ANNUAL REPORT 2013

E.SUN FHC 2884

玉山金控 E.SUN FHC

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E.SUN Spokesman

Name: Joseph N. C. Huang
Position: President
Telephone: +886 2 2175 1313
email: Joseph@email.esunbank.com.tw

Deputy Spokesman

Name: Suka Chen
Position: Deputy President
Telephone: +886 2 2175 1313
email: Suka@email.esunbank.com.tw

E.SUN Financial Holding Company, Ltd and subsidiaries

Name	Address	Telephone	Website
E.SUN Financial Holding Company, Ltd.	14F, No.117 & 1F, No.115, Sec.3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	+886 2 2175 1313	www.esunfhc.com.tw
E.SUN Commercial Bank, Ltd.	No.115 & No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	+886 2 2175 1313	www.esunbank.com.tw
E.SUN Securities Co., Ltd.	8F, No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	+886 2 5556 1313	www.esunsec.com.tw
E.SUN Insurance Brokers Co., Ltd.	10F, No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	+886 2 2545 6613	www.esunins.com.tw
E.SUN Venture Capital Co., Ltd.	7F, No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	+886 2 2719 6613	

Stock Transfer and Service Contact

Name: Stock Service Department, General Affairs Division, E.SUN FHC
Address: 1F, No.115, Sec. 3, Minsheng E. Rd., Songshan District Taipei , Taiwan, R.O.C.
Website: www.esunfhc.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

Auditing Certified Public Accountant

Certified Public Accountant:Huang Jui-Chan, Lai Kwan-Chung
Accounting Firm: Deloitte Taiwan
Address: 12th FL., No. 156, Sec. 3, MinSheng East Road, Songshan District, Taipei, Taiwan, R.O. C.
Website: www.deloitte.com.tw
Telephone: +886 2 2545 9988

Information of Overseas Depositary Receipt

Global Depositary Recipt
Place of Trading: Luxembourg Stock Exchange
Website: http://www.bourse.lu

E.SUN FHC 12th

Mathurin Moreau
Harvest, Marble
Possession of E.SUN Bank

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I. Letter to the Shareholders

Dear Shareholders,

Our gratitude goes to all shareholders, customers and the general public for their longtime support. Thanks to the hard work of everyone at E.SUN, we scored handsomely in 2013 and created another memorable year. Since its inception, E.SUN has committed itself to making the best bank. Confronted with both opportunities and challenges posed to the financial services industry, we are ready to push the bar of excellence even higher as our third decade unfolds. In 2014, we will build on the unity of all subsidiaries that are no different from brothers in a big family as we join our strengths to move up another rung in creating customer value.

In 2013, E.SUN FHC recorded total assets in excess of NT$1.38 trillion, net profit of NT$8.42 billion and EPS of NT$1.53. The year's ROA and ROE came in at 0.64% and 10.65% respectively. All key gauges conformed to Basel requirements. The net profit numbers of E.SUN FHC subsidiaries are as follows: E.SUN Bank, NT$8.848 billion; E.SUN Securities, NT$124 million; E.SUN Venture Capital, NT$181 million; and E.SUN Insurance Broker, NT$317 million. E.SUN Bank, the Company's core subsidiary, was able to keep up its premium asset quality; its NPL ratio of 0.20% was supplemented by a 532.81% loan loss coverage ratio and a 1.01% loan loss provisions ratio for Category One loans. Credit rating agencies took due notice of E.SUN's steady growth against still sound asset quality in 2013. Moody's Investors Service continued to assign E.SUN FHC its long/short-term foreign-currency deposit ratings of Baa2/P-2. In turn, E.SUN Bank was assigned Baa1/P-2. Both the parent company and banking subsidiary were given a stable outlook. For its part, Fitch Taiwan retained its long/short-term ratings of A+(twn)/F1+(twn) for E.SUN Securities.

By giving priority to service, professionalism and technology, E.SUN has made a difference. Service sets E.SUN apart from peers. Starting with a smile, E.SUN serves customers with warmth and expertise. E.SUN has won many VIP clients by touching their hearts, thus affirming our being recognized as the No. 1 brand name for quality banking. Our professionalism begins with "know your customer" (KYC). We can thus focus on segmented management and consolidate marketing resources. We have won customer trust by making a difference. In today's knowledge-based economy, the Internet is home to electronic and mobile commerce. We draw on technology as our tool to move across boundaries between the virtual and the real, as well as across lines of industry and national borders. Technological integration gives us infinitely more access points for reaching out to customers.

E.SUN's blue ocean strategy is to set itself apart from peers by giving priority to service, professionalism and technology. Service runs in the blood of every member of the E.SUN family. A sincere smile is no less than a token of E.SUN's heart-warming service. Professionalism holds the key to winning customer trust. We strive for professionalism on all fronts: growing talent, identifying customer needs, devising solutions, innovating businesses and consolidating market resources. Technology drives business development. The power of technology plays a decisive part in undertaking consolidation across boundaries between industries and nations as well as between real and virtual. We have taken the lead to introduce a number of innovations, including third party payment, Ticket Presale Pro and E.SUN Trade.

A keen believer in the power of retail channels, E.SUN focuses on serving VIP clients and creating value therein. By integrating virtual and real outlets—E.SUN Bank's branches and electronic banking platform—and having them bolster each other, we provide customers with consumer banking, corporate banking, wealth management, credit card and financial market services. We cement partnerships with VIP clients by helping with their cash flow management and investment and offering consultation. In terms of overseas expansion, we set up a representative office in Myanmar and completed our acquisition of a 70% stake in Cambodia's Union Commercial Bank last year. Given our greater overseas presence, we are now better-positioned to promote our customer service, risk management and other quality experiences in more parts of Asia. As we grow our business, we place equal emphasis on enforcing internal control and strengthening risk management, thereby bolstering our capacity for attaining sustainable development over the long term.

By engaging in systematic, purposeful and methodic learning, E.SUN is committed to building up its capacity for innovation. Always striving for a better self, E.SUN is keen to draw on creative thinking and collective wisdom as the fruits of innovation is applied to what we do. We believe we can "act different, think different and make a difference." In 2013, E.SUN invited Harvard Business School Professor Clayton Christensen to give a lecture in Taiwan. He spoke on market-creating innovation, sustaining innovation and efficiency innovation in the hope that innovation would emerge as the driving force for both Taiwan and E.SUN.

Honoring corporate social responsibility is a pledge E.SUN makes to this land. On top of running our business in a responsible manner, E.SUN is committed to playing an exemplary part in economic, social and environmental spheres by repaying the community with love and care. Once again, E.SUN won a good number of honors for its commitment to corporate social responsibility 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 won certification for ISO 14001, the world's most popular standard for environmental management, that attests to its dedication to environmental protection and energy conservation; and it

was rated by the Environmental Protection Administration as an excellent private entity worthy of a National Environmental Education Award. 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 is designed specifically for 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, we are going to make Taiwan a better place for everyone.

Speeding up our progress and charting our future with innovation, we will accommodate and adapt to whatever the future may hold. Through long-term hard work and continuous innovation, we've readied ourselves for a journey from good to excellent. We would like to express our appreciation to various quarters in society for their encouragement and to shareholders for their longtime support. Our best wishes go to all of you!

Yung-Jen Huang

Chairman

Joseph Huang

President

II. Company Profile

1. Introduction

1.1. Establish date: 2002.1.28

1.2. History:

(1)E.SUN FHC

Thanks to the management team's meticulous planning and concerted efforts of the entire workforce, E.SUN FHC has grown into a full-fledged financial group that offers banking, securities, insurance brokerage and venture capital services. Ours is an outstanding track record on all fronts: corporate governance, operating results, service quality, risk management and CSR. In the days ahead, we will work even harder to enforce total quality management and adapt to the ever-changing world and financial markets with strategies, teamwork and execution marked by speed and flexibility. We believe our success means provision of better-rounded financial services and greater customer value.

E.SUN FHC was established in January 2002 to integrate product operations and promote product development, maximize integrated marketing, reduce business costs, and pursue operational synergy. The FHC was established through a share swap between E.SUN Bank, E.SUN Securities, and E.SUN Bills Finance. In October of that year, E.SUN Venture Capital was founded, followed by E.SUN Insurance Brokers in July 2003. In September of the same year, E.SUN Investment Trust became part of the FHC through a share swap.

With a view to the most appropriate allocation of the FHC's resources and to seek to increase overall operational results, E.SUN Bank in September 2004 acquired the assets, liabilities and business of Kaohsiung Business Bank. Meanwhile, believing that E.SUN Bills Finance had achieved its designated mission, this unit was merged into E.SUN Bank in December 2006. In September 2008, E.SUN signed an agreement with Schroders to sell a 100% stake in E.SUN Securities Investment Trust Co. to that company, furthermore, considering the market environment of leasing industry, E.SUN settled E.SUN Leasing Co. which invested by subsidiary E.SUN Bank at the same period. In an effort to effectively expand its network and operational value, in March 2011 subsidiary E.SUN Bank acquired the assets, liabilities and operations of Chu Nan Credit-Cooperative Association. Meanwhile, E.SUN Bank on November, 2012 acquired the assets, liability and operations of Chiayi Fourth Credit Cooperative. On Sep. 2013, subsidiary E.SUN Bank has acquired 70% shares of Union Commercial Bank PLC. in Cambodia.

Since its establishment, E.SUN has emphasized its professional, top notch brand name image. It embraces the operational philosophies of professionalism, service, and responsibility. In addition, it seeks to implement its 3+1 corporate culture that stresses practicality, responsibility, strength, teamwork, harmony, happiness, honor, and gratitude both in the workplace and in life. The enthusiastic and differentiated service extended by E.SUN has created the foundation for E.SUN to become a long lasting, sustainable enterprise.

(2)Core subsidiaries- E.SUN Bank

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 anything to do with the government. It was named after Yushan, or Mt. Yu, Taiwan's highest peak. With "Pure as Jade, Stern as Mountain" as its hallmark, E.SUN Bank has aimed for the best bank not only in Taiwan but also in Asia since its birth on February 21, 1992. In 2004, E.SUN Bank absorbed Kaohsiung Business Bank, setting a landmark for the consolidation of information and operations in Taiwan's financial services industry. It was followed in 2011 and 2012 by E.SUN's takeover of Chu Nan Credit Cooperative and Chiayi Fourth Credit Cooperative respectively, thereby pushing the number of domestic branches to 136. Complemented by well-rounded virtual outlets, E.SUN Bank is keen to come up with creative ways for meeting customer needs, solving customer problems and delivering a full spectrum of financial services.

Pitted against ever-changing external conditions, the financial services industry relies on retail channels for future development. E.SUN draws on its wisdom, methodology and discipline to keep up a consistently excellent track record. Above all, it is proactive to innovate its retail channels. This applies to financial products, workflow, experience creation and cross-sector alliances. By means of constant innovation, E.SUN aims to take the helm in bringing forth a new variety of quality services. In the days ahead, E.SUN will continue making inroads into ASEAN and other overseas markets. By integrating products and services across its domestic and foreign outlets, E.SUN will provide customers with a broader range of conveniences across national borders.

(3)E.SUN Securities

E.SUN Securities, operated since November 20, 2000, seeks to provide innovative and professional services in the securities business. With its roots on Taiwan, E.SUN Securities has its sights set on the world, and the establishment of electronic services is its most important direction for development. The establishment of the FHC on January 28, 2002 helped to hasten the integration of E.SUN's resources, and after a decade of work, innovation, the training of talent, and utilization of data, E.SUN Securities has developed a diversified array of transaction platforms, including its A+ system, Internet-based electronic trading, as well as trading via voice recognition and mobile devices. This provides investors with a safe, stability and efficient investment environment. E.SUN Securities presently has 21 branches, and it has set up 86 joint marketing counters in E.SUN Bank branches, enabling it to engage in joint marketing and customer management in conjunction with E.SUN Bank. E.SUN has created a trustworthy brand name image via which the Company becomes the first choice for customers when placing an order.

In terms of brokerage services, we not only serve ESA wealth management accounts and provide the A+ online trading platform but also draw on the research resources of E.SUN Investment Consulting in promoting futures and sub-brokerage businesses. We have also taken the lead to incorporate smart trading into our services crucial to meeting the needs of highly differentiated VIP clients. Our "A+ Mobile Trading" app is a timely service catering perfectly to today's e-investment, which also received the Golden Torch award for its innovative design.

In terms of proprietary trading, emphasis is placed on developing a platform for the identification of promising value and growth stocks. As the firm strives for positive absolute returns, it is ready to take another step toward diversification in 2014 by applying for the launch of proprietary trading of futures. Meanwhile, we have a specialized underwriting team that operates by a clearly defined SOP in serving customers. Emphasis is placed on seeking out industries that hold great promise and undertaking meticulous evaluation of every business opportunity so that we can offer well-rounded capital market services.

E.SUN Securities took the first stride toward reinventing itself in 2013. It is ready to strengthen innovation and speed up this reform process in 2014 and beyond. Priority will be given to consolidating E.SUN products and resources intelligently and methodologically, thereby enhancing management efficiency and maximizing value.

(4)E.SUN Venture Capital

Since its establishment in 2002, it has expanded capitalization to NT$1.5 billion. In tandem with industrial transformation and government encouragement, it has also shifted focus to the biotechnology, precision machinery, and cultural and creative industries from electronics, optoelectronics, communications, and energy conservation. Drawing on the resources of the entire E.SUN family, the firm aims to expand its services, nurture startups and help local industry upgrade or transform itself. All this certainly qualifies as another way of fulfilling corporate social responsibility.

(5) E.SUN Insurance Brokers

Since its inception in July 2003, E.SUN Insurance Broker has been committed to professionalism, service and responsibility. Creating customer value is considered its core value as it strives for sustainable development. To against the intensified ups and downs of the world economy in recent years, insurance has increasingly become an essential instrument for people keen to better manage their wealth. Therefore, besides intial strategic alliance with Prudential plc., E.SUN Insureance Broker continue to cooperate with oter partners and to develope a full range of products as well as its own unique offerings so as to accommodate market trends and meet customer needs. Customer satisfaction is readily attained as what it offers is premium services covering both insurance and wealth management.

1.3 Condition of Merger and Acquisition, Investment in Affiliates and Restructuring during period of 2013 and up till the printout date of 2014 annual report; Date of belonging to specified financial holding company; Mass transfer of shareholding form board members, supervisors or qualified persons who should report their shareholdings in accordance with Paragraph 7 and 8, Article 16 of Taiwan Financial Holding Company Act; Change of ownership; Significant change of business operation or business contents, and any other event and its impacts which would affect shareholders' rights:

(1) Subsidiary E.SUN Bank on March 18 signed an agreement with Chu Nan Credit-Cooperative Association to acquire the latter. The record date for the transaction was July 9, 2011, upon which E.SUN acquired Chu Nan's assets, liabilities and operations.

(2) Subsidiary E.SUN Bank on March 16, 2012 signed an agreement with Chiayi Fourth Credit Cooperation to acquire the latter. E.SUN acquired Chiayi Fourth's assets, liabilities and operations with the record date for the transaction of November 3.

(3) Subsidiary E.SUN Bank on Mar. 22, 213, has approved by its board to acquire 70% shares of Union Commercial Bank PLC. in Cambodia, The record date for the transaction was Aug. 28.

(4) Others: None




1.4 E.SUN's Glory

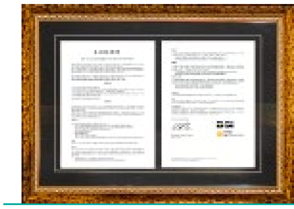
As a brand and team of quality service, E.SUN has won the recognition and acclaim of the competent authority, specialized institutions both in Taiwan and abroad, and the general public. But we will never become complacent. We will stay proactive and modest and work even harder in the days ahead. Here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

＊ 2013

- E.SUN FHC ranked No. 4 (No. 1 in the group of Financial Institutions) in the Award of Excellence in Corporate Social Responsibility. (Common Wealth Magazine)
- E.SUN Bank received first prize in Best Wealth Management Bank and Best Customer Satisfaction Award. (The Business Today Magazine)
- E.SUN FHC received Platinum Award in Excellence Management in Corporate Governance in Asia in 4 consecutive years. (The Asset Magazine)
- E.SUN Bank received the Best in Treasury and working capital-SME in Taiwan award (The Asset Magazine)
- E.SUN Bank received SME Credit Guarantee Fund Partner Award for both categories of outstanding headquarter and supporting young people (MOEA, Credit Guarantee Fund)
- E.SUN Bank was top-ranked among financial institutions in Golden Service Award in 3 consecutive years. (CommonWealth Magazine)
- E.SUN FHC received the merit certificate for its CSR report in 2 consecutive year (Industry Development Bureau, Ministry of Economic Affairs)
- E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 4 consecutive years (Taipei City Government).
- E.SUN Bank received the merit certificate for Green Procurement in 4 consecutive years (Environmental Protection Administration).
- E.SUN FHC has been awarded the model of environmental protection in Corporate Social Responsibility award (Global View magazine)
- E.SUN Bank received the Best Payment Initiatives in Taiwan(The Asian Banker)
- E.SUN Bank received the outstanding award in IT innovation survey (Institute for Information Industry)
- E.SUN FHC received the certificate for ISO27001 Information Security System
- E.SUN FHC received the certificate of ISO 14001 for Environmental Management System
- E.SUN FHC received the outstanding award in the category of private enterprises in National Environmental Award (Environmental protection administration, Executive Yuan)
- E.SUN FHC received the best award in financial industry for 2013 Green Brand survey (BusinessNext)
- E.SUN FHC was awarded with the highest transparency level A+ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies in 4 consecutive years. (Security & Future Institute)
- E.SUN CSR Report received the AA1000 Assurance Standards and was deemed in accordance with the Level A+ of the Global Reporting Institute G3.1 Guidelines in 2012
- E.SUN Securities received Golden Torch award for innovative design (OEMCROC)
- E.SUN FHC received the CSR award in Green Policy. (BSI)
- E.SUN Bank received the awards for its long-term support to sports (Sports Affairs Council, Executive Yuan)
- E.SUN Bank received the outstanding award in innovation for FX interbank clearing system (Financial Information Service)

＊ 2012

- E.SUN FHC ranked No. 5 (No. 1 in the group of Financial Institutions) in the Award of Excellence in Corporate Social Responsibility. (CommonWealth Magazine)
- E.SUN Bank received first prize of Best Customer Services Award. (The Business Today Magazine)
- E.SUN FHC received the Certificate of Corporate Governance Evaluation Certification - Advanced CG6007(TCGA).
- E.SUN FHC received Platinum Award in Excellence Management in Corporate Governance in Asia in 3 consecutive years. (The Asset Magazine)
- E.SUN Bank was rated tops for service among financial institutions in Golden Service Award in 2 consecutive years. (CommonWealth Magazine)
- E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization

in 3 consecutive years (Taipei City Government).

- E.SUN Bank received the merit certificate for Green Procurement (Environmental Protection Administration).
- E.SUN Bank received the Golden Quality Award. (JCIC)
- E.SUN FHC received the merit certificate in the performance assessment of "Save Energy & Reduce Carbon Emission Action Mark" campaign.(Environmental Protection Administration).
- E.SUN FHC was awarded with the highest transparency level A+ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies in 4 consecutive years. (Security & Future Institute)
- E.SUN Bank received SME Credit Guarantee Fund Partner Award for both categories of outstanding headquarters and outstanding branch managers (3) in 2011. (MOEA, Credit Guarantee Fund)
- E.SUN CSR Report received the AA1000 Assurance Standards and was deemed in accordance with the Global Reporting Institute G3.1 Guidelines in 2011
- E.SUN Bank received Youth Entrepreneurship Loan Award for both categories of outstanding headquarters and outstanding branches - Shwangho and Dali. (National Youth Commission, Executive Yuan)

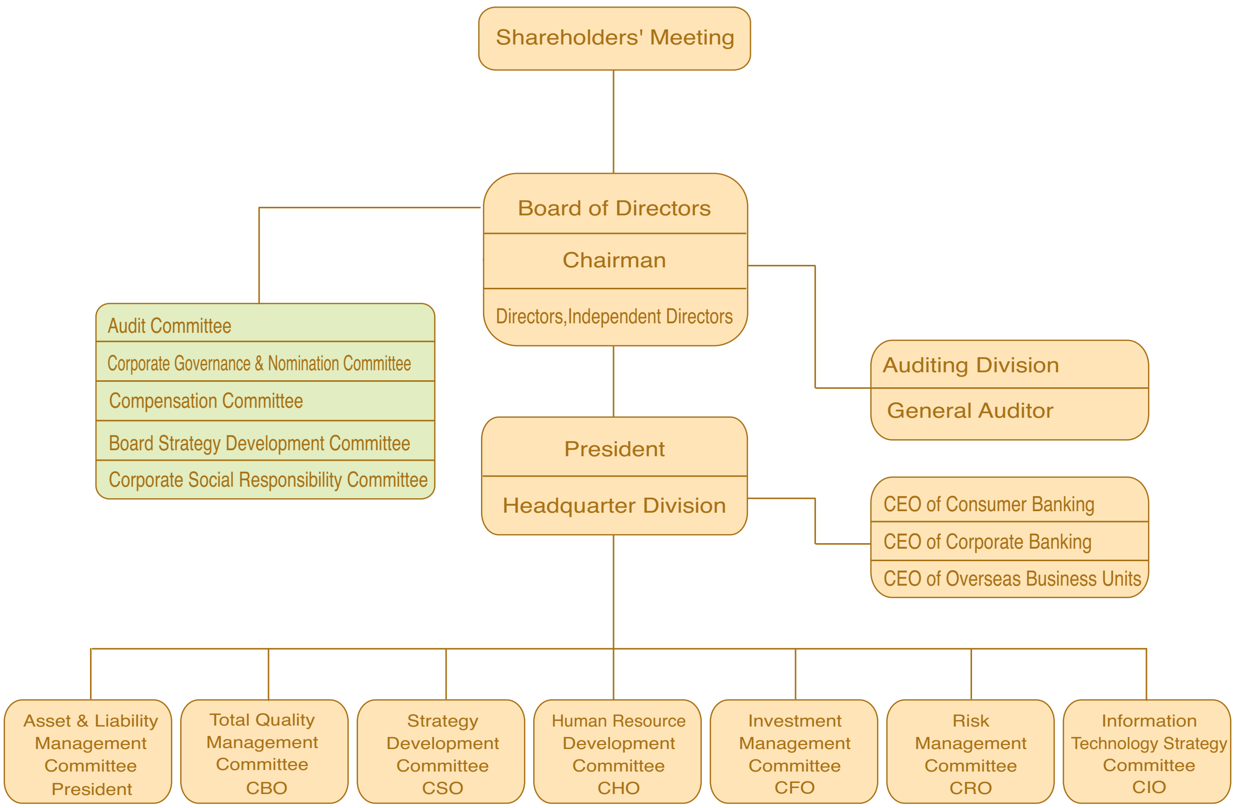
*** 2011**

- E.SUN Bank was rated tops for service among financial institutions in 2011 Golden Service Award. (Commonwealth Magazine)
- E.SUN Bank received first prize in Most Trust-worthy Award (3 consecutive years), Best Teamwork of Financial Consultant and Best Performance Award in 2011. (The Business Today Magazine)
- E.SUN FHC received Platinum Award in 2010 Excellence Management in Corporate Governance in Asia in 2 consecutive year.(The Asset Magazine)
- E.SUN Bank received numerous awards from China Productivity Center to honor the long-term efforts E. Sun has devoted to customers. These first prize awards include Services Capital Award, Happiness Award, Hospitality Award (Corporate Banking), Corporate Culture Award, Business Strategy Award, Accountability Award and Customer Loyalty Award (Corporate & Personal Banking).
- E.SUN Bank received SME Credit Guarantee Fund Partner Award for both categories of outstanding headquarters and outstanding branch manager in 6 consecutive years. (MOEA, Credit Guarantee Fund)
- E.SUN FHC was awarded with the highest transparency level A+ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies in 3 consecutive years. (Security & Future Institute)
- E.SUN Bank received Youth Entrepreneurship Loan Award for both categories of outstanding headquarters and outstanding branches-Dadun, Chihsien, Minsheng, Jhongli, and Dadun Branch also received the Best Performance Award. (National Youth Commission, Executive Yuan)
- E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 2 consecutive years (Taipei City Government)
- E.SUN Bank received "Golden Quality award" to honor the support E.SUN has devoted to sports. (Sports Affairs Council, Executive Yuan)
- E.SUN volunteer foundation received award in social welfare. (Ministry of the Interior)
- E.SUN Foundation received award in social education. (Ministry of Education)

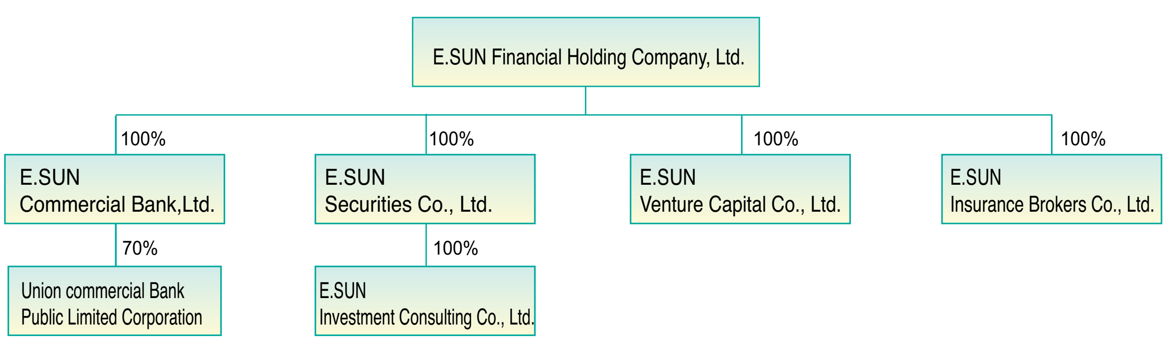
E.SUN is dedicated to establishing systems, cultivating talent and developing information, helping to generate core competitiveness in its brand name, service and team. The Group is consistently strengthening its corporate governance and fulfilling its corporate social responsibility, boosting value for the Group, customers, employees, shareholders and society. The honors we have won recognize our efforts and achievements, and we will intend to continue to provide highly professional service and exhibit our responsibility to society, creating a sustainable path for society and the Earth. At the same time, we are determined to institute R&D and innovation throughout our product lines and enhance service procedures so as to be the best performing and most respected enterprise.

III. Corporate Governance

1. Organization Chart



2. Corporate Structure of E.SUN Financial Holding Company, Ltd.



3. Directors and Independent Directors

3.1 Directors and Independent Directors

2013.12.31 Unit 1,000 shares%

Position	Name/Representative	Date of Election	Term	Date of First Elected	Shareholding when elected		2013.12.31						Education (Experience)
							Shares		Shareholdings of the spouse and minors		Shareholding under other's name		
					Shares	%	Shares	%	Shares	%	Shares	%	
Chairman	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	2011.6.28	3 Years	2005.6.10 / 2001.12.10	8,644	0.227	17,387	0.315	5,532	0.100	0	0	Department of Cooperative Economics at National ChungHsing University
Director	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	2011.6.28	3 Years	2005.6.10 / 2008.6.13	8,644	0.227	17,387	0.315	4,321	0.078	0	0	MBA of the City University of New York, 21 years in Financial Industry
Director	Representative of E.SUN Foundation Kuo-Lieh Tseng	2011.6.28	3 Years	2001.12.10 / 2010.5.14	7,577	0.199	10,227	0.185	963	0.017	0	0	Master of Public Administration at Harvard University, Director of Banking Bureau, Financial Supervisory Commission
Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	2011.6.28	3 Years	2001.12.10 / 2001.12.10	34,136	0.898	34,329	0.621	43,745	0.792	0	0	Kai-Nan Commercial & Technical High School
Director	Representative of Allcan Investment Co.,Ltd. Chiu-Hsiong Huang	2011.6.28	3 Years	2001.12.10 / 2001.12.10	55,999	1.472	75,584	1.368	43,383	0.785	0	0	PhD of Business Administration at Dela Salle University
Independent Director	Chen –En Ko	2011.6.28	3 Years	2004.6.11	0	0	0	0	0	0	0	0	PhD of Department of Accounting at University of Minnesota
Independent Director	Ji-Ren Lee	2011.6.28	3 Years	2006.6.9	0	0	0	0	0	0	0	0	PhD of Business Administartion, University of Illinois, USA
Independent Director	Jen-Jen Chang Lin	2011.6.28	3 Years	2007.6.15	0	0	0	0	0	0	0	0	Master of Mathematics and Statistics of University of Michigan
Independent Director	Hsin-I Lin	2011.6.28	3 Years	2008.6.13	0	0	0	0	0	0	0	0	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University
Director	Representie of Ron –Yuan Investment Co.,Ltd. Chao-Kuo Chen	2011.6.28	3 Years	2004.6.11 / 2008.11.4	142,087	3.736	191,779	3.472	12,450	0.225	0	0	MBA, UCLA
Director	Representie of Shang Li Car Co.,Ltd. Chien-Li Wu	2011.6.28	3 Years	2005.6.10 / 2005.6.10	17,900	0.471	26,700	0.483	0	0	0	0	Chung Jung High School
Director	Representive of Shan Meng Investment Co.Ltd., Wu- Lin Duh	2011.6.28	3 Years	2001.12.10 / 2005.6.10	10,050	0.264	13,565	0.246	4,690	0.085	0	0	EMBA of National Cheng Kung University, 42years in Financial Industry
Director	Representie of Sunlit Transportation Co., Ltd. Suka Chen	2011.6.28	3 Years	2005.6.10 / 2008.6.13	11,200	0.294	27,500	0.498	1.520	0.028	0	0	Master of Department of Agricultural Economics at National Taiwan University, 25 years in Financial Industry

Note 1: For institutional director, the term 'shareholding of the spouse and minors' refer to the representative of the institution.

3.2 Professional Qualifications and Independence Analysis of Directors and Independent Directors

2013.12.31

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 a 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	Being 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	Having work experience in commerce, law, finance, or accounting, or other areas necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Chairman Yung-Jen Huang		✓	✓	✓		✓		✓	✓	✓	✓	✓		0
Director Kuo-Lieh Tseng	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Joseph N.C. Huang			✓			✓	✓	✓	✓	✓	✓	✓		0
Independent Director Chen-En Ko	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Ji-Ren Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Jen-Jen Chang Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director Hsin-I Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Director Chiu-Hsiong Huang		✓	✓	✓			✓	✓	✓	✓	✓	✓		0
Director Jackson Mai			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Chao-Kuo Chen			✓	✓		✓	✓		✓	✓	✓	✓		0
Director Chien-Li Wu			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Director Wu-Lin Duh			✓			✓	✓	✓	✓	✓	✓	✓		0
Director Suka 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. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the 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 fifth 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, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. Not applicable to members of the Remuneration Committee who exercise powers in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

(8)Not having a marital 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.

