are reported regularly to the board of directors and the supervisors of each division.

The business units and the risk management units both identify market risk factors for the Company's exposed positions in order to measure market risks. Market risk factors refer to the factors that affect interest rates, exchange rates and values of held financial instruments such as equity securities, etc. The Company analyzes the impact of risk factors on its holding positions, profit or loss, negative result of stress test, sensitivity, VaR, etc., and measures the levels within which the investment portfolios and equity securities might suffer from interest rate risks, exchange rate risks, etc.

The risk management division reports regularly to the board of directors the achievement of management objectives on market risks, the control of holding positions and profit and loss, the sensitivity analysis, the stress test, the value at risk of equity securities, etc. for their understanding of the Bank's market risk control. The Bank also has sound mechanisms for reporting and set limits and stop-loss regulations for all the transactions. If a trade reaches the stop-loss limit, the stop-loss will be executed immediately. Trades that do not follow the stop-loss rule should be reported to the management for their approval, and the reasons for their noncompliance as well as corresponding strategies should also be presented to the management.

The Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. The Bank also assesses market risks and evaluates the maximum expected loss of positions through making assumptions on changes in various market conditions. The board of directors set amount limits based on the VaR. The whole risk management process is monitored daily by the Risk Management Division.

VaR statistically estimates the potential loss of the positions due to adverse market movements. It is the "maximum potential loss" the Bank may suffer within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the VaR to some extent. VaR model assumes that the Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past.

The Bank evaluates historical market fluctuation based on historical data in the past two years. The Bank evaluates the VaR of its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

Information on the VaR of the Bank is as follows:

For the Year Ended December 31, 2013

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2013
By risk type				
Currency	$1,259,957	$855,867	$1,671,483	$969,906
Interest	212,389	114,910	405,410	276,423
Equity	104,151	54,809	141,900	104,998
Risk diversification	(287,701)	-	-	(367,115)
Total risk exposure	$1,288,796			$984,212

For the Year Ended December 31, 2012

	Average	Minimum	Maximum	December 31, 2012	January 1, 2012
By risk type					
Currency	$1,672,043	$1,354,233	$2,130,189	$1,550,986	$1,462,163
Interest	134,087	46,647	175,133	121,306	141,587
Equity	81,143	60,171	190,754	61,764	98,373
Risk diversification	(200,014)	-	-	(153,310)	(258,757)
Total risk exposure	$1,687,259			$1,580,746	$1,443,366

Stress test is used to measure the greatest potential losses of the portfolio of risk assets under the worst scenarios. It is performed by the Risk Management Division, and it includes (a) a stress test on risk factors, in which the stress test is applied to all kinds of risks; and (b) a temporary stress test, in which the stress test is applied to special investment positions or specific investment areas, for example, areas where exchange rates fluctuate dramatically. The results of stress tests are reported to the senior management.

For the information of significant foreign financial assets and liabilities, refer to Table 3.

4) Liquidity risk

Liquidity risk refers to the possibility of financial loss resulting from the shortage of funds in meeting the needs of asset acquisition or debt repayment on maturity. Examples are the depositors' withdrawal of deposits before maturity, difficulty in raising funds from other banks or worsening funding conditions due to the fluctuations in specific markets, unstable recovery of money due to credit defaults, deterioration of the convertibility of financial instruments, early termination of interest-sensitive instruments, etc. These situations might result in decrease of cash inflows from loans, trades and investments. In some extreme cases, lack of liquidity may cause decrease of asset values in balance sheets, disposal of assets or other situations in which loan commitments cannot be met. Liquidity risks exist in all banking operations, and are influenced by specific events from industries or markets, including but not limited to credit events, mergers and acquisitions, systematic risks in the industry or natural disasters.

Liquidity risk management is done by the Money Market Division and monitored by the Risk Management Division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by the Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity dates of the financial liabilities and the cash inflows at the receipt dates of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.

The liquidity reserve ratios of the Bank for December 2013 and 2012 were 26.27% and 29.13%, respectively.

The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 5,441,040	$ 20,333,895	$ 20,361,064	$ 1,507,783	$ 1,839	$ 47,645,621
Securities sold under repurchase agreements	3,693,728	1,323,741	1,253,739	-	-	6,271,208
Payables	13,830,274	446,307	625,584	444,957	52,574	15,399,696
Deposits and remittances	739,124,655	120,547,268	119,146,807	165,749,651	12,913,969	1,157,482,350
Bank debentures	-	1,000,000	-	6,200,000	40,300,000	47,500,000
Other items of cash outflow on maturity	437,379	535,710	775,510	91,558	355,154	2,195,311

December 31, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 32,803,263	$ 9,986,942	$ 2,079,845	$ 1,782,774	$ -	$ 46,652,824
Nonderivative financial liabilities at fair value through profit or loss	2,910,380	-	-	-	-	2,910,380
Securities sold under repurchase agreement	1,051,463	2,120,355	1,771,276	23,792	-	4,966,886
Payables	19,873,614	342,738	517,746	404,230	35,008	21,173,336
Deposits and remittances	627,761,122	111,400,334	120,296,225	157,745,282	12,771,632	1,029,974,595
Bank debentures	-	-	-	6,000,000	41,000,000	47,000,000
Other items of cash outflow on maturity	1,342,835	1,756	-	-	68,055	1,412,646

January 1, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 17,725,038	$ 14,359,859	$ 1,905,675	$ 4,062,354	$ -	$ 38,052,926
Nonderivative financial liabilities at fair value through profit or loss	3,211,764	-	-	-	-	3,211,764
Securities sold under repurchase agreement	8,981,239	2,608,210	1,672,282	-	-	13,261,731
Payables	16,511,897	329,596	426,981	417,224	34,686	17,720,384
Deposits and remittances	560,079,990	118,991,267	114,560,128	156,827,285	12,383,157	962,841,827
Bank debentures	-	-	-	5,000,000	34,000,000	39,000,000
Other items of cash outflow on maturity	1,803,920	32,904	-	-	106,819	1,943,643

The Company assessed the maturity dates of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities is as follows:

a) Derivative financial liabilities to be settled at net amount

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ -	$ 14,098	$ 23,545	$ 1,197	$ -	$ 38,840
Interest	-	-	-	-	-	-

December 31, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ 33,185	$ 98,457	$ 146,739	$ 274,415	$ 9,387	$ 562,183
Interest	-	-	-	-	-	-

January 1, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ 12,323	$ 30,513	$ 53,342	$ 97,594	$ 782	$ 194,554
Interest	-	-	-	-	-	-

b) Derivative financial liabilities to be settled at gross amounts

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 45,206,824	$ 30,030,705	$ 16,655,401	$ 8,861,377	$ 848,465	$ 101,602,772
Cash inflow	45,379,436	30,141,354	16,622,951	8,809,013	849,552	101,802,306
Interest derivatives						
Cash outflow	22,434	107,432	92,687	308,113	2,718,743	3,249,409
Cash inflow	34,022	116,123	78,520	398,515	2,707,991	3,335,171
Total cash outflow	45,229,258	30,138,137	16,748,088	9,169,490	3,567,208	104,852,181
Total cash inflow	45,413,458	30,257,477	16,701,471	9,207,528	3,557,543	105,137,477
Net cash flow	(184,200)	(119,340)	46,617	(38,038)	9,665	(285,296)

December 31, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 75,061,057	$ 70,625,460	$ 62,566,099	$ 45,040,912	$ 2,997,469	$ 256,290,997
Cash inflow	74,367,907	69,111,100	60,259,132	42,383,162	2,959,974	249,081,275
Interest derivatives						
Cash outflow	13,835	48,298	149,098	405,746	3,608,404	4,225,381
Cash inflow	10,516	46,969	189,810	361,280	3,628,580	4,237,155
Total cash outflow	75,074,892	70,673,758	62,715,197	45,446,658	6,605,873	260,516,378
Total cash inflow	74,378,423	69,158,069	60,448,942	42,744,442	6,588,554	253,318,430
Net cash flow	696,469	1,515,689	2,266,255	2,702,216	17,319	7,197,948

January 1, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 73,661,008	$ 55,558,331	$ 35,217,865	$ 26,554,357	$ 210,286	$ 191,201,847
Cash inflow	73,030,079	54,314,009	33,740,936	25,060,477	212,327	186,357,828
Interest derivatives						
Cash outflow	75,100	45,380	126,579	358,158	6,669,013	7,274,230
Cash inflow	94,521	58,016	111,490	338,137	6,570,958	7,173,122
Total cash outflow	73,736,108	55,603,711	35,344,444	26,912,515	6,879,299	198,476,077
Total cash inflow	73,124,600	54,372,025	33,852,426	25,398,614	6,783,285	193,530,950
Net cash flow	611,508	1,231,686	1,492,018	1,513,901	96,014	4,945,127

The Company conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the consolidated balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Loan commitments issued	$ 25,280,103	$ 66,207,498	$ 123,021,689	$ 200,399,106	$ 67,611,714	$ 482,520,110
Credit card commitments	390,929	427,905	1,488,476	3,100,184	261,201,121	266,608,615
Letters of credit issued yet unused	576,492	2,042,767	3,424,419	4,980,718	148,294	11,172,690
Other guarantees	1,157,976	1,533,676	4,054,780	6,549,520	457,487	13,753,439

December 31, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Loan commitments issued	$ 15,833,023	$ 34,321,365	$ 84,907,324	$ 155,654,782	$ 103,056,869	$ 393,773,363
Credit card commitments	-	170,044	418,805	2,262,126	267,727,368	270,578,343
Letters of credit issued yet unused	3,701,037	5,122,705	1,527,060	417,685	247,882	11,016,369
Other guarantees	1,461,901	951,619	1,736,351	4,230,352	2,126,993	10,507,216

January 1, 2012	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Loan commitments issued	$ 14,470,562	$ 39,055,019	$ 75,516,624	$ 138,992,022	$ 76,025,328	$ 344,059,555
Credit card commitments	-	136,988	337,392	1,822,384	215,682,941	217,979,705
Letters of credit issued yet unused	2,462,585	5,839,873	536,470	220,504	21,415	9,080,847
Other guarantees	1,183,908	903,210	2,355,726	3,703,517	2,876,887	11,023,248

41. CAPITAL MANAGEMENT

The two main objectives of capital management of the Bank are (a) meeting the requirements for legal capital set by the authorities and building an effective system for capital management and (b) balancing risk control and business development under the premise of "undertaking risks and earning returns on capital" and maximizing the stockholders' profits.

The Banking Law and related regulations require that the Bank maintain its unconsolidated and consolidated capital adequacy ratio (CAR) at a minimum of 8%. In addition, if the Bank's CAR falls below 8%, the authorities may impose certain restrictions on the amount of cash dividends that the Bank may declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends.

The capital of the Bank is jointly managed by the Capital Management Team and the Risk Management Division. The management process starts from the evaluation and adjustments to plans or budgets by using different quantitative methods that consider risks, returns and growth rates. Subsequently, the evaluation and adjustments are used to confirm the total amount of capital requirement and is eventually used to allocate the capital to the respective branches and operating units. The whole process takes into consideration the quantitative risk assessment, plans and budgets, capital balance and allocation of economic capitals to corresponding units on the basis of risk appetite. The process is a combination of risk appetite, capital management, risk management, managerial decisions and performance assessment.

Information on the Bank's CAR is as follows:

(Unit: In Thousands of New Taiwan Dollars, %)

Items		Year	December 31, 2013	
			Standalone	**Consolidated**
Eligible capital	Common equity		$ 77,614,374	$ 77,370,270
	Other Tier 1 capital		-	-
	Tier 2 capital		34,739,284	35,976,930
	Eligible capital		112,353,658	113,347,200
Risk-weighted assets	Credit risk	Standardized approach	849,331,474	860,041,617
		Internal ratings - based approach	-	-
		Securitization	383,089	383,089
	Operational risk	Basic indicator approach	49,288,988	49,532,300
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	16,408,800	16,408,800
		Internal model approach	-	-
	Risk-weighted assets		915,412,351	926,365,806
Capital adequacy ratio			12.27	12.24
Ratio of the common equity to risk-weighted assets			8.48	8.35
Ratio of Tier 1 capital to risk-weighted assets			8.48	8.35
Ratio of leverage			4.94	4.91

Note 1:Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks."

Note 2:Formulas used were as follows:

1) Eligible capital = The common equity + Other Tier 1 capital + Tier 2 capital.
2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
4) Ratio of the common equity to risk-weighted assets = The common equity ÷ Risk-weighted assets.
5) Ratio of Tier 1 capital to risk-weighted assets = (The common equity + Other tier 1 capital) ÷ Risk-weighted assets.
6) Ratio of leverage = Tier 1 capital ÷ Exposure measurement.