3.3 Executive Officers

2014.3.30 Unit: 1,000 shares；%

Potition	Name	Date of Taking Office	2013.12.31 Shareholdings		Shares Held by Spouse and Children under 18		Shares Held Using Names of Others		Education (Experience) Position	Current position Held at other company	Managers who are spouses or within the second degree of consanguinity		
			Shares	Ratio	Shares	Ratio	Shares	Ratio			Position	Name	Relation
President & CSO	Joseph N.C. Huang	2008.07.16	4,124	0.075	197	0.004	0	0	MBA of the City University of New York, 21 years in Financial Industry	Director of E.SUN FHC President & CSO of E.SUN FHC, Managing Director of E.SUN Bank, Director of Kellong(International)Cosmetics Limited and Cho Pharma Inc.	None	None	None
CBO	Wu-Lin Duh	2002.01.28	4,060	0.073	630	0.011	0	0	EMBA of National Cheng Kung University, 42 years in Financial Industry	Director of E.SUN FHC, Chairman of E.SUN Securities	None	None	None
Deputy President	Suka Chen	2012.01.07	1,460	0.026	59	0.001	0	0	Master of Department of Agricultural Economics at National Taiwan University, 24 years in Financial Industry	Director of E.SUN FHC, CEO of Consumer Banking at E.SUN Bank, Director of E.SUN Securities, Supervisor of BankPro E-service Technology Co., Ltd.	None	None	None
CFO	Magi Chen	2004.02.13	820	0.015	0	0	0	0	EMBA, University of Tennessee, Knoxville, 36 years in Financial Industry	Director of E.SUN Bank, CFO and Deputy President of Treasury Division at E.SUN Bank	None	None	None
SEVP	Ben Chen	2014.01.24	2,235	0.040	739	0.013	0	0	Department of Business Administration at Soochou University, 24 years in Financial Industry	Deputy President of Credit Card & Payment Division at E.SUN Bank, Director of E.SUN Insurance Brokers, Director of EasyCard Corporation and EasyCard Investment Holding Company.	None	None	None
CHO	J.C. Wong	2002.01.28	1,856	0.034	644	0.012	0	0	Master of Agricultural Management at National Chung Hsing University, 25 years in Financial Industry	Director of E.SUN Bank, CHO and SEVP of Human Resource Division at E.SUN BANK, Supervisor of Shen Meng Investment Co., Ltd.	VP	Pei-Hwa Wang	Sister
SEVP	Mao-Cin Chen	2014.01.24	1,281	0.023	6	0.0001	0	0	Master of Department of Economics at National Taiwan University, 22 years in Financial Industry	Director of E.SUN Bank CEO of Corporate Banking at E.SUN Bank, Director of UCB Bank, Cambodia	None	None	None
SEVP	Shui-Chin Shen	2012.01.07	632	0.011	86	0.002	0	0	Master of Management at National Sun Yat-Sen University, 36 years in Financial Industry	SEVP of Wealth Management Division, E.SUN Bank, Chairman of E.SUN Insurance Brokers	None	None	None
SEVP	L.C. Lin	2012.01.07	487	0.009	0	0	0	0	Department of Public Administration at National Chung Hsing University, 25 years in Financial Industry	SEVP of Corporate Banking Division at E.SUN Bank	None	None	None
SEVP	Joseph Shue	2014.01.24	355	0.006	0	0.006	0	0	Master of Department of Business Development at National Sun Yat-Sen University, 22 years in Financial Industry	SEVP of Treasury Division at E.SUN Bank	None	None	None
SEVP	Wu-Ming Hsieh	2014.01.24	553	0.010	22	0.0004	0	0	Master of Department of Business Development at Min Chuin University, 22 years in Financial Industry	SEVP of Consumer Banking at E.SUN Bank	None	None	None
SEVP	Jung-Hua Lin	2014.01.24	757	0.014	0	0	0	0	Master of Department of Business Development at National Chung Hsing University, 22 years in Financial Industry	SEVP of Credit Card & Payment Division at E.SUN Bank	None	None	None
General Auditor	Chien-Hua Cheng	2013.09.13	325	0.006	330	0.006	0	0	Administrative Management Department, Administration Junior College, National Chengchi University, 43 years in Financial Industry	None	None	None	None
CAO	Kuan –Her Wu	2002.01.28	313	0.006	0	0	0	0	Department of Accountancy at National Chung Hsing University, 38 years in Financial Industry	CAO and EVP of Accounting Division at E.SUN Bank, Supervisor of E.SUN VC	None	None	None
EVP	Scott Chou	2002.01.28	1,671	0.030	435	0.008	0	0	Department of Civil Engineering at National Taipei Institute of Technology, 34 years in Financial Industry	CIO and EVP of General Affairs Division at E.SUN Bank	None	None	None
CIO	Wan-Li Hsieh	2012.03.23	370	0.007	54	0.001	0	0	Department of ee and computer science at University of Chung Yung, 20 years in Financial Industry	CRO and EVP of IT Division at E.SUN Bank	None	None	None
CRO	Oliver Shieh	2011.03.18	647	0.012	0	0	0	0	Master of Applied Finance center at Macquarie University, Australia, 20 years in Financial Industry	EVP of Risk Management Division at E.SUN Bank	None	None	None
CMO	Bright Wen	2012.01.07	194	0.004	0	0	0	0	Master of Department of Economics at Soochou University, 18 years in Financial Industry	CMO/SVP of E.SUN	None	None	None
Head of Legal Compliance	Fion OuYang	2012.05.04	40	0.001	0	0	0	0	College of Law at National Chengchi University, 16 years in Financial Industry	SVP and Head of Legal Compliance at E.SUN Bank	None	None	None

3.4 Remuneration of Directors, Independent Directors, President and SEVP

(1)Remuneration of Directors and Independent Director

2013.12.31 Unit:NT$ thousand

Tittl	Name	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)		Allowances(D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)				Exercisable Employee Stock Options (H)		Amount of restricted stock meant for employees acquired				
		1	2	1	2	1	2	1	2	1	2	1	2	1	2	1		2		1	2	1	2	1	2	
																3	4	3	4							
List below		6,716	17,160	0	0	78,646	91,064	1,845	6,929	1.04%	1.37%	9,128	15,489	0	0	1,600	205	2,200	369	0	0	0	0	1.17%	1.58%	None

1. The Company
2. Companies in the consolidated financial statements
3. Cash
4. Stock
5. Compensation paid to directors from an investeed company other than the company' s subsidiary

＊List of Directors：Chairman: Yung-Jen Huang(Representative for E.SUN volunteer & Social Welfare Foundation)、Director: E.SUN volunteer & Social Welfare Foundation(Representative Joseph N.C. Huang)、E.SUN Foundation(Representative Kuo-Lieh Tseng)、Hsin Tung Yang Co.,Ltd.(Representative Jackson Mai)、Allcan Investment Co., Ltd.(Representative Chiu-Hsiong Huang)、Chen-En Ko、Ji-Ren Lee、Jen-Jen Chang Lin、Hisn-I Lin、Ron-Yuan Investment Co., Ltd.(Representative Chao-Kuo Chen)、Shang Li Car Co.,Ltd.(Representative Chien-Li Wu)、Shan Meng Investment Co.,Ltd.(Representative Wu-lin Duh)、Sunlit Transportation Co.,Ltd.(Representative Suka Chen).

＊Remuneration distributed to directors who are serving for year 2013.

Remuneration Range table

Unit NT$ thousand

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	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000				
NT$2,000,000 ~ NT$5,000,000	Ron-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh)	Ron-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen)	Ron-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd., Sunlit Transportation Co.,Ltd. (Representative Suka Chen), Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh)	Ron-Yuan Investment Co.,Ltd., Shnag Li Car Co.,Ltd.,
NT$5,000,000 ~ NT$10,000,000	E.SUN Volunteer & Social Welfare Foundation (Representative Jospeh N.C. Huang),E.SUN Foundation(Representative Kuo-Lieh Tseng), Hsiin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hsin-I Lin	E.SUN Volunteer & Social Welfare Foundation (Representative Jospeh N.C. Huang), , Hsiin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hsin-I Lin, Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh)	E.SUN Foundation(Representative Kuo-Lieh Tseng), Hsiin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hsin-I Lin	Hsin Tung Yang Co.,Ltd., Allcan Investment Co.,Ltd., Chen-En Ko, Ji-Ren Lee, Jen-Jen Chang Lin, Hsin-I Lin, Shan Meng Investment Co.,Ltd. (Representative Wu-Lin Duh)
NT$10,000,000 ~ NT$15,000,000				Sunlit Transportation Co.,Ltd. (Representative Suka Chen)
NT$15,000,000 ~ NT$30,000,000	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), E.SUN Foundation(Representative Kuo-Lieh Tseng)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), E.SUN Volunteer & Social Welfare Foundation (Representative Jospeh N.C. Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), E.SUN Volunteer & Social Welfare Foundation (Representative Jospeh N.C. Huang), E.SUN Foundation(Representative Kuo-Lieh Tseng)
NT$30,000,000 ~ NT$50,000,000				
NT$50,000,000 ~ NT$100,000,000				
Over NT$100,000,000				
Total	87,207	115,153	98,140	133,211

＊The percentage of total profits distributed to directors as a whole as remuneration is based on regulations set forth in Article 36 of the Company' s statute. The ratio and the adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 27-1 of the statute. 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 compensation

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

Unit NT$ thousand

Year / Title	2013						2012					
	The company			Companies in the consolidated financial statements			The company			Companies in the consolidated financial statements		
	No. of Persons	Amount	Ratio of Net Profit after tax	No. of Persons	Amount	Ratio of Net Profit after tax	No. of Persons	Amount	Ratio of Net Profit after tax	No. of Persons	Amount	Ratio of Net Profit after tax
Directors	13	87,207	1.04%	13	115,153	1.37%	13	75,703	1.07%	13	100,043	1.42%
President and SEVP	11	14,026	0.17%	11	56,838	0.68%	12	12,314	0.17%	12	73,048	1.03%

Note: 2013 Net Profit for E.SUN FHC is NT$8,416,145 thousand, 2012Net Profit for E.SUN FHC is NT$7,058,236 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 36 of the Company's statute. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 27-1 of the statute. 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 managers is first screened by the Compensation Committee, following which the board makes a final decision. Salaries of managers should reflect their professional experience, the Company's, counterparts' and market standards and 'Codes of Managers' remuneration for E.SUN FHC'. Meanwhile, the Company will issue bonuses based on overall operational results and individual performance. This 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 on the level of such risk.

4. Implement of Corporate Governance

4.1 Board of Directors

A total of 10 meetings of the board of directors were held in the previous period. Directors and Independent Directors attendance was as following

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	10	0	100	Re-elected
Director	Representative of E.SUN Volunteer & Social welfare Foundation Joseph N.C. Huang	10	0	100	Re-elected
Director	Representative of E.SUN Foundation Kuo-Lieh Tseng	10	0	100	Re-elected
Director	Representative of Allcan Investment Co.,Ltd. Chiu-Hsiong Huang	9	1	90	Re-elected
Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	10	0	100	Re-elected
Independent Director	Chen–En Ko	10	0	100	Re-elected
Independent Director	Ji-Ren Lee	10	0	100	Re-elected
Independent Director	Jen-Jen Chang Lin	10	0	100	Re-elected
Independent Director	Hsin-I Lin	7	3	70	Re-elected
Director	Representative of Ron –Yuan Investment Co.,Ltd. Chao-Kuo Chen	8	2	80	Re-elected
Director	Representative of Shang Li Car Co.,Ltd. Chien-Li Wu	9	1	90	Re-elected
Director	Representative of Shan Meng Investment Co.,Ltd. Wu-Lin Duh	10	0	100	Re-elected
Director	Representative of Sunlit Transportation Co., Ltd. Suka Chen	10	0	100	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:

Director	Motions	Reasons for aviodance	Status of voting
Joseph N.C.Huang, Suka Chen	Motion concerning year-end bonus distribution to senior managers for the company and its subsidiaries	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Suka Chen	Motion concerning bonus distribution to senior managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Suka Chen	Motion concerning salary adjustment to senior managers	Conflict of interest	Not involve in discussion and voting.
Joseph N.C.Huang, Suka Chen	Motion concerning performance evaluation for managers	Conflict of interest	Not involve in discussion and voting.
Yung-Jen Huang,Joseph N.C.Huang, Kuo-Lieh Tseng, Jackson Mai, Chiu-Hsiong Huang, Chao-Kuo Chen, Chien-Li Wu	Nominate for 5th term of Directors	Conflict of interest	Not involve in discussion and voting.
Chen-En Ko, Ji-Ren Lee, Chan-Chan Chang Lin, Hsin-I Lin	Nominate for 5th term of Independent Directors	Conflict of interest	Not involve in discussion and voting.

3. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. establishment of an audit committee and enhancement of information transparency), and measures taken toward achievement thereof:To strengthen corporate governance, enhance supervision and upgrade management, the Company established its Audit Committee after the AGM elected a new board in June 2008. In 2011, the Company set up its Remuneration Committee ahead of time in accordance with Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. It was followed by the establishment of the Corporate Social Responsibility Committee in 2012 to enable the Company and its subsidiaries to better fulfill their CSR. Having also established the Corporate Governance and Nomination Committee and Board Strategy Development Committee, the board is keen to foster cooperation across all these operating committees, thereby strengthening its own functions and enforcing corporate governance effectively.

4.2 Audit Committee

A total of 8 Audit Committee (A) were held in the previous period. Independent director attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Independent Director	Chen-En Ko	8	0	100	
Independent Director	Ji-Ren Lee	7	1	87.5	
Independent Director	Jen-Jen Chang Lin	8	0	100	
Independent Director	Shin-I Lin	6	2	75	

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: None
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	Mode	Object	Issues to communicate	Result
2013.01.31	Audit Committee	CPA	Report the plan of audit work for 2012 financial reports	Noted
		General Auditor	Report the results of audit work for year 2012	Noted
2013.03.21	Audit Committee	CPA	Report the results of audit work for 2012 financial reports	Noted
2013.04.23	Audit Committee	CPA	Report of CPA	Noted
		General Auditor	Report the results of audit work for first quarter of 2013	Noted
2013.06.07	Audit Committee	General Auditor	Status of correcting major deficiencies detected in general checkups	For Board's approval
2013.08.22	Audit Committee	CPA	Report the results of audit work for 1H13 financial report	Noted
		General Auditor	Report the results of audit work for 1H13	Noted
2013.11.13	Audit Committee	General Auditor	Report the results of audit work for third quarter of 2013	Noted
			Report the plan of audit work for 2014	For Board's approval
2014.1.23	Audit Committee	CPA	Report the results of audit work for 2014	Noted
		General Auditor	Report the results of audit work for 2013	Noted
2014.3.5	Audit Committee	CPA	Report the results of audit work for 2013	Noted

4.3 Items of disclosure according to corporate governance code for FHCs

Please refer to http://www.esunfhc.com.tw/ir/ir.aspx

4.4 Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

Item	State of Operation	Discrepancy with Listed Company Corporate Governance Enforcement Rulesand reasons for such.
1.Ownership structure and shareholders' equity of FHC (1)The manner in which the FHC handles shareholders' proposals or disputes (2)The ability of the FHC to identify its controlling shareholders and the ultimate person or persons behind such shareholders (3)The ways the FHC establishes firewalls and risk management mechanisms with respect to its affiliates	(1)The Company has appointed a spokesperson and set up investor relations and stock affairs departments. Channels of contact are fully disclosed on the Company's website so that shareholders can express opinions over the phone, by email, or by leaving guestbook messages. All of these will be properly handled accordingly. (2) The Company's major shareholders holding greater than a 5% stake have all reported their shareholdings to the Company according to law. The Company also discloses materials promoting pertinent regulations and forms on its website. (3)The Risk Management Committee is charged with the responsibility of supervising the establishment and implementation of a risk management system by the Company and its subsidiaries. In addition to enforcing and supervising risk management policy and building a risk management culture, it is also supposed to map out the Company's risk management policy and guidelines. That is, the committee is responsible for putting into force risk management decisions made by the board and consolidating the screening, supervision and coordinated implementation of the risk management mechanisms of both the Company and its subsidiaries. Moreover, the committee is supposed to establish an information security defense mechanism for business dealings and information exchanges among E.SUN subsidiaries.	No difference
2.Duties of Board of Directors (1)State of Company designating of independent director. (2)State of regularly evaluating independence of certifying CPA	(1)Four independent directors had been elected in AGM meeting on 28th of June, 2011. 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.	The Company and its subsidiaries designate specific unit in charge of communication with interested parties. The Bank's customers can express their opinions through spokesperson as well as customer service units. Employee disputes will be handled by human resource departments. 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 FHC for the disclosure 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. (1)Disclose status of Financial information, Business operation and Corporate governance in the website (http://www.esunfhc.com.tw/ir/ir.aspx) (2)Information disclosed includes financial information, business operation, and resolutions by board, material for analyst meeting, internal control and contact information. 2. (1)The Company has already set up English and Chinese websites. Designated persons are responsible for collecting and posting information on those sites. (2)The FHC has already appointed a spokesman, who has comprehensive understanding of the financial performance and business operations of the company. Spokesman Name: Joseph N.C. Huang Position: President Telephone +8862-2175-1313 Email:joseph@email.esunbank.com.tw Deputy Spokesman Name: Suka Chen Position: Deputy president Telephone: +8862-2175-1313 Email:suka@email.esunbank.com.tw Stock Transfer and Service Contact Stock Service Department Address: 1F, No.115 Sec.3 Ming-Sheng E. Road, Taipei Telephone: +8862-2719-1313 (3) The record of the analyst meeting has uploaded to E.SUN's website.	No difference

Item	State of Operation	Discrepancy with Listed Company Corporate Governance Enforcement Rulesand reasons for such.
5.The status of establishment and operation of functional committees, such as Nomination committee	1.Audit Committee (1) Rules of Audit committee organization have been established. (2)The committee is compose with all independent directors, the committee has the following main objectives in its work: a. Ensuring the Company's financial statements is in proper form. b. Selecting (dismissing) certified Public Accountant (CPA),and to verifying CPA's independence and monitoring performance. c. Ensuring effective implementation of the Company's internal controls. d. Ensuring Company compliance with related rules and regulations e. Control the internal risk within the company (3) Others please refer to 4.2 Audit Committee 2. Corporate governance and nomination committee. (1) Rules of Corporate governance and nomination committee organization have been established. (2) The committee meets at least once a year, an independent director is the convener and chairman of this committee, which assists the board of directors in the following tasks: a. Ensuring the integrity of corporate governance units and systems. b.To seek out, screen and nominate candidates for board directors. c.To establish and develop an organizational framework for the board of directors, ensuring the proper formation of the board. d.To screen or nominate candidates for president and SEVP for FHC and it's subsidiaries. (3) The committee has held 3 times in the most recent year. 3.Compensation committee (1)Rules of Compensation committee organization have been established. (2) The committee meets at least twice a year, an independent director is the convener and chairman of this committee, with the following tasks: a.To assist the board in planning and evaluating the salary level for the chairman, and to set a salary framework for high-ranking managers at the level of vice president and above. b.To evaluate the compensation scheme for directors , manager and high-ranking managers of subsidiaries.. 4. Board Strategy development committee (1) Rules of Board Strategy development committee organization have been established. (2) The committee meets at least once a year, the chairman is the convener and chairman of this committee with following tasks: a. Convenes meetings regarding the Company's strategic development goals and report to the board of directors. b. Report to the board of directors on any other important strategic matters that could impact the Company's future development. (3) The committee has held once in most recent year. 5. Corporate Social Responsibility Committee (1) Rule of Corporate Social Responsibility committee organization has been established. (2) The committee meets at least once a year, the chairman is the convener and choose the committee members with following tasks: a. Set the annual plan and strategies b. Organize the campaigns c. Review the performance of annual plan and strategies d. Establish and review the CSR report e. Decide media issues relate to CSR f. Others relate to CSR	No difference

4.5 Social Responsibility

Item	State of Operation	Any discrepancies and reasons for such with Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies
1. Implementing and Promoting Corporate Governance (1)E.SUN has formulated policies and systems with respect to corporate social responsibility, and regularly examines the effectiveness of these measures. (2)E.SUN has created a unit responsible for promoting and monitoring the state of corporate social responsibility. (3)E.SUN regularly holds courses for directors, supervisors and employees in corporate ethics. This system is also linked to the performance review mechanism for employees. An effective reward and demerit system has been established to reflect related performance	(1) The Company has laid down a set of corporate governance best-practice principles to ensure our complying with laws and regulations, bolster internal management, strengthen the functions of the board, and protect the rights and interests of shareholders and stakeholders. With priority given to capital adequacy, asset quality and liquidity, management competence, profit capacity, and risk sensitivity, the Company is equally committed to honoring corporate social responsibility and making investment accordingly. Standing by our business ideals, we are set to strive for sustainable development and attain the long-term goal of benefiting society. Besides working on corporate governance, customer rights, employee welfare, the public good, and energy conservation/ carbon reduction, we pledge to do more in humanities, the arts and environmental protection in our endeavors toward fulfilling CSR and thus generate a greater impact on the community. (2) The Company has established the Corporate Social Responsibility Committee and laid down its organizational regulations accordingly. As an operating committee of the board, it is supposed to make sure that the Company and its subsidiaries faithfully fulfill their corporate social responsibility. (3) The Company instills and realizes corporate ethics through publicity and examinations.	E.SUN's corporate culture and operational philosophies play a foremost role in establishing complete legal compliance and internal control system. Besides promoting professional operations and implementing corporate governance, E.SUN complies with Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies. There is no discrepancy in the initiatives undertaken by E.SUN to promote corporate social responsibility
2. Developing a Sustainable Environment (1) The state of E.SUN striving to boost the utilization of resources and seeking to minimize its burden on the environment by using recycled items. (2) The state of E.SUN establishing environmental management systems appropriate for its industry. (3) The state of creating a unit (or designating personnel) responsible for environmental management and protecting the environment. (4) The state of monitoring the impact on E.SUN operations of climate change, and formulating strategies for energy conservation and reduction of carbon and greenhouse gases.	(1) The Company gives priority to the use of green building materials and environment-friendly equipment and instruments in construction projects. Likewise, it is keen to adopt reusable, recyclable, low-polluting and energy-saving products while staying away from excessively packaged and environment-damaging products without the capacity for self-decomposition as well as equipment that tends to cause energy waste. (2) Besides introducing ISO 14001 for environmental management, the Company looks to the E.SUN Green Policy White Paper for building a comprehensive management network capable of carbon reduction, electricity and water conservation, and waste disposal. (3) An environmental sustainability panel is placed under the corporate social responsibility committee. It undertakes duties related to environmental management by having both employer and employees work together on this front. In effect, the management affairs division is charged with the task of implementation. (4) To encourage other enterprises to help promote the cause, the Company takes into account the environmental protection (pollution) record of loan-seeking firms as a key factor for final approval. To effectively conserve energy, E. SUN promotes a full spectrum of e-services, thereby cutting back on the use of paper.	E.SUN complies with Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies in an effort to forge a sustainable environment. There is no discrepancy in the initiatives undertaken by E.SUN to promote environmental protection. Efforts are detailed below: (1) Subsidiary E.SUN Bank first drafted Environmental Protection and Management Guidelines in 1996. In 2007, the Bank released the E.SUN Green Policy white paper, with the content of this document serving as the basis in setting forth policies, establishing a corporate culture stressing such, and working towards the objective of sustainable and environmentally friendly operations. (2) In 2013, E.SUN won certification for ISO 14001, the world's most popular standard for environmental management. On top of energy and water conservation, emphasis is placed on reducing greenhouse gases like carbon dioxide in all activities involving electricity and fuel consumption. Review is conducted on a regular basis to effectively facilitate the cause for environmental protection and energy conservation.

Item	State of Operation	Any discrepancies and reasons for such with Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies
3. Social Services (1) The Company's establishment of proper methods and procedures and status of implementation thereof with regard to its complying with labor-related laws and regulations; honoring internationally accepted, basic labor rights; protecting the legal rights of employees; and adopting a nondiscriminatory employment policy (2) The state of providing employees with a safe and healthy working environment, and regularly providing employees with safety- and health-related education. (3) Status of the Company's establishment of a mechanism for communicating with employees on a regular basis as well as of a reasonable channel for notifying employees of changes in business operations that may have a material impact on them (4) The state of formulating and publicizing consumer rights policies, and offering transparent and effective procedures for consumers to file complaints regarding service or products. (5) The state of cooperation between E.SUN and suppliers, and joint efforts to boost corporate social responsibility. (6) The state of participation in community development and charitable organizations via its commercial activities, donations, volunteer services, or other professional services provided free of charge.	(1) The Company considers people its core asset. Employee rights are upheld in accordance with pertinent laws and regulations. That is, the Company is committed to protecting and preserving employee rights prescribed by pertinent laws and regulations as well as implementing a nondiscriminatory employment policy, thereby creating a harmonious labor-management relationship. (2) The installation of an exclusive section designed specifically for them signifies the emphasis the Company places on providing employees with a safe and healthy working environment. Every business division is staffed with a responsible person charged with labor safety who organizes training and study sessions on a regular basis. Meanwhile, a set of guidelines on physical examination is laid down as the basis for employees to undergo health checkup regularly. The special section on labor safety and health is intended to keep employees up to date on this front. In addition to sessions intended specifically for novice employees, labor safety training and health examination are undertaken across the Company on a regular basis. On top of emergency care personnel, every place of business is equipped with a security system as well as security personnel so as to uphold the safety of the place, employees and customers. (3) The Company makes it a point to keep up two-way communication while organizing knowledge-sharing sessions, human resources improvement projects and across-the-board videoconferences. Employees are free to take their complaints to various levels of management and the human resources department, thereby creating a harmonious and happy working environment. (4) State of formulating and implementing consumer rights policies 1. Formulation and publication of consumer rights policies a.E.SUN has set forth systems that comply with consumer rights legislation. It provides standardized contractual agreements and designs products and services suitable for consumers. b.E.SUN holds consumer rights-related education and training for its employees to emphasize the importance of consumer rights and encourage them to provide considerate service. c.E.SUN discloses accurate and comprehensive consumer information, such as easy to understand pricing included in lending contracts (mortgages and credit loans), as well as schedules that detail handling fees. In addition, the Bank offers special explanatory information on mortgage loans and letters of rights and obligations, thereby enabling consumers to clearly understand products through examples. This offers another opportunity to remind customers of related conditions and the rights and obligations of both parties. 2. Process of filing complaints Consumer disputes are handled in accordance with Standard Procedures for Handling Consumer Disputes at E.SUN Bank. The Bank also operates a 24-hour complaint hotline and an E.SUN Internet Bank visitor message board to provide consumers with avenues to file complaints. (5)Seasonal foods are purchased as much as possible by employee dining halls to reduce E.SUN's carbon footprint and reduce the amount of resources required to transport food. Meanwhile, E.SUN makes every effort to contract the production of gifts and commemorative items locally. Furthermore, E.SUN would invite invite its vendor to sign the statement of Commitment to Human Rights and Environmental Sustainability (6) E.SUN continues to hold Clean up the World activities to make Taiwan a cleaner place. Branches are encouraged to participate in various environmental protection and energy conservation activities held in cities and counties throughout Taiwan. In addition, the thirteenth day of each month is designated E.SUN Clean Up Day in which branch employees work to clean up the environment around their branches. This activity is catching on and is triggering clean-up initiatives in nearby neighborhoods, which is another example of E.SUN fulfilling its social responsibility as a top notch citizen.	No difference
4. Strengthening Disclosure of Information (1)Methods used to disclose reliable information related to corporate social responsibility. (2) State of drafting corporate social responsible reports and disclosing information related to promoting corporate social responsibility.	(1) At E.SUN, fulfillment of corporate social responsibility has long been considered both a mission and a commitment as it strives for sustainable development. CSR-related information is disclosed on the Company's website and in such publications as Sunrise Magazine and Smile E.SUN whenever warranted. (2) The Company's CSR Report includes an update of its business ideals and financial performance as well as endeavors in such areas as corporate governance, customer rights, employee welfare, environmental protection and the public good.	No difference
5. E.SUN has formulated corporate social responsibility guidelines in accordance with Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies. Refer below to any discrepancies in E.SUN's practices in this regard: E.SUN moves forward in a methodical method in promoting innovative operations, its business philosophies and its corporate culture, which jointly constitute the company's core vision. The Bank seeks to ensure customer satisfaction and create customer value. It relies on its professional operations to promote corporate governance, develop an environment that ensures sustainable operations, promote social welfare, and strengthen its corporate social responsibility, disclosing information in each instance. It realizes its corporate social responsibility in compliance with Corporate Social Responsibility Best-Practice Principles for TSE/GTSM Listed Companies.		

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

Item	State of Operation	Any discrepancies and reasons for such with Trustworthy Operations Best-Practice Principles for TSE/GTSM Listed Companies
1. Establishment of ethical corporate management policies and programs (1) The Company'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 Company'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. (3) Status of the Company's adopting measures to prevent bribe taking and giving and provision of illicit political donations based on its ethical corporate management program designed to forestall unethical conduct, especially with regard to business activities within its business scope that may incur a higher risk of committing acts of unethical conduct.	(1) Based on a board of directors resolution, the Company has established a set of "Ethical Corporate Management Principles, Operational Procedures and Guidelines (hereafter "Ethical Corporate Management Principles," applicable to the Company as well as its subsidiaries). It spells out 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 Company 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 Company 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 Company 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 Company refrains from offering political donations as it is set to uphold political neutrality.	No difference
2. Implementation of ethical corporate management (1) While engaging in commercial activities, the Company shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance. (2) Status of the Company'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 Company'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 Company. (4) Status of the Company'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 Company shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance. (2) The regulatory compliance unit of the Company 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 viable communication and complaint system. Employees can file reports through a number of channels to management and the human resources department. (4) The Company has established an effective accounting system that prohibits any outside or secret accounts. On top of an effective internal control system, the Company has also established an internal audit unit under the board of directors; it is required to report to the audit committee and the board at least once each quarter	No difference
3. Status of the Company's establishment of a formal channel for receiving reports on unethical conduct and of a disciplinary and complaint system to handle violation of ethical corporate management regulations.	(1) The Company 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 Company shall remove or discharge, in accordance with related laws or internal regulations, employees who commit major acts of unethical conduct. (3) The Company makes it a point to offer a viable 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 management and the human resources department.	No difference
4. Enforcement of information disclosure (1) The Company's establishment of a corporate website to disclose information regarding its implementation of ethical corporate management. (2) The Company'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 Company has a corporate website, accessible in both Chinese and English, that discloses its Ethical Corporate Management Principles and ethical corporate management practices. (2) The Company 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 Company's ethical corporate management concepts and conventions.	No difference
5. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe the Company's implementation of the principles and any discrepancy therein and explain why: none.		No difference
6. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management (e.g., status of the Company's getting across to business partners its resolve to implement ethical corporate management and related policies and its inviting the latter to participate in related training; status of the Company's reviewing and amending its own ethical corporate management principles): the Company's ethical corporate management principles and practices are subject to reexamination and readjustment whenever warranted. With "Pure as Jade, Stern as Mountain" as its hallmark, E.SUN 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. To be sure, E.SUN aims to be recognized as not only the best-performing enterprise but also the most-respected one in Taiwan.		No difference

4.7 Methods of referencing corporate governance guidelines and related regulations

Please refer to http://www.esunfhc.com.tw/ir/about_cg.info

4.8 Other important information enhancing understanding of the state of the Company's corporate governance

The corporate governance self-evaluate report has been produced and disclose on Market observation post system.

4.9 Internal control

(1) Representation of Internal Control

E.SUN FINANCIAL HOLDING COMPANY, LTD.

Representation of Internal Control

To Financial Supervisory Commission, Executive Yuan

Mar. 5, 2014

On behalf of E.SUN Financial Holding Company, Ltd., we hereby certify that the company indeed complies with the "Enforcement Regulations for Financial Holding Company Internal Audit Control System" and the company's internal control system and risk management mechanism for the fiscal year of 2013 have been implemented and audited by the independent internal auditors, and the internal audit reports are periodically presented to the company's board of directors and supervisors.

Under due assessment, the internal controls and legal compliance of each department during 2013 are effectively in place. This representation will be a major 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.