(Unit: In Thousands of New Taiwan Dollars, %)

Items			Year: December 31, 2012
Eligible capital	Tier 1 capital		$70,873,180
	Tier 2 capital		32,551,495
	Tier 3 capital		-
	Eligible capital		103,424,675
Risk-weighted assets	Credit risk	Standardized approach	725,386,677
		Internal ratings - based approach	-
		Securitization	265,725
	Operational risk	Basic indicator approach	42,592,125
		Standardized approach/Alternative standardized approach	-
		Advanced measurement approach	-
	Market risk	Standardized approach	14,833,625
		Internal model approach	-
	Risk-weighted assets		783,078,152
Capital adequacy ratio			13.21
Ratio of Tier 1 capital to risk-weighted assets			9.05
Ratio of Tier 2 capital to risk-weighted assets			4.16
Ratio of Tier 3 capital to risk-weighted assets			-
Ratio of common stock to total assets			3.70
Ratio of leverage			5.97

Note 1:Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks."

Note 2:Formulas used were as follows:

1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.

2) Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital ÷ Risk-weighted assets.

5) Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital ÷ Risk-weighted assets.

6) Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital ÷ Risk-weighted assets.

7) Ratio of common stock to total assets = Common stock ÷ Total assets.

8) Ratio of leverage = Tier 1 capital ÷ Adjusted average total asset (the average total asset excludes goodwill, deferred losses on the sale of nonperforming loans and ineligible items deducted from Tier 1 capital under the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks").

42.THE BANK'S ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a.Asset quality: Table 4 (attached)

b.Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2013			
	Industry of Group Enterprise (Note 2)		Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity
1	Group A	Manufacture of liquid crystal panel and components	$7,873,937	9.52
2	Group B	Manufacture of liquid crystal panel and components	7,711,338	9.32
3	Group C	Smelting and refining of iron and steel	6,751,973	8.16
4	Group D	Air transportation	5,670,646	6.85
5	Group E	Activities of head offices	4,925,120	5.95
6	Group F	Manufacture of cement	3,881,211	4.69
7	Group G	Manufacture of integrated circuits production	3,812,739	4.61
8	Group H	Activities of head offices	3,500,766	4.23
9	Group I	Other activities auxiliary to financial service activities	3,466,855	4.19
10	Group J	Manufacture of footwear	3,206,577	3.88

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2012			
	Industry of Group Enterprise (Note 2)		Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity
1	Group B	Manufacture of liquid crystal panel and components	$8,701,210	11.63
2	Group A	Manufacture of liquid crystal panel and components	8,391,511	11.21
3	Group C	Smelting and refining of iron and steel	7,379,265	9.86
4	Group G	Manufacture of integrated circuits production	5,241,029	7.00
5	Group D	Air transportation	4,359,059	5.82
6	Group E	Activities of hand offices	4,311,095	5.76
7	Group H	Activities of head offices	4,305,526	5.75
8	Group J	Manufacture of footwear	4,044,692	5.40
9	Group K	Manufacture of computer	3,702,600	4.95
10	Group I	Other activities auxiliary to financial service activities	3,322,870	4.44

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	January 1, 2012			
	Industry of Group Enterprise (Note 2)		Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity
1	Group A	Manufacture of liquid crystal panel and components	$13,071,482	20.26
2	Group B	Manufacture of liquid crystal panel and components	8,081,178	12.52
3	Group C	Smelting and refining of iron and steel	7,479,117	11.59
4	Group L	Manufacture of integrated circuits production	7,144,633	11.07
5	Group M	Activities of head offices	4,597,689	7.13
6	Group D	Air transportation	4,359,215	6.76
7	Group E	Activities of head offices	3,107,450	4.82
8	Group J	Manufacture of footwear	2,879,586	4.46
9	Group N	Manufacture of paper	2,805,438	4.35
10	Group O	Manufacture of liquid crystal panel and components	2,636,835	4.09

Note 1: The list shows rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

December 31, 2013

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$953,914,099	$4,232,468	$8,067,536	$46,351,545	$1,012,565,648
Interest rate-sensitive liabilities	293,920,487	586,209,962	69,778,279	46,391,742	996,300,470
Interest rate sensitivity gap	659,993,612	(581,977,494)	(61,710,743)	(40,197)	16,265,178
Net worth					77,483,017
Ratio of interest rate-sensitive assets to liabilities					101.63
Ratio of interest rate sensitivity gap to net worth					20.99

December 31, 2012

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$921,269,144	$10,207,154	$7,185,872	$31,433,932	$970,096,102
Interest rate-sensitive liabilities	319,890,769	492,150,864	89,062,116	43,917,411	945,021,160
Interest rate sensitivity gap	601,378,375	(481,943,710)	(81,876,244)	(12,483,479)	25,074,942
Net worth					71,744,205
Ratio of interest rate-sensitive assets to liabilities					102.65
Ratio of interest rate sensitivity gap to net worth					34.95

January 1, 2012

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$862,549,828	$11,122,396	$6,742,958	$42,087,326	$922,502,508
Interest rate-sensitive liabilities	403,371,123	426,575,260	54,485,192	31,437,459	915,869,034
Interest rate sensitivity gap	459,178,705	(415,452,864)	(47,742,234)	10,649,867	6,633,474
Net worth					62,433,213
Ratio of interest rate-sensitive assets to liabilities					100.72
Ratio of interest rate sensitivity gap to net worth					10.62

Note 1:The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2:Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

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

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

Interest Rate Sensitivity (U.S. Dollars)

December 31, 2013

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$4,327,738	$518,461	$465,907	$689,751	$6,001,857
Interest rate-sensitive liabilities	5,106,428	510,714	474,297	130,401	6,221,840
Interest rate sensitivity gap	(778,690)	7,747	(8,390)	559,350	(219,983)
Net worth					119,082
Ratio of interest rate-sensitive assets to liabilities					96.46
Ratio of interest rate sensitivity gap to net worth					(184.73)

December 31, 2012

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$5,752,790	$1,049,253	$628,712	$268,266	$7,699,021
Interest rate-sensitive liabilities	6,149,770	989,957	586,849	34,482	7,761,058
Interest rate sensitivity gap	(396,980)	59,296	41,863	233,784	(62,037)
Net worth					88,421
Ratio of interest rate-sensitive assets to liabilities					99.20
Ratio of interest rate sensitivity gap to net worth					(70.16)

January 1, 2012

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$4,993,553	$533,421	$360,577	$108,288	$5,995,839
Interest rate-sensitive liabilities	5,365,715	380,973	326,433	3,055	6,076,176
Interest rate sensitivity gap	(372,162)	152,448	34,144	105,233	(80,337)
Net worth					61,373
Ratio of interest rate-sensitive assets to liabilities					98.68
Ratio of interest rate sensitivity gap to net worth					(130.90)

Note 1:The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2:Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

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

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

d.Profitability

Unit: %

Items		December 31, 2013	December 31, 2012
Return on total assets	Before income tax	0.81	0.71
	After income tax	0.68	0.60
Return on equity	Before income tax	13.34	12.17
	After income tax	11.23	10.28
Net income ratio		34.29	31.89

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

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

Note 3:Net income ratio = Income after income tax/Total net revenues

Note 4:Income before (after) income tax represents income for each period-end date.

e.Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

December 31, 2013

(In Millions of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$1,132,816	$292,540	$48,919	$66,725	$60,777	$103,925	$559,930
Main capital outflow on maturity	1,430,163	49,359	62,943	148,865	163,622	276,554	728,820
Gap	(297,347)	243,181	(14,024)	(82,140)	(102,845)	(172,629)	(168,890)

December 31, 2012

(In Millions of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$1,072,977	$135,359	$210,838	$74,717	$55,438	$91,135	$505,490
Main capital outflow on maturity	1,362,029	67,861	51,431	142,305	158,376	295,342	646,714
Gap	(289,052)	67,498	159,407	(67,588)	(102,938)	(204,207)	(141,224)

January 1, 2012

(In Millions of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$1,015,298	$152,059	$123,553	$131,979	$51,017	$88,675	$468,015
Main capital outflow on maturity	1,277,637	64,148	65,320	147,378	156,260	285,108	559,423
Gap	(262,339)	87,911	58,233	(15,399)	(105,243)	(196,433)	(91,408)

Note:The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

December 31, 2013 (In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$7,897,602	$1,870,973	$1,230,094	$832,354	$705,364	$3,258,817
Main capital outflow on maturity	8,333,961	2,661,895	1,934,236	1,456,707	1,923,225	357,898
Gap	(436,359)	(790,922)	(704,142)	(624,353)	(1,217,861)	2,900,919

December 31, 2012

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$8,450,678	$2,178,361	$1,326,653	$1,297,829	$784,996	$2,862,839
Main capital outflow on maturity	8,876,352	3,330,289	1,944,815	1,691,893	1,669,826	239,529
Gap	(425,674)	(1,151,928)	(618,162)	(394,064)	(884,830)	2,623,310

January 1, 2012

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$5,978,801	$1,255,459	$989,162	$659,677	$525,354	$2,549,149
Main capital outflow on maturity	6,377,378	2,753,274	1,546,881	932,478	1,011,545	133,200
Gap	(398,577)	(1,497,815)	(557,719)	(272,801)	(486,191)	2,415,949

Note:The above amounts included only U.S. dollar amounts held by the Bank.

43. TRUST BUSINESS UNDER THE TRUST LAW

a. Trust-related items, as shown in the following balance sheet, statements of income and trust property list.

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Company's consolidated financial statements.

Balance Sheets of Trust Accounts

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

Trust Assets	December 31, 2013	December 31, 2012	January 1, 2012	Trust Liabilities	December 31, 2013	December 31, 2012	January 1, 2012
Cash in banks	$3,991,484	$3,032,818	$2,125,994	Account payable on securities under custody	$120,719,818	$106,610,836	$88,140,100
Short-term investments	135,350,813	124,082,129	112,242,024	Trust capital			
Land	5,703,164	5,271,183	5,572,826	Cash	146,220,198	133,027,894	117,900,458
Collective investment trust fund account	-	-	4,566	Securities	2,212,515	2,332,925	3,128,786
Securities under custody	120,719,818	106,610,836	88,140,100	Real estate	5,747,570	5,360,043	5,646,110
				Collective investment trust fund account	-	-	4,566
				Reserves and accumulated deficit	(11,838,451)	(9,269,763)	(7,361,356)
				Net income	2,703,629	935,031	626,846
Total assets	$265,765,279	$238,996,966	$208,085,510	Total liabilities	$265,765,279	$238,996,966	$208,085,510

Trust Property List
December 31, 2013, December 31, 2012 and January 1, 2012

	December 31, 2013	December 31, 2012	January 1, 2012
Cash in banks	$3,991,484	$3,032,818	$2,125,994
Stocks	2,807,525	2,740,906	3,412,277
Mutual funds	130,059,879	119,806,620	108,092,021
Bonds	2,483,409	1,534,591	736,986
Unsettled beneficial certificates	-	12	-
Collective investments	-	-	740
Land	5,703,164	5,271,183	5,572,826
Collective investment trust fund account	-	-	4,566
Securities under custody	120,719,818	106,610,836	88,140,100
	$265,765,279	$238,996,966	$208,085,510

Statements of Income on Trust Accounts
Years Ended December 31, 2013 and 2012

	2013	2012
Revenues		
Interest	$6,913	$8,620
Cash dividend	3,653,094	2,667,389
Realized capital gain - common stock	7,160	73
Property gain	2,205,103	777,112
Realized capital gain	108,695	31,920
Revenues from beneficial certificates	498	595
	5,981,463	3,485,709
Expenses		
Management fees	234,125	180,863
Supervisor fees	120	120
Tax expenditures	36	37
Service fees	2,276	2,304
Property loss	3,017,912	2,326,330
Income tax	597	719
Other expenses	22,599	40,262
Realized capital loss	4	43
Realized exchange loss	165	-
	3,277,834	2,550,678
Net income	$2,703,629	$935,031

b. Nature of trust business operations under the Trust Law: Note 1.

44. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, the Bank and E.SUN Securities shared some equipment and operating sites; thus, related expenses were allocated as follows:

	Bank	E.SUN Securities	Total	Allocation Method
Year 2013				
Rental expense	$2,160	$1,080	$3,240	The Bank - 2/3 and E.SUN Securities - 1/3
Broadcasting and security systems	36	36	72	50% each
Others	1,572	1,474	3,046	Utilities - 50% each Building maintenance fee - based on space actually occupied
	$3,768	$2,590	$6,358	
Year 2012				
Rental expense	$2,160	$1,080	$3,240	The Bank - 2/3 and E.SUN Securities - 1/3
Broadcasting and security systems	36	36	72	50% each
Others	1,467	1,369	2,836	Utilities - 50% each Building maintenance fee - based on space actually occupied
	$3,663	$2,485	$6,148	

Under cooperation arrangements, the Bank and E.SUN Insurance Broker Co., Ltd. (ESIB) shared some equipment and operating sites, personnel, and an Internet service system and provided cross-selling financial services. The service fees earned by the Bank were based on 70% (50% in 2012) of the gross revenue derived from the insurance companies' products sold by the Bank. In 2013 and 2012, ESIB should have paid the Bank $1,201,908 thousand and $732,329 thousand, respectively; the unpaid amounts were $18,091 thousand and $10,762 thousand as of December 31, 2013 and January 1, 2012, respectively.

The cross-selling transactions between the Bank and E.SUN Securities were as follows (the amounts below refer to the Bank):

	For the Year Ended December 31	
	2013	2012
Revenue	$5,460	$5,298
Expense	$62,335	$61,332

45. ACQUISITION OF OTHER FINANCIAL INSTITUTION'S ASSETS, LIABILITIES AND OPERATION

The Bank entered into a general assignment and assumption agreement with Chiayi The Fourth Credit Cooperative on March 16, 2012. Under this agreement, the Bank paid $110,000 thousand to acquire Chiayi The Fourth Credit Cooperative's assets, liabilities and operations. The acquisition was approved by the Bank's stockholders and Chiayi The Fourth Credit Cooperative's members on March 25, 2012. The effective date of the acquisition was November 3, 2012, and this acquisition was approved by the Financial Supervisory Commission on June 14, 2012. The Bank had completed the acquisition as scheduled.

Chiayi The Fourth Credit Cooperative's main operations included savings; short-term, mid-term, and long-term loans; stocks and debt investments; remittances; etc.

Chiayi The Fourth Credit Cooperative had four domestic branches as of the acquisition date.

The fair values of Chiayi The Fourth Credit Cooperative's assets and liabilities as of the acquisition date were as follows:

Acquisition payment	$110,000
Fair value	
Cash and cash equivalents	1,640,113
Financial assets at fair value through profit or loss, net	21
Receivables, net	6,273
Discounts and loans, net	171,749
Available-for-sale financial assets, net	15,046
Other financial assets, net	510
Properties, net	718
Intangible assets	2,752
Other assets, net	136,283
Payables	(5,975)
Deposits and remittances	(1,896,696)
Other financial liabilities	(152)
Other liabilities	(16,913)
	53,729
Goodwill	$56,271

All major assets added from the acquisition are going to be used for future operations and are not going to be disposed of. All operating results of Chiayi The Fourth Credit Cooperative after November 3, 2012 were included in the Company's consolidated statements of comprehensive income, but no profit or loss before the acquisition date was included. For comparison purposes, the combined pro forma consolidated statements of comprehensive income for the year ended December 31, 2012 is shown as follows (Chiayi The Fourth Credit Cooperative's data for the period from January 1, 2012 to November 2, 2012 was audited by other auditors).

	Year Ended December 31, 2012
Net interest	$13,332,217
Net revenues and gains other than interest	9,198,432
Total net revenues	22,530,649
Bad-debt expenses and provision for losses on guarantees	(2,019,923)
Operating expenses	(11,992,732)
Income before income tax	8,517,994
Income tax expense	(1,316,482)
Net income	7,201,512
Other comprehensive income (net of tax)	260,534
Total comprehensive income	$7,462,046
Earnings per share (New Taiwan dollars)	$1.51

46.BUSINESS COMBINATIONS

a.Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Union Commercial Bank (UCB)	Commercial Banking	August 28, 2013	70	$2,077,425

UCB was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established four branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The acquisition is to expand the Bank's network in the Association of Southeast Asian Nations (ASEAN), to increase its competitiveness and to strengthen its long-term development.

b.Considerations transferred

Under the share purchase arrangement, the Bank had paid the seller $2,077,425 thousand (US$69,333 thousand). The final purchase price of the acquisition will be adjusted in accordance with the share purchase agreement.

Acquisition-related costs were excluded from the consideration transferred and recognized as an expense in the current year.

c.Assets acquired and liabilities assumed at the date of acquisition

	UCB
Cash and cash equivalents	$2,108,750
Due from the Central Bank and call loans to other banks	1,663,204
Receivables, net	21,696
Current tax assets	4,655
Discounts and loans, net	5,819,478
Available-for-sales financial assets, net	3,402
Other financial assets, net	4,509
Properties and equipment, net	321,071
Intangible assets, net	818,480
Deferred tax assets	4,216
Other assets, net	33,524
Due to the Central Bank and other banks	(612,747)
Payables	(168,815)
Current tax liabilities	(18,650)
Deposits and remittances	(7,681,784)
Deferred tax liabilities	(15,804)
Other liabilities	(13,583)
	$2,291,602

As of the date that the consolidated financial statements were approved and authorized for issue, the valuations and calculations of the fair value of the identifiable net assets acquired had not been finalized. Therefore, the initial accounting for the acquisition of UCB had only been provisionally determined.

The discounts and loans acquired in the combination had a fair value of $5,819,478 thousand; the gross contractual amount was $5,956,587 thousand. The best estimate of the contractual cash flows not expected to be collected as at the acquisition date was $137,109 thousand.

d.Non-controlling interests

The non-controlling interests recognized at the acquisition date were measured by the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

e.Goodwill arising on acquisition

	Amount
Consideration transferred	$2,077,425
Plus: Non-controlling interests	708,242
Less: Fair value of identifiable net assets acquired	(2,291,602)
Goodwill arising on acquisition	$494,065

Goodwill arose in the acquisition of UCB because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f.Net cash inflow on acquisition of subsidiaries

	For the Year Ended December 31, 2013
Consideration paid in cash	$2,077,425
Less: The balance of acquired cash and cash equivalents under IAS7	(2,811,335)
	$(733,910)

g.Impact of acquisition on the results of the Company

The results of the acquiree since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	From August 29, 2013 to December 31, 2013
Net revenue	$160,280
Net loss	$(314)

Had the business combination been in effect at the beginning of the annual reporting period, the Company's pro forma net revenue and net income would have been $26,089,138 thousand and $8,864,417 thousand for the year ended December 31, 2013, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on January 1, 2013, nor is it intended to be a projection of future results.

47.OTHERS

The Bank signed a memorandum of understanding with Bank of Communication Co., Ltd. on April 24, 2012 and another with China Merchants Bank Co., Ltd. on May 30, 2012. Under the regulations of relevant authorities, both parties will exchange business experience, market information and staff training experience and collaborate in related matters under the principles of equality, mutual benefit, amity and cooperation.

The board of directors of the Bank resolved in their meeting on August 23, 2013 to set up Shanghai Branch and Chang'an subbranch of Dongguan branch in China. This investment was approved by the FSC and is going to apply for the approval of this investment to the authorities in China.

The board of directors of the Bank resolved in their meeting on January 24, 2014 to set up a banking subsidiary in China. The Bank is going to apply for the approval of this investment to the authorities.

48.ADDITIONAL DISCLOSURES

a.Significant transactions and investees:

1)Financing provided: Not applicable.

2)Endorsement/guarantee provided: Not applicable.

3)Marketable securities held: Not applicable.

4)Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (the Bank disclosed its investments acquired or disposed of): Table 5 (attached).

5)Acquisition of individual real estates at costs of at least NT$300 million or 10% of the paid-in capital: Table 6 (attached).

6)Disposal of individual real estates at costs of at least NT$300 million or 10% of the paid-in capital: None.

7)Financial asset securitization: Note 13 to the consolidated financial statements.

8)Allowance of service fees to related parties amounting to at least NT$5 million: None.

9)Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None.

10)Sale of nonperforming loans: None.

11)Other significant transactions which may affect the decisions of users of financial reports: Note 47 to the consolidated financial statements.

12)The related information and proportionate share in investees: Table 7 (attached).

13)Derivative transactions: Notes 8 and 40 to the consolidated financial statements.

b.Investment in Mainland China:

Based on "Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area," the Bank set up the Dongguan Branch in Mainland China. The branch's information - major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - is shown in Table 8 (attached).

c.Business relationship and significant transactions among the parent company and subsidiaries: Table 9 (attached).

49.OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company's reportable segments are as follows:

a.Corporate Banking Unit, which handles corporate loans, foreign exchange business, and financial banking operations;

b.Individual Banking Unit, which handles home mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;

c.Others, which cover businesses other than those handled by the Corporate Banking and Individual Banking units.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenues, expenses and related information of the Company's reportable segments were as follows:

(In Millions of New Taiwan Dollars)

	For the Year Ended December 31, 2013			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$ 3,745	$ 10,416	$ (1,274)	$ 12,887
Total net revenues	$ 8,474	$ 17,013	$ 472	$ 25,959
Bad-debt expenses and provision for losses on guarantees	(1,474)	(696)	464	(1,706)
Operating expenses	(2,401)	(10,868)	(456)	(13,725)
Income before income tax	$4,599	$5,449	$480	$10,528

	For the Year Ended December 31, 2012			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$ 6,416	$ 8,140	$ (1,229)	$ 13,327
Total net revenues	$ 8,810	$ 12,776	$ 880	$ 22,466
Bad-debt expenses and provision for losses on guarantees	(901)	(1,338)	219	(2,020)
Operating expenses	(2,687)	(7,218)	(2,059)	(11,964)
Income (loss) before income tax	$ 5,222	$ 4,220	$ (960)	$ 8,482

50.FIRST-TIME ADOPTION OF IFRSs

a.Basis of preparation

The consolidated financial statements for the year ended December 31, 2013 is the first IFRS consolidated annual report. The preparation follows the "significant accounting policies" as described in Note 4 and the IFRS 1 - "First-time Adoption of International Financial Reporting Standards."

b.Impacts on conversion to IFRSs

The impacts on the consolidated balance sheets and the consolidated statements of comprehensive income and cash flows on conversion to IFRSs are as follows:

1)Reconciliation of the consolidated balance sheet as of January 1, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Note
Account	Amount	Presentation Difference	Recognition and Measurement Difference	Account	Account	
Cash and cash equivalents	$ 19,931,437	$ -	$ -	$19,931,437	Cash and cash equivalents	
Due from the Central Bank and call loans to other banks	45,016,416	-	-	45,016,416	Due from the Central Bank and call loans to other banks	
Financial assets at fair value through profit or loss, net	52,152,745	98,191	-	52,250,936	Financial assets at fair value through profit or loss	5) k)
Securities purchased under resell agreements	29,789	-	-	29,789	Securities purchased under resell agreements	
Receivables, net	42,260,221	(366,324)	-	41,893,897	Receivables, net	5) h), 5) k)
	-	274,793	-	274,793	Current tax assets	5) h)
Discounts and loans, net	656,008,834	-	-	656,008,834	Discounts and loans, net	
Available-for-sale financial assets, net	52,860,765	-	-	52,860,765	Available-for-sale financial assets, net	
Held-to-maturity financial assets, net	253,283,859	-	-	253,283,859	Held-to-maturity financial assets, net	
Other financial assets, net	3,497,546	-	-	3,497,546	Other financial assets, net	
Properties, net	15,599,517	-	-	15,599,517	Properties and equipment, net	
	-	1,216,332	-	1,216,332	Investment properties, net	5) g)
Intangible assets	4,036,275	-	-	4,036,275	Intangible assets, net	
	-	292,222	23,464	315,686	Deferred tax assets	5) a), 5) b)
Other assets, net	2,667,589	(1,222,993)	(16,662)	1,427,934	Other assets, net	5) c), 5) g), 5) h) 5) k)
Total	$ 1,147,344,993	$ 292,221	$ 6,802	$1,147,644,016	Total	
Due to the Central Bank and other banks	$ 38,052,926	$ -	$ -	$ 38,052,926	Due to the Central Bank and other banks	
Financial liabilities at fair value through profit or loss	7,850,768	4,934	-	7,855,702	Financial liabilities at fair value through profit or loss	5) k)
Securities sold under repurchase agreements	13,247,387	-	-	13,247,387	Securities sold under repurchase agreements	
Payables	18,017,856	(218,154)	32,050	17,831,752	Payables	5) b),5) f), 5) h),5) k)
	-	60,522	-	60,522	Current tax liabilities	5) h)
Deposits and remittances	962,841,827	-	-	962,841,827	Deposits and remittances	
Bank debentures	39,000,000	-	-	39,000,000	Bank debentures	
Other financial liabilities	1,943,643	-	-	1,943,643	Other financial liabilities	
	-	88,591	249,754	338,345	Provisions	5) c), 5) k)
	-	722,613	-	722,613	Deferred tax liabilities	5) a)
Other liabilities	1,481,045	(366,285)	105,973	1,220,733	Other liabilities	5) a), 5) f), 5) k)
Total liabilities	1,082,435,452	292,221	387,777	1,083,115,450	Total liabilities	
Capital stock	42,206,000	-	-	42,206,000	Capital stock	
Capital surplus	11,037,856	-	-	11,037,856	Capital surplus	
Retained earnings	11,893,202	-	(386,935)	11,506,267	Retained earnings	5) i)
Cumulative translation adjustments	(5,960)	-	5,960	-	Exchange differences in translation of financial statements of foreign operations	5) i)
Unrealized valuation losses on financial instruments	(221,557)	-	-	(221,557)	Unrealized losses on available-for-sale financial assets	
Total stockholders' equity	64,909,541	-	(380,975)	64,528,566	Total stockholders' equity	
Total	$1,147,344,993	$ 292,221	$ 6,802	$1,147,644,016	Total	