Sincerely yours,

Chairman Yung-Jen Huang

President Joseph Huang

General Auditor Chien-Hua Cheng

Compliance Officer Fion Ou Yang

(2) Disclosure of any commissioned internal control review review carried out by CPA: None

4.10 Legal Infractions and Punishment and Major Shortfalls of the FHC and Subsidiaries 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)Irregularities, if any, of which prompt correction is ordered by the Financial Supervisory Commission: Subsidiary E.SUN Bank violated the regulation by not reporting its consolidated revenue of May 2013 within 10 days of coming month.In compliance with the competent authority’s order for the Bank to take necessary rectifying measures, the Bank has reviewed all report procedures and established system for external report procedure, through reminding and warming notice, Bank are ablet to lower the risk.

(4) Adverse decision(s), if any, by the Financial Supervisory Commission under Article 54bis of the Banking Act: None.

(5) Losses, if any, resulting from 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 NT$50 million (where serious accidents means events of fraud, theft, misappropriation and embezzlement of company assets, false transactions, forgery of evidence and securities, acceptance of kickbacks, acts of Nature, external forces, computer hacking, theft of data and divulgence of trade secrets and customer information): None.

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

IV. Capital Overview

1. Capital and Dividend

1.1 Source of Capital

(1) Issued Shares

2014.3.30 Unit:million shares NT$ million

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Source	Source	Source	Others
2002.1.28	10	5,000	50,000	2,290	22,900	Share Conversion	-
2002.10.21(note 1)	10	5,000	50,000	2,470	24,700	Retained Earnings	-
2003.9.16	10	5,000	50,000	2,505	25,054	Share Conversion	-
2004.3.15	10	5,000	50,000	2,506	25,064	ECB Conversion	-
2004.5.20	10	5,000	50,000	2,584	25,842	ECB Conversion	-
2004.9.8	10	5,000	50,000	2,596	25,964	ECB Conversion	-
2004.10.11(note 2)	10	5,000	50,000	2,690	26,897	Retained Earnings	-
2004.11.26	10	5,000	50,000	2,768	27,679	ECB Conversion	-
2005.3.4	10	5,000	50,000	2,931	29,306	ECB Conversion	-
2005.9.14(note 3)	10	5,000	50,000	3,027	30,270	Retained Earnings	-
2006.4.3	10	5,000	50,000	3,230	32,304	ECB Conversion	-
2006.8.18(note 4)	10	5,000	50,000	3,303	33,033	Retained Earnings	-
2008.8.29	10	5,000	50,000	3,311	33,113	ECB Conversion	-
2008.9.4 (note 5)	10	5,000	50,000	3,451	34,514	Retained Earnings	-
2008.9.23	10	5,000	50,000	3,544	35,444	ECB Conversion	-
2009.9.7(note 6)	10	5,000	50,000	3,653	36,528	Retained Earnings	-
2010.9.9(note 7)	10	5,000	50,000	3,803	38,033	Retained Earnings	-
2011.9.15(note 8)	10	5,000	50,000	4,075	40,750	Retained Earnings	
2011.9.19(note 9)	10	5,000	50,000	4,575	45,750	Rights offering	
2012.9.18(note 10)	10	10,000	100,000	4,811	48,107	Retained Earnings	
2012.11.6(note 11)	10	10,000	100,000	5,011	50,107	Rights offering	
2013.7.16(note 12)	10	10,000	100,000	5,524	55,243	Retained Earnings	-
2014.2.20(note 13)	10	10,000	100,000	5,763	57,643	ECB Conversion	-

Note1:The Securities and Futures Committee to Ministry of Finance on Aug 13, 2002 granted approval for issuance in its letter Zidi 0910144848. In addition, the Ministry of Economic Affairs on October 21, 2002 approved amended registration in its letter Zidi 09101428420.

Note2:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 23, 2004 granted approval for issuance in its letter Zidi 0930133045. In addition, the Ministry of Economic Affairs on October 11, 2004 approved amended registration in its letter Zidi 09301193370.

Note3:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 20, 2005 granted approval for issuance in its letter Zidi 094012807. In addition, the Ministry of Economic Affairs on Sep. 14, 2005 approved amended registration in its letter Zidi 09401177000.

Note4:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 4, 2006 granted approval for issuance in its letter Zidi 0950126554. In addition, the Ministry of Economic Affairs on Aug 18, 2006 approved amended registration in its letter Zidi 09501182600.

Note5:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 9, 2008 granted approval for issuance in its letter Zidi 0970032910. In addition, the Ministry of Economic Affairs on Sep 4, 2008 approved amended registration in its letter Zidi 09701226150.

Note6:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 14, 2009 granted approval for issuance in its letter Zidi 0980033762. In addition, the Ministry of Economic Affairs on Sep. 7, 2009 approved amended registration in its letter Zidi 09801205090

Note7:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 20, 2010 granted approval for issuance in its letter Zidi 0990036370. In addition, the Ministry of Economic Affairs on Sep. 9, 2010 approved amended registration in its letter Zidi 09901201760

Note8:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 25, 2011 granted approval for issuance in its letter Zidi 1000033362. In addition, the Ministry of Economic Affairs on Sep. 15, 2011 approved amended registration in its letter Zidi 10001216150.

Note9:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 15, 2011 granted approval for issuance in its letter Zidi 1000031758. In addition, In addition, the Ministry of Economic Affairs on Sep. 19, 2011 approved amended registration in its letter Zidi 10001217300.

Note10:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July. 18, 2012 granted approval for issuance in its letter Zidi 1010030640; the Banking Bureau of the Executive Yuan's Financial Supervisory Committee on July 27, 2012 granted approval for effectiveness in its letter Zidi 10100218080. In addition, the Ministry of Economic Affairs on Sep. 18, 2012 approved amended registration in its letter Zidi 10101191510

Note11:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on Oct. 17, 2012 granted approval for issuance in its letter Zidi 1010045676. In addition, the Ministry of Economic Affairs on Nov. 6, 2012 approved amended registration in its letter Zidi 10101223560

Note12:The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on July 16, 2013 granted approval for issuance in its letter Zidi 1020026708. In addition, the Ministry of Economic Affairs on Sep. 4, 2013 approved amended registration in its letter Zidi 10201180450

Note13:The Department of Commerce, Ministry of Economic Affairs on Feb. 20, 2014 granted approval for ECB conversion in its letter Zidi 10301030090 with total amount of NT$ 2,390,794,320.

(2) Type of Shares

2014.3.30 Unit:thousand shares

Share Type	Authorized Capital			Note
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	5,763,379,432	4,236,620,568	10,000,000,000	-

Note: The issued shares are listed shares

1.2 State of Shareholders

2013.12.31 Unit:thousand shares; %

Share Type	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	6	19	304	82,370	679	83,378
Shareholdings	5	324,986	1,207,713	1,326,286	2,665,310	5,524,300
Ownership	0.00009	5.88284	21.86183	24.00822	48.24702	100

1.3 Shareholding Distribution Status

Common Shares (The par value for each share is NT$10)

2013.12.31 Unit Thousand Shares, %

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1～999	36,959	7,959	0.14
1,000～5,000	24,730	56,351	1.02
5,001～10,000	6,660	48,252	0.87
10,001～15,000	3,658	45,288	0.82
15,001～20,000	1,826	31,626	0.57
20,001～30,000	3,308	82,612	1.50
30,001～50,000	2,134	80,951	1.47
50,001～100,000	1,628	113,398	2.05
100,001～200,000	941	130,803	2.37
200,001～400,000	618	173,121	3.13
400,001～600,000	199	97,983	1.78
600,001～800,000	140	96,446	1.75
800,001～1,000,000	81	72,638	1.31
1,000,001～	496	4,486,872	81.22
Total	83,378	5,524,300	100

Note: E.SUN FHC did not issued any preferred shares

1.4 List of Major Shareholders

2013.12.31 Unit Thousand Shares, %

Shareholding / name	Shareholding	Percentage (%)
Saudi Arabian Monetary Agency	233,802	4.23%
Ron-Yuan Investment Co.,Ltd.	191,779	3.47%
E.SUN Commercial Bank Trust Fiduciary trust account	138,365	2.50%
ABU DHABI Investment Authority	109,602	1.98%
Hsin Kang Investment Co.,Ltd.	107,910	1.95%
Vanguard Stock Index Fund	94,570	1.71%
Universities Superannuation Scheme Limited	77,718	1.41%
Allcan Investment	75,584	1.37%
New Labor Pension Fund	73,926	1.34%
Dimensional Emerging Markets Value Fund	64,788	1.17%

Note: The list above shows the top 10 shareholders.

1.5 Dividend Policy and Implementation Status

(1) Dividend Policy

The Company has a policy of mainly issuing dividends in the form of stock in order to improve its financial structure and raise its capital adequacy ratio. If the Company's capital adequacy ratio in a specific year exceeds the level mandated by supervisory authorities, the Company can pay dividends in cash. When such cash dividends are declared, they are to be no less than 10% of the total dividend paid for that year. In the event that the cash dividend is less than NT$0.1, the dividend will be issued in stock.

(2) Proposed Distribution of Dividend

The proposal for distribution of 2013 profits was passed at the Meeting of the Board of Directors. This proposal, a stock dividend of NT$ 1.0 per share and a cash dividend of NT$ 0.31 per share, will be discussed at the annual shareholders’ meeting

1.6 Global Depository Receipt

2012.12.31

<table>
<tr><th colspan="2">Date of Issue / Date of Issue</th><th colspan="2">Sept. 27, 2004
(1st issue)</th><th>Oct. 17, 2012
(2nd issue)</th></tr>
<tr><td colspan="2">Date of Issue</td><td colspan="2">Sept. 27, 2004</td><td>Oct. 17, 2012</td></tr>
<tr><td colspan="2">Place of Issue & Listing</td><td colspan="3">Outside the ROC (Taiwan); (Listed on the Luxembourg Stock Exchange)</td></tr>
<tr><td colspan="2">Amount</td><td colspan="2">US$98,600,000</td><td>US$105,840,000</td></tr>
<tr><td colspan="2">Issue Price</td><td colspan="2">US$14.50</td><td>US$13.23</td></tr>
<tr><td colspan="2">Number of GDSs Issued</td><td colspan="2">6,800,000</td><td>8,000,000</td></tr>
<tr><td colspan="2">Subject Shares</td><td colspan="2">Common shares in E.SUN FHC held by E.SUN Bank</td><td>E.SUN FHC's newly issued common shares</td></tr>
<tr><td colspan="2">Number of Shares Represented</td><td colspan="2">170,000,000</td><td>200,000,000</td></tr>
<tr><td colspan="2">Rights & Obligations of GDS Holders</td><td colspan="3">The rights and obligations of GDS holders shall be governed by ROC laws and decrees and the Deposit Agreements. Main points of the Deposit Agreements are as follows:
(1) Exercise of Voting Rights:
Pursuant to provisions of the Deposit Agreements and ROC laws and regulations, GDS holders shall be entitled to exercise voting rights for the common shares represented by their GDSs.
(2) Dividend Distribution, New Shares Subscription & Other Rights:
When E.SUN FHC distributes stock dividends or undertakes other forms of stock distribution, the depositary may grant additional GDSs to GDS holders in proportion to the common shares represented by their GDSs on hand pursuant to provisions of the Deposit Agreements. If it is permitted by law, the depositary may also increase the amount of common shares represented by each GDS. The depositary may also sell the stock dividends in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after subtracting related expenses and tax payments.
When E.SUN FHC undertakes a rights offer or similar exercise, the depositary should make available this right to GDS holders pursuant to provisions of the Deposit Agreements. The depositary may also sell the right in question on behalf of GDS holders and distribute the proceeds among GDS holders proportionally after subtracting related expenses and tax payments. But if neither option is feasible, the depositary may opt to waive its preemptive right pursuant to provisions of the Deposit Agreements.</td></tr>
<tr><td colspan="2">Fiduciary</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Depositary</td><td colspan="3">Citibank</td></tr>
<tr><td colspan="2">Custodian</td><td colspan="3">Citibank Taiwan</td></tr>
<tr><td colspan="2">Unredeemed Balance (Number of GDSs)</td><td colspan="3">1,724,490 (As of Dec. 31, 2013)</td></tr>
<tr><td colspan="2">Expenses for Duration of GDSs</td><td colspan="2">(1) Cost of GDS Issue:
Unless it is separately negotiated among E.SUN FHC, E.SUN Bank, lead underwriters and the depositary, all the cost and expenses of the GDS issue (including but not confined to fees for lawyers, CPAs, the listing agent and financial advisors as well as other expenses) shall be shouldered by E.SUN Bank.
(2) Expenses Incurred After GDS Issue:
Unless it is separately negotiated between E.SUN FHC and the depositary, all the expenses incurred over the duration of the GDSs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.</td><td>(1) Cost of GDS Issue:
Unless it is separately negotiated among E.SUN FHC, lead underwriters and the depositary, all the cost and expenses of the GDS issue (including but not confined to fees for lawyers, CPAs, the listing agent and financial advisors as well as other expenses) shall be shouldered by E.SUN FHC.
(2) Expenses Incurred After GDS Issue:
Unless it is separately negotiated between E.SUN FHC and the depositary, all the expenses incurred over the duration of the GDSs (including annual fees for listing and fees for information disclosure and related items) shall in principle be shouldered by the issuer.</td></tr>
<tr><td colspan="2">Key Provision in Deposit/Custodian Agreements</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Market Price Per GDS</td><td rowspan="3">2014.3.30</td><td colspan="2">Highest</td><td>US$ 16.62</td></tr>
<tr><td colspan="2">Lowest</td><td>US$ 14.73</td></tr>
<tr><td colspan="2">Avg.</td><td>US$ 15.55</td></tr>
<tr><td rowspan="3">2013</td><td colspan="2">Highest</td><td>US$ 17.39</td></tr>
<tr><td colspan="2">Lowest</td><td>US$ 12.355</td></tr>
<tr><td colspan="2">Avg.</td><td>US$ 14.776</td></tr>
</table>

2. Merger and Acquisition

2.1 Subsidiary E.SUN Bank signed a purchase agreement on March 16 to acquire Chiayi Fourth Credit Cooperative, with the record date for the transaction set at November 3, 2012. E.SUN acquired the latter's assets, liabilities and operations.

(1) Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: Not applicable.

(2) State of mergers & acquisitions or sale of banking institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.

(3) In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other banking institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares: Not applicable.

2.2 On Mar. 22, 2013, subsidiary E.SUN Bank has approved by its board to acquire 70% shares of Union Commercial Bank PLC. in Cambodia, with record date for the transaction set at Aug. 28, 2013.

(1) Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: Not applicable.

(2) State of mergers & acquisitions or sale of banking institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.

(3) In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other banking institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares: Not applicable.

3. Capital Utilization Plans

3.1 Plan

(1) Up to the quarter prior to the printing of the annual report, any issuance or private placement of securities that has yet to be completed: None.

(2) Programs completed in the most recent three years with beneficial results yet to assert themselves: None

3.2 Implementation Status: None.

V. Business Operation

1. Business Scope

E.SUN Bank serves as the core of E.SUN FHC. Combined with securities, insurance broking and venture capital, E.SUN provides customers with a comprehensive array of financial services. E.SUN pursues balanced and stable development in each area of operations. The following are descriptions of the operational scope, business plans, industry status, research and development, and long- and short-term business development projects for the FHC and each subsidiary.

1.1 Scope of Operations

(1) E.SUN FHC

a. Primary Operations

E.SUN FHC's expertise rests in investment and management. Its subsidiaries engage in a wide range of financial businesses including banking, credit cards, trust, insurance, securities, futures, venture capital, investment in foreign banking institutions as approved by regulatory agencies, investment in other financial-related businesses as designated by regulatory agencies, management of the aforementioned invested businesses, and investment in other businesses sanctioned by regulators.

b. Composition of Operations

Unit NT$ thousand

Item \ Year	2013		2012	
	Amount	%	Amount	%
Interest Income	22,573,791	60.04	22,800,297	66.88
Fee Income	10,434,011	27.75	7,972,220	23.39
Others	4,589,142	12.21	3,315,581	9.73
Total	37,596,944	100.00	34,088,098	100.00

Note1: E.SUN FHC consolidated financial figures

Note2: Others are net revenue exclude interest income and fee income.

(2) E.SUN Bank

a. Primary Operations

(a) Commercial Bank Operations

E.SUN Bank provides the following services: Accepts all types of deposits, engages in lending, discounting of bills/checks, domestic remittances, commercial acceptances, issuance of domestic letters of credit, domestic guarantees, custodian services and warehousing, rental of safe deposit boxes and credit card operations.

(b)Foreign Exchange Operations

These operations include import and export negotiation, general inward and outward remittance, foreign currency deposits, foreign currency loans, foreign currency guarantees, and exchange of foreign cash and travelers checks.

(c) Investment and Treasury Operations:

Operations include investment in securities, short-term bills broking, dealing, trading of financial derivatives, wealth management, and trust operations approved under the law.

(d) Agency Operations and Other

Serves as an agent in issuance of debentures, collection and payment of various bills, underwriting securities, agent for the sale of gold ingots as well as gold and silver coins, agent for services of the National Treasury, providing fiscal advisory services, and dealing of corporate bonds and debentures.

b. Composition of Operations

Unit NT$ thousand

Item \ Year	2013		2012	
	Amount	%	Amount	%
Interest Income	22,330,735	60.93	22,577,990	68.38
Fee Income	9,178,018	25.04	6,600,541	19.99
Others	5,143,939	14.03	3,841,095	11.63
Total	36,652,692	100.00	33.020,226	100.00

Note: Others are net revenue exclude interest income and fee income

(3) E.SUN Securities

a. Primary Operations

(a) Brokerage

Buying and selling securities, futures and options for clients; sub-brokerage of foreign securities; settlement of securities; margin trading; electronic trading.

(b) Proprietary Trading:

Trading securities with the firm's own money on the stock exchange or over the counter, with emphasis placed on choosing targets meticulously and engaging in both long and short deals to ensure absolute positive returns.

(c) Underwriting:

Assisting companies in going public and undertaking IPO/SPOs; acting as financial advisor to companies and assisting them in assessing and planning financial operations and M&As among others.

(d) Bonds

E.SUN engages in outright bond trading and repo trading. The Company serves as a government bond dealer and provides customers with bond-related investment information and advisory services.

(e) New Products for Proprietary Trading: Issuance of call (put) warrants and development of other new financial commodities.

(f) Other operations approved by supervisory agencies.

b. Composition of Operations

Unit NT$ thousand

Item \ Year	2013		2012	
	Amount	%	Amount	%
Fee Income	615,153	66.59	570,789	75.47
Interest Income	236,524	25.60	216,405	28.62
Gains from Securities Trading	72,796	7.88	(30,266)	(4.00)
Other Operating Income	(611)	(0.07)	(664)	(0.09)
Total	923,862	100.00	756,264	100.00

(4) E.SUN Insurance Brokers

a. Primary Operations

The business of E.SUN Insurance Brokers Co. includes two main areas, namely life insurance and property insurance. The Company strives to develop and offer a range of products that meet the functional needs of customers. Life insurance products offered include general life insurance, medical insurance, savings insurance, annuity insurance, injury insurance, and investment-oriented insurance. Meanwhile, non-life/property insurance products include automobile and motorcycle insurance, fire insurance, liability insurance and all types of commercial risk insurance. E.SUN's comprehensive product lines and insurance services fully meet the risk planning and asset allocation requirements of customers.

E.SUN cooperates with Prudential Plc, Mercuries Life Insurance, Nanshan Life Insurance, Tokyo

Marine Newa Insurance, and Taian Insurance, and it provides asset allocation and insurance planning services based on the various needs of its customers. In 2012, E.SUN Insurance Brokers established a greater number of service counters at E.SUN Bank. It also carried out increased telemarketing and expanded online insurance transactions, helping to generate balanced growth. The Company is striving to integrate resources with other FHC subsidiaries to provide customers with one-stop financial consulting and service, thereby yielding operational synergy.

b. Composition of Operations

Unit NT$ thousand

Item \ Year		2013 Fee Income	2013 %	2012 Fee Income	2012 %
Life Insurance	Life and Health Insurance	1,730,405	93.63	1,425,651	92.63
	Investment-linked Insurance	19,047	1.03	19,617	1.28
	Accident Insurance and Other	88,618	4.79	83,118	5.40
Property Insurance		10,137	0.55	10,652	0.69
Total		1,848,207	100	1,539,038	100.00

(5) E.SUN Venture Capital

a. Primary Operations

(a) Invest in domestic and foreign companies that command a competitive edge, hold growth potential and have yet to list on any stock exchange.

(b) Help companies expand business, upgrade management capacity and build a corporate governance mechanism.

(c) Provide companies with consultation in relation to fund-raising, M&A and management issues.

b. Composition of Operations

Unit NT$ thousand

Item \ Year	2013 Amount	2013 Ratio	2012 Amount	2012 Ratio
Investment Income	373,073	98.1	105,364	98.2
Other non-operating income	5,614	1.9	1,942	1.8
Total	378,687	100	107,306	100.00

1.2 Business Plan

(1) E.SUN FHC

a. Core Competence and Differentiation

The year 2014 marks the beginning of E.SUN's third decade. E.SUN FHC is set to build on its core competence—brand, service and teamwork—to create differentiation and customer value. It will adopt an intelligent, systematic approach toward implementing its mid- to long-term plans, thereby laying solid foundation for carving a niche in Taiwan's financial services industry. In turn, it expects to take advantage of every critical moment and emerge from ever-growing competition as a winner that can meet and surpass targets.

b. Financial Innovation and R&D

Harvard Business School Professor Clayton Christensen believes that disruptive innovators need to "act different" and "think different." Centering on customer needs, E.SUN consolidates internal and external resources while pursuing innovation in all dimensions—products, service, workflow, organization and branding. The ultimate objective is to create a service experience that brings even greater customer satisfaction. Meanwhile, innovation is sought after in online cash flow applications, retail channels, financial trading and mobile banking. E.SUN aims to win even more quality customers by putting in place a comprehensive service network and offering differentiated services.

c. Putting Teamwork into Action

Consolidate the marketing momentum and resources of all subsidiaries that cover all product lines. Put teamwork to maximal use and provide customers with total solutions and a comprehensive product map. Adopt a segmented approach toward marketing in order to meet different customer needs, thereby enhancing customer satisfaction and creating greater value.

d. Expansion into ASEAN and Beyond

While ASEAN is increasingly integrated as a regional market, deregulation of financial markets is gaining momentum across the Taiwan Strait. Building on its prudent management, complete operations, sound development and optimal growth, E.SUN is keen to make inroads into the Chinese and ASEAN markets and provide customers with better-rounded international financial services. In 2013, E.SUN Bank made Cambodia's Union Commercial Bank (UCB) a subsidiary after taking a 70% stake in the latter and set up a representative office in Yangon, Myanmar. They added to a continuously growing overseas network that also includes the Los Angeles Branch, Hong Kong Branch, Singapore Branch and Dongguan Branch as well as the representative office in Ho Chi Minh City. Evaluation is under way to determine the viability of opening other overseas outlets to further expand E.SUN's reach of financial services.

e. Risk Management, Corporate Governance and CSR

"No business is above risk" serves as the guiding principle when E.SUN strives for business expansion. Priority is given to further refining the Company's risk appetite mechanism. Above all, E.SUN will enforce grand total sum control and incorporate capital planning into its strategies for different businesses.

To advance corporate governance, strengthen management capacity and bolster supervision, the Company has done more than what is statutorily required by appointing four independent directors. They are then called upon to form five functional committees—audit committee, corporate governance and nomination committee, compensation committee, strategy committee and corporate social responsibility committee—to help the board of directors function more effectively.

Our vision of "E.SUN employees making first-class citizens of the global community and E.SUN itself, a first-class citizen of the corporate world" is no mere lip service. We participate in all kinds of corporate social responsibility activities on a long-term basis. The 2013 E.SUN FHC CSR Report was certified by the British Standards Institution (BSI) as complying with both the AA1000 standards and the G3.1 Guidelines. Also in 2013, E.SUN emerged as the local financial services industry's No. 1 recipient of Commonwealth magazine's Commonwealth Corporate Citizen Award for the fifth consecutive year. E.SUN is grateful for all these accolades. In all humility, it will work even harder to fulfill its corporate social responsibility to this land as it aims for "the best-performing and most-respected enterprise" in Taiwan.

(2) E.SUN Bank

In 2013, E.SUN Bank undertook expansion across the board, include 136 domestic branches 4 overseas branches and 2 representative offices. Together with its development of e-channels, R&D on new financial commodities, and cross-selling efforts in conjunction with E.SUN FHC, it was able to provide customers with a full range of services of consistent quality and thus bring about even brighter operating results. In 2014, the Bank will give priority to well-rounded risk control and management as it seeks to further satisfy customers with comprehensive financial services of extraordinary value. Drawing on innovative concepts, E.SUN is set to fully assert all the fine qualities it possesses as it pursues balanced development on all fronts in the long run.

a. Corporate Banking

In terms of institutional banking, E.SUN's vision is to have its team of professionals recognized as the best partner for businesses. Priority shall be given to providing tailor-made services and deepening partnerships with quality clients as it strives to expand its customer base and vie for clients dealing in cross-border trade. In line with government policy, E.SUN is also keen to help small and medium-sized enterprises to grow. It will continue consolidating external resources such as the SME Credit Guarantee Fund and international insurers while strengthening risk management and asset allocation, thereby keeping up asset quality worthy of a Tier 1 bank. In tandem with E.SUN's overseas push, it will build on its IT competence and financial expertise as well as its trusted brand name and team of professionals to further penetrate the Asian market and upgrade cross-border services. By maximizing synergies unique to financial holding companies, it is set to keep up the competitiveness of its products and services and create value for both itself and clients, thereby making the best brand name for SMEs.

b. Consumer Banking

To be sure, 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 will maximize its reach of financial services by diversifying retail channels, consolidating virtual and brick-and-mortar outlets, and setting up both domestic and overseas outposts. Meanwhile, its personal banking business will pay special attention to innovation of online/mobile banking and cash flow services. By bringing out the full potential of its electronic outlets, E.SUN Bank expects to provide customers with most valuable services and usher in a new era for electronic banking. While the growth of demand deposits is expected to drive foreign currency deposits as well, E.SUN will attach equal consequence to quality and quantity in growing its mortgage business. As for unsecured lending, profitable growth shall be the guiding principle as the Bank strives for expansion on this front. Meanwhile, the lending process will be revamped to deliver a brand-new customer experience. By translating innovation into competitiveness, E.SUN is set to enhance its earnings capacity accordingly.

c. Wealth Management

When it comes to wealth management, E.SUN will continue not only strengthening risk management but also refining workflow. Another priority is to grow more top-tier talent. Special emphasis will be placed on further refining the expertise, marketing skills and customer management capabilities of wealth management consultants by drawing on the assistance of their superiors and a full range of on-the-job training. To enhance operational efficiency, E.SUN will also continue optimizing and upgrading its trading, customer relationship management and investment recommendation systems. Technology-enabled outlets will also be expanded to provide customers with more diversified, convenient services. Separately, E.SUN will focus on nurturing VIP and potential clients, consolidating its teams of diverse services, and compiling a complete product map. It will also review customers' investment portfolios on a regular basis to help grow their assets steadily. By maximizing customer value and ensuring customer satisfaction, E.SUN aims to become the most trusted brand name in Taiwan's wealth management industry.

d. Credit Card

In 2013, Taiwan's far from favorable economic conditions kept a lid on the credit card market. But cardholder spending and the numbers of cards in circulation and in force managed minor growth. As of the end of 2013, E.SUN Bank had 3.48 million credit cards in circulation, ranking it No. 3 in the local market, and 2.35 million cards in force. Spending by its cardholders amounted to NT$193.1 billion for the year. In terms of credit cards in force and cardholder spending, E.SUN Bank enjoyed a market share of over 10%. Moreover, the Bank's NPL ratio of 0.23% was superior to the market average of 0.29%, attesting to its superior asset quality.

Making further 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 small 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 cardholer 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. Coupled with joint marketing that also covers E.SUN's other product lines, the Company believes that all the endeavors cited above will help establish its credit cards as the favorite brand among clients. In turn, customers will readily develop a "Can't resist using E.SUN Card" urge.

(3) E.SUN Securities

Competition increasingly takes the form of a race for innovation in markets, products and services. E.SUN Securities will continue focusing on innovative R&D that seeks to incorporate information technology into financial services, thereby upgrading competitiveness in an accelerated manner. It will also continue developing electronic trading, introduce a greater variety of cloud services and usher in a mobile platform while enhancing service quality across the board. The ultimate objective is to have E.SUN Securities recognized as the premium choice for trading securities.

a. Trading System:

Usher in the latest mobile technologies in tandem with advancement in science and technology. Provide customers with well-rounded mobile trading services that are secure, swift and convenient. Enforce a sound risk management mechanism to ensure healthy growth.

b. Financial Products:

Offer reasonable pricing for warrants and foster liquidity in the warrant market, thereby affirming E.SUN's reputation as a premium issuer of warrants. Provide customers with a wider range of choices for asset allocation and fuel transactions, thereby diversifying revenue sources and consolidating earnings capacity.

c. Proprietary Trading:

Place emphasis on diversified trading in the stock market. In addition to fundamentals-based stock selection, a new approach similar to model-based trading will be adopted to trade futures and ETFs as well, thereby reducing the impact of market volatility on earnings. In terms of futures, the firm is ready to launch proprietary trading to diversify earnings sources, reduce costs and even out risk exposure.

d.Underwriting:

Bolster and consolidate resources of the financial holding company; vie for opportunities to act as lead underwriter of SPOs for listed companies. In terms of IPOs, give priority to biotechnology, ecommerce, and cultural and creative ventures as well as those dealing in machinery components and parts. Strive for more quality deals by promoting collaboration across all E.SUN FHC subsidiaries.

e.Innovative R&D:

Consolidate E.SUN resources, deepen fundamental research and develop predictive systems. Make better use of historical data in supporting investment decisions. Present research results on the broader market and individual stocks in a more effective manner and thus enhance their value. Focus on attracting and managing VIP clients to maximize the benefits of the 80/20 Rule.

f. Upgrading Operational Efficiency:

Draw on statistical analysis and data mining to uncover potential businesses and support operational activities and performance management. Make available reference for decision-making to increase management efficiency and expedite business development, thereby creating desirable results.

(4) E.SUN Insurance Brokers

Since its inception, E.SUN Insurance Broker has been committed to providing premium insurance products by teaming up with honest and sound insurers of integrity. In 2014, it will evaluate the viability of adding more quality partners to an already impressive list that includes Prudential plc, Mercuries Life Insurance, Nan Shan Life Insurance, Tokio Marine Newa Insurance and Taian Insurance. As market conditions and trends dictate, it will also introduce more products that truly cater to customer needs, provide customers with well-rounded insurance planning and further improve after-sale service.

(5) E.SUN Venture Capital

A team of investment professionals is called upon to undertake in-depth research with a view to seeking out industries that hold promise for explosive growth down the road. Other E.SUN FHC resources are also utilized in expanding the search for investment targets. Equally important is to support government policy that places emphasis on developing key industries by means of assisting in their fund-raising and offering consultation. This will enable E.SUN FHC not only to honor its corporate social responsibility but also to upgrade its performance and reputation.

1.3 Industry Outlook

(1) FHC

The U.S. is increasingly a recipient of capital flows as its economy persists with a gradual recovery and the Fed's QE tapering gets under way. Developed economies—from the U.S. to Europe and Japan—are set to play an even more important role. By contrast, capital outflows do not bode well for emerging economies. On the other hand, increasingly stringent financial supervision in the international community, such as tougher requirements on capital and liquidity, is making it more difficult for the financial services industry to do business across national borders. What this means may be an opportunity for regional financial institutions to assert themselves. On the other hand, fierce competition has prompted Taiwan's financial institutions to develop strategies that focus on differentiation. In a bid to capitalize on Asia's growth story and ever-closer exchanges across the Taiwan Strait, they are proactive to make inroads into Southeast Asia and China so that they can secure early access to trade finance and yuan services. Faced with all these challenges and opportunities, one can expect the local financial services industry to keep up with their focus on differentiation in order to win customers and markets.

(2) Bank

In 2013, the local economy remained mired in the doldrums. Throughout the year, the government's benchmark economic indicator clearly pointed to a lack of growth momentum. Exports fell short of expectations amid a far from robust world economy and increased competition posed by Chinese companies. Private consumption was kept in check by political bickering, hikes in electricity rates and declines in real wages. Private investment lost steam in the second half of the year as the vigorous capital expenditures of chipmakers and telecom operators could not fully offset a general reluctance among local companies to invest due to economic uncertainties. All in all, it was a year characterized by weakness in both domestic and external demand. Some research institutions even concluded that soft expansion or marginal growth might become a long-term norm for the Taiwan economy going forward. As a result, Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS) was forced to slash its 2013 GDP growth projections several times, from 3.53% at the beginning of the year to 1.74%, a level below the 2% mark for the second consecutive year. In 2014, outbound shipments are expected to pick up somewhat as the global economy returns to growth track. But there is no underestimating competition posed by rival countries. On the other hand, domestic demand is likely to post only a minor increase due to still fragile consumer confidence and business reluctance to invest. The DGBAS estimated that GDP would grow a far from robust 2.59% this year.

Given Taiwan's dependence on outbound shipments, competitiveness in overseas markets determines the country's 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 local 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 inking accords with the U.S. and Europe, it is now in FTA talks with China. Taiwan's industries are bound to sustain an even heavier blow 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, one can hardly regain optimism about Taiwan's exports anytime soon.

(3) Securities

The world was obviously flooded with liquidity in 2013 thanks to the monetary easing initiatives in both the U.S. and Japan. In the meantime, the European sovereign debt crisis abated, Chinese and European economies began recovering in the middle of the year, and local listed companies staged a major pickup in sales or earnings. Taiwanese equities thus trended upwards, pushing the TAIEX 11.8% higher for the year.

In June 2013, Taiwan's parliament approved revisions to the mechanism of taxing capital gains from securities that was adopted in 2012. In the highlight were de-linking of the TAIEX's hitting 8,500 as the starting point for levying the tax and exempting average individual investors from it. Meanwhile, major investors who sell more than NT$1 billion of shares from 2015 shall be given the option of paying income taxes equivalent to a mere 1% of the amount in excess of the NT$1 billion mark. Still, the stock market saw its average daily turnover fall to NT$79.6 billion in 2013 from NT$83.1 billion a year earlier. Major investors had yet to bring back their capital previously parked in local properties and overseas equities.

Fortunately, the Financial Supervisory Commission introduced more stimulus measures. Investors were allowed to conduct day trading—sell shares that they already buy; more shares were opened for short sales at prices lower than the previous day's closes; and brokerages were allowed to buy or sell shares at their permissible highest or lowest prices in proprietary trading. Meanwhile, the local property market's losing steam and the Fed's QE tapering started to induce a return of investment funds previously parked in overseas bonds. At the beginning of 2014, the local stock market already witnessed a pickup in daily turnover to NT$100 billion or so.

While the brokerage sector hit bottom and local equities turned bullish in 2013, Taiwan's full-service brokerages saw their combined net profit grow 5% from 2012 to a three-year high. Against the exit of a good number of major investors, the weighting taken by institutional investors in equities trading climbed to a record 37% last year. Moreover, foreign institutional investors commanded a 22% share. Against this backdrop, foreign-invested brokerages were also further asserting themselves in the local market. Two of them already ranked among Taiwan's top 10 brokerages by market share. In response to a steadily contracting retail market, Taiwan's leading local securities houses are proactively upgrading their research capabilities in order to better compete in the institutional market.

In 2014, expectations for a sustained economic recovery worldwide should be able to keep local equities on a bullish course. Meanwhile, under the Cross-Strait Agreement on Trade in Services, Taiwan's brokerage houses will be permitted to capitalize on China's massive securities market by setting up full-license joint ventures in Shanghai, Fujian and Shenzhen. In Taiwan, the Financial Supervisory Commission is also ready to allow brokerages to launch into offshore securities unit (OSU) services in stages, thereby sharing in growing opportunities for cross-border wealth management. As such, 2014 promises to be a crucial watershed for local securities houses to usher in a new era.

Securities houses sustained a decline in brokerage income as a result of contraction in market turnover. To counter, most brokerages resorted to consolidating retail outlets and keeping up reasonable profits for their proprietary trading business. To be sure, the wild market swings of 2011 incurred heavy losses for the industry's proprietary trading sector. Given this lower comparative base, a modest increase in profitability was recorded in 2012. Years of economic sluggishness have often proved conducive to M&As in the securities industry. The year 2012 was no exception as it witnessed the following deals: China Development Financial Holding Corp.'s acquisition of KGI Securities, SinoPac Securities's purchase of Pacific Securities, and Yuanta Securities's acquisition of Ding Fu Securities.

As 2013 unfolds, the U.S. economy should be able to start putting behind fiscal cliff worries in the second half. In Japan, the government is trying to induce a substantially weaker yen to stimulate exports. Hopefully the developed world will soon return to growth track. Meanwhile, China's urbanization initiative under a new leadership is likely to inspire revival of emerging economies. While Taiwan's economic growth is estimated to recover to 3-4% this year, stocks should be able to regain upward momentum in both price and volume. Business should return to normal for the securities industry as well.

(4) Insurance Brokers

As a major departure from salespeople of the old days, today's banks are retail outlets that not only offer a vast array of financial products and services but also specialize in wealth management. On top of savings insurance and investment insurance, they can also help customers with their planning of medical insurance and annuity insurance. In fact, bancassurance is well-positioned to provide a complete package that meets needs for investment, protection and savings. According to statistics of Taiwan's Life Insurance Association, premiums for new policies collected in the bancassurance sector already account for more than 50% of those registered by the entire life insurance market. Banks have emerged as a primary conduit for insurance sales. While the global investment environment is expected to take an upward but bumpy ride in 2014, local people can be expected to retain a reasonable level of reliance on insurance as a means for asset allocation. This prospect bodes well for bancassurance.

(5) Venture Capital

In 2013, the U.S. economy headed for a slow recovery on the back of the Fed's QE initiative. With the sovereign debt crisis having largely run its course, economies across the euro zone also turned for the better. By contrast, it remains to be seen if Japan can keep up its growth momentum and where the Chinese economy may be headed going forward.

For its part, the government has made it a point to foster industrial upgrade and transformation in the hope that Taiwan can stay competitive by replacing hardware manufacturing with soft power. On top of a rapidly developing consumer electronics sector, advancement in mobile devices and the Internet of Things (IoT) has also given a boost to related industries. When it comes to industries targeted by the government for special promotion, biotechnology readily comes to mind while the cultural and creative industry is also gaining favor. Such a largely expanded scope of possible targets goes a long way toward facilitating investment activities.

1.4 Research and Development

(1)E.SUN 's Future R&D Projects and anticipated R&D Expense

Innovation not only holds the key to survival but also leads the way to excellence. Pitted against today's competitive, challenging financial services industry, E.SUN knows the importance of innovative capacity. It is what one needs to hold firm and make headway in an environment of rapid change, complexity and uncertainty.

To deepen systematic innovation across the board, all E.SUN subsidiaries are required to stay up to date with market developments and remain proactive to bring new products to market. Moreover, the Company's interagency innovation team is called upon to draw from all employees' experiences, wisdom and insights with regard to processes, products and services, ecosystems, business models, and management. These are presented to its regular meetings for review and deliberation and in turn for reference of E.SUN FHC's innovative R&D projects. In other words, innovation is a companywide endeavor and a common source of nutrition for every business E.SUN is engaged in.

Information capability lies at the core of E.SUN endeavors toward innovation. On top of face-to-face services, E.SUN has channeled resources toward refining virtual services. These include an advanced call center, electronic banking, internet banking for both corporations and individuals, and mobile banking. Meanwhile, it draws on a customer management information system to better understand customer needs and devise a great variety of financial solutions, thereby effectively meeting the needs thus identified and exceeding customer expectations.

To help local companies make inroads into mainland China, E.SUN FHC subsidiary E.SUN Bank took the lead to set up the E.SUN Trade platform. It is rightly the best channel through which made-in-Taiwan products can find their way into the gigantic market on the other side of the Taiwan Strait. Taking advantage of the growing popularity of smartphones, the Bank's mobile banking and "Good Calendar" apps come with such advanced features as the capacity for checking queues at branches and push services for account holders as well as a full array of fundamental trading and query services. Besides accommodating the latest technology advancement and customer needs at the same time, the Bank is rewarded with the greatest possible customer value generated by the most convenient financial services.

In today's marketplace, competition is increasingly defined by innovation of products and services. E.SUN Securities will continue focusing on innovative R&D that seeks to incorporate information technology into financial services, thereby upgrading competitiveness in an accelerated manner. It will also continue improvement of electronic trading services, expand outbound services, introduce a greater variety of cloud services and usher in more cross-sector alliances. Special attention will be paid to enhancing the quality of electronic trading services and growing market share on this front. Meanwhile, we will continue refining our warrant trading system to make sure that trading can be done in a sufficiently efficient manner to fully price in market information. That is, we aim to upgrade our market-making quality while providing investors with warrants of reasonable liquidity but not excessive volatility. On the other hand, we are developing an operational management system to increase efficiency. To stay competitive, we will also develop an exclusive service platform for rendering differentiated VIP services.Research expenditures for the last 3 years

Unit: NT$ thousand

Year	2013	2012	2011
E.SUN Bank	750,311	703,408	556,922
E.SUN Securities	75,967	75,280	73,366

(2) E.SUN's R&D Investment Projects and State of Implementation

a. Bolster the Competence of Retail Channels:

The dazzling advancement in information technology has nurtured a proliferation of financial service carriers. Always staying abreast on this front, E.SUN is proactive to build a digital network for delivering financial services. There is good reason for financial services to become a readily available part of everyday living, no different from tap water and electricity. As a matter of course, banking outlets should adapt their services to people's changing lifestyles. E.SUN is set to further refine its channels for delivering trading and consultation services. Conventional and emerging channels will be integrated to meet customer needs in a timely fashion. E.SUN is keen to create customer value in intangible aspects while always striving for better products and services. The aim is to ensure E.SUN's being taken as the favorite among customers.

b. Analyze Customer Risk and Value (CRV):

Big data is increasingly recognized as a key source for driving corporate growth and innovation. It also promises to bring fundamental changes to the financial services industry. To capitalize on this growing trend, upgrade competitiveness and create customer value, E.SUN FHC has collaborated with an internationally acclaimed IT company to introduce a big data processing platform. By means of gathering, storing and analyzing big data with precision, the Company is better-positioned to seek out potential businesses and understand customer needs for the reference of decision-making in a timely fashion. Tailor-made services can thus be devised to maximize customer satisfaction. Combined, effective use of big data, accumulation of analytical capabilities, and development of decision-making technologies go a long way toward increasing E.SUN's core competitiveness over the long term.

Consolidate virtual and real retail channels across the board to create satisfactory and consistent customer experiences. Build a deeper understanding of customer needs and undertake tailor-made marketing by ushering in customer segmentation, value assessment and consumption behavior models. Promote a meticulously crafted customer-oriented service model to make sure that customers are offered information and services of consistent quality, thereby enhancing customer satisfaction. Separately, channel more resources toward the customer relationship management (CRM) core project while installing a comprehensive marketing

ecosystem. Introduce a marketing management platform to put in place an effective plan-do-check-act (PDCA) cycle and accumulate intelligence capital. Usher in an online interaction platform that makes it possible to identify and meet customer needs in a timely fashion, thereby creating value for both parties. Nurture in-house specialists with competence in data analysis. Capitalize on analytical results by applying them and related models to daily operations. Consolidate services, technological capabilities and analytical capacity to respond to customer needs at all points of contact in a timely fashion, thereby cementing a solid long-term partnership with customers and creating a win-win scenario.

Risk management lends support to growing businesses. E.SUN is thus keen to keep up investment in and development of highly pragmatic models, analytical tools and surveillance mechanisms. These are to be accorded extensive applications, including the identification, assessment and surveillance of risks and compilation of related reports. Separately, integrated marketing analysis and risk management models are combined to help attain a balance between risks and returns, further affirming the role of risk management as an instrument for growing businesses. E.SUN is set to continue upgrading its quantitative methodology and analytical capacity and leveraging science and technology in its provision of innovative, differentiated and refined financial services, thereby creating customer value and sharpening its competitive edge.

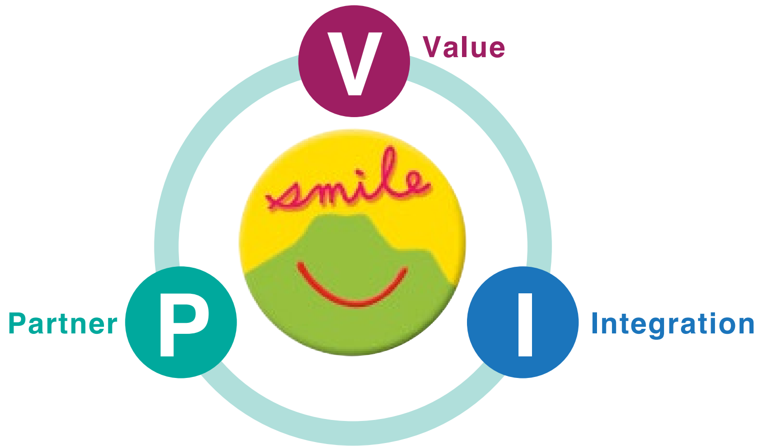
c. Establish a Performance Management Improvement (PMI) Team:

The PMI team is established with a view to enhancing the operating performance of E.SUN FHC and its subsidiaries and fostering a performance-geared corporate culture. Given Basel III's tightened capital requirements, emphasis is placed on raising the efficiency of capital utilization. Meanwhile, a Risk Adjusted Performance Management (RAPM) system is put in place to include capital use and risk factors in the evaluation of operating performance. The PMI team will also continue to draw on well-rounded operational and financial performance management systems, logical principles for organizational functioning, and cross-examination of budget and performance, thereby bringing about a positive Plan-Do-Check-Act (PDCA) cycle. Meanwhile, it will inspect differences between E.SUN's performance and that of peers and identify all areas that are still in need of improvement. Furthermore, it will make sure that the operating targets and results of all units are compatible with E.SUN FHC's related strategies, thereby bringing out the financial holding company's fullest potential.

d. Maximize Research Resources:

E.SUN FHC gives priority to building the capacity for undertaking short-, medium- and long-term assessment of economic conditions for the reference of wealth management consultants, investment advisors and traders. Assessment results are also meant for the reference of E.SUN's investment decisions and asset allocation suggestions to customers. The Company is thus keen to adopt a systematic, organized and methodic approach toward collecting and analyzing information. This is done by a research team comprising dozens of specialists from the Company's banking, securities, investment consulting and venture capital units. It is responsible for keeping track of changes in economic conditions and financial markets and following developments in industries and individual companies. Besides sharing insights with one another and striving for self-enhancement all the time, these high-caliber specialists have come up with many precise, influential research reports of substantial value. These in turn have proven effective not only in contributing to E.SUN's winning over more business but also in enhancing E.SUN's investment returns consistently.

2.Cross-Selling Synergy



(1) Create a New Customer Experience; Meet Customer Needs

Always aiming for excellence in customer services, E.SUN intends innovation to be an integral part of every employee's DNA. In turn, his or her passion for service often translates into a warmth not so common for the financial services industry. Over the years E.SUN has not only scored handsome operating results but also paid special attention to the topic of sustainable development. Consequently, E.SUN is proactive to incorporate public interests into its business endeavors. In their dealings with the Company, customers can thus make an indirect donation to all kinds of public interest causes. These include education for children in remote areas, blood drives, and local tourism as well as cultural and artistic activities. On top of meeting customers' financial needs, E.SUN has also offered a brand-new customer experience that comes with a sense of prestige.

(2) Strive for Service, Professionalism and Technology

To ensure that its various financial services are readily available to customers anytime, anywhere, E.SUN has not only established a comprehensive network of full function branches but also taken the lead to build a well-rounded platform for third-party payment services. This integration of virtual and real outlets is duly matched by their expanded scope of services. E.SUN is fully aware that its success needs more than professional employees and a quality information platform. Teamwork and the capacity for consolidating resources are also needed for the Company to be unique and competitive.

(3) Join Strategic Partners for Financial Innovation

Innovation often takes place where one industry ends and another starts. By joining various strategic partners to build all kinds of platforms and consolidate cross-sector resources, E.SUN can keep expanding its ecosystem of services. As a pioneer in financial innovation, E.SUN pledges to keep up innovative thinking as it seeks to meet every customer need and make people's lives more convenient.

3. Human Resource

One of E.SUN's core beliefs is that it takes "the heart" to cultivate competent and responsible talents required to form a team of excellence. Priority is thus given to creating a comprehensive supply chain for talents and refining the Company's human resources management system. E.SUN's corporate culture is one that gives incentives for employees to bring out their potential for innovation, develop a passion for work and broaden their international vision. E.SUN believes growing human capital is essential to creating a sustainable competitive edge.

Love and sharing are taken for granted in the E.SUN family where everyone cares for one another. It is a warm and cheerful environment where all employees have a chance to do their best and attain personal growth, making their dream come true.

In 2013, the Company offered 280 classes under its internal training program and sent employees to attend another 828 classes organized by other specialized institutions. Combined, attendees totaled 46,204. Each employee underwent an average of 6.7 training classes. All employees are given the opportunity to stay abreast of market changes and upgrade their financial expertise and competence, in turn sustaining an additional boost to their standing as financial professionals.

(1) E.SUN FHC and its subsidiaries

Item \ Year		2014/3/30	2013	2012
No. of Employees		6,885	6,937	6,456
Average Age		32.6	31.7	31.4
Average Years of Service		6.6	6.4	6.1
Educational Background(%)	Master's	20.8	20.5	19.6
	Bachelor's	71.4	71.7	71.7
	College	7.0	7.0	7.8
	High School	0.8	0.8	0.9
Number of Professional License	Bank	19,266	18,827	16,695
	Insurance	6,995	6,891	6,036
	Securities	6,825	6,715	5,853
	Others	558	523	398

(2) E.SUN Bank

Item \ Year		2014/3/30	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	0.8	0.8	0.9
Number of Professional License	Bank	18,659	18,232	16,134
	Insurance	6,701	6,611	5,765
	Securities	5,753	5,656	4,759
	Others	510	478	357

(4) E.SUN Insurance Broker

Item \ Year		2014/3/30	2013	2012
No. of Employees		16	17	17
Average Age		30.2	29	28
Average Years of Service		5.1	4.7	3.7
Educational Background(%)	Master's	12.5	11.8	11.8
	Bachelor's	87.5	88.2	88.2
Number of Professional License	Bank	33	26	13
	Insurance	48	37	19
	Securities	16	12	5
	Others	1	1	0

(3) E.SUN Securities

Item \ Year		2014/3/30	2013	2012
No. of Employees		529	535	557
Average Age		33.6	32.5	31.6
Average Years of Service		5.8	5.7	5.0
Educational Background(%)	Master's	11.0	11.2	10.9
	Bachelor's	82.4	82.3	82.4
	College	5.7	5.6	5.6
	High School	0.9	0.9	1.1
Number of Professional License	Bank	536	536	529
	Insurance	244	242	251
	Securities	1,047	1,038	1,083
	Others	39	37	40

(5) E.SUN Venture Capital

Item \ Year		2014/3/30	2013	2012
No. of Employees		7	7	6
Average Age		40.4	39.4	37.7
Average Years of Service		10.6	10.3	8.3
Educational Background(%)	Master's	57.1	57.1	50.0
	Bachelor's	42.9	42.9	50.0
Number of Professional License	Bank	8	8	8
	Insurance	0	0	0
	Securities	0	0	0
	Others	0	0	0

4. Corporate Responsibility and Ethical Behavior

E.SUN has consistently embraced a vision and pledge of fulfilling its corporate social responsibility. As the Company develops, we are committed to participating in social welfare, environmental protection, academic and education, and youth baseball initiatives. At the same time, E.SUN continues to strengthen its corporate governance and expand the content of its products and services, hoping to generate and boost customer value.

In terms of contributing to public interests, the E.SUN Golden Seed Project is a long-term undertaking that aims to build libraries for elementary school pupils in remote areas around Taiwan. Besides improving the infrastructure for reading, it also takes up the duty of soliciting book donations and conducting upkeep over the long haul. Hopefully this systematic, well-planned approach will help narrow the gap between city and countryside by making available more reading resources to schoolchildren in less accessible places. In turn, the schoolchildren can broaden their horizons and secure new opportunities by taking up reading. As of the end of 2013, E.SUN had donated funds toward the establishment of 70 such libraries. Separately, 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 accidents, thus easing the financial burden on their households. Hopefully the beneficiary schoolchildren 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 pupils.

The E.SUN Green Policy White Paper is tantamount to a solemn pledge to strive for environmental protection. Taking action to honor that pledge, E.SUN introduced ISO 14001 for environmental management in 2013 as it continued to conserve energy by promoting e-services, enforce an environmentally friendly lending policy and undertake green procurement. To solicit more vigorous, concerted action on this front, it has also convinced business partners and major suppliers to jointly sign a Statement of Commitment to Human Rights and Environmental Sustainability. Separately, E.SUN has continued its sponsorship of Yushan National Park's trails to help promote environmental education. To help with ecological conservation and environmental education, E.SUN 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. Another initiative to help preserve environmental integrity is "One Tree a Lifetime," a six-year reforestation project undertaken in conjunction with National Chung Hsing University's Hsinhua Forest Station in Tainan County. Meanwhile, E.SUN is an equally avid participant in many other domestic and international endeavors toward energy conservation and carbon reduction: "Switch Off Lights on Summer Solstice," "Lights Out for One Hour on Earth Day," "Clean Up the World," "Switch Off Lights on Mid-Autumn Festival," International Car-Free Day, etc. Last but not least, the 13th of every month is designated E.SUN Environmental Awareness & Education Day. Emphasis is placed on promoting energy conservation and carbon reduction concepts and practices in daily lives and at the workplace. Employees are thus called upon to take action and make environmental protection their way of life.

On the other hand, the E.SUN High School Baseball Development Fund has been initiated to funnel resources toward bettering the infrastructure of Taiwan's high school baseball.

Among recipients of its funding are E.SUN Cup National High School Baseball Championship; E.SUN High School Baseball Camp on Sports Injury Prevention and Rehabilitation; E.SUN High School Baseball Camp for Pitchers and Catchers; and Care for Hinterland Baseball Teams. Another event held in 2013 was E.SUN High School Baseball Camp on Strength and Conditioning. As of the end of 2013, E.SUN funding had helped a total of 18 high schools, including Meiho Senior High School, Mailiao High School, Taichung Municipal Sinshe High School and Hsinchu Municipal Cheng Te High School, secure all the baseball gear they need. Moreover, MLB coaches were hired as instructors to help their local high school baseball counterparts learn about the latest training expertise on skills, strength and conditioning, and psychology. Hopefully more local players will thus carve a name for themselves and their country in the global arena.

In the academic sphere, E.SUN believes in the need to provide underprivileged but aspiring students with a fair opportunity to enjoy all the learning resources most of their peers take for granted. To date, a cumulative 66 students have been awarded the E.SUN Scholarship for Growing Outstanding Managers that marked its eighth anniversary in 2013. For its part, E.SUN hopes to help these students focus on their studies and move on to make an excellent manager in the future. Separately, E.SUN has joined National Taiwan University to establish the E.SUN Academic Awards as an incentive to upgrade local management research. Each year three local academicians are to be awarded for publishing their works in top-notch management periodicals around the world. Meanwhile, E.SUN is also an avid participant in the Financial Supervisory Commission's campaign to promote financial knowledge across campuses and communities. The purpose is to help people learn more about consumer banking and the right ways to manage wealth and debt. On the other hand, E.SUN is joined by SAS Taiwan, a leader in business analytics software and services, to organize the Campus Data Mining Contest. Another highlight in 2013 was E.SUN's co-sponsoring the first Google AdWords Challenge, a training program for digital marketing. All these endeavors are meant not only to honor E.SUN's corporate social responsibility but also to further upgrade financial services technologically.

Separately, E.SUN undertakes the "Giving Love to Elicit More Love" blood drive on a regular basis. That is, people are urged to give love by giving blood. For E.SUN employees and volunteers, “Keeping Him Company for a While” is a long-term commitment to caring for children in orphanages around the country. They will take the orphans to professional baseball games, help them with their studies and cleanup of orphanages, tell them stories, and organize charity bazaars. By taking love and warmth to where it is most needed, E.SUN does its best to leave the orphans a tender and cheerful memory.

Over the decades E.SUN has fulfilled its corporate social responsibility on all fronts: public interests, culture and the arts, environmental protection and employee welfare. In 2013, E.SUN FHC was rated by Commonwealth magazine as the local financial industry’s No. 1 recipient of its Commonwealth Corporate Citizen Award for the fifth consecutive year. The year also saw E.SUN win many other recognitions and awards: citation by the Environmental Protection Administration (EPA) as a bellwether entity of “green procurement” and by Taipei City government as a bellwether entity of “green procurement in the private sector” for the fourth consecutive year; rating by the weekly Business Today as No. 1 winner of its Best Service Awards and Best Reassurance Awards for the wealth management sector of Taiwan’s banking industry; rating by Commonwealth magazine as the local financial industry’s No. 1 recipient of its Gold Medal Service Awards for three years in a row; the SME Credit Guarantee Partner Awards for both institutions and individuals from the Ministry of Economic Affairs for the eighth straight year—a record for the local financial services industry; and the Joint Credit Information Center’s Golden Award for the lending data segment. As can be verified by the accolades cited above, E.SUN not only provides customers with trustworthy financial services but also takes action to repay customers, shareholders and society.

VI. Financial Information

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1.Condensed Financial Statements from 2009 to 2013

(1) Condensed Balance Sheet(Consolidated)

Unit：NT$1,000

Item / Year		Financial data 2012-2013		As of February 28,2014 (Note 2)
		2013	2012	
Cash and cash equivalents, due from the central bank and call loans to banks		79,251,859	79,028,556	124,499,513
Financial assets at fair value through profit or loss		283,646,429	61,403,895	280,951,731
Available-for-sale financial assets		72,049,774	76,668,039	83,406,136
Derivative financial assets for hedging		–	–	103,938
Securities purchased under resell agreements		–	210,863	–
Receivables, net		62,895,383	49,194,222	64,302,240
Current tax assets		563,776	557,619	591,116
Assets held for sale, net		–	–	–
Discounts and loans, net		828,238,170	735,406,720	843,683,211
Reinsurance assets		–	–	–
Held-to-maturity financial assets		8,593,699	211,168,563	9,496,096
Investments accounted for using equity method, net		–	–	–
Restricted assets		–	–	94,000
Other financial assets, net		17,578,354	6,379,104	6,013,692
Properties and equipment, net		19,373,142	17,250,811	18,736,269
Investment properties, net		544,587	1,691,992	971,664
Intangible assets, net		5,513,344	4,187,067	5,237,729
Deferred tax assets, net		343,935	604,985	318,846
Other assets		2,444,147	2,201,601	3,294,445
Total assets		1,381,036,599	1,245,954,037	1,441,700,626
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		–	–	–
Financial liabilities at fair value through profit or loss		12,264,067	12,469,507	14,708,600
Derivative financial liabilities for hedging		–	–	18,071
Securities sold under repurchase agreements		6,254,291	4,957,725	6,769,580
Commercial paper issued		1,981,970	781,772	2,449,880
Payables		19,045,582	24,113,333	27,225,151
Current tax liabilities		505,654	920,337	871,820
Liabilities directly associates with assets held for sale		–	–	–
Deposits and remittances		1,150,790,905	1,023,820,129	1,185,248,875
Bonds payable		53,800,000	53,300,000	52,800,000
Preferred stock liabilities		–	–	–
Other financial liabilities		2,392,644	1,844,236	3,388,556
Provisions		400,265	443,507	400,867
Deferred tax liabilities		745,760	750,252	750,161
Other liabilities		1,854,517	1,187,732	2,556,040
Total liabilities	Before distribution	1,297,681,276	1,171,241,354	1,353,027,190
	After distribution	Note 1	1,172,744,564	Note 1
Equity attributable to owners of the Company		82,650,959	74,712,683	88,198,576
Capital stock		55,243,000	50,107,000	57,633,794
Capital surplus		14,497,390	14,420,331	15,509,980
Retained earnings	Before distribution	12,093,934	10,112,786	13,956,826
	After distribution	Note1	3,598,876	Note 1
Other equity		816,635	72,566	1,097,976
Treasury stock		–	–	–
Non-controlling interests		704,364	–	474,860
Total equity	Before distribution	83,355,323	74,712,683	88,673,436
	After distribution	Note 1	73,209,473	Note 1

Note1：Earnings distribution of the year(ended December 31)2013 shall be resolved in the shareholders' meeting.
Note2：Based on unaudited financial statements.

(2) Condensed Statement of Comprehensive Income (Consolidated)

Unit：NT$1,000

Item \ Year	Financial data 2012-2013		As of February 28,2014（Note 1）
	2013	2012	
Interest revenue	22,573,791	22,800,297	4,019,182
Less: Interest expense	9,539,118	9,381,551	1,761,877
Net interest	13,034,673	13,418,746	2,257,305
Total net revenues and gains other than interest	13,712,753	9,930,008	2,943,672
Total net revenues	26,747,426	23,348,754	5,200,977
Bad-debt expenses and provision for losses on guarantees	1,706,522	2,019,962	305,430
Net changes in insurance liability reserve	–	–	–
Operating expenses	14,826,607	12,992,702	2,574,346
Income before tax from continuing operations	10,214,297	8,336,090	2,321,201
Income tax (expense) benefit	(1,798,246)	(1,291,585)	(449,292)
Net income from continuing operations	8,416,051	7,044,505	1,871,909
Net income (loss) from discontinuing operations	–	–	–
Net income (loss)	8,416,051	7,044,505	1,871,909
Other comprehensive income for the year (net of tax)	819,198	242,305	538,069
Total comprehensive income	9,235,249	7,286,810	2,409,978
Net income attributable to owners of the company	8,416,145	7,044,505	1,861,239
Net income attributable to non-controlling interests	(94)	–	10,670
Total comprehensive income attributable to owners of the company	9,239,127	7,286,810	2,373,300
Total comprehensive income attributable to non-controlling interests	(3,878)	–	36,678
Earning per share	1.53	1.32	0.33

Note1：Based on unaudited financial statements.