2) Reconciliation of the consolidated balance sheet as of December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Account	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Account	Note
Cash and cash equivalents	$ 23,068,127	$ -	$ -	$ 23,068,127	Cash and cash equivalents	
Due from the Central Bank and call loans to other banks	55,855,963	-	-	55,855,963	Due from the Central Bank and call loans to other banks	
Financial assets at fair value through profit or loss, net	61,142,893	103,562	(25)	61,246,430	Financial assets at fair value through profit or loss	5) e), 5) k)
Securities purchased under resell agreements	210,863	-	-	210,863	Securities purchased under resell agreements	
Receivables, net	44,304,823	(256,338)	10,463	44,058,948	Receivables, net	5) e), 5) h), 5) k)
	-	159,455	-	159,455	Current tax assets	5) h)
Discounts and loans, net	735,406,720	-	-	735,406,720	Discounts and loans, net	
Available-for-sale financial assets, net	76,155,007	-	-	76,155,007	Available-for-sale financial assets, net	
Held-to-maturity financial assets, net	211,168,563	-	-	211,168,563	Held-to-maturity financial assets, net	
Other financial assets, net	4,392,491	-	-	4,392,491	Other financial assets, net	
Properties, net	16,373,001	-	-	16,373,001	Properties and equipment, net	
	-	2,193,124	-	2,193,124	Investment properties, net	5) g)
Intangible assets, net	$ 4,137,558	$ -	$ -	$ 4,137,558	Intangible assets, net	
	-	420,891	27,390	448,281	Deferred tax assets	5) a), 5) b)
Other assets, net	3,672,695	(2,199,803)	(15,820)	1,457,072	Other assets, net	5) c), 5) g), 5) h), 5) k)
Total	$ 1,235,888,704	$ 420,891	$ 22,008	$ 1,236,331,603	Total	
Due to the Central Bank and other banks	$ 46,652,824	$ -	$ -	$ 46,652,824	Due to the Central Bank and other banks	
Financial liabilities at fair value through profit or loss	6,971,106	7,651	-	6,978,757	Financial liabilities at fair value through profit or loss	5) k)
Securities sold under repurchase agreements	4,957,725	-	-	4,957,725	Securities sold under repurchase agreements	
Payables	22,357,418	(953,331)	(96,503)	21,307,584	Payables	5) b), 5) e), 5) f), 5) h), 5) k)
	-	826,344	-	826,344	Current tax liabilities	5) h)
Deposits and remittances	1,029,974,595	-	-	1,029,974,595	Deposits and remittances	
Bank debentures	47,000,000	-	-	47,000,000	Bank debentures	
Other financial liabilities	1,412,646	-	-	1,412,646	Other financial liabilities	
	-	138,488	289,620	428,108	Provisions	5) c), 5) k)
	-	764,038	-	764,038	Deferred tax liabilities	5) a)
Other liabilities	1,283,666	(362,299)	268,057	1,189,424	Other liabilities	5) a), 5) f), 5) k)
Total liabilities	1,160,609,980	420,891	461,174	1,161,492,045	Total liabilities	
Capital stock	45,725,000	-	-	45,725,000	Capital stock	
Capital surplus	12,345,531	-	-	12,345,531	Capital surplus	
Retained earnings	17,130,721	-	(445,126)	16,685,595	Retained earnings	5) i)
Cumulative translation adjustments	(228,429)	-	5,960	(222,469)	Exchange differences in translation of financial statements of foreign operations	5) i)
Unrealized valuation gains on financial instruments	305,901	-	-	305,901	Unrealized gains on available-for-sale financial assets	
Total stockholders' equity	75,278,724	-	(439,166)	74,839,558	Total equity	
Total	$ 1,235,888,704	$ 420,891	$ 22,008	$ 1,236,331,603	Total	

3)Reconciliation of the consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
		Presentation Difference	Recognition and Measurement			
Account	Amount		Difference	Amount	Account	Note
Interest revenue	$ 23,493,540	$ (915,550)	$ -	$ 22,577,990	Interest revenue	5) j)
Less: Interest expense	(9,397,858)	146,622	-	(9,251,236)	Less: Interest expense	5) d), 5) j)
Net interest	14,095,682	(768,928)	-	13,326,754	Net interest	
Net revenues and gains other than interest						
Service fee income, net	6,158,321	-	(860,447)	5,297,874	Service fee income, net	5) f)
Gains on financial assets and liabilities at fair value through profit or loss	717,782	886,832	-	1,604,614	Gains on financial assets and liabilities at fair value through profit or loss	5) j)
Realized gains on available-for-sale financial assets	1,591,453	-	-	1,591,453	Realized gains on available-for-sale financial assets	
Foreign exchange gains, net	477,781	-	-	477,781	Foreign exchange gains, net	
Reversal gains on impairment of assets	17,039	-	-	17,039	Reversal gains on impairment of assets	
Other noninterest gains, net	150,808	-	-	150,808	Other noninterest gains, net	
Total net revenues and gains other than interest	9,113,184	886,832	(860,447)	9,139,569	Total net revenues and gains other than interest	
Total net revenues	23,208,866	117,904	(860,447)	22,466,323	Total net revenues	
Bad-debt expenses	(2,019,923)	-	-	(2,019,923)	Bad-debt expenses and provision for losses on guarantees	
Operating expenses	(12,689,540)	(117,904)	842,785	(11,964,659)	Operating expenses	5) b), 5) c), 5) d), 5) f)
Income before income tax	8,499,403	-	(17,662)	8,481,741	Income before income tax	
Income tax expense	(1,320,408)	-	3,926	(1,316,482)	Income tax expense	5) b)
Net income	$ 7,178,995	$ -	$ (13,736)	7,165,259	Net income	
					Other comprehensive income	
				(268,035)	Exchange differences in translation of financial statements of foreign operations	
				585,975	Unrealized gains on available-for-sale financial assets	
				(44,455)	Actuarial losses under defined benefit plan	5) c)
				(12,951)	Income tax relating to components of other comprehensive income	
				260,534	Other comprehensive income for the period, net of tax	
				$7,425,793	Total comprehensive income for the period	

4) Exemptions under IFRS 1

IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRSs for the first time. Under IFRS 1, the Company applied the accounting policies under IFRSs retrospectively to prepare and present an opening IFRS statement of financial position at the date of transition to IFRSs, i.e., January 1, 2012. The IFRS 1 granted several exemptions for the adoption, and the main exemptions that the Company applied are as follows:

Business combinations

The Company has elected not to apply IFRS 3 - "Business Combinations" retrospectively for the business combinations that happened before the date of transition to IFRSs. Thus, in the consolidated balance sheet under IFRS as of January 1, 2012, the goodwill and assets and liabilities that resulted from past business combinations were shown at amounts the same as those under ROC GAAP as of December 31, 2011.

Share-based payments

The Company has applied the exemption stated in IFRS 2 "Share-based Payments" to all share-based payments granted and vested before the date of transition to IFRSs.

Deemed cost

The properties and equipment, investment properties and intangible assets were measured at cost at the date of transition to IFRSs and applied IFRSs retrospectively.

Employee benefits

The Company has chosen to recognize all cumulative actuarial gains and losses on employee benefit plans under retained earnings on the date of transition to IFRSs. In addition, the Company disclosed prospectively the experience adjustments of various actuarial values from the date of transition to IFRSs.

Exchange differences in translation of financial statements of foreign operations

The exchange differences in translation of financial statements of foreign operations for all foreign operations of the Company were deemed to be zero and recognized under retained earnings at the date of transition to IFRSs. Gains or losses resulting from a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

The impacts of the exemptions were stated below in Item 5) "Significant reconciliations on the conversion to IFRSs."

5) Significant reconciliations on the conversion to IFRSs

Significant differences between the current accounting policies under generally accepted accounting principles of the Republic of China (ROC GAAP) and the accounting policies to be adopted under IFRSs are as follows:

a) Deferred tax assets or liabilities

Under ROC GAAP, a valuation allowance is provided if it is more likely than not that a deferred income tax asset will not be realized. Under IFRSs, a deferred income tax asset is recognized only when it is probable that taxable profits will be available against which the deferred tax assets can be used; thus, a valuation allowance is not needed.

In addition, under ROC GAAP, the deferred tax assets and liabilities of the same taxable entity should be offset and shown in the financial statements at their net value. On conversion to IFRSs, an entity should offset deferred tax assets and deferred tax liabilities against each other in the balance sheet only if: a) the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

As of December 31, 2012, the Company had reclassified other liabilities amounting to $343,147 thousand to deferred tax assets amounting to $420,891 thousand and deferred tax liabilities amounting to $764,038 thousand. As of January 1, 2012, the Company had reclassified other liabilities amounting to $430,391 thousand to deferred tax assets amounting to $292,222 thousand and deferred tax liabilities amounting to $722,613 thousand, in accordance with the foregoing accounting policy on deferred tax assets/liabilities.

b) Employee benefits - short-term compensated absences

Under ROC GAAP, there is no specific accounting policy on short-term compensated absences. The short-term compensated absences are usually recognized as the vacation leaves are actually taken by the employees. On conversion to IFRSs, an entity should recognize the expected cost of short-term employee benefits as employees render services that increase their entitlement to these compensated absences.

Under the IFRS accounting policy on short-term compensated absences, the Company had adjusted the accounts as of December 31, 2012 and January 1, 2012 as follows: Accrued expenses increased by $161,116 thousand and $138,023 thousand, respectively; and deferred tax assets increased by $27,390 thousand and $23,464 thousand, respectively. In addition, in the year ended December 31, 2012, salary expenses (part of employee benefit expenses) increased by $23,093 thousand; income tax expenses decreased by $3,926 thousand.

c) Employee benefits - actuarial gains and losses under defined benefit plan

Under ROC GAAP, the unrecognized transitional net obligations resulting from the first-time adoption of SFAS No. 18 - "Accounting for Pensions" is amortized on a straight-line basis over the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits and should be included in the net pension cost. In addition, on conversion to IFRSs, the transitional policies of IAS 19 "Employee Benefits" are not applicable. Thus, the effects of the unrecognized transitional net obligations should be recognized immediately and the retained earnings should be adjusted accordingly.

Under ROC GAAP, actuarial gains and losses are recognized by the corridor approach and amortized over the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. On conversion to IFRSs, IAS 19 requires that actuarial gains and losses under the defined benefit plan be immediately recognized under other comprehensive income. Actuarial gains and losses recognized under other comprehensive income should be recognized under retained earnings, and they should not be reclassified to profit or loss in the subsequent period.

The Company had revaluated its defined benefit plan in accordance with IAS 19. The Company also adjusted the accounts as of December 31, 2012 and January 1, 2012 in accordance with IFRS 1 as follows: Accrued pension liabilities increased by $289,620 thousand and $249,754 thousand, respectively; and prepaid pension (part of other assets, net) decreased by $15,820 thousand and $16,662 thousand, respectively. In addition, pension cost decreased by $5,431 thousand and actuarial losses under the defined benefit plan increased by $44,455 thousand in the year ended December 31, 2012.

d)Employee benefits - preferential rates for employees' deposits

Under IAS 19 "Employee Benefits", the preferential rates for employees' deposits in excess of market rate should be treated as employee benefit.

Thus, the Company reclassified $117,904 thousand from interest expense to employee benefit expenses in the year ended December 31, 2012.

e) Regular way purchase or sale of financial assets

Under IAS 39 "Financial Instruments: Recognition and Measurement," only one method should be applied consistently to all purchases and sales of financial assets that belong to the same category of financial assets. Under ROC GAAP, the Company applies trade date accounting to stocks and beneficial certificates and settlement date accounting to the rest of its financial assets. On conversion to IFRSs, only trade date accounting will be applied to all regular way purchase or sale of financial assets.