(3) Condensed Balance Sheet (Unconsolidated)

Unit：NT$1,000

Item \ Year	Financial data 2012-2013		As of February 28,2014 (Note 2)
	2013	2012	
Cash and cash equivalents, due from the central bank and call loans to banks	909,420	860,869	978,725
Financial assets at fair value through profit or loss	32,284	7,780	–
Available-for-sale financial assets	–	–	–
Derivative financial assets for hedging	–	–	–
Securities purchased under resell agreements	–	–	–
Receivables, net	76,791	66,234	90,995
Current tax assets	902,717	1,410,018	1,223,035
Assets held for sale, net	–	–	–
Discounts and loans, net	–	–	–
Reinsurance assets	–	–	–
Held-to-maturity financial assets	–	–	–
Investments accounted for using equity method, net	89,448,829	80,684,969	91,748,801
Restricted assets	–	–	–
Other financial assets, net	4,760,021	4,665,922	4,824,430
Properties and equipment, net	25,718	1,907	25,057
Investment properties, net	–	–	–
Intangible assets, net	9,065	14,892	8,176
Deferred tax assets	151,261	163,631	133,052
Other assets	13,272	7,494	14,498
Total assets	96,329,378	87,883,716	99,046,769
Deposits from Central Bank and other banks	–	–	–

Unit：NT$1,000

Item / Year	Financial data 2012-2013		As of February 28,2014（Note 2）
	2013	2012	
Funds borrowed from the Central Bank and other banks	–	–	–
Financial liabilities at fair value through profit or loss	6,404,491	5,490,750	3,140,807
Derivative financial liabilities for hedging	–	–	–
Securities sold under repurchase agreements	–	–	–
Commercial paper issued	–	–	–
Payables	412,799	371,548	485,304
Current tax assets	545,309	995,924	901,589
Liabilities directly associated with assets held for sale	–	–	–
Deposits and remittances	–	–	–
Bonds payable	6,300,000	6,300,000	6,300,000
Preferred stock liabilities	–	–	–
Other financial liabilities	–	–	–
Provisions	15,820	12,811	17,324
Deferred tax liabilitiesd	–	–	6,231
Other liabilities	–	–	–
Total liabilities — Before distribution	13,678,419	13,171,033	10,851,255
Total liabilities — After distribution	Note1	14,674,243	Note1
Equity attributable to owners of the Company	–	–	–
Capital stock	55,243,000	50,107,000	57,633,794
Capital surplus	14,497,390	14,420,331	15,509,980
Retained earnings — Before distribution	12,093,934	10,112,786	13,949,160
Retained earnings — After distribution	Note1	3,598,876	Note1
Other equity	816,635	72,566	1,102,580
Treasury stock	–	–	–
Non-controlling interests	–	–	–
Total equity — Before distribution	82,650,959	74,712,683	88,195,514
Total equity — After distribution	Note1	73,209,473	Note1

Note1：Earnings distribution of the year（ended December 31）2013 shall be resolved in the shareholders' meeting.
Note2：Based on unaudited financial statements.

(4) Condensed Statement of Comprehensive Income (Unconsolidated)

Unit：NT$1,000

Item / Year	Financial data 2012-2013		As of February 28,2014（Note 2）
	2013	2012	
Interest revenue	30,155	47,498	5,047
Less: Interest expense	127,969	178,440	20,661
Net interest	(97,814)	(130,942)	(15,614)
Net revenues and gains other than interest	8,736,126	7,224,750	1,960,210
Total net revenues	8,638,312	7,093,807	1,944,596
Bad-debt expenses and provision for losses on guarantees	-	-	-
Net changes in insurance liability reserve	-	-	-
Operating expenses	202,093	182,040	28,554
Income before tax from continuing operations	8,436,219	6,911,767	1,916,042
Income tax (expense) benefit	(20,074)	132,738	(60,816)
Net income from continuing operation	8,416,145	7,044,505	1,855,226
Net income (loss) from discontinuing operations	-	-	-
Net income (loss)	8,416,145	7,044,505	1,855,226
Other comprehensive income for the year, net of tax	822,982	242,305	256,998
Total comprehensive income	9,239,127	7,286,810	2,112,224
Net income attributable to owners of the Company	8,416,145	7,044,505	1,855,226
Net income attributable to non-controlling interests	-	-	-
Total comprehensive income attributable to owners of the Company	9,239,127	7,286,810	2,112,224
Total comprehensive income attributable to non-controlling interests	-	-	-
Earning per share	1.53	1.32	0.33

Note1：Based on unaudited financial statements.

(5) Condensed Balance Sheet (Consolidated) – ROC GAAP

Unit:NT$1,000

Item \ Year			Financial data for the most recent five years (Note) Financial data from 2009 to 2012			
			2012	2011	2010	2009
Cash and cash equivalents, due from the central bank and call loans to banks			79,269,556	65,132,182	57,913,977	226,996,247
Financial assets at fair value through profit or loss			61,300,358	52,303,140	55,517,279	40,126,282
Securities purchased under resell agreements			210,863	29,789	1,439,552	3,384,993
Receivables			48,564,037	46,576,283	41,833,788	37,147,658
Discounts and loans			735,406,720	656,008,834	599,161,337	550,483,765
Available-for-sale financial assets			76,668,039	53,524,008	48,242,365	37,300,338
Held-to-maturity financial assets			211,168,563	253,283,859	254,655,585	18,278,241
Investments accounted for using equity method			-	-	-	-
Other financial assets			6,137,744	5,143,502	4,331,568	7,279,134
Properties			16,669,914	15,892,484	14,456,569	14,184,114
Intangible assets			4,188,907	4,063,447	4,016,475	4,048,234
Other assets			4,511,882	3,533,834	2,959,873	3,089,363
Total assets			1,244,096,583	1,155,491,362	1,084,528,368	942,318,369
Due to the Central Bank and other banks			46,652,824	38,052,926	38,869,814	39,051,957
Commercial paper issued, net			781,772	951,708	2,503,224	1,344,707
Financial liabilities at fair value through profit or loss			12,418,221	13,092,263	18,084,329	15,856,882
Securities sold under repurchase agreements			4,957,725	13,247,387	17,394,242	14,518,968
Payables			24,469,413	19,676,684	11,384,674	8,641,721
Deposits and remittances			1,023,820,129	954,993,962	897,263,764	769,286,147
Bonds payable			53,300,000	46,500,000	41,500,000	39,000,000
Other borrowings			-	6,000	300,000	-
Other financial liabilities			1,403,736	1,934,733	296,158	2,128,437
Other liabilities			1,118,754	1,452,003	1,690,304	551,834
Total liabilities			1,168,922,574	1,089,907,666	1,029,286,509	890,380,653
Equity attributable to owners of the company	Capital Stock		50,107,000	45,750,000	38,033,000	36,528,000
	Capital Surplus		14,420,331	13,327,677	10,578,871	10,451,904
	Retained earnings	Before distribution	10,584,717	6,728,981	6,503,368	4,759,376
		After distribution	4,070,807	3,526,481	3,080,398	2,580,296
	Other equity		61,961	(222,962)	126,620	198,436
Non-controlling interests			-	-	-	-
Total stockholders’ equity	Before distribution		75,174,009	65,583,696	55,241,859	51,937,716
	After distribution		6,513,910	62,381,196	54,481,199	51,211,356

(6) Condensed Statement of Income (Consolidated) – ROC GAAP

Unit:NT$1,000, Except Earning Per share

Item \ Year		Financial data for the most recent five years (Note) Financial data from 2009 to 2012			
		2012	2011	2010	2009
Net interest		14,089,561	12,688,332	11,450,970	8,642,423
Total net revenues and gains other than interest		10,002,317	7,516,932	5,964,391	4,616,528
Bad-debt expenses		(2,019,962)	(4,540,035)	(2,732,257)	(2,116,940)
Operating expenses		(13,717,997)	(11,622,826)	(10,210,948)	(9,060,094)
Income before income tax		8,353,919	4,042,403	4,472,156	2,081,917
Net income		7,058,236	3,484,348	3,923,072	1,928,338
Cumulative effect of changes in accounting principles（After income tax）		0	0	0	0
Consolidated net income attributable to	Attributable to parent company	7,058,236	3,484,348	3,923,072	1,928,338
	Attributable to minority interest	0	0	0	0
Basic earnings per share		1.46	0.78	1.04	0.53

(7) Condensed Balance Sheet (Unconsolidated) – ROC GAAP

Unit:NT$1,000

Item \ Year		Financial data for the most recent five years (Note) Financial data from 2009 to 2012			
		2012	2011	2010	2009
Cash and cash equivalents		5,514,101	7,212,192	6,782,379	5,054,646
Financial assets at fair value through profit or loss		7,780	-	-	1,011
Receivables		1,476,253	734,622	830,086	807,921
Investments accounted for using equity method		81,135,789	70,828,510	60,799,227	57,006,584
Other financial assets		12,690	12,690	12,690	12,690
Properties		1,907	2,298	246	271
Intangible assets		16,568	2,987	1,848	1,934
Other assets		170,762	40,923	2,817	2,838
Total assets		88,335,850	78,834,222	68,429,293	62,887,895
Financial liabilities at fair value through profit or loss		5,447,115	5,241,495	5,138,932	4,798,424
Payables		1,408,974	504,454	445,235	459,415
Corporate bonds payable		6,300,000	7,500,000	7,500,000	5,500,000
Accrued pension cost		5,752	4,577	20,755	3,569
Other borrowings		-	-	-	-
Other liabilities		-	-	82,512	188,771
Total liabilities	Before distribution	13,161,841	13,250,526	13,187,434	10,950,179
	After distribution	14,665,051	14,165,526	13,948,094	11,676,539
Capital Stock		50,107,000	45,750,000	38,033,000	36,528,000
Capital Surplus		14,420,331	13,327,677	10,578,871	10,451,904
Retained earnings	Before distribution	10,584,717	6,728,981	6,503,368	4,759,376
	After distribution	4,070,807	3,526,481	3,080,398	2,580,296
Equity adjustments		61,961	(222,962)	126,620	198,436
Total stockholders' equity	Before distribution	75,174,009	65,583,696	55,241,859	51,937,716
	After distribution	1,503,210	64,668,696	54,481,199	51,211,356

(8) Condensed Statement of Income (Unconsolidated) – ROC GAAP

Unit:NT$1,000, Except Earnings（Losses）Per Share

Item \ Year	Financial data for the most recent five years (Note) Financial data from 2009 to 2012			
	2012	2011	2010	2009
Income from equity investments under the equity method	7,677,165	3,781,342	4,720,551	2,272,699
Other revenues and gains	114,789	186,958	63,301	102,215
Loss from equity investments under the equity method	-	-	-	-
Operating expenses	(181,580)	(168,765)	(100,663)	(157,310)
Other expenses and losses	(684,731)	(345,992)	(965,093)	(352,815)
Income before income tax	6,925,643	3,453,543	3,718,096	1,864,789
Net income	7,058,236	3,484,348	3,923,072	1,928,338
Basic earnings per share(before income tax)	1.43	0.78	0.98	0.52
Basic earnings per share(after income tax)	1.46	0.78	1.04	0.53

(9) 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.

2. Financial Analysis from 2009 to 2013

(1) Financial analysis

Item	Year	Financial data 2012-2013		As of February 28,2014
		2013	2012	
Operating ratio	Total assets turnover (Times)	0.02	0.02	0.02
	Ratio of loans to deposits (E.SUN Commercial Bank)	72.40	72.25	71.54
	NPL ratio (E.SUN Commercial Bank)	0.20	0.17	0.18
	Average revenue per employee	3733.59	3,605.43	4,490.05
	Average net income per employee	1,174.77	1,087.79	1,616.04
Profitability ratio	Ratio of return on total assets（%）	0.65	0.60	0.80
	Ratio of return on stockholders' equity（%）	10.65	10.07	13.06
	Profit margin ratio（%）	31.46	30.17	35.99
	Basic Earnings per share（dollars）(Note 1)	1.53	1.32	0.33
Debt Paying Ability（%）	Liquidity ratio（%）(Note 2)	488.34	213.12	468.71
Financial structure（%）(Note 7)	Ratio of debt to assets	14.20	14.99	10.96
	Ratio of debt to net worth	16.55	17.63	12.30
	Double Leverage Ratio	108.22	107.99	104.04
	According to Article 41 of Financial Holding Company Law	None	None	None
Leverage ratio	Operating leverage ratio	1.17	1.24	1.13
	Financial leverage ratio	1.93	2.13	1.13
Ratio of growing	Ratio of assets growing (Note 3)	10.84	7.71	4.39
	Ratio of income growing (Note 4)	22.53	106.22	36.35
Cash flow (Note8)	Cash flow ratio	-	-	-
	Cash flow adequacy ratio (Note 5)	245.92	575.77	245.92
	Cash flow content ratio	-	-	-
Operating Scale	Market share of assets	3.58	3.53	3.74
	Market share of equity	3.18	3.08	3.37
	Market share of deposit (E.SUN Commercial Bank)	3.94	3.71	4.06
	Market share of assets loans(E.SUN Commercial Bank) (Note 6)	4.07	3.44	4.15

Note 1：Net income increased in 2013，as a result of change is more than 20%。

Note 2：Liquidity assets increased in 2013，as a result of change is more than 20%。

Note 3：The discounts and loans increased in 2013，as a result of change is more than 20%。

Note 4：As a result of increase in total net revenues and gains other than interest in 2013。

Note 5：The cash flow adequacy ratio decreased as a result of sliding net cash flow from operating activities for the most recent five years。

Note 6：Loans increased in 2013，as a result of change is more than 20%。

Note 7：Based on unconsolidated financial statements。

Note 8：The company used 2013 date。

Note 9：Formula：

1. Operating ratio
   (1) Total assets turnover rate＝Net income / Average assets
   (2) Ratio of loans to deposits＝Total loans / Total deposits
   (3) NPL ratio＝Nonperforming loans / Total loans
   (4) Average revenue per employee＝Net revenues / employee
   (5) Average net income per employee＝Net income / employee
2. Profitability ratio
   (1) Ratio of return on total assets＝〔Income after income tax＋interest expenses×（１－tax rate）〕/ Average assets
   (2) Ratio of return on stockholders’ equity＝Income after income tax / Average stockholders’ equity
   (3) Profit margin ratio＝Income after income tax / Net revenues
   (4) Basic earnings per share＝（Income and loss attributable to owners of the company－Dividends for preferred stocks）/ Average issued shares
3. Financial structure
   (1) Ratio of debt to assets＝Total liabilities / Total assets
   (2) Ratio of debt to net worth＝Total liabilities / Total stockholders’ equity
   (3) Double Leverage Ratio=Equity investment for subsidiaries / Total stockholders' equity
4. Leverage ratio：
   (1) Operating leverage ratio＝(Net revenues－Variable expenses) / Income before income tax
   (2) Financial leverage ratio＝(Income before income tax＋interest expenses) / Income before income tax
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 issued＋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. Operating Scale
   (1) Market share of assets＝Total assets / Total assets of all Financial Holding Co., Ltd.
   (2) Market share of equity＝Total stockholders' equity / Total stockholders' equity of all Financial Holding Co., Ltd.
   (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
8. Capital adequacy Ratio
   (1) Net Group qualified capital＝Qualified requirement of Financial Holding Company Law＋（Shares hold in ratio of Financial Holding Company Law×Qualified capital of subsidiaries）－Deduction。
   (2) Legal requirement of subsidiaries' capital＝Legal requirement of Financial Holding Company Law + Shares hold in ratio of Financial Holding Company Law×Legal requirement of subsidiaries。
   (3) Group Capital Adequacy Ratio＝Net Group qualified capital÷Legal requirement of group capital.

(2) Financial Analysis – ROC GAAP

Item			Financial data 2009-2012 (Year) 2012	2011	2010	2009
Operating ratio	Total assets turnover (Times)		0.09	0.05	0.07	0.04
	Ratio of loans to deposits (E.SUN Commercial Bank)		72.25	68.87	66.65	71.49
	NPL ratio (E.SUN Commercial Bank)		0.17	0.20	0.39	0.67
	Average revenue per employee		1203.20	662.93	926.74	405.72
	Average net income per employee		1089.91	582.08	759.99	386.91
Profitability ratio	Ratio of return on total assets（%）		8.72	5.01	6.03	3.40
	Ratio of return on equity（%）		10.03	5.77	7.32	3.83
	Profit margin ratio（%）		99.31	96.19	102.73	95.36
	Basic earnings per share（NT$）		1.46	0.82	1.04	0.53
Debt Paying Ability	Liquidity ratio（%）		1.02	1.38	1.36	1.12
Financial structure（%）	Ratio of debt to assets		14.90	16.81	19.27	17.41
	Ratio of debt to net worth		17.51	20.20	23.87	21.08
	Double Leverage Ratio		107.93	108.00	110.06	109.76
	According to Article 41 of Financial Holding Company Law		None	None	None	None
Leverage ratio	Operating leverage ratio		1.00	1.00	1.00	1.00
	Financial leverage ratio		1.04	1.01	1.01	1.11
Ratio of growing	Ratio of assets growing		12.05	15.21	8.81	5.20
	Ratio of income growing		100.54	(7.12)	99.38	60.41
Cash flow	Cash flow ratio		6.86	20.79	5.15	-
	Cash flow adequacy ratio		18.89	17.01	17.64	32.16
	Cash flow content ratio		(15.10)	-	-	-
Operating Scale	Market share of assets		3.53	3.49	3.75	3.48
	Market share of equity		3.08	2.98	2.77	2.74
	Market share of deposit (%)(E.SUN Commercial Bank)		3.71	3.53	3.47	3.19
	Market share of assets loans(%)(E.SUN Commercial Bank)		3.44	3.09	3.03	2.98
Capital adequacy Ratio	Subsidiaries' Capital adequacy Ratio calculated by regulation（%）	E.SUN Commercial Bank	13.21	12.29	11.55	11.03
		E.SUN Securities Co., Ltd.	575.29	698.71	470.64	489.82
		E.SUN Venture Capital Co., Ltd.	99.61	98.77	98.91	99.51
		E.SUN Insurance Brokers Co., Ltd.	86.96	83.98	84.84	80.77
	Qualified capital of subsidiaries（NT$ thousand）	E.SUN Commercial Bank	103,424,675	82,305,147	67,348,487	58,053,242
		E.SUN Securities Co., Ltd.	2,676,825	2,688,919	2,861,533	2,747,070
		E.SUN Venture Capital Co., Ltd.	1,580,005	1,671,600	1,763,469	1,658,277
		E.SUN Insurance Brokers Co., Ltd.	724,644	662,396	516,834	365,951
	Net Group qualified capital（NT$ thousand）		93,421,814	73,991,095	60,134,186	51,201,061
	Legal requirement of subsidiaries' capital	E.SUN Commercial Bank	62,646,252	53,565,372	46,655,136	42,098,339
		E.SUN Securities Co., Ltd.	697,949	577,263	912,020	841,247
		E.SUN Venture Capital Co., Ltd.	793,076	846,213	891,486	1,658,277
		E.SUN Insurance Brokers Co., Ltd.	416,652	394,369	304,586	365,951
	Legal requirement of group capital（NT$ thousand）		64,652,237	55,426,454	48,811,440	44,033,246
	Group Capital Adequacy Ratio		144.50	133.49	123.20	116.28
endorsements or other transactions of all subsidiaries with the same individual, the same related party or enterprise according to article 46 of Financial Holding Company Law（NT$ thousand）			384,308,372	376,928,430	374,761,731	93,947,032

Note1：Formula：

1. Operating ratio
   (1) Total assets turnover＝Net revenues / Average total assets
   (2) Ratio of loans to deposits＝Total loans / Total deposits
   (3) NPL ratio＝Nonperforming loans / Total loans
   (4) Average revenue per employee＝Net revenues / employee
   (5) Average net income per employee＝Net income / employee
2. Profitability ratio
   (1) Ratio of return on total assets＝Income after income tax / Average total assets
   (2) Ratio of return on equity＝Income after income tax / Average total equity
   (3) Profit margin ratio＝Income after income tax / Net revenues
   (4) Earnings per share＝（Income and loss attributable to owners of the company－Dividends for preferred stocks）/ Average issued shares
3. Financial structure
   (1) Ratio of debt to assets＝Total liabilities / Total assets
   (2) Ratio of debt to net worth＝Total liabilities / Total stockholders' equity
   (3) Double Leverage Ratio=Equity investment for subsidiaries / Total stockholders' equity
4. Leverage ratio：
   (1) Operating leverage ratio＝(Net revenues－Variable expenses) / Income before income tax
   (2) Financial leverage ratio＝(Income before income tax＋interest expenses) / Income before income tax
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. Cash flow
   (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. Operating Scale
   (1) Market share of assets＝Total assets / Total assets of all financial institutions which are qualified indeposit and loan business
   (2) Market share of equity＝Total stockholders' equity / Total stockholders' equity of all financial institutions which are qualified indeposit 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.
8. Capital adequacy Ratio
   (1) Net Group qualified capital＝Qualified requirement of Financial Holding Company Law＋（Shares hold in ratio of Financial Holding Company Law×Qualified capital of subsidiaries）－Deduction。
   (2) Legal requirement of subsidiaries' capital＝Legal requirement of Financial Holding Company Law + Shares hold in ratio of Financial Holding Company Law×Legal requirement of subsidiaries。
   (3) Group Capital Adequacy Ratio＝Net Group qualified capital÷Legal requirement of group capital.

(3) One of the KPIs of E.SUN Financial Holding Company:

Capital adequacy ratio.

(4) Financial holding company and its subsidiaries should disclose the detail of impact when encounter financial difficulties for the latest complete financial year and year to date before the printing of annual report:

None.

5.Audit Committees' Report

Audit Committee Report

To: E.SUN Financial Holding Company

The 2013 consolidated financial statements of E.SUN Financial Holding Company ("the Company") have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies", "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Guidelines Governing the Preparation of Financial Reports by Securities Firms", "Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants", " International Financial Reporting Standards", "International Accounting Standards"," IFRIC Interpretations", and " SIC Interpretations " endorsed by the Financial Supervisory Commission of the Republic of China..CPA Huang Jui Chan and CPA Lai Kwan Chung of Deloitte & Touche have been appointed by the Company 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 Company for the Board's approval.

Chen-En Ko
Convener
Audit Committee
E.SUN Financial Holding Company

Date: March 5, 2014

6.Independent Auditors' Report

Deloitte.
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, ROC

Tel :+886 (2) 2545-9988
Fax:+886 (2) 2545-9966
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Financial Holding Company, Ltd.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of 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 Financial Holding Companies, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Firms, Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants, 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.

Deloitte & Touche

March 5, 2014

Notice to Readers

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

Member of Deloitte Touche Tohmatsu Limited

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E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$21,344,052	2	$23,172,593	2	$20,004,766	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 39)	283,646,429	21	61,403,895	5	52,401,331	5
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 9, 10 and 39)	72,049,774	5	76,668,039	6	53,524,008	5
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	-	-	210,863	-	29,789	-
RECEIVABLES, NET (Notes 4, 12 and 39)	62,895,383	5	49,194,222	4	46,917,099	4
CURRENT TAX ASSETS (Notes 4 and 35)	563,776	-	557,619	-	582,872	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 38 and 39)	828,238,170	60	735,406,720	59	656,008,834	57
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 14 and 39)	8,593,699	1	211,168,563	17	253,283,859	22
OTHER FINANCIAL ASSETS, NET (Notes 4, 15 and 39)	17,578,354	1	6,379,104	1	5,255,040	-
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	544,587	-	1,691,992	-	712,354	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	19,373,142	1	17,250,811	1	16,478,557	1
INTANGIBLE ASSETS, NET (Notes 4 and 18)	5,513,344	-	4,187,067	-	4,061,386	-
DEFERRED TAX ASSETS (Notes 4 and 35)	343,935	-	604,985	-	371,350	-
OTHER ASSETS, NET (Notes 4 and 19)	2,444,147	-	2,201,601	-	2,166,515	-
TOTAL	$1,381,036,599	100	$1,245,954,037	100	$1,156,814,176	100

(Continued)

LIABILITIES AND EQUITY

	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
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, 8 and 25)	12,264,067	1	12,469,507	1	13,142,692	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 14 and 21)	6,254,291	1	4,957,725	1	13,247,387	1
COMMERCIAL PAPER ISSUED, NET (Note 22)	1,981,970	-	781,772	-	951,708	-
PAYABLES (Notes 4 and 23)	19,045,582	1	24,113,333	2	20,088,697	2
CURRENT TAX LIABILITIES (Notes 4 and 35)	505,654	-	920,337	-	57,511	-
DEPOSITS AND REMITTANCES (Notes 24 and 38)	1,150,790,905	83	1,023,820,129	82	954,993,962	83
BOND PAYABLES (Note 25)	53,800,000	4	53,300,000	4	46,500,000	4
OTHER BORROWINGS (Note 26)	268,092	-	-	-	6,000	-
PROVISIONS (Notes 4, 27 and 28)	400,265	-	443,507	-	351,742	-
OTHER FINANCIAL LIABILITIES (Note 29)	2,392,644	-	1,844,236	-	2,297,150	-
DEFERRED TAX LIABILITIES (Notes 4 and 35)	745,760	-	750,252	-	745,107	-
OTHER LIABILITIES (Note 30)	1,586,425	-	1,187,732	-	1,200,575	-
Total liabilities	1,297,681,276	94	1,171,241,354	94	1,091,635,457	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock						
Common stock	55,243,000	4	50,107,000	4	45,750,000	4
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	11,114,906	1	11,037,847	1	9,945,193	1
From treasury stock transactions	3,382,484	-	3,382,484	-	3,382,484	-
Total capital surplus	14,497,390	1	14,420,331	1	13,327,677	1
Retained earnings						
Legal reserve	3,515,723	-	2,809,899	-	2,461,465	-
Special reserve	555,084	-	551,166	-	328,204	-
Unappropriated earnings	8,023,127	1	6,751,721	1	3,525,833	1
Total retained earnings	12,093,934	1	10,112,786	1	6,315,502	1
Other equity	816,635	-	72,566	-	(214,460)	-
Total equity attributable to owners of the Company	82,650,959	6	74,712,683	6	65,178,719	6
NON-CONTROLLING INTERESTS	704,364	-	-	-	-	-
Total equity	83,355,323	6	74,712,683	6	65,178,719	6
TOTAL	$1,381,036,599	100	$1,245,954,037	100	$1,156,814,176	100

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

E.SUN FINANCIAL HOLDING COMPANY, 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, 31and 38)	$22,573,791	85	$22,800,297	97	(1)
INTEREST EXPENSE (Notes 4, 31and 38)	(9,539,118)	(36)	(9,381,551)	(40)	2
NET INTEREST	13,034,673	49	13,418,746	57	(3)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 32 and 38)	9,123,611	34	6,614,427	28	38
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 33)	4,212,153	16	1,283,929	6	228
Realized gains on available-for-sale financial assets (Notes 4 and 10)	276,391	1	1,615,732	7	(83)
Foreign exchange gains (losses), net (Note 4)	(129,174)	-	266,720	1	(148)
Impairment losses on assets (Notes 4 and 15)	(169,973)	(1)	(61,140)	-	178
Other noninterest gains, net	399,745	1	210,340	1	90
Total net revenues and gains other than interest	13,712,753	51	9,930,008	43	38
TOTAL NET REVENUES	26,747,426	100	23,348,754	100	15
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES (Notes 4 and 13)	(1,706,522)	(6)	(2,019,962)	(9)	(16)
OPERATING EXPENSES (Notes 4, 28, 34 and 38)					
Employee benefits	(6,947,048)	(26)	(6,267,446)	(27)	11
Depreciation and amortization	(965,233)	(4)	(885,632)	(3)	9
General and administrative	(6,914,326)	(26)	(5,839,624)	(25)	18
Total operating expenses	(14,826,607)	(56)	(12,992,702)	(55)	14
INCOME BEFORE INCOME TAX	$10,214,297	38	$8,336,090	36	23
INCOME TAX EXPENSE (Notes 4 and 35)	(1,798,246)	(6)	(1,291,585)	(6)	39
NET INCOME	8,416,051	32	7,044,505	30	19
OTHER COMPREHENSIVE INCOME (Notes 4, 28 and 35)					
Exchange differences on the translation of financial statements of foreign operations	150,708	1	(268,035)	(1)	156
Unrealized gains on available-for-sale financial assets	587,010	2	562,155	2	4
Actuarial gain and loss arising from defined benefit plans	78,863	-	(44,726)	-	276
Income tax relating to components of other comprehensive income	2,617	-	(7,089)	-	137
Other comprehensive income for the year, net of tax	819,198	3	242,305	1	238
TOTAL COMPREHENSIVE INCOME	$9,235,249	35	$7,286,810	31	27
NET INCOME ATTRIBUTABLE TO					
Owners of the Company	$8,416,145	31	$7,044,505	30	19
Non-controlling interests	(94)	-	-	-	-
	$8,416,051	31	$7,044,505	30	19
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of the Company	$9,239,127	35	$7,286,810	31	27
Non-controlling interests	(3,878)	-	-	-	-
	$9,235,249	35	$7,286,810	31	27
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)					
Basic	$1.53		$1.32		
Diluted	$1.52		$1.26		

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
							Other Equity			
	Capital Stock (Note 37)			Retained Earnings (Notes 4 and 37)			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 37)	
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 37)	Legal Reserve	Special Reserve	Unappropriated Earnings				Total Equity
BALANCE, JANUARY 1, 2012	4,575,000	$ 45,750,000	$ 13,327,677	$ 2,461,465	$ 328,204	$ 3,525,833	$ -	$ (214,460)	$ -	$ 65,178,719
Appropriation of the 2011 earnings										
Legal reserve	-	-	-	348,434	-	(348,434)	-	-	-	-
Special reserve	-	-	-	-	222,962	(222,962)	-	-	-	-
Cash dividends	-	-	-	-	-	(915,000)	-	-	-	(915,000)
Stock dividends	228,750	2,287,500	-	-	-	(2,287,500)	-	-	-	-
Issuance of common stock from bonus to employees	6,950	69,500	30,232	-	-	-	-	-	-	99,732
Capital increase in October 2012	200,000	2,000,000	1,062,422	-	-	-	-	-	-	3,062,422
Net income for the year ended December 31, 2012	-	-	-	-	-	7,044,505	-	-	-	7,044,505
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(44,721)	(222,469)	509,495	-	242,305
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	6,999,784	(222,469)	509,495	-	7,286,810
BALANCE, DECEMBER 31, 2012	5,010,700	50,107,000	14,420,331	2,809,899	551,166	6,751,721	(222,469)	295,035	-	74,712,683
Reversal of special reserve	-	-	-	-	(386,931)	386,931	-	-	-	-
Appropriation of the 2012 earnings										
Legal reserve	-	-	-	705,824	-	(705,824)	-	-	-	-
Special reserve	-	-	-	-	390,849	(390,849)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,503,210)	-	-	-	(1,503,210)
Stock dividends	501,070	5,010,700	-	-	-	(5,010,700)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	708,242	708,242
Issuance of common stock from bonus to employees	12,530	125,300	77,059	-	-	-	-	-	-	202,359
Net income for the year ended December 31, 2013	-	-	-	-	-	8,416,145	-	-	(94)	8,416,051
Other comprehensive income for the year endedDecember 31, 2013, net of income tax	-	-	-	-	-	78,913	128,420	615,649	(3,784)	819,198
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	8,495,058	128,420	615,649	(3,878)	9,235,249
BALANCE, DECEMBER 31, 2013	5,524,300	$55,243,000	$14,497,390	$3,515,723	$555,084	$8,023,127	$(94,049)	$910,684	$704,364	$83,355,323

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

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	$10,214,297	$8,336,090
Adjustments for noncash items		
Depreciation expenses	745,755	692,832
Amortization expenses	219,478	192,800
Bad-debt expenses	1,672,454	1,970,166
Gains on financial assets and liabilities at fair value through profit or loss	(4,212,153)	(1,283,929)
Interest expense	9,539,118	9,381,551
Interest revenue	(22,573,791)	(22,800,297)
Dividend income	(100,787)	(79,039)
Provision for losses on guarantees	34,068	49,796
Salary expenses on share-based payments	234,781	211,900
Gains on disposal of properties and equipment	(327)	(175)
Gains on disposal of investment properties	(11,643)	(25,970)
Gains on disposal of investments	(483,447)	(1,677,013)
Impairment losses on financial assets	168,384	78,179
Impairment losses on nonfinancial assets	1,589	-
Reversal of impairment losses on nonfinancial assets	-	(17,039)
Unrealized losses (gains) on foreign currency exchange	(48,376)	209,734
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	(221,303,846)	(13,302,381)
Decrease (increase) in available-for-sale financial assets	4,010,952	(21,772,313)

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Increase in receivables	(13,861,540)	(2,353,756)
Increase in discounts and loans	(88,595,557)	(80,602,294)
Decrease in held-to-maturity financial assets	202,433,018	41,856,385
Increase in other financial assets	(11,092,159)	(1,413,349)
Increase in other assets	(148,256)	(39,515)
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	642,805	4,105,461
Increase (decrease) in securities sold under repurchase agreements	1,296,566	(8,289,662)
Increase (decrease) in payables	(4,960,637)	3,721,740
Increase in deposits and remittances	119,288,991	66,929,471
Decrease in provision for employee benefits	(4,612)	(5,551)
Increase (decrease) in other financial liabilities	537,840	(383,628)
Increase in other liabilities	234,239	12,940
Cash used in operations	(20,713,896)	(17,185,124)
Interest received	25,926,151	23,645,504
Dividend received	117,131	103,324
Interest paid	$(9,853,202)	$(9,344,321)
Income tax paid	(1,985,297)	(657,810)
Net cash used in operating activities	(6,509,113)	(3,438,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from the acquisition of subsidiaries (Note 51)	733,910	-
Payments for properties and equipment	(1,519,854)	(2,465,006)
Proceeds of the disposal of properties and equipment	2,594	1,259
Increase in operating deposits	-	(20,000)
Increase in settlement fund	(5,828)	(44,500)
Decrease in settlement fund	21,062	55,228

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Increase in refundable deposits	(129,088)	(65,736)
Decrease in refundable deposits	557	5,800
Payments for intangible assets	(161,463)	(132,270)
Proceeds of the disposal of foreclosed collaterals	19,416	11,319
Increase in cash arising from the acquisition of Chiayi The Fourth Credit Cooperative (Note 50)	-	1,530,113
Proceeds of the disposal of investment properties	102,665	102,648
Increase in other assets	(2,310)	(8,622)
Net cash used in investing activities	(938,339)	(1,029,767)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(6,000)
Increase (decrease) in commercial paper issued	1,200,772	(170,000)
Proceeds of the issuance of corporate bonds	-	3,800,000
Repayment of corporate bonds	-	(5,000,000)
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	10,568	-
Decrease in guarantee deposits received	-	(69,438)
Cash dividends paid	(1,503,210)	(915,000)
Capital increase	-	3,062,422
Net cash provided by financing activities	476,222	8,701,984
EFFECT OF EXCHANGE RATES CHANGE ON CASH AND CASH EQUIVALENTS	1,043,572	459,977
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$(5,927,658)	$4,693,767
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	28,552,562	23,858,795
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$22,624,904	$28,552,562
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	$21,344,052	$23,172,593
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	$22,624,904	$28,552,562

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, 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 Financial Holding Company, Ltd. (ESFHC) was established by E.SUN Commercial Bank, Ltd. ("E.SUN Bank"), E.SUN Bills Finance Corp. ("E.SUN Bills") and E.SUN Securities Corp. ("E.SUN Securities") through a share swap on January 28, 2002 based on the Financial Holding Companies Law and related regulations in the Republic of China (ROC). The ESFHC's shares have been listed on the Taiwan Stock Exchange (TSE) since January 28, 2002. After the share swap, E.SUN Bank, E.SUN Bills and E.SUN Securities became wholly owned subsidiaries of ESFHC.