The adoption of the IFRS policy on regular way purchase or sale of financial assets resulted in the adjustment of the accounts as follows: Receivables, net increased by $10,463 thousand; payables increased by $10,438 thousand; and financial assets at fair value through profit or loss decreased by $25 thousand as of December 31, 2012. This accounting change had no effect on the accounts as of January 1, 2012.

f) Customer loyalty program - revenue recognition

Under ROC GAAP, the liability from the bonus points earned by customers on the use of credit cards is estimated and then recorded as selling expenses as bonus points are granted. IFRIC 13 "Customer Loyalty Programmes" requires that a portion of the price of selling goods or services be allocated to bonus points, and revenue should be calculated separately at the fair values of goods sold or services rendered and the fair value of bonus points granted. Revenue allocated to bonus points should be recognized when points are redeemed.

In compliance with the IFRSs, the Company had adjusted the accounts as of December 31, 2012 and January 1, 2012 as follows: Payables, net decreased by $268,057 thousand and $105,973 thousand, respectively; and deferred revenue increased by $268,057 thousand and $105,973 thousand, respectively. In addition, service fee income and other general and administrative expenses decreased by $860,447 thousand each in the year ended December 31, 2012.

g) Investment properties

Under ROC GAAP, the Company's rentable properties are recognized under other assets. On conversion to IFRSs, the properties held by the owner or lessee to earn rentals or for capital appreciation should be recognized under investment properties, net.

The Company had reclassified rentable properties amounting to $2,193,124 thousand and $1,216,332 thousand as of December 31, 2012 and January 1, 2012, respectively, from other assets, net to investment properties, net.

h) Current tax assets or liabilities

Under IAS 12 "Income Taxes," unpaid current and prior periods' taxes are recognized as liabilities. If the amount already paid in current and prior periods exceeds the amount due for those periods, the excess should be recognized as an asset.

In compliance with the IFRSs, the Company had made the reclassifications as of December 31, 2012 and January 1, 2012 as follows: $152,340 thousand and $267,072 thousand, respectively, from receivables to current tax assets; $7,115 thousand and $7,721 thousand, respectively, from other assets - others to current tax assets; and $826,344 thousand and $60,522 thousand, respectively, from payables to current tax liabilities.

i) Reconciliations of retained earnings

The difference between the retained earnings under ROC GAAP and those under IFRS 1 as of January 1, 2012 mainly resulted from the debits of (a) a $5,960 thousand decrease in cumulative translation adjustments; (b) $266,416 thousand increase in actuarial losses under the defined benefit plan; and (c) $114,559 thousand increase in short-term liabilities - compensated absences.

j) Presentation in the consolidated statement of comprehensive income

On conversion to IFRSs, the items in the consolidated statement of comprehensive income are classified by the nature of each account. For the year ended December 31, 2012, the interest revenue generated from the financial assets and liabilities at fair value through profit and loss, which amounted to $915,550 thousand, and interest expense generated from the financial assets and liabilities at fair value through profit and loss, which amounted to $28,718 thousand, should be recognized under gains (losses) on financial assets and liabilities at fair value through profit or loss.

k) Other accounts in the consolidated balance sheet are presented in accordance with IFRSs.

6) Significant reconciliations of the consolidated statement of cash flows

Under ROC GAAP, interest paid/received and dividends received are normally regarded as operating activities, while dividends paid are regarded as financing activities. The statements of cash flows, which is required to be prepared by the indirect method, should disclose the amounts paid for interests. Under IAS 7 "Statement of Cash Flows," interest and dividends paid/received should be disclosed separately and should be classified consistently as operating, investing or financing activities in each period. In the year ended December 31, 2012, the interest received of $23,401,376 thousand and the interest paid of $9,124,907 thousand had been disclosed separately in accordance with the IFRSs.

Except the change mentioned in the previous paragraph, there is no significant difference between the consolidated statements of cash flows under IFRSs and ROC GAAP.

TABLE 1

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012

Entities included in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)			Note
				December 31, 2013	December 31, 2012	January 1, 2012	
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Cambodia	Banking	70.00	-	-	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	-	-	None

Note:Union Commercial Bank PLC. holds a 49% interest in URE Land Holding Co., Ltd. In the Articles of Incorporation of URE Land Holding Co., Ltd., Union Commercial Bank PLC. has power to control the composition of the board of director and owns at least 90% of economic benefit of URE Land Holding Co., Ltd.; hence, URE Land Holding Co., Ltd. is deemed as a subsidiary of Union Commercial Bank PLC.

TABLE2

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
DECEMBER 31, 2013 AND DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

Loans

December 31, 2013

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2013 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	113	$ 82,420	$ 53,141	$ 53,141	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	144	734,413	583,735	583,735	-	Land and buildings	None
Other loans	Other loans	412,351	368,025	368,025	-	Land, buildings and plant	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	8,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	14,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,500	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,500	-	-	-	Certificate of deposits	None

December 31, 2012

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2012 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	97	$99,640	$69,731	$69,731	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	92	543,019	476,805	476,805	-	Land and buildings	None
Other loans	Others	329,635	253,367	253,367	-	Land and buildings	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	1,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	8,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	8,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None

Note: The sum of the respective highest balances of each account in 2013 and 2012.

TABLE 3

INFORMATION ON THE FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012
(In Thousands)

	December 31, 2013			December 31, 2012			January 1, 2012		
Financial assets	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
USD	$7,051,669	29.7880	$210,055,116	$5,574,909	29.0400	$161,895,357	$4,655,368	30.2780	$140,955,232
CNY	5,953,696	4.9220	29,304,092	1,130,281	4.6590	5,265,979	198,596	4.7980	952,864
AUD	531,223	26.5828	14,121,395	502,590	30.1203	15,138,162	460,218	30.7534	14,153,268
HKD	2,793,305	3.8416	10,730,760	2,223,139	3.7462	8,328,323	2,158,441	3.8969	8,411,229
JPY	9,656,970	0.2840	2,742,579	21,627,388	0.3361	7,268,965	12,071,016	0.3898	4,705,282
EUR	54,386	41.1104	2,235,830	77,852	38.4490	2,993,332	73,494	39.2070	2,881,479
SGD	24,501	23.5255	576,398	31,684	23.7410	752,210	2,283	23.3033	53,201
NZD	12,342	24.4917	302,277	12,426	23.8244	296,042	1,289	23.4261	30,196
GBP	6,782	49.1264	333,175	21,421	46.7834	1,002,147	3,588	46.6735	167,465
CHF	1,404	33.5791	47,145	3,766	31.8212	119,839	2,705	32.1969	87,093
ZAR	34,158	2.8711	98,071	18,870	3.4221	64,575	10,150	3.7208	37,766
CAD	24,926	27.9647	697,048	2,419	29.1977	70,629	1,790	29.6785	53,125
SEK	10,009	4.6408	46,450	3,163	4.4669	14,129	2,139	4.3910	9,392
THB	15,227	0.9079	13,825	3,970	0.9484	3,765	5,359	0.9542	5,114
MXN	1,408	2.2790	3,209	1,415	2.2398	3,169	693	2.1619	1,498
MYR	77	9.0679	698	77	9.4902	731	77	9.5409	735
Financial liabilities									
USD	6,933,273	29.7880	206,528,336	5,833,189	29.0400	169,395,809	4,631,902	30.2780	140,244,729
CNY	5,366,978	4.9220	26,416,266	900,947	4.6590	4,197,512	490,850	4.7980	2,355,098
AUD	331,529	26.5828	8,812,969	239,283	30.1203	7,207,276	215,873	30.7534	6,638,829
HKD	1,281,187	3.8416	4,921,808	1,197,211	3.7462	4,484,992	1,065,460	3.8969	4,151,991
ZAR	1,955,879	2.8711	5,615,524	1,789,213	3.4221	6,122,866	1,093,291	3.7208	4,067,917
JPY	19,457,248	0.2840	5,525,858	20,487,224	0.3361	6,885,756	8,622,514	0.3898	3,361,056
EUR	101,758	41.1104	4,183,312	134,563	38.4490	5,173,813	149,595	39.2070	5,865,171
GBP	21,801	49.1264	1,071,005	38,589	46.7834	1,805,325	22,006	46.6735	1,027,097
CAD	35,669	27.9647	997,473	21,679	29.1977	632,977	24,858	29.6785	737,748
NZD	31,749	24.4917	777,587	35,505	23.8244	845,885	57,865	23.4261	1,355,551
SGD	23,514	23.5255	553,179	15,535	23.7410	368,816	67,353	23.3033	1,569,547
CHF	2,371	33.5791	79,616	8,260	31.8212	262,843	7,704	32.1969	248,045
SEK	15,718	4.6408	72,944	16,277	4.4669	72,708	9,430	4.3910	41,407
MXN	4,024	2.2790	9,171	1,332	2.2398	2,983	-	2.1619	-
THB	6,741	0.9079	6,120	-	0.9484	-	-	0.9542	-
MYR	-	9.0679	-	-	9.4902	-	1	9.5409	10

TABLE4

E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012
(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2013					December 31, 2012				
Items		Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Alloawance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Alloawance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	$744,569	$175,081,171	0.43	$2,207,402	296.47	$217,130	$144,561,072	0.15	$1,554,875	716.10
	Unsecured	371,083	243,189,964	0.15	2,564,747	691.15	271,784	223,771,403	0.12	2,545,253	936.50
Consumer banking	Housing mortgage (Note 4)	190,771	249,308,084	0.08	2,497,572	1,309.20	253,251	237,782,424	0.11	2,492,205	984.08
	Cash card	253	9,976	2.54	8,404	3,321.74	751	14,093	5.33	12,273	1,634.22
	Small-scale credit loans (Note 5)	298,659	48,486,419	0.62	564,053	188.86	488,333	37,495,961	1.30	704,073	144.18
	Other (Note 6) - Secured	38,113	110,149,358	0.03	1,102,529	2,892.79	29,601	95,175,582	0.03	954,388	3,224.17
	Other (Note 6) - Unsecured	49,159	5,082,933	0.97	73,705	149.93	4,475	5,049,101	0.09	64,078	1,431.91
Loan		1,692,607	831,307,905	0.20	9,018,412	532.81	1,265,325	743,849,636	0.17	8,327,145	658.10
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards		86,378	37,029,820	0.23	1,637,678	1,895.94	80,264	35,971,393	0.22	1,394,141	1,736.94
Accounts receivable factored without recourse (Note 7)		-	15,451,829	-	151,378	-	-	4,199,426	-	45,236	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)		63,183					85,264				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)		209,222					274,237				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)		498,469					366,401				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)		1,259,638					1,173,757				

(Continued)

Period			January 1, 2012				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Alloawance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$34,627	$123,474,193	0.03	$1,234,742	3,565.84
	Unsecured		197,209	184,160,139	0.11	1,841,601	933.83
Consumer banking	Housing mortgage (Note 4)		348,608	233,168,931	0.15	2,174,898	623.88
	Cash card		1,127	20,156	5.59	2,594	230.17
	Small scale credit loans (Note 5)		536,241	28,844,744	1.86	565,082	105.38
	Other (Note 6)	Secured	112,391	84,829,197	0.13	848,292	754.77
		Unsecured	79,504	8,396,142	0.95	83,961	105.61
Loan			1,309,707	662,893,502	0.20	6,751,170	515.47
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards			76,735	32,848,546	0.23	1,053,388	1,372.76
Accounts receivable factored without recourse (Note 7)			-	5,598,969	-	36,039	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			117,688				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			371,548				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			383,703				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,129,323				

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 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).

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

Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of receivables: Allowance for possible losses for receivables ÷ Nonperforming 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 consumers' banking loans refer to secured or unsecured loans that exclude housing mortgage, 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), accounts receivable factored 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.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

(Concluded)

TABLE5

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(E.SUN BANK DISCLOSED ITS INVESTEES ACQUIRED)
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Value	Gain on Disposal	Shares	Amount
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Equity investment under the equity method	Mr. Yum	None	-	$ -	26,250	$2,065,612 (Notes 1 and 2)	-	$ -	$ -	$ -	26,250	$2,065,612 (Note 2)

Note 1: Consisting of $2,077,425 thousand of acquisition costs, a decrease of $220 thousand from subsidiary under the equity method and a decrease of $11,593 thousand in other equity attributable to owners of the Company.

Note 2: When preparing the consolidated financial statements, the amount had been eliminated.

TABLE6

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
E.SUN Commercial Bank, Ltd.	Land No. 358-2 all, No. 321-41 all, No. 358 and 355-11 partial, after division, Sublot Nanguo, Lot Nanguo, Changhua City	2013.05.02	$350,000	$350,000	Yu Mao Construction Co., Ltd.	-	-	-	-	$ -	DTZ Debenham Tie Leung Real Estate Appraiser Office	To build up the new branch office for Changhua branch	-
	Construction of new building for the operation of credit card and payment division	2013.06.21	1,498,000	Unpaid as of December 31, 2013	Hsin Tung Yang Construction Co., Ltd.	-	-	-	-	-	Bid	For the operation of the credit card and payment division after construction completed	-

TABLE 7

E.SUN COMMERCIAL BANK, LTD.

INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEES
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain	Proportionate Share of the Bank and Its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Commercial Bank, Ltd. (The "Bank")	Finance-related business										
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	$ 2,000	$ 512	160	-	160	0.81	
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	0.45	9,000	2,445	1,279	-	1,279	0.45	
	Financial Information Service Co., Ltd.	Taipei	Information Service	2.28	108,954	26,617	10,238	-	10,238	2.28	
	Taiwan Asset Management Corporation	Taipei	Acquisition of delinquent loans	0.57	75,000	6,757	7,500	-	7,500	0.57	
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	50,000	500	5,000	-	5,000	2.94	
	Taiwan Finance Corp.	Taipei	Bills financing	0.41	21,355	466	2,120	-	2,120	0.41	
	Sunny Asset Management Co.	Taipei	Acquisition of delinquent loans	4.35	2,607	341	261	-	261	4.35	
	Union Commercial Bank Plc.	Phnom Penh Cambodia	Commercial banking	70.00	2,065,612	(220)	26	-	26	70.00	
	Non-finance related business										
	Apex Venture Capital Corp.	Taipei	Investment	4.67	6,094	-	2,009	-	2,009	4.67	
	BankPro E-Service Technology Co., Ltd.	Taipei	E-commerce application service	3.33	4,500	1,408	450	-	450	3.33	
	Taiwan Incubator Small & Medium Enterprises Development Co., Ltd.	Taipei	Small and medium enterprise incubation	3.44	18,171	-	2,425	-	2,425	3.44	
	EASYCARD Investment Holding Co., Ltd.	Taipei	Investment	4.82	218,951	6,978	3,854	-	3,854	4.82	

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates have been included in accordance with the Company Law.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rules."

c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Accounting Standards 39.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES **TABLE 8**

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as ofDecember 31, 2013	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow					
Dongguan Branch	Deposits, loans, import and export, exchange and foreign exchange business	US$94,862 ($2,851,542) (Note 1)	Direct	US$94,862 ($2,851,542) (Note 1)	$ -	$ -	US$94,862 ($2,851,542) (Note 1)	100	$52,435	$2,922,080	$ -

Accumulated Investment in Mainland China as of December 31, 2013	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
US$94,862 ($2,851,542) (Note 1)	US$94,862 ($2,851,542) (Note 1)	$50,072,754

Note 1: Translation into New Taiwan dollars at the spot rates on the dates of investment outflow from Taiwan.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the larger of 60 % of the Bank's net asset value or 60% of the Company's consolidated net asset value.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

TABLE 9

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
1	Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	c	Properties and equipment	$260,831	Note 4	0.02
2	URE Land Holding Co., Ltd.	Union Commercial Bank PLC.	c	Cash and cash equivalents	260,831	Note 4	0.02

Note 1: The parent company and subsidiaries are numbered as follows:
a. Parent company: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:
a. From parent company to subsidiary.
b. From subsidiary to parent company.
c. Between subsidiaries.

Note 3: For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: The terms for the transactions between the Company and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding NT$100,000 thousand.

VII. Risk Management

1.Risk Management

E.SUN's business development policies place security and liquidity first, followed by returns and then growth. E.SUN's main business divisions have all established risk management units that are responsible for direct management of risk operations. Regarding product designation, operational procedures and business marketing, E.SUN is continuously engaging in risk measurement, supervision and control tasks that are independent of the respective business operations.

Apart from each risk management unit under different business divisions, E.SUN has established the Risk Management Division in order to centralize screening, supervision and coordination of the Bank's risk management mechanisms. The division is in charge of drafting risk management policies and principles that serve as a guide for all business units. It also supervises and coordinates the operation of risk management mechanisms in these offices. In addition, E.SUN's risk management policies are linked with capital adequacy. Guidelines under the latest rule of Basel Accord have been used as a basis in formulating rules and procedures that are intended to ensure an appropriate risk appetite, risk reporting lines, and capital adequacy. Reports are regularly provided to the Risk Management Committee so management can periodically review E.SUN's risk appetite and risk reporting lines.

1. Qualitative and Quantitative Information Concerning Risk Types

1.1 Credit Risk Management System and Capital Charges

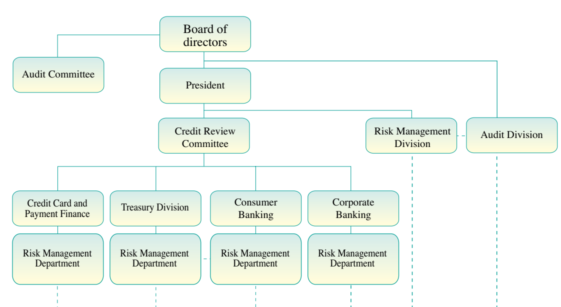
(1) Credit Risk Management System

a. Credit Risk Strategies, Goals, Policies and Processes

The objective of the Bank's risk management and development strategy is to comply with the regulatory system and to established "General Principles of Credit Risk Management", internal lending and transaction risk control mechanisms, thus continuing to assess and to follow with domestic and foreign economic and financial trends, make adjustments to internal criteria as appropriate. E.SUN complies with the latest rules of Basel, set up comprehensive credit management system and adopt credit evaluation models, formulate guidelines for short-term bills guarantees with any single company or affiliate, and determine internal guidelines for lending ratios for each industry in compliance with regulations set forth by regulators.

b. Credit Risk Management Organization and Framework

Each main business division has established a risk management unit to facilitate the identification and handling of risk on the front line, to establish acceptance risk limits, and create indicators for use in monitoring risk. For its part, the Risk Management Division formulates risk management policies and principles, bears responsibility for assessing and monitoring Bank-wide risk management quality, and regularly reports to the Risk Management Committee. E.SUN's credit risk management organization is shown in the schematic diagram below.



c. Scope and Features of Credit Risk Reporting and Measurement System

The objective of Bank units responsible for establishing risk controls and managing risk, as well as credit risk assessment and management procedures, is to screen credit risk, mid-term management, engage in credit rating, manage the level of credit extended, and monitor loans after they have been disbursed. Every unit which is responsible for risk management in E.SUN adopts various measures to effectively monitor such risk and regularly produces reports that detail its efforts to manage credit risk. The

Bank also releases data that provide a true picture on all types of credit risk, including sovereign risk, trading counterparty credit risk, large amounts of exposure, concentration of credit in specific industries, and amount of credit extended to a single institution or conglomerate. This data is forwarded to managers instantaneously at all levels so they are aware of the level of risk exposure.

To comply with New Basel Capital Accord, E.SUN has completed the roll-out of credit risk data mart, a consumer banking and corporate banking IRB model. The IRB rating model has been integrated with the Bank's credit processing system (CPS). In addition, reviews and improvements to the mechanisms are constantly being carried out, including credit risk control policies, measurement procedures, and credit development strategies.

d. Credit Risk Hedging and Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Mitigation Tools

Credit risk mitigation refers to techniques used to reduce credit risk, thereby reducing total risk-based assets and required capital charges. For instance, collateral, third-party guarantees, trading credit derivatives as a hedge, using the counterparty's deposits to offset its liabilities or asset securitization can be used to shift credit risk from the Bank. E.SUN's credit handbook explicitly states that in order to avoid losses associated with defaults by a counterparty, collateral must be provided by the counterparty or a third party. Should the customer default, be unable to repay the loan or become insolvent, the collateral will be disposed based on clear procedural guidelines. At the same time, E.SUN effectively reduces its credit risk by requiring guarantees from the Taiwan Small and Medium Enterprise Credit Guarantee Fund on lending to SMEs and credit insurance for personal credit loans.

e. Approach to Determining Regulatory Capital Charges: Standardized Approach.

(2) Credit Risk Capital Charged

The Standardized Approach to Credit Risk: Exposure after Risk Mitigation and Capital Charges

2013.12.31 unit: NT$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	1,299,000	103,920
Public Sector (Non-central government)	0	0
Banks (including multilateral development banks)	37,643,748	3,011,500
Corporate (including securities and insurance companies)	359,971,597	28,797,728
Retail Bonds	347,439,103	27,795,128
Residential Real Estate	61,952,999	4,956,240
Equity Investments	990,864	79,269
Other Assets	33,913,463	2,713,077
Total	843,210,774	67,456,862

1.2 Asset Securitization Risk Management System, Exposure and Capital Charge

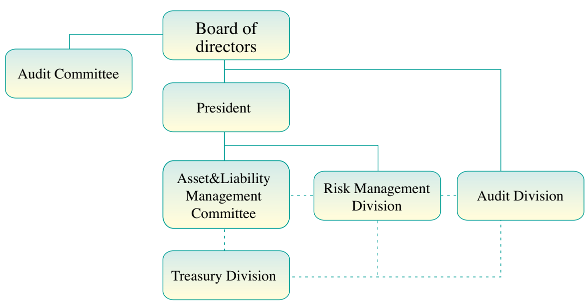
(1) Asset Securitization Risk Management System

a. Asset Securitization Strategy, Goals, Policies and Processes

Asset securitization aims to reduce the risk of structured bonds in bond funds, enhance secondary market liquidity, expand participation in the securitized product market, and build global markets for Taiwan's securitized products.

b. Asset Securitization Management Organization and Framework

Regulators have prescribed that the board of directors of the originating organization must approve asset securitization cases, and securitized products may be issued by a trust organization only upon approval by regulators. Consequently, E.SUN obtains board approval for each instance of asset securitization, and it manages each case separately, in an effort to comply with the requirement set forth by the competent authority. The Treasury Division is responsible for instigating asset securitization cases, financial assessment and implementation of relevant issuance procedures. The Risk Management Division bears responsibility for asset securitization risk management and fair value assessment. E.SUN's asset securitization risk management organization is shown in the diagram below.



c. Scope and Features of Asset Securitization Reporting and Measurement System

The Bank, as the initiator of the securitization, is responsible for creating a fair value assessment of the securities. The Bank and the financial advisor for each case establish a cash flow model prior to issuance. The model is used in conjunction with market data to generate an estimated cash flow. This data is then entered into the Reuters Kondor+ system to appraise market value and thereby accurately reflect the current situation of market risk.

d. Asset Securitization Hedging and Risk Mitigation Policies; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

Risk avoidance and risk mitigation tools comply with related rules set forth by regulators and internal risk control mechanisms. They are adjusted at appropriate times based on domestic and foreign economic and financial trends in order to ensure that they remain effective.

e. Approach to Determining Regulatory Capital Charges: Standardized Approach.

1.3 Operations Risk Management System, Exposure and Capital Charges

(1) Operations Risk Management System

a. Operations Risk Strategy, Goals, Policies and Processes

E.SUN believes the international measures to minimize operations risk are founded on an excellent operating system, a high degree of risk awareness among all employees, a rule-abiding and disciplined corporate culture, and a comprehensive internal audit system. In addition to providing extensive education and training to personnel, E.SUN has also drafted rules and regulations to guard against operations risk, In addition, in order to ensure protection against risk caused by external events, E.SUN continuously monitors the market environment, customer behavior, changes in technology, and laws and regulations. This enables it to be sensitive to any steps that need to be taken and react appropriately and immediately.

Since its adoption of the Standardized Approach to operational risk, the Bank has to date completed installation of management mechanisms and systems. Besides further improving ongoing and post-incident control, the Bank has also sought to strengthen preventive endeavors so as to identify potential risks before they materialize. The Bank's operational risk management process consists of process analysis, risk identification, risk evaluation, risk treatment and monitoring. Among the tools adopted are Risk Control Self-Evaluation, Key Risk Indicators (KRIs) and Operational Risk Loss Data Collection. Drawing on the management instruments cited above, the Bank is able to keep an across-the-board update of operational risk and take corrective measures wherever greater risks are posed, thereby keeping operational risk under control.

b. Operations Risk Management Organization and Framework

As the Bank's highest-ranking decision maker with regard to operational risk management, the board of directors is charged with setting operational risk management guidelines and risk appetite among other key decisions on this front in accordance with the Bank's operating strategy and business environment. That is, it is responsible for making sure that the Bank's operational risk management mechanism works effectively. In turn, the Risk Management Division is given the duty of designing and introducing the Bank's operational risk management mechanism, setting and revising operational risk management regulations, and tracking and monitoring operational risk management practices at all the business divisions. Besides presenting suggestions on corrective measures, it is also supposed to consolidate operational risk management information across the Bank and report it to the board. For their part, business divisions shall map out operational manuals and regulations as the basis of their supervising operating units' implementation of operational risk management. In accordance with the operational regulations laid down by business divisions, operating units are supposed to work with the former in identifying operational risk and undertake all the necessary risk management tasks prescribed by the Bank. It is the duty of the Auditing Division to evaluate and verify if every division and unit has adopted an effective operational risk management framework, process and system on a regular basis.

c. Scope and Features of Operations Risk Reporting and Measurement System

Through Risk Control Self-Evaluation conducted on a regular basis, the Bank grades potential operational risk exposure into a number of levels, from slight to severe, and devises action plans accordingly. Meanwhile, KRIs are adopted to monitor operational risk changes and offer early warning; threshold values are set for these KRIs to serve as the basis for determining if countermeasures are warranted. When it comes to Operational Loss Data Collection, the Bank makes it point to keep track of operational risk as it occurs and come up with an appropriate action plan to keep it under control. The operations risk management unit at the headquarters will regularly disclose information detailing its monitoring of operations risk throughout the Bank. Operations risk data and other related information is compiled and presented in reports to senior management, the Risk Management Committee, and the board of directors.

d. Operations Risk Hedging or Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

E.SUN has taken out general insurance to cover the daily operations of its branches. This insurance covers cash on hand, cash in transport, cash in automated machinery, machinery and assets in offices and employee fidelity.

e. Approach to Determining Regulatory Capital Charges: Basic Indicator Approach.