ESFHC invests in and manages financial institutions.

E.SUN Bank engages in commercial banking activities permitted by the Banking Law. The operations of E.SUN Bank's Trust Department consist of planning, managing and operating the trust business. These operations are regulated under the Banking Law and Trust Law of the ROC. As of December 31, 2013, E.SUN 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).

To integrate resources, enhance operating effectiveness, strengthen E.SUN Bank's equity structure, and ensure its long-term development, the stockholders of E.SUN Bank and E.SUN Bills resolved on August 25, 2006, to have a merger with each other, with E.SUN Bank as the surviving entity. The record date for the merger was December 25, 2006.

E.SUN Bank acquired the assets and liabilities and businesses of Chiayi The Fourth Credit Cooperative and Chu Nan Credit-Cooperative Association on November 3, 2012 and July 9, 2011, respectively. Please refer to Note 50 to the consolidated financial statements.

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. E.SUN Bank acquired 70% equity interest of UCB on August 28, 2013, and included UCB in the consolidated financial statements from the acquisition date (Note 51).

E.SUN Securities engages in underwriting, dealing and brokerage of securities. The FSC approved the brokerage of futures on January 28, 2010 and E.SUN Securities started the operating in brokerage of futures in June 2010.

E.SUN Venture Capital Co., Ltd. (ESVC) engages in venture capital investments.

E.SUN Insurance Broker Co., Ltd. (ESIB) is a life and property insurance broker.

The above consolidated entities are hereinafter referred to collectively as the "Company".

As of December 31, 2013 and 2012, ESFHC and its subsidiaries had 7,164 and 6,476 employees, respectively.

The operating units of the Company maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

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 (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

(Concluded)

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

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

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

b. Significant 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 57 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 Financial Holding Companies, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Firms, Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants 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 57.

Basis of Consolidation

ESFHC's consolidated financial statements incorporate the financial statements of ESFHC, and the entities controlled by ESFHC, including E.SUN Bank, UCB (subsidiary of E.SUN Bank), E.SUN Securities, E.SUN Securities Investment Consulting Corp. (subsidiary of E.SUN Securities), ESVC and ESIB. 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 ESFHC and subsidiaries are consistent.

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

E.SUN Bank's financial statements include the accounts of its 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 Company 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

Foreign-currency transactions of ESFHC, E.SUN Securities, ESVC and ESIB are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Losses or gains resulting from the application of prevailing exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the period of settlement. The period-end balances of foreign-currency monetary assets and liabilities are restated at the prevailing exchange rates, and the resulting differences are recorded as credits or charges to current income.

E.SUN 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

Since the operating cycle in the financial holding company and banking industry cannot be reasonably identified, accounts included in the financial statements of ESFHC, E.SUN Bank and UCB are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by their liquidity.

Classification of accounts included in the financial statements of the other subsidiaries as current or noncurrent is as follows:

Current assets are assets held for trading purposes, assets expected to be converted to cash, sold or consumed within twelve months from the balance sheet date and cash and equivalents, excluding assets held for an exchange or held to settle a liability at more than twelve months after the balance sheet date and assets that are otherwise restricted. Properties and equipment, investment properties, intangible assets and other assets that are not classified as current are noncurrent assets. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within twelve months from the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, or when it does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Liabilities that are not classified as current are noncurrent liabilities. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

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 42.

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 42.

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;
- ■ Insufficient financing margin ratio maintenance by the debtor;
- ■ Proceed from disposal of collaterals not sufficient for paying the debt.

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, E.SUN 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.

E.SUN 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 42.

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, E.SUN 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.

Purchase on Margin and Short Sale

E.SUN Securities recognizes margin loans as loans to customers for purchases on margin while providing financing to investors who buy stocks. Margin loans made by E.SUN Securities are generally collateralized by securities in the client's account. These collateralized securities are not entered in E.SUN Securities' books but are recorded using memorandum entries. After the security investors settle the margin loans, these pledged securities are returned to investors.

E.SUN Securities requires a deposit from security investors for short sale services while providing short sale services to investors. This deposit is recorded under deposits on short-sale transactions. The amount collected from selling of short sale securities (net of securities transaction tax, brokerage fee and handling fee) is kept by E.SUN Securities as collateral and recorded as payables for short-sale transactions. The securities lent to clients as short sale are recorded using memorandum entries. The deposits on short-sale transactions and payables for short sale are returned to security investors after investors settle the short-sale transactions.

The margin deposited by securities firms to securities finance companies are recorded as loan from refinanced margin. The refinancing securities delivered to E.SUN Securities are recorded through memorandum entries as refinancing stock loans. A portion of the proceeds from the short-sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral and is recorded as refinancing deposits receivable.

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.

Guarantee Deposits Received on Futures Contracts and Customers' Equity Accounts - Futures

E.SUN Securities receive margin deposits from its customers (debited to "guarantee deposits received on futures contracts" and credited to "customers' equity accounts - futures") for futures transactions as required by regulations. Margin deposit balances are calculated daily by marking to market the open position of each customer and determining the required margin levels. The debit balance of "customers' equity accounts - futures," which results from losses on futures transactions in excess of the margin deposit, is recorded as "accounts receivable - futures guarantee deposits." Customers' equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

Customer margin accounts include deposits in bank, securities, the clearing balances of futures clearing house and the clearing balances of other futures commission merchants.

- Deposits in bank represent the amounts of customers' margins and premiums deposited in banks.
- Securities are the instruments collected from futures traders for the margins and premiums when the futures merchants engage in brokerage of futures.
- The deposits held by futures commission merchants (FCMs) for futures transactions are transferred to a clearinghouse of the exchange of which the FCM is a member (a "clearing FCM").
- If an FCM is a non-clearing member, its deposits and trades must be transferred to, and cleared by, a clearing FCM before being transferred to the clearinghouse.

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

<u>The Company as a lessor</u>

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.

<u>The Company as a lessee</u>

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. The difference between consolidated income tax payable and the sum of income tax payables of the entities included in consolidated tax return is considered as a tax consolidation adjustment which is shown on ESFHC's income tax expense or benefit. 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 42 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	$9,874,687	$7,207,003	$6,094,454
Checks for clearing	2,829,534	10,608,961	9,408,051
Due from banks	8,624,553	5,248,938	4,432,794
Cash equivalents	15,132	94,491	69,467
Cash in transit	146	13,200	-
	$ 21,344,052	$ 23,172,593	$ 20,004,766

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	$ 20,004,766
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	$ 23,858,795

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

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 held by E.SUN Bank. 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," E.SUN 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
Currency swap contracts	766,495	634,191	604,888
Overseas bonds	612,671	806,618	732,628
Forward contracts	281,219	663,434	82,884
Government bonds	202,121	158,739	-
Operating securities - dealing department	195,628	66,744	54,788
Beneficial certificates	190,991	87,682	1,140,768
Listed stocks - domestic	155,906	160,850	141,277
Operating securities - hedging	102,112	-	-
Futures exchange margins	98,262	68,791	91,121
Non-deliverable forward contracts	37,626	46,083	141,918
Cross-currency swap contracts	32,284	7,899	157,496
Foreign-currency margin contracts	30,248	11,793	17,437
Operating securities - underwriting department	26,863	-	29,700
Commodity option contracts	16,028	19,073	15,283
Metal commodity swap contracts	7,073	15,463	78,989
Forward commodity contracts	5,585	6,441	9,328
Taiwan depositary receipts	3,380	4,970	4,610
Contingent value rights	2,222	-	-
Convertible corporate bonds	-	19,700	19,500
Credit default swap contracts	-	9,278	35,922
	242,130,568	27,390,155	19,810,713
Financial assets designated as at fair value through profit or loss			
Corporate bonds	20,839,879	16,179,453	15,063,477
Bank debentures	20,347,718	16,392,542	17,124,860
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
	$283,646,429	$61,403,895	$52,401,331

	December 31, 2013	December 31, 2012	January 1, 2012
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
Forward contracts	382,822	400,372	560,450
Currency swap contracts	349,321	530,403	322,099
Stock warrants issued liabilities, net	21,280	-	-
Commodity option contracts	$ 16,028	$ 19,072	$ 15,283
Non-deliverable forward contracts	11,899	23,245	33,788
Forward commodity contracts	5,585	6,441	9,328
Metal commodity swap contracts	5,152	12,190	69,865
Credit default swap contracts	2,108	5,906	432
Cross-currency swap contracts	-	216	157,082
Foreign-currency margin contracts	-	109	169
	5,859,576	4,056,896	4,603,265
Financial liabilities designated as at fair value through profit or loss			
Corporate bonds payable (Note 25)	6,404,491	5,490,750	5,286,990
Structured products	-	2,921,861	3,252,437
	6,404,491	8,412,611	8,539,427
	$ 12,264,067	$ 12,469,507	$ 13,142,692

(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 contract (nominal) amounts of derivative transactions by ESFHC as of December 31, 2013 and 2012, respectively, were as follows:

	December 31, 2013	December 31, 2012
Cross-currency swap contracts	$3,119,995	$3,041,650

E.SUN Bank 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 E.SUN Bank 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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the amounts of futures exchange margins receivable held by E.SUN Securities were $24,730 thousand, $29,318 thousand and $5,041 thousand, respectively.

E.SUN Securities engages in stock index futures and Taiwan stock index options transactions mainly to hedge against its risks derived from stock trading. Both of the two kinds require maintenance margins. The gains or losses resulting from the futures contracts in 2013 and 2012 were as follows:

	For the Year Ended December 31	
	2013	2012
Gains (losses) on future contracts		
Realized gains - non-hedge	$ 22,227	$ 19,599
Unrealized gains - non-hedge	-	-
Realized gains - hedged	77	-
Unrealized gains - hedged	-	-
	$ 22,304	$ 19,599
Realized losses - non-hedge	$ (19,975)	$ (17,748)
Unrealized losses - non-hedge	(14)	-
Realized losses - hedged	-	-
Unrealized losses - hedged	-	-
	$ (19,989)	$ (17,748)

The fair values of stock warrants issued and repurchased by E.SUN securities were as follows:

	December 31, 2013
Stock warrants issued liabilities	$ 503,300
Add: Losses on changes in fair value of stock warrants issued liabilities	38,550
	541,850
Repurchase of stock warrants issued liabilities	488,662
Add: Gains on changes in fair value of repurchase of stock warrants issued liabilities	31,908
	520,570
Stock warrants issued liabilities, net	$ 21,280

The expected life of stock warrants issued by E.SUN Securities is six months from the date becoming listed on exchange and will exercise by cash settlement.

Gains (losses) on stock warrants issued by E.SUN securities in 2013 and 2012 were as follow:

	For the Year Ended December 31	
	2013	2012
Losses on changes in value of stock warrants issued liabilities	$ (38,550)	$ -
Gains on changes in value of stock warrants repurchased - realized	5,972	-
Gains on changes in value of stock warrants repurchased - unrealized	31,908	-
Expense of issuing stock warrants	(2,522)	-
	$ (3,192)	$ -

9.AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Bank debentures	$ 28,133,184	$ 32,647,365	$ 28,535,815
Government bonds	24,062,344	33,019,092	15,222,035
Corporate bonds	16,721,077	9,882,062	4,099,907
Listed stocks	2,098,912	395,092	763,363
Beneficial certificates	94,034	334,761	355,887
Beneficial securities under securitization	28,918	253,418	4,547,001
Overseas bonds	911,305	136,249	-
	$ 72,049,774	$ 76,668,039	$ 53,524,008

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.

10.FINANCIAL ASSET SECURITIZATION

E.SUN Bank entered into trust contracts with The Hong Kong and Shanghai Banking Corporation Limited (HSBC, the trustee) and transferred E.SUN 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 E.SUN 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 E.SUN 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 Company received $5,920,841 thousand from the recovery of the retained beneficial securities and residual trust assets. Thus, the Company recognized $1,644,490 thousand as realized gain on liquidation (part of realized gains on available-for-sale financial assets).

E.SUN 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. E.SUN Bank keeps the retained beneficial securities and claims the residual cash flow after the investors collect their income based on the trust contract. If the security issuers cannot disburse funds upon security maturity, the investors and the trustee have no right of recourse on E.SUN 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	For the Year Ended December 31, 2012
Service income	$ 1,065	$ 600	$ 600
Receipt of retained beneficial securities and residual trust assets	5,920,841	-	-

11. 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.

12. 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
Margin loans receivable	4,587,865	3,571,209	3,792,570
Acceptances	2,090,015	2,810,014	2,229,997
Accrued interest	2,209,216	2,059,863	1,605,638
Settlements receivable	1,682,199	1,306,042	847,431
Accounts receivable	874,980	390,138	348,623
Settlement consideration	183,457	-	200,727
Accrued income	224	77,397	346,863
Receivable on overdue securities	-	-	304,225
Others	642,846	482,256	277,580
	64,768,777	50,702,867	48,342,452
Less: Allowance for possible losses	(1,873,394)	(1,508,645)	(1,425,353)
	$ 62,895,383	$ 49,194,222	$ 46,917,099

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	$ 20,552	$ 11,017	$ 5,465	$ 2,265	$ 308,491	$ 285,812
	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	61,114,923	1,162,351	47,532,664	783,362	45,220,415	476,586
Total		63,116,872	1,873,394	49,385,570	1,508,645	47,320,858	1,425,353

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31 2013	2012
Balance, January 1	$ 1,508,645	$ 1,425,353
Acquired from business combination	15,382	-
Provision for possible losses	221,034	262,849
Write-offs	(441,531)	(737,073)
Recovery of written-off receivables	556,740	547,169
Effects of exchange rate changes and other changes	13,124	10,347
Balance, December 31	$ 1,873,394	$ 1,508,645

13.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 Discounts and Loans	December 31, 2013 Allowance for Possible Losses	December 31, 2012 Discounts and Loans	December 31, 2012 Allowance for Possible Losses	January 1, 2012 Discounts and Loans	January 1, 2012 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	221,034	262,849
Provision for possible losses on guarantees	34,068	49,796
	$ 1,706,522	$ 2,019,962

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	527,936	1,166,755	4,434,944
Overseas bonds	1,268,687	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	3,171,995
Financial assets carried at cost, net	1,782,653	1,539,222	1,508,965
Guarantee deposits received on futures contracts	475,000	440,946	362,815
Time deposits with maturities more than three months	248,000	241,000	111,000
Others	197,882	94,751	100,265
	$ 17,578,354	$ 6,379,104	$ 5,255,040

Financial assets carried at cost were unlisted common stocks with no quoted market prices in an active market and with the fair value 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 impairment losses of $168,384 thousand and $69,423 thousand on financial assets carried at cost in 2013 and 2012, respectively.

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
Preferred stock	-	-	8,756
	$ 4,757,310	$ 4,063,185	$ 3,171,995

The Company recognized an impairment loss of $8,756 thousand on debt instruments with no active market in 2012 because an investee had operating losses.

Guarantee deposits received on futures contracts were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits in bank	$ 270,194	$ 329,041	$ 264,690
Deposits held by futures commission merchants as a clearing member	204,806	111,898	-
Securities	-	7	23
Deposits held by futures commission merchants as a non-clearing member	-	-	98,102
	$ 475,000	$ 440,946	$ 362,815
Guarantee deposits received on futures contracts	$ 475,000	$ 440,946	$ 362,815
Less:Commission revenue	283	326	248
Futures transaction tax	53	101	75
Temporary receipts	42	19	75
Customers' equity accounts - futures (Note 29)	$ 474,622	$ 440,500	$ 362,417

(Concluded)

Before July 2012, E.SUN Securities was not a futures clearing member. Thus, the margins and premiums collected from futures traders were transferred to a futures commission merchant who is qualified for clearing. Since July 16, 2012, E.SUN Securities becomes a futures clearing member and is eligible for clearing and settlement operation.

16.INVESTMENT PROPERTIES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 423,826	$ 1,526,195	$ 524,422
Buildings	120,761	165,797	187,932
	$ 544,587	$ 1,691,992	$ 712,354

	Land	Buildings	Total
Cost			
Balance, January 1, 2013	$ 1,556,490	$ 211,102	$ 1,767,592
Disposal	(80,813)	(44,657)	(125,470)
Transferred from properties and equipment	-	27	27
Transferred to properties and equipment	(1,051,569)	(6,489)	(1,058,058)
Balance, December 31, 2013	$ 424,108	$ 159,983	$ 584,091
Balance, January 1, 2012	$ 577,352	$ 216,887	$ 794,239
Transfer of amounts from Chiayi The Fourth Credit Cooperative	116,540	7,219	123,759
Disposal	(77,513)	-	(77,513)
Transferred from properties and equipment	1,008,686	27,066	1,035,752
Transferred to properties and equipment	(68,575)	(40,070)	(108,645)
Balance, December 31, 2012	$ 1,556,490	$ 211,102	$ 1,767,592

	Land	Buildings	Total
Accumulated depreciation and impairment			
Balance, January 1, 2013	$ (30,295)	$ (45,305)	$ (75,600)
Depreciation expenses	-	(5,089)	(5,089)
Disposal	22,669	11,779	34,448
Transferred from properties and equipment	-	(1,603)	(1,603)
Transferred to properties and equipment	-	180	180
Reversals of impairment losses recognized in profit or loss	7,344	816	8,160
Balance, December 31, 2013	$ (282)	$ (39,222)	$ (39,504)
Balance, January 1, 2012	$ (52,930)	$ (28,955)	$ (81,885)
Depreciation expenses	-	(7,036)	(7,036)
Transferred from properties and equipment	-	(4,747)	(4,747)
Transferred to properties and equipment	-	2,002	2,002
Reversals of impairment losses/(Impairment losses) recognized in profit or loss	22,635	(6,569)	16,066
Balance, December 31, 2012	$(30,295)	$(45,305)	$(75,600)

(Concluded)

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the fair values of investment properties were $1,022,468 thousand, $1,884,195 thousand and $734,676 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	$ 7,856	$ 14,291
Direct operating expenses of investment properties that generate rental income	(1,230)	(3,233)
Direct operating expenses of investment properties that do not generate rental income	(7,852)	(7,710)
	$ (1,226)	$ 3,348

17.PROPERTIES AND EQUIPMENT, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Carrying amount			
Land	$12,065,716	$10,333,976	$9,914,459
Buildings	5,107,063	5,173,466	4,972,477
Computers	1,004,561	853,340	649,623
Transportation equipment	158,490	128,450	132,924
Miscellaneous equipment	611,964	544,097	459,348
Prepayments for properties and equipment	425,348	217,482	349,726
	$19,373,142	$17,250,811	$16,478,557

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Cost							
Balance, January 1, 2013	$10,333,976	$7,267,148	$3,403,594	$534,685	$1,881,530	$217,482	$23,638,415
Acquired from business combination (Note 51)	253,817	56,767	21,869	37,622	22,934	-	393,009
Addition	428,372	186,078	370,204	64,978	207,856	277,211	1,534,699
Disposal	-	(12,443)	(248,200)	(38,641)	(36,523)	-	(335,807)
Net exchange difference	(2,018)	(12,156)	456	(74)	1,574	-	(12,218)
Reclassification and others	1,051,569	(1,034)	26,048	-	3,215	(69,345)	1,010,453
Balance, December 31, 2013	$12,065,716	$7,484,360	$3,573,971	$598,570	$2,080,586	$425,348	$26,228,551
Balance, January 1, 2012	$9,914,459	$6,800,525	$3,146,461	$507,516	$1,681,262	$349,726	$22,399,949
Transfer of amounts from Chiayi The Forth Credit Cooperative	-	177	486	14	41	-	718
Addition	1,324,679	339,735	352,892	48,803	203,364	217,199	2,486,672
Disposal	-	-	(171,082)	(21,414)	(21,102)	-	(213,598)
Net exchange difference	-	-	(649)	(234)	(1,039)	-	(1,922)
Reclassification and others	(905,162)	126,711	75,486	-	19,004	(349,443)	(1,033,404)
Balance, December 31, 2012	$10,333,976	$7,267,148	$3,403,594	$534,685	$1,881,530	$217,482	$23,638,415

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Accumulated depreciation and impairment						
Balance, January 1, 2013	$ -	$(2,093,682)	$(2,550,254)	$(406,235)	$(1,337,433)	$(6,387,604)
Acquired from business combination (Note 51)	-	(12,255)	(17,838)	(21,520)	(20,325)	(71,938)
Disposal	-	12,444	248,198	37,618	35,797	334,057
Depreciation expenses	-	(298,080)	(249,274)	(50,257)	(143,055)	(740,666)
Net exchange difference	-	12,422	(242)	248	(921)	11,507
Reclassification and others	-	1,854	-	66	(2,685)	(765)
Balance, December 31, 2013	$ -	$(2,377,297)	$(2,569,410)	$(440,080)	$(1,468,622)	$(6,855,409)
Balance, January 1, 2012	$ -	$(1,828,048)	$(2,496,838)	$(374,592)	$(1,221,914)	$(5,921,392)
Disposal	-	-	171,081	21,000	20,435	212,516
Depreciation expenses	-	(268,378)	(225,089)	(52,474)	(139,854)	(685,795)
Net exchange difference	-	-	592	(169)	1,215	1,638
Reclassification and others	-	2,744	-	-	2,685	5,429
Balance, December 31, 2012	$ -	$(2,093,682)	$(2,550,254)	$(406,235)	$(1,337,433)	$(6,387,604)

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

18.INTANGIBLE ASSETS, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Goodwill	$4,296,637	$3,805,337	$3,749,066
Computer software	385,795	332,313	262,580
Core deposits	347,707	40,854	40,642
Customer relationship	8,027	8,563	9,098
Banking licenses	475,178	-	-
	$5,513,344	$4,187,067	$4,061,386

	Goodwill	Computer Software	Core Deposits	Customer Relationship	Banking Licenses	Total
Balance, January 1, 2013	$3,805,337	$332,313	$40,854	$8,563	$ -	$4,187,067
Acquired from business combination (Note 51)	494,065	819	339,691	-	477,970	1,312,545
Separate acquisition	-	188,118	-	-	-	188,118
Amortization expenses	-	(183,161)	(30,722)	(536)	-	(214,419)
Reclassification	-	47,626	-	-	-	47,626
Net exchange difference	(2,765)	80	(2,116)	-	(2,792)	(7,593)
Balance, December 31, 2013	$4,296,637	$385,795	$347,707	$8,027	$475,178	$5,513,344
Balance, January 1, 2012	$3,749,066	$262,580	$40,642	$9,098	$ -	$4,061,386
Transfer of amounts from Chiayi The Fourth Credit Cooperative	56,271	-	2,752	-	-	59,023
Separate acquisition	-	144,940	-	-	-	144,940
Amortization expenses	-	(185,310)	(2,540)	(535)	-	(188,385)
Reclassification	-	110,176	-	-	-	110,176
Net exchange difference	-	(73)	-	-	-	(73)
Balance, December 31, 2012	$3,805,337	$332,313	$40,854	$8,563	$ -	$4,187,067

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

Computer software	2-5 years
Core deposits	4-16 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	$1,439,543	$1,310,973	$1,246,880
Operating deposits and settlement funds	692,096	707,330	698,058
Prepaid expenses	156,192	122,790	155,933
Collection of securities underwritten	132,160	-	-
Foreclosed collaterals, net	8,223	46,507	54,602
Others	15,933	14,001	11,042
	$2,444,147	$2,201,601	$2,166,515

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 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.COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were $1,983,000 thousand, $782,000 thousand and $952,000 thousand, and the annual discount rates were from 0.54% to 0.97%, from 0.78% to 0.93% and from 0.78% to 0.88% as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. These financial instruments were accepted and guaranteed by financial institutions.

23.PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Checks for clearing	$2,829,534	$10,608,961	$9,408,051
Accrued expenses	2,361,607	2,046,469	1,583,982
Acceptances	2,093,861	2,847,478	2,263,778
Accrued interest	1,848,907	1,945,137	1,770,898
Settlements payable	1,811,123	1,133,882	974,228
Factored accounts payable	1,586,390	1,249,839	1,380,320
Accounts payable	1,277,591	527,281	328,321
Payable on credit cards	1,171,514	356,965	339,815
Collections payable	690,194	433,424	329,150
Payables for short-sale transactions	631,685	593,367	503,502
Deposits on short-sale transactions	545,606	524,051	455,148
Tax payable	159,514	141,340	111,926
Others	2,038,056	1,705,139	639,578
	$19,045,582	$24,113,333	$20,088,697

24.DEPOSITS AND REMITTANCES

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits			
Checking	$15,278,595	$17,889,262	$11,183,664
Demand	289,786,423	240,958,386	199,927,066
Savings - demand	329,092,109	277,681,426	247,636,939
Time	269,634,286	233,215,187	253,234,002
Negotiable certificates of deposit	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
	$1,150,790,905	$1,023,820,129	$954,993,962

25.BONDS PAYABLE

	December 31, 2013	December 31, 2012	January 1, 2012
Bank debentures	$47,500,000	$47,000,000	$39,000,000
ESFHC's unsecured corporate bonds - first issue in 2005	-	-	5,000,000
ESFHC's unsecured corporate bonds - first issue in 2007	500,000	500,000	500,000
ESFHC's unsecured corporate bonds - first issue in 2010	2,000,000	2,000,000	2,000,000
ESFHC's unsecured corporate bonds - first issue in 2012	3,800,000	3,800,000	-
	$53,800,000	$53,300,000	$46,500,000

On December 15, 2005, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of $5,000,000 thousand and par value of $10,000 thousand. The bond will mature in seven years, and principal is repayable on maturity. Interest is payable quarterly at the floating rate for the one-year time savings deposit of Chunghwa Post Co., Ltd. plus 0.4%.

On December 13, 2007, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of $500,000 thousand and par value of $10,000 thousand. The bond will mature in seven years, and principal is repayable on maturity. Interest is payable annually at 90 days' interest rate for commercial paper (stated below) plus 0.6%.

On April 28, 2010, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of $2,000,000 thousand and par value of $10,000 thousand. The bond will mature in seven years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 2.7%.

On June 29, 2012, ESFHC made a first issue of unsecured subordinated corporate bonds with aggregate face value of $3,800,000 thousand and par value of $10,000 thousand. The bonds will mature in seven years, and principal is repayable on maturity. Interest is payable annually at annual interest rate for 1.75%

Details of bank debentures issued by E.SUN Bank are as follows:

	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 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

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
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 bond issued on July 17, 2009; 2.5% interest payable annually; principal repayable on maturity (7 years after the issue date).	900,000	900,000	900,000
Subordinated bond 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 bond 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

(Concluded)

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 E.SUN Bank's capital adequacy ratio and to strengthen its capital structure, E.SUN Bank 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.

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

Information on corporate bonds designated as at fair value through profit or loss is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
ESFHC's unsecured overseas convertible bonds in 2008	$4,556,616	$4,556,616	$4,556,616
Valuation adjustment	1,847,875	934,134	730,374
	$6,404,491	$5,490,750	$5,286,990

On July 24, 2008, ESFHC issued US$200,000 thousand worth of overseas convertible bonds (the "Bonds") with par of US$100,000 or an integral multiple thereof. Interest is payable semiannually at 2.3% from July 24, 2008 to July 24, 2013 and at 0% after July 24, 2013. The terms of the Bonds are as follows:

a.Redemption method

ESFHC will redeem the Bonds on the maturity date at a price equal to 100% of the outstanding principal amount unless the Bonds had been previously redeemed, repurchased and canceled or converted.

1)Redemption at the option of ESFHC

ESFHC may redeem all the Bonds at one time, i.e., not piecemeal, at 100% of the principal plus a premium (the "Early Redemption Amount") at any time if any changes in the ROC tax laws or regulations would require ESFHC to gross up the payment of interest or premium.