(2) Operational Risk Capital Charged

2013.12.31 unit: NT$ thousands

Year	Gross Income	Capital Charged
2011	18,361,990	—
2012	21,714,123	
2013	24,044,945	
Total	64,121,059	3,847,264

1.4 Market Risk Management System, Exposure and Capital Charges

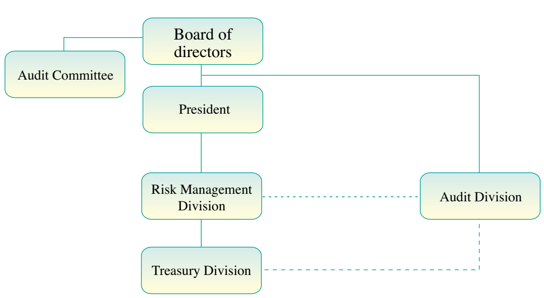
(1). Market Risk Management System

a. Market Risk Strategy, Goals, Policies and Processes

In order to avoid excessive risk from fluctuations in the prices of equities, products, interest rates and foreign exchange rates, and from any linkage between these prices of these items, all financial product transactions must be carried out in accordance with the Bank's Compliance Principles for Transactions, Investments and Funding, and Procedures for Handling Derivatives Transactions. In addition, VaR must be calculated in accordance with definitions set for by the Bank for International Settlements, in an effort to control E.SUN's market risk.

b. Market Risk Management Organization and Framework

E.SUN has set forth market risk management policies. In addition, the Risk Management Division is responsible for risk management and fair value assessment of financial products and report to the board and risk management committee periodically on market risk portfolio and stress testing. The above-mentioned controlling procedures are applied in order to fully realize market risk management objectives. The Bank's market risk management organizational framework is shown in the diagram below.



c. Scope and Features of Market Risk Reporting and Measurement System

Regarding market risk management, E.SUN presently employs the Reuters Kondor+ system and Bloomberg data mart to monitor trading positions and real-time pricing. The system also generates VaR for all transactions carried out in the Bank and all investment positions, helping to monitor the risks. Besides, E.SUN Bank uses KGL system to manage position limits, taking market volatility into consideration to manage counter-party risk limits.

d. Market Risk Hedging and Risk Mitigation Policies; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

The Bank uses derivatives such as credit default swaps or total return swaps to ensure credit safeguards and thereby reduces ordinary market risk, specific risks and counterparty risk.

e. Approach to Determining Regulatory Capital Charges

Foreign exchange options positions of the Bank are calculated using sensitivity analysis (Delta-plus), for which E.SUN has been approved to do by the FSC. All other financial products are calculated using the standardized approach.

(2) Market Risk Capital Charged

2013.12.31 unit: NT$ thousands

Risk Type	Capital Charged
Interest rate risk	811,358
Equity Securities risk	255,112
FX risk	228,291
Commodity Risk	8,459
Option based on simple method	9,484
Total	1,312,704

1.5 Liquidity Risk Management and Asset and Liability Maturity Analysis

E.SUN has drafted Liquidity Risk Management Policy, Asset and Liabilities Management Policy, Interest Rate Risk Management Procedure and Principles for Liquidity Risk Management. Various control factors are monitored on a daily basis, and Bank wide liquidity risk is regularly subjected to stress tests and reported to Asset-Liability Management Committee every month.

2. Impact of Important Domestic or Foreign Policy and Legal Changes on the Bank's financial Operations, and Countermeasures

(1) Since the newly revised Personal Information Protection Act went into effect, the Bank has made it a point to comply with the statute when gathering, processing and using customer information. It also has taken its lead from the sample of the Bankers Association in modifying its obligatory notification to customers with regard to the statute. Separately, the Bank has modified its internal regulations and operating procedures with regard to personal information in accordance with the Financial Supervisory Commission's set of regulations on preserving the security of personal information by non-public bodies. To sum up, E.SUN ensures regulatory compliance by introducing comprehensive management processes and emergency countermeasures that are in turn complemented by stringent checking and verification procedures. E.SUN is committed to guarding the security of customers' personal information and protecting their rights and interests.

(2) The Bank always does it best to enforce risk control and management. To ensure that the Bank's internal control system function effectively and properly, the regulatory compliance team is charged with the responsibility of supervising self-assessment conducted by various departments on a regular basis. This is the first line of defense intended to control and manage risks from the very beginning. The Bank's regulatory compliance and risk management units are responsible for the second line of defense, with the third provided by internal auditing. As such, the three lines of defense have their respective jobs to do. With the first two called upon to undertake surveillance, the third acts as an independent auditor. This division of labor conforms to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries as well as additional explanations given by the competent authority. In the meantime, the Bank undertakes training programs to familiarize employees with the latest revisions to laws, decrees and internal regulations. By promoting regulatory compliance throughout E.SUN, the Bank has been able to establish a sound internal audit and control system.

(3) The Foreign Account Tax Compliance Act (FATCA) that US government previously announced, has become effective since 1 January 2014, it requires financial institutions in every country obtain ample data to determine whether an account belongs to an American citizen and then periodically declare related information about that account to the US government. The government of Taiwan is now undertaking cross-government negotiations on the aforementioned points with a view to building a set of standard procedures for domestic financial institutions. For its part, the Bank is ready to comply with cross-government agreements and related laws and regulations while ushering in such procedures. In other words, the Bank is set to give priority to protecting customer rights and interests as it takes action to honor U.S. and local laws and regulations, notably Taiwan's Banking Act and

Personal Information Protection Act.

(4) The Volcker Rule of the U.S. is designed to curtail the business scope of the financial services industry, in particular by imposing a ban on engaging in proprietary trading and owning hedge funds or private equity funds. The avowed purpose is to reduce the odds of systemic risk by restricting banks' risk appetite. This rule will go into effect on July 21st , 2015, and will prohibit commercial banks from engaging in proprietary trading and owning hedge or private equity funds in the U.S. But it also has been made clear that foreign banks would be exempted from the rule if the proprietary trading is executed outside of US. As such, the Bank expects to sustain a far from significant impact. On the other hand, E.SUN Bank's Los Angeles Branch will not be required to report specified information regarding its trading activity to the U.S. competent authority as its trading assets and liabilities do not exceed US$10 billion.

(5) For the Bank, Basel III that was put into effect in 2013 means a marginal decline in capital adequacy-related ratios and a possible increase in its costs for issuing new capital. In response to the first impact, the Bank's parent company E.SUN Financial Holding Co., Ltd. already resorted to a rights issue to help the Bank keep up capital adequacy. As for the second impact, the Bank will closely monitor how the market responds and subsequent capital issues of the industry at large.

3. Impact of Technological and Industrial Changes on the Bank's Financial Operations, and Countermeasures

Alongside the advancement in ICT and its applications, the Bank has persistently invested in related R&D projects and pried open virtual channels on mobile devices and the internet. Convenient, efficient financial services are rendered to satisfy a wide array of customer needs. Drawing on cloud technology, it aims to win recognition of customers that they can trust the Bank with their household finances. Meanwhile, the Bank makes it a point to have its timely grasp of technology trends and industry developments supplemented by guidance from world-class consultants. To be sure, the Bank is committed to developing knowledge and competence on a par with world standards. Further matched by information analysis and centralized, IT-focused management, it is set to provide customers with products that best suit them as well as well-rounded protection of personal data.

4. Impact of Changes in the Bank's Image on the Company, and Countermeasures

E.SUN has made every effort to be a model in terms of corporate governance. Transparency is provided for transactions carried out by affiliated parities in order to avoid conflicts of interest. At the same time, the Bank emphasizes protecting the interests of shareholders, providing better framework in risk management, employees training and benefits to employees. E.SUN is committed to social welfare and environmental protection causes and it has made every effort to transfer its commitment in practice. In order to maintain its image, internal departments will regularly examine and make correction thereof if any of its actions lead to damage or decline in its image. E.SUN desires to be an example of an outstanding company and seeks to fulfill its corporate social responsibility, thereby continually maintaining its image.

The Bank places great importance on having a strong image and caring for its customers. In 2013, the bank has won the recognition by the public and international institutions. The bank was awarded the Golden Service Award for top service in the banking industry in three consecutive year (Common Wealth magazine), and E.SUN Bank won in 2013 also included the Excellence Award from the Institute for Information Industry in its survey on information technology innovation among service industry brand names; the Best SME Bank for Treasury and Working Capital Management in Taiwan award from The Asset magazine; and the Best Payment Initiative in Taiwan award from The Asian Banker.

5. Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures:

E.SUN Bank has completed its investment of 70% stake in Cambodia's Union Commercial Bank Plc. Established in 1994 and headquartered in the Cambodian capital Phnom Penh, UCB runs five domestic branches that offer a full range of banking services: deposits, loans and credit cards. By combining the Bank's comprehensive domestic and overseas network and UCB's local standing, E.SUN is ready to further promote a premium brand name on the back of top-quality financial services.

6. Anticipated Benefits and Possible Risks of Expansion, and Countermeasures

The establishment of four new branches in 2013 pushed the total of domestic and overseas branches to 140 (including the Los Angeles, Hong Kong, Dongguan China and Singapore). E.SUN has established a better-rounded, far-reaching network of financial services. Domestic and overseas branches as well as automated service outlets are complemented by virtual channels in the form of customer services rendered on the Web or over the phone. Moreover, the Bank makes it a point to consolidate resources available at other E.SUN affiliates, together with integrated marketing initiatives also promise to maximize synergy. With regards to any unexpected impact of or possible operations risks associated with new branches, the bank continues to observe the status of business development after any expansion in its branch network and thereby reduces any impact to a minimum due to its strict internal controls.

7. Risks from Concentration of Operations, and Countermeasures

With regards to concentration of operations, E.SUN continues to pay close attention to any changes in the financial industry. Its stays abreast of macroeconomic and industrial trends, as well as the direction of prices. It adjusts its business development strategies as appropriate. With regards to risk associated with concentration of counterparties, the Bank sets upper limits of risk exposure for recipients of loans and investment, as well as individual conglomerates, and it strictly adheres to these limits. It acts in accordance with post-disbursement management regulations to regularly review the suitability of credit terms and assess the possibility of systemic risk. It also carries out Bank-wide risk appetite stress tests to ensure that possible risk associated with the development of new areas of business is kept within acceptable limits.

8. Influence of Changes in Ownership of the Bank, Possible Risks and Countermeasures

E.SUN Commercial Bank was 100% owned subsidiary of E.SUN Financial Holdings company at the end of 2013, and there had been no major change in managerial authority.

9. Effect upon and risk to the Bank in the event a major quantity of shares belonging to director(s) or shareholder(s) holding greater than 1% stake in the Bank has been transferred or has otherwise changed hands, and mitigation measures:

As of the end of 2013, none of the Bank's directors or shareholders holding greater than 1% stake in the Bank had transferred a major quantity of shares or had it change hands otherwise.

10. Litigious or Non-litigious Incidents:

None.

11. Other Major Risk Countermeasures:

None.

12. Crisis Management and Response Mechanism:

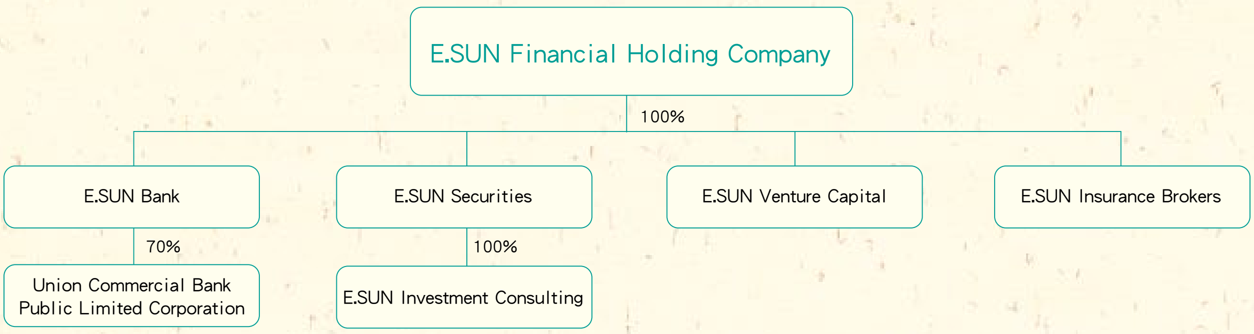
E.SUN has drafted Emergency Response and Crisis Management Regulations, Guidelines Governing Handling of Extraordinary Events, and Rules to Maintain Safety. These measures are mobilized should the Bank face a run on deposits, embezzlement, plunder, robbers, violence, damage, fire, air raid, natural disaster or other major events. Besides, the Bank will follow and take safe measures described in the Emergency Response of Personal Information Invasion, to prevent, report and respond to the event of personal information invasion. In addition, E.SUN has created a Crisis Management Task Force and a position of Emergency Contact that takes action and provides real-time reports and notification upon any irregular internal or external events. Furthermore, E.SUN has formulated countermeasures and contingency plans in the event of emergencies or irregular events. The company follows plans and steps to effectively prevent crises from expanding and has instituted a real-time notification system. Each business unit also carries out drills on a regular basis to determine the effectiveness of contingency measures, and has heighten alertness to uphold security. . This strengthens the Bank's ability to address emergences and handle and manage crises in a well thought-out manner to prevent a repeat of crises.

VIII. Special Disclosure

1. Summary of Affiliated Companies

1.1 Consolidated Operating Report on Affiliated Companies

(1) Organization Chart of Affiliated Companies



(2) Operation Status of Affiliated Companies

2013.12.31 Unit: NT$ thousands

Name	Capital	Total Asset	Total Liability	Net Worth	2012 P/L (after tax)	EPS (after tax in NT$)
E.SUN FHC	55,243,000	96,329,378	13,678,419	82,650,959	8,416,145	1.53
E.SUN Securities	3,060,000	9,415,910	5,752,675	3,663,235	123,553	0.40
E.SUN Venture Capital	1,500,000	2,445,126	30,192	2,414,934	180,603	1.20
E.SUN Insurance Brokers	113,000	676,596	56,162	620,434	316,943	28.05
E.SUN Investment Consulting	50,000	65,691	9,468	56,223	3,522	0.70
Union Commercial Bank Public Limited Corporation	1,117,050	9,719,223	8,213,811	1,505,412	101,057	2,694.85

*Note: The share par value of Union Commercial Bank Public Limited Corporation is US$ 1,000.

1.2 Report on Affilation

2013.12.31

Name of Controlling Company	Reason of Control	Shareholding and Pledge status of Controlling Company			Representation of Directors, Independent Directors or Managers of Controlling Company
		No. of Shareholding	Shareholding Ratio	Pledged Share Number	
E.SUN Financial Holding Company	100% shareholding	4,985,000,000 shares	100%	0 share	Title and name as following note

*Note:
Chairman: Kuo-Lieh Tseng
Managing Directors: Joseph Huang, Jackson Mai, Chiu-Hsiung Huang, Chang Lin Jen Jen (also Independent Director)
Independent Directors: Chen-En Ko, Chi-Jen Lee, Hsin-I Lin
Directors: Chai-Kuo Chen, Jian-Li Wu, Cheng-Pin Lee, Tai-Chi Lee, Magi Chen, J.C. Wang, Mao-Chin Chen

(3) Range of Operations of E.SUN Bank and Affiliates

Business includes banking operations and investment in domestic and overseas banking-related businesses and investment as approved by regulatory agencies, broking and dealing of short-term bills, broking, underwriting and dealing of securities, venture capital, life insurance broking, non-life insurance broking, and securities investment consulting. Each affiliate is an independent institution and each carries out its respective line of business.

1.3 Other Important Transaction: None

1.4 Guarantee for Affiliated Companies: None

2.Private Placement Securities in the Most Recent Years: None

3.The Shares in the Company Held Disposed of by Subsidiaries in the Most Recent Years: None

4.Other Required Supplementary Disclosure: None

5. Representation of Consolidated Financial Statements of Affiliated Enterprises

Representation

March 05, 2014

On behalf of E.SUN Commercial Bank Ltd., we hereby declare that the company's 2013 Affiliation Report (Period from Jan.1, 2013 to Dec. 31, 2013) followed the "Criteria Goverining Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". There is no material discrepancy with the information disclosed in the notes of financial report for the said period.

E.SUN Commercial Bank, Ltd.

Chairman

Trust is Priceless

Awarded the Golden Service Award for top service in the banking industry.
(CommonWealth magazine)

"Best Wealth Management Bank Award" and top prize/Best Reassurance Awards.
(Business Today)

Rated as the local financial industry's No. 1 recipient of its Gold Medal Service Awards for three years in a row.
(Commonwealth magazine)

Accorded the Platinum Corporate Award for Management Excellence among Asian Enterprises for three consecutive years.
(The Asset magazine)

A recipient of the SME Credit Guarantee Partner Awards for eight consecutive years.
(MOEA's Credit Gurantee Fund)

E.SUN Commercial Bank, Ltd.

Chairman of the Board

March 30, 2014 Printed

With our Heartfelt Appreciation and Eternal Blessing.

E.SUN of Taiwan, as E.SUN of the World.

Service Network of E.SUN BANK

Unit	phone
Head Office Business Division	+886 2 2719 1313
Customer Service Division	+886 2 2175 1313
International Banking Division/OBU	+886 2 2175 1313
Trust Division	+886 2 2175 1313
Credit Card Division	+886 2 2182 1313
Nanching East Road Branch	+886 2 2760 1313
Chengjhong Branch	+886 2 2389 1313
Dongmen Branch	+886 2 2321 1313
Chengtung Branch	+886 2 2504 1313
Keelungroad Branch	+886 2 2378 1313
Hsinyi Branch	+886 2 8789 1313
Tienmu Branch	+886 2 2835 1313
Minsheng Branch	+886 2 2509 1313
Fuhsing Branch	+886 2 2771 1313
Tunnan Branch	+886 2 2754 1313
Changchun Branch	+886 2 2546 1313
Chungshan Branch	+886 2 2537 1313
Neihu Branch	+886 2 2659 1313
Shilin Branch	+886 2 2834 1313
Donghu Branch	+886 2 2632 1313
North Tienmu Branch	+886 2 2877 1313
Songshan Branch	+886 2 3765 1313
Heping Branch	+886 2 2362 1313
Mincyuan Branch	+886 2 2568 1313
Jhonglun Branch	+886 2 2577 1313
Daan Branch	+886 2 2755 1313
Guting Branch	+886 2 2364 1313
Beitou Branch	+886 2 2895 1313
Songjiang Branch	+886 2 2562 1313
Mujha Branch	+886 2 2936 1313
Jhongsiao Branch	+886 2 8772 1313
Sinshu Branch	+886 2 2203 1313
Jiancheng Branch	+886 2 2556 1313
Nangang Branch	+886 2 2789 1313
Hsinchuang Branch	+886 2 2202 1313
North Hsinchuang Branch	+886 2 2997 1313
Sinshu Branch	+886 2 2203 1313
Lujhou Branch	+886 2 2848 1313
Shwangho Branch	+886 2 2923 1313
Yonghe Branch	+886 2 2949 1313
Fu-Hei Branch	+886 2 8923 1313
Yung An Branch	+886 2 8921 1313
Jhonghe Branch	+886 2 2222 1313
Liancheng Branch	+886 2 8228 1313
Taihe Branch	+886 2 2242 1313
Nanshijiao Branch	+886 2 2942 8813
Banciao Branch	+886 2 8257 1313
Puchain Branch	+886 2 2963 1313
Banhsin Branch	+886 2 8952 1313
Haishan Branch	+886 2 2256 1313

Unit	phone
Guangfu Branch	+886 2 2957 1313
Sanchung Branch	+886 2 2280 1313
Chongsin Branch	+886 2 2984 1313
Er-Chong Branch	+886 2 2278 1313
East Sanchung Branch	+886 2 2971 1313
Tucheng Branch	+886 2 2274 1313
SouthTucheng Branch	+886 2 2267 1313
Shulin Branch	+886 2 8675 1313
Hueilong Branch	+886 2 2689 1313
Wugu Branch	+886 2 2290 1313
Sindian Branch	+886 2 2916 1313
Beisin Branch	+886 2 8911 1313
Sanxia Branch	+886 2 2673 6613
Taishan Branch	+886 2 2297 1313
Xizhi Branch	+886 2 2647 1313
Taoyuan Branch	+886 3 332 1313
South Taoyuan Branch	+886 3 337 1313
Taoyin Branch	+886 3 375 1313
Yiwen Branch	+886 3 357 1313
Linkou Branch	+886 3 396 1313
Nankan Branch	+886 3 352 1313
Bade Branch	+886 3 367 1313
Jhongli Branch	+886 3 427 1313
Lisin Branch	+886 3 492 1313
Zhongyuan Branch	+886 3 428 1313
Yangmei Branch	+886 3 488 1313
Hsinchu Branch	+886 3 523 1313
Guanghua Branch	+886 3 533 1313
Juke Branch	+886 3 564 1313
JhuBei Branch	+886 3 554 1313
Sinfong Branch	+886 3 557 1313
Lioujia Branch	+886 3 658 9013
Jhunan Branch	+886 3 746 1313
Toufen Branch	+886 3 766 3571
Houlong Branch	+886 3 772 4771
Taichung Branch	+886 4 2254 1313
Wunsin Branch	+886 4 2291 1313
Dadun Branch	+886 4 2320 1313
Nantun Branch	+886 4 2380 1313
Situn Branch	+886 4 2461 1313
Jhonggong Branch	+886 4 2350 8913
Beitun Branch	+886 4 2241 6813
Taiping Branch	+886 4 2270 8813
Wurih Branch	+886 4 2260 8813
Wuquan Branch	+886 4 2377 1313
Fongyuan Branch	+886 4 2512 1313
Dali Branch	+886 4 2418 1313
Daya Branch	+886 4 2568 1313
Longjing Branch	+886 4 2636 6813
Changhua Branch	+886 4 728 1313

Unit	phone
Yuanlin Branch	+886 4 836 1313
Caotun Branch	+886 4 9238 1313
Douliou Branch	+886 5 532 1313
Chiayi Branch	+886 5 223 1313
East Chiayi Branch	+886 5 216 1313
Puzih Branch	+886 5 379 1313
Tainan Branch	+886 6 241 1313
East Tainan Branch	+886 6 289 1313
Jinhua Branch	+886 6 291 1313
Annan Branch	+886 6 357 1313
Chiali Branch	+886 6 721 1313
Yungkang Branch	+886 6 201 1313
South Yungkang Branch	+886 6 313 1313
Yanhang Branch	+886 6 253 1313
Rende Branch	+886 6 270 6613
South Yungkang Branch	+886 6 313 1313
Kaohsiung Branch	+886 7 336 1313
Dashun Branch	+886 7 727 1313
Lingya Branch	+886 7 716 1313
Cianjhen Branch	+886 7 761 1313
Chihsien Branch	+886 7 235 1313
Zuoying Branch	+886 7 559 1313
Nanzih Branch	+886 7 364 1313
North Kaohsiung Branch	+886 7 350 1313
Sanmin Branch	+886 7 315 1313
Dachang Branch	+886 7 341 1313
Chengcing Branch	+886 7 386 1313
Siaogang Branch	+886 7 807 1313
Fongshan Branch	+886 7 743 1313
Gangshan Branch	+886 7 621 1313
Linyuan Branch	+886 7 643 1313
Houjhuang Branch	+886 7 702 1313
Pingtung Branch	+886 8 733 1313
Chaojhou Branch	+886 8 786 1313
Donggang Branch	+886 8 835 1313
Neipu Branch	+886 8 778 1313
Keelung Branch	+886 2 2427 1313
Luodong Branch	+886 3 957 1313
Hualien Branch	+886 3 831 1313
Taitung Branch	+886 8 936 1313
Penghu Branch	+886 6 927 1313
Los Angeles Branch	+1 626 810 2400
Hong Kong Branch	+852 3405 6168
Singapore Branch	+65 6533 1313
Dongguan Branch	+86 769 2868 1313
Ho Chi Minh City Representative Office	+84 8 3835 1313
Yangon Representative Office	+95 9 3333 1313
Union Commercial Bank Plc.	+855 23 427 995

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