2)Redemption at the options of holders

a)Each holder of the Bonds has the right to require ESFHC to redeem all or part of the Bonds only on July 24, 2013 at 110% of the principal unless the Bonds had been previously redeemed, repurchased and canceled or converted.

b)Each holder has the right to require ESFHC to buy all or a portion of the holder's Bonds at the Early Redemption Amount if (a) the shares cease to be listed or admitted for trading on the Taiwan Stock Exchange for at least five consecutive trading days; (b) there is a change of control over ESFHC (including but not limited to a change of half of the members of ESFHC's board of directors.); (c) ESFHC fails to maintain an issuer rating at or above at least one of the following levels: (i) BBB - rating by Standard & Poor's Corp.; (ii) Baa3 rating by Moody's Investors Service; (iii) BBB - rating by Fitch Inc.; (iv) twBBB - rating by Taiwan Ratings Corp.; (v) BBB - (twn) rating by Fitch International's Taiwan branch; or (vi) Baa3.tw rating by Moody's Credit Rating Co., Ltd., and this failure continues for 60 consecutive days; or (d) the capital adequacy ratio of ESFHC, E.SUN Bank or E.SUN Securities decreases to a level that is below the minimum standard set by the relevant regulatory authorities and remains at such a level for 60 consecutive days.

b.Maturity date

The maturity period is 10 years after Bond issuance. Since the Bonds were issued on July 24, 2008, their maturity is on July 24, 2018.

c.Pledged

Negative.

d.Conversion period

The bondholder can convert the Bonds to ESFHC's stock for the period starting on or after August 24, 2008 up to July 14, 2018. The holders of the Bonds, however, will not be able to effect conversions into shares during any closed period. A closed period means (i) 60 days before the date of any general stockholders' meetings; (ii) 30 days before the date of any special stockholders' meetings; (iii) the period from the date following the third trading day before the date of ESFHC's notification to the Taiwan Stock Exchange of the record date for the determination of stockholders entitled to the receipt of dividends, subscription of new shares due to capital increase or appropriation of other benefits and bonuses; and (iv) such other periods during which ESFHC may be required to close its stock transfer books under the ROC laws and regulations.

e.Conversion price

1)For bond conversions, the conversion prices are (i) NT$16.16 per share for any conversion from August 24, 2008 to September 22, 2008 (the "First Tranche Conversion Price") and (ii) NT$19.00 per share for any conversion from September 23, 2008 to July 14, 2018 (the "Second Tranche Conversion Price"). The conversion price in U.S. dollars is based on the exchange rate of US$1.000=NT$30.406. The conversion price is subject to adjustment based on certain terms of the related indenture.

2)If the average closing price of the shares for 20 consecutive trading days immediately prior to each anniversary of the issue date ("Reset Date"), converted into U.S. dollars at the prevailing rate on the Reset Date, is less than the conversion price then in effect converted into U.S. dollars at the fixed exchange rate, the conversion price will be adjusted. The conversion price adjustment should only be downward and should not be less than 80% of the Second Tranche Conversion Price.

ESFHC lowered the conversion price for the Second Tranche to NT$14.22 per share on the reset date in 2009 and to NT$13.80 per share in August 2009 because of its issuance of new shares for a capital increase. In August 2010, September 2011, August 2012 and August 2013, respectively, ESFHC again lowered the conversion price for the Second Tranche to NT$13.08, NT$11.84, NT$11.10 and NT$9.92 per share, respectively, because of its issuance of new shares for another capital increase.

As of December 31, 2013, the Bonds with an aggregate par of US$50,200 thousand had been converted.

To enhance its long-term competitiveness and strengthen its capability to meet the challenges of Taiwan's financial holding industry, ESFHC entered into an investor agreement with Morgan Stanley Apollo Holdings (Cayman) Ltd. and Morgan Stanley Apollo Holdings 2 (Cayman) Ltd. (jointly, the "MS") on July 10, 2008. Under regulatory approvals, ESFHC granted MS the right to appoint an ESFHC director. To date, MS has not decided whether it would exercise this right.

26.OTHER BORROWINGS

	December 31, 2013		January 1, 2012	
	Amount	%	Amount	%
Long-term borrowings	$268,092	2.34-3.95	$ -	-
Short-term borrowings	-	-	6,000	1.55
	$268,092		$6,000	

27.PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Provision for employee benefits	$225,450	$303,496	$261,641
Provision for losses on guarantees	150,323	116,200	66,504
Others	24,492	23,811	23,597
	$400,265	$443,507	$351,742

28.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 $206,636 thousand and $189,345 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.

ESFHC makes monthly contributions, equal to 5.54% 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 Worker' Retirement Preparation Fund, which manages the fund.

E.SUN Bank 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 foregoing contributions and the pension costs based on actuarial calculations for E.SUN Bank is deposited in a financial institution in the name of the employees' pension fund administration committee.

E.SUN Securities makes monthly contributions, equal to 4% of salaries and wages, to a pension fund. The fund is managed by the Supervisory Committee of Workers' Retirement Preparation Fund and deposited in its name in the Bank of Taiwan.

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%-1.70%	1.75%-1.90%
Expected rates of return on plan assets	2.00%	1.60%-1.70%	1.75%-1.90%
Expected rates of future salary increase	2.00%-2.50%	2.00%-2.50%	2.00%-2.50%

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

	For the Year Ended December 31	
	2013	2012
Current service cost	$22,907	$23,461
Interest cost	23,902	24,021
Expected return on plan assets	(18,697)	(18,686)
Past service cost	9,804	9,804
	$37,916	$38,600

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

	For the Year Ended December 31	
	2013	2012
Actuarial losses, January 1	$44,726	$ -
Losses (gains) recognized	(78,863)	44,726
Actuarial losses (gains), December 31	$(34,137)	$44,726

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$1,562,449	$1,492,508	$1,372,473
Fair value of plan assets	(1,313,107)	(1,144,520)	(1,049,982)
Deficit	249,342	347,988	322,491
Unrecognized past service cost	(45,391)	(55,195)	(64,999)
Present value of unfunded defined benefit obligation	1,375	-	-
Prepaid pension (part of other assets - other)	20,124	10,703	4,149
Accrued pension liability	$225,450	$303,496	$261,641

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

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$1,492,508	$1,372,473
Current service cost	22,907	23,461
Interest cost	23,902	24,021
Actuarial losses/(gains)	41,370	122,226
Benefits paid	(16,863)	(49,673)
Closing defined benefit obligation	$1,563,824	$1,492,508

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	$1,144,520	$1,049,982
Expected return on plan assets	18,697	18,686
Actuarial losses/(gains)	120,233	77,500
Contributions from the employer	46,520	48,025
Benefits paid	(16,863)	(49,673)
Closing fair value of plan assets	$1,313,107	$1,144,520

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	37	31	26
Others	63	69	74
	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 57):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$1,563,824	$1,492,508	$1,372,473
Fair value of plan assets	$1,313,107	$1,144,020	$1,049,982
Deficit	$249,342	$347,988	$322,491
Experience adjustments of plan liabilities	$28,336	$41,509	$ -
Experience adjustments of plan assets	$(120,233)	$(77,500)	$ -

The Company expects to make a contribution of $46,600 thousand to the defined benefit plan during the annual period beginning after December 31, 2013.

29. 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	149,308	138,740	208,178
Appropriations for loans	20,115	56,363	94,606
Customers' equity accounts - futures	474,622	440,500	362,417
	$2,392,644	$1,844,236	$2,297,150

30.OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Advance receipts	$779,555	$797,453	$960,411
Collection of securities underwritten	132,126	-	-
Deferred revenue	350,555	291,474	126,201
Others	324,189	98,805	113,963
	$1,586,425	$1,187,732	$1,200,575

31.NET INTEREST

	For the Year Ended December 31	
	2013	2012
Interest revenue		
From discounts and loans	$18,018,102	$16,147,411
From revolving interests of credit cards	2,198,236	2,260,075
From investments	1,744,480	3,571,105
From due from other banks and call loans to other banks	487,588	283,035
Others	125,385	538,671
	22,573,791	22,800,297
Interest expense		
From deposits	(7,943,903)	(7,391,450)
From due to the Central Bank and other banks	(363,184)	(377,563)
From issuing bonds payable	(1,064,862)	(1,077,303)
Others	(167,169)	(535,235)
	(9,539,118)	(9,381,551)
	$13,034,673	$13,418,746

32.SERVICE FEE AND COMMISSION INCOME, NET

	For the Year Ended December 31	
	2013	2012
Service fee and commission income		
From credit cards	$3,620,074	$2,553,388
From trust business	1,949,325	1,188,742
From insurance brokerage	1,848,207	1,538,517
From loans	1,084,527	904,474
From brokerage	611,573	568,666
Others	1,320,305	1,218,433
	10,434,011	7,972,220
Service charge and commission expenses		
From agency	(574,349)	(684,068)
From cross - bank transactions	(224,971)	(204,254)
From computer processing	(185,134)	(195,808)
Others	(325,946)	(273,663)
	(1,310,400)	(1,357,793)
	$9,123,611	$6,614,427

33.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	$16,565	$1,804,486	$(1,240,953)	$2,011,935	$2,592,033
Financial assets designated as at fair value through profit or loss	-	840,069	71,586	(31,811)	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	-	(63,324)	-	(943,167)	(1,006,491)
	$16,565	$2,581,231	$2,388,521	$(774,164)	$4,212,153

	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	$24,541	$574,956	$(3,525,069)	$(640,247)	$(3,565,819)
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	-	(130,202)	-	(172,326)	(302,528)
	$24,541	$785,348	$300,756	$173,284	$1,283,929

34. EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31 2013	2012
Employee benefit		
Salaries	$ 5,821,513	$ 5,279,958
Insurance	426,180	359,585
Excessive interest from preferential rates	132,867	117,904
Post-employment benefits	244,552	227,945
Others	321,936	282,054
Depreciation expenses	745,755	692,832
Amortization expenses	219,478	192,800

35. INCOME TAX

Under Article 49 of the Financial Holding Company Law, a financial holding company (FHC) can elect to file consolidated income tax returns for the regular corporate income tax as well as the 10% income tax on undistributed earnings for FHC and its domestic subsidiaries if the FHC holds more than 90% of the subsidiaries' outstanding shares for the entire tax year. ESFHC meets this stockholding requirement.

ESFHC and subsidiaries started to file consolidated tax returns since 2003.

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	$ 1,548,484	$ 1,543,205
Additional 10% income tax on unappropriated earnings	6,146	4,902
Prior year's adjustments	(7,550)	(5,098)
	1,547,080	1,543,009
Deferred tax		
Current year	251,166	(251,424)
Income tax expense recognized in profit or loss	$ 1,798,246	$ 1,291,585

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	$ 10,214,297	$ 8,336,090
Income tax expense at the 17% statutory rate	$ 1,736,430	$ 1,417,135
Nondeductible expenses in determining taxable income	269,479	98,618
Tax-exempt income	(539,493)	(296,776)
Additional 10% income tax on unappropriated earnings	6,146	4,902
Unrecognized deductible temporary differences	285,468	4,546
Effect of different tax rate of overseas branches operating in other jurisdictions	50,337	68,270
Adjustments for prior year's tax	(10,113)	(5,098)
Others	(8)	(12)
Income tax expense recognized in profit or loss	$ 1,798,246	$ 1,291,585

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	(28,871)	52,659
Actuarial gains and losses on defined benefit plan	(49)	(4)
Total income tax expenses (benefits) recognized in other comprehensive income	$ (2,617)	$ 7,089

c.Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	$ 556,567	$ 550,504	$ 575,151
Others	7,209	7,115	7,721
	$ 563,776	$ 557,619	$ 582,872
Current tax liabilities			
Income tax payable	$ 505,654	$ 920,337	$ 57,511

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	$ 167,442	$ (11,467)	$ -	$ 628	$ 156,603
Allowance for possible losses	348,165	(243,454)	-	-	104,711
Available-for-sale financial assets	-	-	5,081	733	5,814
Share of profit of subsidiaries, accounted for using the equity method	-	37	-	-	37
Other financial assets	7,020	3,044	-	-	10,064
Investment properties	1,124	(1,050)	-	-	74
Properties and equipment	1,849	1,061	-	-	2,910
Foreclosed collaterals	476	1,657	-	-	2,133
Other assets	2,242	(2,135)	-	-	107
Payable for annual leave	29,699	4,635	-	-	34,334
Exchange differences on foreign operations	46,787	-	(26,303)	-	20,484
Losses on stock warrants issued	-	859	-	-	859
Deferred revenue	-	18	-	-	18
Defined benefit obligation	181	4	49	-	234
Unrealized foreign exchange losses	-	5,182	-	-	5,182
Others	-	(3,909)	-	4,280	371
	$ 604,985	$ (245,518)	$ (21,173)	$ 5,641	$343,935
Deferred tax liabilities					
Temporary differences					
Available-for-sale financial assets	$ 24,963	$ -	$ (23,790)	$ 2,052	$ 3,225
Properties and equipment	-	(14,328)	-	14,722	394
Intangible assets	627,385	4,847	-	-	632,232
Unrealized foreign exchange gains	2,664	15,065	-	503	18,232
Provision of land revaluation increment tax	95,212	(3,627)	-	-	91,585
Defined benefit obligation	28	(28)	-	-	-
Gains on valuation of operating securities -hedging	-	92	-	-	92
	$ 750,252	$ 2,021	$ (23,790)	$ 17,277	$745,760

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	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	$ 171,529	$ (3,459)	$ -	$ (628)	$ 167,442
Allowance for possible losses	135,684	212,481	-	-	348,165
Available-for-sale financial assets	27,069	-	(27,696)	627	-
Other financial assets	7,075	(55)	-	-	7,020
Investment properties	7	1,117	-	-	1,124
Properties and equipment	29	1,820	-	-	1,849
Foreclosed collaterals	476	-	-	-	476
Other assets (refundable deposits)	2,477	(235)	-	-	2,242
Payable for annual leave	25,610	4,089	-	-	29,699
Exchange differences on foreign operations	1,221	-	45,566	-	46,787
Defined benefit obligation	173	4	4	-	181
	$ 371,350	$ 215,762	$ 17,874	$ (1)	$ 604,985
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	40,726	(38,062)	-	-	2,664
Provision of land revaluation increment tax	79,368	(533)	-	16,377	95,212
Defined benefit obligation	40	(12)	-	-	28
	$ 745,107	$ (36,195)	$ 24,963	$ 16,377	$ 750,252

e.Imputed tax credit is summarized as follows:

	ESFHC	E.SUN Bank	E.SUN Securities	ESIB	ESVC
Balance of the imputation credit account (ICA)					
December 31, 2013	$ 32,221	$ 16,617	$ 3,350	$ -	$ 5,921
December 31, 2012	22,624	12,088	3,074	-	5,950
January 1, 2012	73,653	21,485	1,461	-	5,964
Estimated creditable ratio for distributing the 2013 earnings	15.83%	0.19%	2.28%	-	3.26%
Actual creditable ratio for distributing the 2012 earnings	20.48%	0.19% (Cash dividends) 0.18% (Stock dividends)	11.72%	-	24.38%

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 were as follows:

	ESFHC	E.SUN Bank	E.SUN Securities	ESIB	ESVC
December 31, 2012 and January 1, 2012	$ -	$ 91,777	$ -	$ -	$ -

As of December 31, 2013, the balance of the unappropriated earnings generated before January 1, 1998, was zero.

g.The years for which income tax returns had been examined by the tax authorities were as follows:

ESFHC	E.SUN Bank	E.SUN Securities	ESIB	ESVC
2007	2007	2007	2007	2007

h.On ESFHC's income tax returns of 2004 to 2007, the tax authorities disapproved ESFHC's claim that operating and interest expenses were deductible from taxable income; thus, the taxable income increased by $730,232 thousand. In addition, the tax authorities denied the deduction shown on ESFHC's 2006 return of a realized investment loss of $333,424 thousand and the loss on conversion of convertible corporate bonds of $19,230 thousand in 2006. However, ESFHC claimed that its core operation is not investment, and thus should be exempted from the allocation of operating or interest expenses. In addition, it claimed the authorities' denial of the above deduction was unreasonable. Therefore, ESFHC initiated an administrative litigation. ESFHC did not accrue any additional tax expense because ESFHC believes the possibility of a positive result on this litigation is high.

i.For the aggregate amount of goodwill amortization of $4,078,277 thousand, which resulted from E.SUN 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 E.SUN Bank's use of its own cash. E.SUN Bank disagreed with the tax authorities' decision and initiated an administrative litigation. E.SUN Bank did not accrue the related liabilities because the possibility of a positive result on E.SUN Bank's administrative litigation is high.

j.E.SUN Securities initiated an administrative litigation for the tax authorities to reconsider the assessment of stock warrants pertaining to its 2005 income tax return. Nevertheless, E.SUN Securities accrued an additional income tax payable of $11,172 thousand on these stock warrants in 2009.

E.SUN Securities' assessed income tax on its 2006 income tax return was $55,667 thousand more than that reported to the tax authorities. The increase was mainly due to the tax authorities' (a) considering the loss on the hedge of stock warrants as a trading loss on securities; (b) believing that E.SUN Securities should have recognized interest revenue on certain bonds; and (c) the denial of the amortization expense on operating rights obtained from the acquisition of Yung Li Securities. Thus, E.SUN Securities initiated an administrative litigation to reconsider the assessment of stock warrants, but, in observance of the conservatism principle, it accrued in 2009 an additional income tax payable for 2006 based on the estimated outcome of the reexamination of the 2006 income tax return. On certain cases involving interest revenue from bonds and the amortization of operating rights on its 2006 income tax return, E.SUN Securities claimed an increase of $15,101 thousand in tax payable, was unreasonable and thus initiated an administrative litigation. E.SUN Securities did not accrue the related liabilities because E.SUN Securities believes the possibility of a positive result on this administrative litigation is high.

E.SUN Securities' assessed income tax on its 2007 income tax return was $11,591 thousand more than that reported to the tax authorities. The increase was mainly due to the tax authorities' (a) rejection of the amortization expense on operating rights obtained from the acquisition of Yung Li Securities and (b) opinion on the allocation of interest expenses differing from that of E.SUN Securities. Thus, E.SUN Securities will initiate an administrative litigation. The management of E.SUN Securities claimed an increase of $10,059 thousand in tax payable was unreasonable and believed the possibility of a positive result on the administrative litigation is high. Thus, E.SUN Securities did not accrue the related liabilities.

36.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	$ 8,416,145	5,518,430	$ 1.53
Effect of dilutive common shares:			
Bonus to employees	-	17,728	
Diluted earnings per share	$ 8,416,145	5,536,158	$ 1.52
For the year ended December 31, 2012			
Basic earnings per share	$ 7,044,505	5,330,834	$ 1.32
Effect of dilutive common shares:			
Bonus to employees	-	16,141	
Overseas convertible bonds	254,897	459,155	
Diluted earnings per share	$ 7,299,402	5,806,130	$ 1.26

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

Unit: NT$ Per Share

	Before Retrospectively Adjusted	After Retrospectively Adjusted
Basic earnings per share	$ 1.45	$ 1.32
Diluted earnings per share	$ 1.38	$ 1.26

The Company can elect to distribute bonus to employees by stock or by cash. If the bonus is in the form of cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding to be used in calculating diluted earnings per share (EPS) if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares on the balance sheet date. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees in the following year.

37.EQUITY

a.Capital stock

Common stock

	December 31, 2013	December 31, 2012	January 1, 2012
Authorized number of shares (in thousands)	10,000,000	10,000,000	5,000,000
Authorized capital	$ 100,000,000	$ 100,000,000	$ 50,000,000
Number of shares issued (in thousands)	5,524,300	5,010,700	4,575,000
Common stock issued	$ 55,243,000	$ 50,107,000	$ 45,750,000

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

In 2012, the stockholders of ESFHC resolved to use $2,287,500 thousand from the 2011 unappropriated earnings as stock bonus to stockholders and also resolved to use $99,732 thousand from the bonus to employees as stock bonus. The stockholders of ESFHC also resolved to raise the authorized capital to $100,000,000 thousand. The appropriations and bonus, which were a total of 235,700 thousand shares, were approved by the FSC and the Ministry of Economic Affairs (MOEA).

On September 19, 2012, the board of directors of ESFHC resolved to increase its capital by issuing common stocks for the issuance of Global Depositary Shares (GDS). ESFHC issued 8,000 thousand units of GDS (one unit represents 25 common shares), which totaled US$105,840 thousand and equaled 200,000 thousand common shares, at US$13.23 per unit, on the Luxembourg Stock Exchange on October 22, 2012. This issuance was approved by the FSC and MOEA.

In 2013, the stockholders of ESFHC resolved to use $5,010,700 thousand from the 2012 unappropriated earnings as stock bonus to stockholders and also resolved to use $202,359 thousand from the bonus to employees as stock bonus. The appropriations and bonus, which were a total of 513,600 thousand shares, were approved by the FSC and MOEA.

To dispose of ESFHC's shares held by E.SUN Bank, ESFHC issued 6,800 thousand units of GDS (one unit represents 25 common shares), which equaled 170,000 thousand common shares, at US$14.5 per unit, on the Luxembourg Stock Exchange on September 27, 2004.

The GDS holders are entitled to present their GDSs for cancellation and receive the corresponding number of underlying common shares, and the common shares can be traded in the domestic stock exchange market. As of December 31, 2013, the GDS holders had canceled 17,792 thousand units (equal to 444,800 thousand shares), ESFHC issued 279 thousand units (equal to 6,965 thousand shares) because of capital increase, and the deposit agents reissued 4,438 thousand units (equal to 110,947 thousand shares). Therefore, the outstanding GDSs were 1,725 thousand units, which were equal to 43,112 thousand shares, or 0.7804% of ESFHC's total outstanding common shares.

In January 2014, ESFHC increased its capital because the bondholders had transferred 239,079 thousand shares to capital stock from the convertible bonds. This issuance was approved by the MOEA.

On March 5, 2014, the board of directors of ESFHC resolved to increase its capital by issuing 700,000 thousand shares at NT$15.00 per share. The Company is awaiting the FSC's approval.

b.Capital surplus

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 distributed as cash dividends or 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.

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

Under the Financial Holding Company Act and related directives issued by the Securities and Futures Bureau (SFB), the distribution of the unappropriated earnings that are generated by financial institutions (the subsidiaries) before conversion to ESFHC and become part of capital surplus of the financial holding company after conversion, is exempted from the appropriation restriction of the Securities and Exchange Law.

The subsidiaries' unappropriated retained earnings before stock conversion amounted to $2,919,727 thousand, which was already stated as ESFHC's capital surplus as of its establishment date. In 2002, the stockholders resolved to increase ESFHC's capital by $1,800,000 thousand through the issuance of stock dividends from capital surplus.

As of December 31, 2013, the capital surplus came from treasury stock transactions and the issuance of shares in excess of par value. Capital surplus sources and uses were as follows:

Sources	
From subsidiaries	
Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	$ 413,733
Legal reserve	2,776,834
Special reserve	109,230
Unappropriated earnings	2,919,727
	6,219,524
Total capital stock of subsidiaries in excess of ESFHC's issuance	600,000
Balance on January 28, 2002	6,819,524
From E.SUN Securities Investment Trust Corp. (ESSIT) which became a 100% subsidiary of ESFHC in 2003 through a share swap	
Legal reserve	4,350
Unappropriated earnings	7,861
	6,831,735
Corporate bonds converted into capital stock	
In 2003	9,005
In 2004	2,613,625
In 2006	2,252,133
In 2008	524,401
Treasury stock transactions recognized from subsidiaries	3,015,943
Transferring of shares to employees by subsidiary	483
Cash dividends from ESFHC received by subsidiaries	208,161
Transferring of shares to employees by ESFHC	157,897
The difference between par value and issue price for the issuance of common stock from bonus to employees	
In 2010	14,377
In 2011	48,674
In 2012	30,232
In 2013	77,059
Additional paid-in capital from ESFHC's share issuance in excess of par value	
In 2011	2,500,000
In 2012	1,062,422
Share-based payment for the subscription for ESFHC's new shares by the employees of ESFHC and its subsidiaries	
In 2011	200,132
	19,546,279
Uses	
Remuneration to directors and supervisors and bonus to employees by subsidiaries	(156,458)
Issuance of ESFHC's stock dividends in 2002	(1,800,000)
Offset of deficit in 2003	(3,091,451)
Difference between par value and issue price for the issuance of common stock from bonus to employees in 2009	(980)
	$ 14,497,390

c.Special reserve

Under FSC guidelines, ESFHC reclassified the trading loss reserve and default loss reserve made before 2010 to special reserve. This special reserve may be used to offset a deficit and may be appropriated when legal reserve reaches 50% of ESFHC's paid-in capital. The special reserve from equity investments under the equity method was $164,235 thousand as of December 31, 2013.

Also under the 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) as a result of the Company's use of exemptions under IFRS 1 starting from 2013. The Company 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 Company's first-time adoption of IFRSs.

d.Appropriation of earnings and dividend policy

When ESFHC appropriates its earnings, legal reserve should be appropriated from the annual net income less any accumulated deficit. A special reserve may then be appropriated. Any remainder should be appropriated as follows:

1)96% as dividends;

2)1% as remuneration to directors; and

3)3% 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 ESFHC's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen ESFHC's financial structure. This policy is also intended to improve ESFHC's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. However, 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.

Under the Company Law, legal reserve should be appropriated until the reserve equals ESFHC's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of ESFHC's paid-in capital, the excess may be used to issue new shares or distribute cash dividends.

Under 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 accounts in the stockholders' equity section (such as unrealized gain or loss on financial instruments and cumulative translation adjustments, except treasury stocks). 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.

Under the integrated income tax system, certain stockholders are allowed imputation credits for the income tax paid by ESFHC.

In 2013 and 2012, the bonus to employees and remuneration to directors, which totaled $313,044 thousand and $273,413 thousand, respectively, and represented 3% (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 ESFHC'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. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the day before the stockholders' meeting.

The appropriations from the earnings of 2012 and 2011 were approved in the stockholders' meetings on June 21, 2013 and June 22, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2012	2011	2012	2011
Legal reserve	$ 705,824	$ 348,434		
Special reserve	390,849	222,962		
Cash dividends	1,503,210	915,000	$0.30	$0.20
Stock dividends	5,010,700	2,287,500	1.00	0.50

The bonus to employees and the remuneration to directors for 2012 and 2011, which were approved in the stockholders' meetings on June 21, 2013 and June 22, 2012, respectively, were as follows:

	2012	2011
Bonus to employees - cash	$ 1,201	$ 346
Bonus to employees - stock	202,359	99,732
Remuneration to directors - cash	67,853	33,360

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. The appropriations and dividends per share are as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 841,414	
Cash dividends	1,786,648	$ 0.31
Stock dividends	5,763,379	1.00

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 by E.SUN Bank (Note 51)	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 statements of foreign operations	(4,015)
Balance, December 31	$ 704,364

38.RELATED-PARTY TRANSACTIONS

ESFHC is the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the parent company (ESFHC) and the subsidiaries (related parties of the Company) 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 Company
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	One third of the funds are donated by E.SUN Bank
Others	Main management of the Company and other related parties

b.Significant transactions with related parties

1)Loans and deposits

a)Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
2013				
Main management	$ 75,598	$ 69,709	$ 764	
Others	1,153,586	935,192	11,870	
	$ 1,229,184	$ 1,004,901	$ 12,634	0.00-2.25
2012				
Main management	$ 71,030	$55,370	$ 869	
Others	883,710	744,533	10,376	
	$954,740	$ 799,903	$ 11,245	0.99-3.38

b)Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
2013				
Main management	$ 2,591,367	$ 627,877	$ 4,785	
Others	1,918,525	713,558	10,612	
	$4,509,892	$1,341,435	$15,397	0.00-6.90

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
2012				
Main management	$1,298,826	$1,012,349	$3,116	
Others	1,013,656	608,855	9,013	
	$2,312,482	$1,621,204	$12,129	0.00-6.90

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

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

Under the Banking Law, except for consumer loans and government loans, credits extended by E.SUN 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.

2)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	-

	For the Year Ended December 31 2013	2012
3)Donation (part of general and administrative expenses)		
E.SUN Volunteer & Social Welfare Foundation	$28,693	$26,979
4)Other (part of general and administrative expenses)	$1,184	$1,117

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

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

The terms of the above transactions were similar to, or approximated, those for third parties.

c.Subsidiaries' related-party transactions and balances that each amounted to more than $100,000 thousand

1)E.SUN Bank

a)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	0.00-2.25
2012				
Sister companies	$ 10,000	$ -	$ 11	
Main management	71,030	55,370	869	
Others	883,710	744,533	10,376	
	$ 964,740	$ 799,903	$ 11,256	0.99-3.38

b)Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
2013				
ESFHC	$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	0.00-6.90
2012				
ESFHC	$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	0.00-6.90

Note:The sum of the respective highest balances of each account in the years ended December 31, 2013 and 2012.

	December 31, 2013	December 31, 2012	January 1, 2012
c)Receivables on consolidated tax returns (part of current tax assets)			
- ESFHC	$152,340	$152,340	$242,628
d)Payables on consolidated tax returns (part of current tax liabilities)			
- ESFHC	$297,521	$750,147	$6,161

The receivables and payables on consolidated tax returns refer to ESFHC's filed consolidated corporate tax returns from 2003.

e)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	-

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

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

2)E.SUN Securities

a)Deposits each amounting to more than $100,000 thousand in E.SUN Bank as of December 31, 2013, December 31, 2012 and January 1, 2012:

	December 31, 2013	December 31, 2012	January 1, 2012
Deposit - futures exchange margins	$69,953	$176,819	$260,568
Deposit - collection of securities underwritten	$132,160	$ -	$ -
Operating deposits	$575,000	$575,000	$555,000

b)E.SUN Securities entrusted to E.SUN Bank the deal settlement of securities and applied for a guarantee for overdraft amounting to $3,000,000 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012. For this overdraft, E.SUN Securities provided time deposits and real estate to E.SUN Bank as collaterals. Other financial institutions provided guarantee for the overdraft. As of December 31, 2013, December 31, 2012 and January 1, 2012, there was no overdraft amount.

c)For its business needs, E.SUN Securities applied for a short-term loan up to $200,000 thousand from E.SUN Bank. The balances and interest expenses for the short-term loan were as follows:

	Highest Balances	Ending Balances	Interest Rate (%)	Interest Expense
For the Year Ended December 31, 2013	$15,000	$ -	-	$ 15
For the Year Ended December 31, 2012	10,000	-	-	11

3)ESVC

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits - E.SUN Bank	$502,190	$229,395	$219,715

4)ESIB

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits - E.SUN Bank	$372,042	$298,681	$288,683

	For the Year Ended December 31	
	2013	2012
Cross-selling service charge - E.SUN Bank	$1,201,908	$732,329

d.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	$179,430	$147,800
Post-employment benefits	1,186	1,143
Interest arising from the employees' preferential rates in excess of normal rates	215	237
	$180,831	$149,180

39.PLEDGED ASSETS

a.In addition to those mentioned in other notes, 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 E.SUN Bank's liquidity reserve.

E.SUN 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, E.SUN 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, E.SUN Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. For this access, the Los Angeles Branch pledged the following assets:

Date		Outstanding Loan Balance	Collateral Value
		(In Thousands of U.S. Dollars)	
December 31, 2013		$ -	$ -
December 31, 2012		$15,417	$10,388
January 1, 2012		$10,100	$8,997

40.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 E.SUN 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 $984,392 thousand. Minimum future annual rentals are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Within one year	$ 623,172	$ 537,503	$ 533,198
One to five years	1,482,043	1,363,423	1,344,254
Over five years	18,283	37,403	54,417
	$2,123,498	$1,938,329	$1,931,869

The lease payments recognized as expenses are as follows:

	For the Year Ended December 31	
	2013	2012
Minimum lease payments	$475,953	$454,118
Contingent rentals	2,314	1,079
	$478,267	$455,197

2)Lease agreements on investment properties owned by E.SUN 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 $1,733 thousand. Minimum future annual rentals are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Within one year	$4,420	$7,445	$14,767
One to five years	5,965	9,152	15,867
	$10,385	$16,597	$30,634

3)Agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by E.SUN 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. 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.

c.E.SUN Securities

There are renewable operating lease agreements on premises occupied by E.SUN Securities' branches. Rentals are calculated on the basis of the leased areas and are payable monthly or quarterly. As of December 31, 2013, refundable deposits on these leases totaled $7,819 thousand. Minimum annual rentals for the next five years are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Within one year	$32,028	$30,396	$30,192
One to five years	34,456	54,344	69,605
	$66,484	$84,740	$99,797

The lease payments recognized as expenses are as follows:

	2013	2012
Minimum lease payments	$35,033	$34,334

d.ESIB

ESIB entered into insurance agent contracts with various insurance companies. The contracts are summarized as follows:

Insurance Company	Contract Date	Commission Received	Contract Period
Prudential Insurance	2014.01.09	Billed and received in accordance with contract terms	Effective on January 9, 2014 and with expiry on January 9, 2015. The contract may be renewed on the parties' written notice on contract expiry.
Tokio Marine Newa Insurance	2005.10.15	Billed and received in accordance with contract terms	Effective on October 15, 2005 and with expiry on October 15, 2014. The contract may be renewed on the parties' written notice on contract expiry.
Taian Insurance	2007.10.19	Billed and received in accordance with contract terms	Effective on October 19, 2007 and with expiry on October 19, 2008. The contract is automatically extended for another year if the parties do not terminate the contract in writing earlier than 30 days before the end of the contract.
Mercuries Life Insurance	2011.12.01	Billed and received in accordance with contract terms	Effective on December 1, 2011 and with expiry on December 1, 2012. The contract is automatically extended for another year if the parties do not terminate the contract in writing earlier than 30 days before the end of the contract.
Nanshan Life Insurance	2011.12.05	Billed and received in accordance with contract terms	Effective on December 5, 2011 and with expiry on December 5, 2012. The contract is automatically extended for another year if the parties do not terminate the contract in writing earlier than 30 days before the end of the contract.
Cigna Insurance	2013.12.12	Billed and received in accordance with contract terms	Effective on December 12, 2013 and with expiry on December 12, 2014. The contract is automatically extended for another year if the parties do not terminate the contract in writing earlier than 30 days before the end of the contract.

41.E.SUN BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated by 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

42.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	3,171,995	3,182,067
Financial liabilities						
Bonds payable	53,800,000	54,063,784	53,300,000	53,957,874	46,500,000	47,324,744

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 spreads 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 discount rate 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 0.1% 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	$ 483,889	$ 483,889	$ -	$ -
Debt instruments	2,370,477	2,370,477	-	-
Others	232,941,012	193,213	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	2,098,912	2,098,912	-	-
Debt instruments	69,856,828	60,580,270	9,247,640	28,918
Others	94,034	94,034	-	-
Liabilities				
Financial liabilities at fair value through profit or loss	6,404,491	-	6,404,491	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	6,335,190	128,510	6,201,095	5,585
Liabilities				
Financial liabilities at fair value through profit or loss	5,859,576	21,280	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	$ 232,564	$ 232,564	$ -	$ -
Debt instruments	1,042,015	1,042,015	-	-
Others	21,752,757	87,682	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	395,092	395,092	-	-
Debt instruments	75,938,186	63,381,929	12,302,839	253,418
Others	334,761	334,761	-	-
Liabilities				
Financial liabilities at fair value through profit or loss	8,412,611	-	8,412,611	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,362,819	80,584	4,275,794	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	$ 230,375	$ 230,375	$ -	$ -
Debt instruments	840,958	840,958	-	-
Others	14,326,971	1,140,768	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	763,363	763,363	-	-
Debt instruments	52,404,758	39,613,406	8,121,106	4,670,246
Others	355,887	355,887	-	-
Liabilities				
Financial liabilities at fair value through profit or loss	8,539, 427	-	8,539, 427	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,412,409	108,558	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:

For the Year Ended 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

For the Year Ended 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 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	$6,404,491	$8,412,611	$8,539,427
Amounts due on maturity	4,462,242	7,250,192	7,735,644
	$1,942,249	$1,162,419	$803,783

	Change in Fair Values Resulting from Credit Risk Variations
Change in amount in the period	
For the Year Ended December 31, 2013	$ 13,700
For the Year Ended December 31, 2012	$ 42,378
Accumulated amount of change	
As of December 31, 2013	$(127,871)
As of December 31, 2012	$(141,571)
As of January 1, 2012	$(183,949)

The change in fair value of overseas convertible bonds and structured products of the Company 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 financial 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 values of the overseas convertible bonds and structured products are the present values of futures 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)ESFHC

a)Risk management

ESFHC established the Risk Management Committee, of which the convener is the general manager and the executive secretary is the chief risk officer, to draw up the principles and policies of risk management to be followed by each subsidiary, to coordinate and monitor the enforcement of risk management policies of each subsidiary and to deliberate whether proposals brought up by each risk-based unit focusing on a variety of individual issues are suitable for the Company.

b)Market risk

ESFHC set up the "Market Risk Management Principle of E.SUN Financial Holding Company" as the guideline for market risk management.

It monitors and controls the market risk of ESFHC and subsidiaries, and sets up the risk limit of ESFHC and subsidiaries, including the value at risk (VaR) limit, Position-limit and Stop Loss Limit. ESFHC also makes a risk evaluation report, which covers the taking of risk exposure by each risk-based unit and the adequacy of the current risk management system, to the board of directors quarterly.

The operation of ESFHC involves currencies different from its functional currency, i.e., foreign currencies; thus, ESFHC is exposed to foreign-exchange risks. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount, currency and spot rate of ESFHC's monetary assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2013			December 31, 2012			January 1, 2012		
	Assets	Liabilities	Exchange Rate	Assets	Liabilities	Exchange Rate	Assets	Liabilities	Exchange Rate
USD	$152,582	$215,002	29.788	$151,247	$189,075	29.04	$150,517	$174,615	30.278

The profit and loss from the fluctuations in exchange rates for foreign-currency assets and liabilities will be offset; thus, ESFHC expects the risk from exchange rate fluctuations to be immaterial.

c)Credit risk

To maintain good asset quality, ESFHC's subsidiaries have established independent credit review divisions and set up fair credit approval processes. ESFHC and subsidiaries also set up management policies and requirements of counterparties' credit rating, default risk, settlement risk, and risk concentration pertaining products, industries, and affiliates.

d)Liquidity risk

ESFHC set up the "Liquidity Risk Management Guideline of E.SUN Financial Holding Company" as the guideline for liquidity risk management. It monitors and asks ESFHC and subsidiaries to maintain appropriate liquidity, payment ability, financial stability, and to improve urgent situation handling ability.

ESFHC and subsidiaries also follow the requirements of authorities, adopt numeral management, and compile cash flow gap analysis report regularly. Additionally, ESFHC and subsidiaries set up liquidity risk management index and monitor it strictly.

2)E.SUN Bank and its subsidiaries

a)Risk management

E.SUN Bank established the Risk Management Division to draw up the principles and policies of risk management that should 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 E.SUN Bank. The division also supports decision-making on several important issues to ensure that E.SUN Bank has adequate capital to achieve profit objectives under reasonable risk.

b)Credit risk

Credit risk refers to E.SUN Bank and its subsidiaries' 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 risk falls within the acceptable range, E.SUN Bank and its subsidiaries have 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, E.SUN Bank and its subsidiaries should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, E.SUN Bank and its subsidiaries ensure 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., E.SUN Bank and its subsidiaries also require 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 E.SUN Bank and its subsidiaries' risk management policies and guidelines.

The measurement and management of credit risks from E.SUN Bank and its subsidiaries' 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. E.SUN Bank and its subsidiaries 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, E.SUN Bank and its subsidiaries rate 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, E.SUN Bank and its subsidiaries have developed a credit rating model for clients. E.SUN Bank and its subsidiaries review 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.

E.SUN Bank and its subsidiaries classify the credit qualities of corporate loans as strong, medium and weak.

E.SUN Bank and its subsidiaries evaluate 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, E.SUN Bank and its subsidiaries annually conduct validity test and back testing on the models using data on customers' actual defaults.

b)Due from and call loans to other banks

E.SUN Bank and its subsidiaries evaluate the credit status of counter-parties before deals are closed. E.SUN Bank and its subsidiaries grant 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

E.SUN Bank and its subsidiaries identify and manage the credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counter-party risks.

The other banks with which E.SUN Bank and its subsidiaries conduct derivative transactions are mostly considered investment grade. E.SUN Bank and its subsidiaries monitor 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.

E.SUN Bank and its subsidiaries classify 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).

E.SUN Bank and its subsidiaries have 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, E.SUN Bank and its subsidiaries manage and assess the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, E.SUN Bank and its subsidiaries stipulate the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that E.SUN Bank and its subsidiaries reserve 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 E.SUN Bank and its subsidiaries 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, E.SUN Bank and its subsidiaries have included credit limits for a single counter-party and for a single group in its credit-related guidelines. E.SUN Bank and its subsidiaries have 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, E.SUN Bank and its subsidiaries 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.

E.SUN Bank and its subsidiaries settle 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 E.SUN Bank and its subsidiaries believe their abilities to minimize the credit risk exposures of the off-balance sheet items are mainly attributed to their 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 E.SUN Bank and its subsidiaries, 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 E.SUN Bank and its subsidiaries' risk management, financial assets past due within 90 days are not deemed as impaired, unless there are other evidences that indicate impairment.

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

Item	December 31, 2013		
	Past Due Up to 1 Month	Past Due 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 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 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 E.SUN Bank and its subsidiaries 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 E.SUN Bank and its subsidiaries.

The main market risks E.SUN Bank and its subsidiaries face 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 E.SUN Bank and its subsidiaries, such as the derivatives denominated in foreign currency and foreign-currency bonds.

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

E.SUN 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.

E.SUN Bank and its subsidiaries mainly divide 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 E.SUN Bank and its subsidiaries' 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. E.SUN Bank and its subsidiaries analyze the impact of risk factors on their holding positions, profit or loss, negative result of stress test, sensitivity, VaR, etc., and measure 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 E.SUN Bank's market risk control. E.SUN 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.

E.SUN Bank uses the VaR model and stress tests to evaluate the risk on investment portfolios for trading. E.SUN 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 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" E.SUN Bank may suffer within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the value at risk to some extent. VaR model assumes that E.SUN 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.

E.SUN Bank evaluates historical market fluctuation based on historical data in the past two years. It 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 E.SUN 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

Historical Values at Risk (99%, 10-day)	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, please 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 sheet, 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 E.SUN 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, E.SUN Bank and its subsidiaries hold 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 E.SUN Bank for December 2013 and 2012 were 26.27% and 29.13%, respectively.

E.SUN Bank and its subsidiaries 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

E.SUN Bank and its subsidiaries 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

E.SUN Bank and its subsidiaries 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

43.ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM INTERCOMPANY SHARING OF RESOURCES

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

	E.SUN Bank	E.SUN Securities	Total	Allocation Method
Year 2013				
Rental expense	$2,160	$1,080	$3,240	E.SUN 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 expenses: Based on space actually occupied
	$3,768	$2,590	$6,358	
Year 2012				
Rental expense	$2,160	$1,080	$3,240	E.SUN 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 expenses: Based on space actually occupied
	$3,663	$2,485	$6,148	

Under cooperation arrangements, E.SUN Bank and ESIB shared the use of some equipment and operating sites, personnel, and an Internet service system and provided cross-selling financial services. The service fees earned by E.SUN Bank were based on 70% (50% in 2012) of the gross revenue derived from the insurance companies' products sold by E.SUN Bank. In 2013 and 2012, ESIB should have paid E.SUN 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 E.SUN Bank and E.SUN Securities were as follows (the amounts below refer to E.SUN Bank):

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

44.CAPITAL MANAGEMENT

ESFHC's objective of capital management is to sustain the eligible capital of the Group at an amount that meets the requirements for legal capital and minimum group capital adequacy ratio (CAR). To ensure that there is sufficient capital to undertake a variety of risks, ESFHC assesses the risk portfolios by their characteristics. The calculation of group eligible capital and minimum requirement of legal capital is in conformity with the rules enacted by the authorities.

The group CAR is managed by the Financial Management Division. The Financial Management Division ensures that ESFHC's group CAR meets both its internal requirements and external requirements by the authorities, and the timely report to the authorities every half year. ESFHC has set up a warning signal mechanism that gives alarm when the CAR falls below the standard, and asks relevant units to bring up improvement strategies to deal with it.

Under the Financial Holding Company Act and related regulations, ESFHC should maintain a group CAR at no lower than 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted, and the authorities may discipline ESFHC, depending on the situation.

The Banking Law and related regulations require that E.SUN Bank maintains both stand-alone and consolidated CARs at a minimum of

8% each. If E.SUN Bank's CAR falls below 8%, the authorities may impose certain restrictions on the amount of cash dividends that E.SUN Bank may declare or, in certain conditions, totally prohibit E.SUN Bank from declaring cash dividends.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 200% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 200%, the authority may impose certain restrictions on a firm's operations. The CARs of E.SUN Securities were 431% and 575% as of December 31, 2013 and 2012, respectively.

Please refer to related information Table 13 (attached).

45. E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES' ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. E.SUN Bank's asset quality

Table 4 (attached).

b. E.SUN Bank's 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 ESUN 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

Rank (Note 1)	December 31, 2012		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of ESUN 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 head 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

Rank (Note 1)	January 1, 2012		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of ESUN 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:The 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.E.SUN Bank's 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 E.SUN 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 E.SUN 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

1)E.SUN Financial Holding Company, Ltd. and subsidiaries

(%)

Items		December 31, 2013	December 31, 2012
Return on total assets	Before income tax	0.78	0.69
	After income tax	0.64	0.59
Return on equity	Before income tax	12.92	11.92
	After income tax	10.65	10.07
Net income ratio		31.46	30.17

2)E.SUN Financial Holding Company, Ltd.

(%)

Items		December 31, 2013	December 31, 2012
Return on total assets	Before income tax	9.16	8.31
	After income tax	9.14	8.47
Return on equity	Before income tax	10.72	9.88
	After income tax	10.70	10.07
Net income ratio		97.43	99.30

3)E.SUN Bank

(%)

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

4)E.SUN Securities

(%)

Items		December 31, 2013	December 31, 2012
Return on total assets	Before income tax	1.62	0.36
	After income tax	1.48	0.18
Return on equity	Before income tax	3.74	0.72
	After income tax	3.43	0.36
Net income ratio		13.23	1.62

5)E.SUN Insurance Broker Co., Ltd.

(%)

Items		December 31, 2013	December 31, 2012
Return on total assets	Before income tax	50.59	69.57
	After income tax	41.98	57.81
Return on equity	Before income tax	56.81	81.48
	After income tax	47.15	67.71
Net income ratio		17.12	30.23

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.E.SUN Bank's 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

	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

	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 E.SUN 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 E.SUN Bank.

46.E.SUN BANK'S TRUST BUSINESS UNDER THE TRUST LAW

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

The trust-related items shown below were managed by E.SUN 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			
Land	5,703,164	5,271,183	5,572,826	securities under custody	$120,719,818	$106,610,836	$ 88,140,100
Collective investment				Trust capital			
trust fund account	-	-	4,566	Cash	146,220,198	133,027,894	117,900,458
Securities under				Securities	2,212,515	2,332,925	3,128,786
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
For the Year Ended December 31, 2013 and 2012

	For the Year Ended December 31	
	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.

47.ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES

Please see Table 5 (attached).

48.BUSINESS SEGMENT FINANCIAL INFORMATION

Please see Table 6 (attached).

49.DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please see Table 14 (attached).

50.ACQUISITION OF OTHER FINANCIAL INSTITUTIONS' ASSETS, LIABILITIES AND OPERATION

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

Acquisition payment	$ 110,000
Fair value	
Cash and cash equivalents	1,640,113
Financial assets at fair value through profits 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 E.SUN Bank and subsidiaries' 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.)

	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

51. BUSINESS COMBINATIONS

a. Subsidiaries acquired by E.SUN Bank

	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 E.SUN 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, E.SUN 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 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

	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 $26,877,103 thousand and $8,432,958 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.

52.OTHERS

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

53.E.SUN SECURITIES' FINANCIAL RATIOS OF FUTURES BUSINESS

The financial ratios of E.SUN Securities were in compliance with the requirements of the Rules Governing Futures Commission Merchants. Please see Table 16 (attached).

54.FUTURES BROKERAGE BUSINESS RISK

Customers have to deposit an initial margin at a percentage of the amount of transaction when entering into futures contracts with the futures department of E.SUN Securities. Customers' gains or losses result from the leverage on the margin deposits. For the protection of E.SUN Securities from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures contracts. When the customers' margin accounts fall below an agreed level (the "maintenance margin"), E.SUN Securities will ask its customers to deposit additional margins immediately. If the customers fail to do so, E.SUN Securities settles their position by making offsets against their contracts.

55.ADDITIONAL DISCLOSURES

Following are the additional disclosures for ESFHC and its investees:

a.Significant transactions and investees:

1)Financing provided: ESFHC, E.SUN Bank and UCB - not applicable; investee - none

2)Endorsement/guarantee provided: ESFHC, E.SUN Bank and UCB - not applicable; investee - none

3)Marketable securities held: ESFHC, E.SUN Bank, UCB and E.SUN Securities - not applicable; investee - Table 7 (attached)

4)Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (ESFHC, E.SUN Bank and UCB disclosed its investments acquired or disposed of): E.SUN Securities - not applicable; ESFHC and investee - Table 8 (attached)

5)Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: Table 9 (attached)

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

7)Financial asset securitization by subsidiaries: Note 10 to the consolidated financial statements

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

9)Sale of nonperforming loans by subsidiaries: None

10)Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: Table 10 (attached)

11)Related information and proportionate share in investees: Table 15 (attached)

12)Derivative transactions: Notes 8 and 42 to the consolidated financial statements

13)Other significant transactions which may affect the decisions of users of financial reports: Note 52 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,” E.SUN 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 11 (attached).

c.Business relationship and significant transactions among the parent company and subsidiaries: Table 12 (attached)

56.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, including the business 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	$(1,126)	$13,035
Total net revenues	$8,474	$17,013	$1,260	$26,747
Bad-debt expenses and provision for losses on guarantees	(1,474)	(696)	464	(1,706)
Operating expenses	(2,401)	(10,868)	(1,558)	(14,827)
Income before income tax	$4,599	$5,449	$166	$10,214

	For the Year Ended December 31, 2012			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$6,416	$8,140	$(1,137)	$13,419
Total net revenues	$8,810	$12,776	$1,763	$23,349
Bad-debt expenses and provision for losses on guarantees	(901)	(1,338)	219	(2,020)
Operating expenses	(2,687)	(7,218)	(3,088)	(12,993)
Income (loss) before income tax	$5,222	$4,220	$(1,106)	$8,336

57.FIRST-TIME ADOPTION OF IFRSs

a.Basis of preparation

The consolidated financial statements for the year ended December 31, 2013 is the first IFRS annual report. The preparation follows the "significant accounting policies" as shown 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		
		Presentation	Recognition and Measurement			
Account	Amount	Difference	Difference	Amount	Account	Note
Cash and cash equivalents	$20,115,766	$(111,000)	$ -	$20,004,766	Cash and cash equivalents	5) l)
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	5) l)
Financial assets at fair value through profit or loss, net	52,303,140	98,191	-	52,401,331	Financial assets at fair value through profit or loss	
Securities purchased under resell agreements	29,789	-	-	29,789	Securities purchased under resell agreements	
Receivables, net	46,576,283	(674,404)	1,015,220	46,917,099	Receivables, net	5) h), 5) i), 5) l)
	-	582,872	-	582,872	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	53,524,008	-	-	53,524,008	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	5,143,502	111,538	-	5,255,040	Other financial assets, net	5) l)
Properties, net	15,892,484	586,073	-	16,478,557	Properties and equipment, net	5) g)
	-	712,354	-	712,354	Investment properties, net	5) g)
Intangible assets, net	4,063,447	-	(2,061)	4,061,386	Intangible assets, net	5) c)
	-	345,640	25,710	371,350	Deferred tax assets	5) a), 5) b), 5) c)
Other assets, net	3,533,834	(1,305,624)	(61,695)	2,166,515	Other assets, net	5) c), 5) g), 5) h), 5) i), 5) l)
Total	$1,155,491,362	$345,640	$977,174	$1,156,814,176	Total	
Due to the Central Bank and other banks	$38,052,926	$ -	$ -	$38,052,926	Due to the Central Bank and other banks	
Commercial paper issued, net	951,708	-	-	951,708	Commercial paper issued, net	
Financial liabilities at fair value through profit or loss	13,092,263	50,429	-	13,142,692	Financial liabilities at fair value through profit or loss	5) l)
Securities sold under repurchase agreements	13,247,387	-	-	13,247,387	Securities sold under repurchase agreements	
Payables	19,676,684	(607,491)	1,019,504	20,088,697	Payables	5) b), 5) f),5) h), 5) i), 5) l)
	-	57,511	-	57,511	Current tax liabilities	5) h)

(Continued)

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
		Presentation	Recognition and Measurement			
Account	Amount	Difference	Difference	Amount	Account	Note
Deposits and remittances	$954,993,962	$ -	$ -	$954,993,962	Deposits and remittances	
Bonds payable	46,500,000	-	-	46,500,000	Bonds payable	
Other borrowings	6,000	-	-	6,000	Other borrowings	
Other financial liabilities	1,934,733	362,417	-	2,297,150	Other financial liabilities	5) l)
	-	95,535	256,207	351,742	Provisions	5) c)
	-	745,067	40	745,107	Deferred tax liabilities	5) a),5) c)
Other liabilities	1,452,003	(357,828)	106,400	1,200,575	Other liabilities	5) a),5) f), 5) i), 5) l)
Total liabilities	1,089,907,666	345,640	1,382,151	1,091,635,457	Total liabilities	
Capital stock	45,750,000	-	-	45,750,000	Capital stock	
Capital surplus	13,327,677	-	-	13,327,677	Capital surplus	
Retained earnings	6,728,981	-	(413,479)	6,315,502	Retained earnings	5) j)
Cumulative translation adjustments	(5,960)	-	5,960	-	Exchange differences in translation of financial statements of foreign operations	5) j)
Unrealized valuation losses on financial instruments	(214,460)	-	-	(214,460)	Unrealized losses on available-for-sale financial assets	
Losses on unrecognized pension costs	(2,542)	-	2,542	-		5) c)
Total stockholders' equity	65,583,696	-	(404,977)	65,178,719	Total equity	
Total	$1,155,491,362	$345,640	$977,174	$1,156,814,176	Total	

(Concluded)

2)Reconciliation of the consolidated balance sheet as of December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
		Presentation	Recognition and Measurement			
Account	Amount	Difference	Difference	Amount	Account	Note
Cash and cash equivalents	$23,413,593	$(241,000)	$ -	$23,172,593	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	61,300,358	103,562	(25)	61,403,895	Financial assets at fair value through profit or loss	5) e), 5) l)
Securities purchased under resell agreements	210,863	-	-	210,863	Securities purchased under resell agreements	
Receivables, net	48,564,037	(654,505)	1,284,690	49,194,222	Receivables, net	5) e), 5) h), 5) i), 5) l)
	-	557,619	-	557,619	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	76,668,039	-	-	76,668,039	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	6,137,744	241,025	335	6,379,104	Other financial assets, net	5) l)
Properties, net	16,669,914	580,897	-	17,250,811	Properties and equipment, net	5) g)
	-	1,691,992	-	1,691,992	Investment properties, net	5) g)
Intangible assets, net	4,188,907	-	(1,840)	4,187,067	Intangible assets, net	5) c)
	-	575,185	29,800	604,985	Deferred tax assets	5) a), 5) b), 5) c)
Other assets, net	4,511,882	(2,279,592)	(30,689)	2,201,601	Other assets, net	5) c), 5) g), 5) h), 5) i), 5) l)
Total	$1,244,096,583	$575,183	$1,282,271	$1,245,954,037	Total	
Due to the Central Bank and other banks	$46,652,824	$ -	$ -	$46,652,824	Due to the Central Bank and other banks	
Commercial paper issued, net	781,772	-	-	781,772	Commercial paper issued, net	
Financial liabilities at fair value through profit or loss	12,418,221	51,286	-	12,469,507	Financial liabilities at fair value through profit or loss	5) l)
Securities sold under repurchase agreements	4,957,725	-	-	4,957,725	Securities sold under repurchase agreements	
Payables	24,469,413	(1,533,009)	1,176,929	24,113,333	Payables	5) b), 5) e), 5) f), 5) h), 5) i), 5) l)
	-	920,337	-	920,337	Current tax liabilities	5) h)
Deposits and remittances	1,023,820,129	-	-	1,023,820,129	Deposits and remittances	
Bonds payable	53,300,000	-	-	53,300,000	Bonds payable	
Other financial liabilities	1,403,736	440,500	-	1,844,236	Other financial liabilities	5) l)
	-	146,766	296,741	443,507	Provisions	5) c)
	-	750,225	27	750,252	Deferred tax liabilities	5) a), 5) c)
Other liabilities	1,118,754	(200,922)	269,900	1,187,732	Other liabilities	5) a), 5) f), 5) i), 5) l)
Total liabilities	1,168,922,574	575,183	1,743,597	1,171,241,354	Total liabilities	
Capital stock	$50,107,000	$ -	$ -	$50,107,000	Capital stock	
Capital surplus	14,420,331	-	-	14,420,331	Capital surplus	
Retained earnings	10,584,717	-	(471,931)	10,112,786	Retained earnings	5) j)
Cumulative translation adjustments	(228,429)	-	5,960	(222,469)	Exchange differences in translation of financial statements of foreign operations	5) j)
Unrealized valuation gains on financial instruments	295,035	-	-	295,035	Unrealized gains on available-for-sale financial assets	
Losses on unrecognized pension costs	(4,645)	-	4,645	-		5) c)
Total stockholders' equity	75,174,009	-	(461,326)	74,712,683	Total equity	
Total	$1,244,096,583	$575,183	$1,282,271	$1,245,954,037	Total	

(Concluded)

3)Reconciliation of the consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Account	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Account	Note
Interest revenue	$23,715,847	$(915,550)	$ -	$22,800,297	Interest revenue	5) k)
Less: Interest expense	(9,626,286)	244,735	-	(9,381,551)	Less: Interest expense	5) d), 5) k), 5) l)
Net interest	14,089,561	(670,815)	-	13,418,746	Net interest	
Net revenues and gains other than interest						
Service fee and commission income, net	7,471,613	3,372	(860,558)	6,614,427	Service fee and commission income, net	5) f), 5) l)
Gains on financial assets and liabilities at fair value through profit or loss	498,581	785,348	-	1,283,929	Gains on financial assets and liabilities at fair value through profit or loss	5) k)
Realized gains on available-for-sale financial assets	1,615,732	-	-	1,615,732	Realized gains on available-for-sale financial assets	
Foreign exchange gains, net	266,720	-	-	266,720	Foreign exchange gains, net	
Impairment losses on assets	(61,140)	-	-	(61,140)	Impairment losses on assets	
Other noninterest gains, net	210,811	(806)	335	210,340	Other noninterest gains, net	5) l)
Total net revenues and gains other than interest	10,002,317	787,914	(860,223)	9,930,008	Total net revenues and gains other than interest	
Total net revenues	24,091,878	117,099	(860,223)	23,348,754	Total net revenues	
Bad-debt expenses	(2,019,962)	-	-	(2,019,962)	Bad-debt expenses and provision for losses on guarantees	
Operating expenses	(13,717,997)	(117,099)	842,394	(12,992,702)	Operating expenses	5) b), 5) c), 5) d), 5) f), 5) l)
Consolidated income before income tax	8,353,919	-	(17,829)	8,336,090	Income before income tax	
Income tax expense	(1,295,683)	-	4,098	(1,291,585)	Income tax expense	5) b), 5) c)
Consolidated net income	$7,058,236	$ -	$(13,731)	7,044,505	Net income	
					Other comprehensive income	
				(268,035)	Exchange differences in translation of financial statements of foreign operations	
				562,155	Unrealized gains on available-for-sale financial assets	
				(44,726)	Actuarial losses under defined benefit plan	5) c)
				(7,089)	Income tax relating to components of other comprehensive income	5) c)
				242,305	Other comprehensive income for the period, net of tax	
				$7,286,810	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 related assets and liabilities that resulted from past business combinations were shown as the same amounts under ROC GAAP as of December 31, 2011.

Share-based payments

The Company has chosen the exemption pertaining to 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 described 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 tax asset will not be realized. Under IFRSs, a deferred 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 $175,040 thousand to deferred tax assets amounting to $575,185 thousand and deferred tax liabilities amounting to $750,225 thousand. As of January 1, 2012, the Company had reclassified other liabilities amounting to $399,427 thousand to deferred tax assets amounting to $345,640 thousand and deferred tax liabilities amounting to $745,067 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 $174,686 thousand and $150,648 thousand, respectively; and deferred tax assets increased by $29,697 thousand and $25,610 thousand, respectively. In addition, in the year ended December 31, 2012, salary expenses (part of employee benefit expenses) increased by $24,038 thousand; income tax expenses decreased by $4,087 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 $296,741 thousand and $256,207 thousand, respectively; deferred tax assets increased by $103 thousand and $100 thousand, respectively; deferred tax liabilities increased by $27 thousand and $40 thousand, respectively; and prepaid pension (part of other assets, net) decreased by $18,167 thousand and $21,731 thousand, respectively; intangible assets decreased by $1,840 thousand and $2,061 thousand, respectively; net loss not recognized as pension cost decreased by $4,645 thousand and $2,542 thousand, respectively. In addition, pension cost decreased by $5,874 thousand, income tax expense decreased by $11 thousand and actuarial losses under the defined benefit plan (net of tax) increased by $44,721 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 Programmers" 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 $268,168 thousand and $105,973 thousand, respectively; and deferred revenue increased by $268,168 thousand and $105,973 thousand, respectively. In addition, service fee income and other general and administrative expenses decreased by $860,558 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 $2,272,889 thousand and $1,298,427 thousand as of December 31, 2012 and January 1, 2012, respectively, to investment properties amounting to $1,691,992 thousand and $712,354 thousand, and to properties and equipment amounting to $580,897 thousand and $586,073 thousand, respectively.

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: $550,504 thousand and $575,151 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 $920,337 thousand and $57,511 thousand, respectively, from payables to current tax liabilities.

i)Security brokerage, debit and credit

Under ROC GAAP and the Guidelines Governing the Preparation of Financial Reports by Securities Firms, the security brokerage account should be recorded at net value. On conversion to IFRSs, IAS 32 "Financial Instruments: Presentation" specifies the offsetting of financial assets and financial liabilities, with the net amount reported under certain conditions, otherwise, the assets and liabilities should not be offset and should be recorded separately in accordance with their nature. As of December 31, 2012 and January 1, 2012, a debit of $16,154 thousand and a debt $40,883 thousand on security brokerage were reclassified to (a) receivables, net - $1,274,227 thousand and $1,015,220 thousand, respectively; (b) payables - $1,259,973 thousand and $974,829 thousand, respectively; (c) other assets, net - $3,632 thousand and $919 thousand, respectively and (d) other liabilities - $1,732 thousand and $427 thousand, respectively.

j)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) $282,481 thousand increase in actuarial losses under the defined benefit plan; and (c) $125,038 thousand increase in short-term liabilities - compensated absences.

k)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 $130,202 thousand, should be recognized under gains (losses) on financial assets and liabilities at fair value through profit or loss.

l)Other accounts in the consolidated balance sheet and the consolidated statement of comprehensive income 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 are 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 $23,645,504 thousand and the interest paid of $9,344,321 thousand had been disclosed separately in accordance with the IFRSs.

Except the changes mentioned in the previous paragraph, there is no significant difference between the consolidated statements of cash flows under IFRSs and ROC GAAP.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE 1

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 Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	100.00	100.00	
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	100.00	100.00	
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	100.00	100.00	
	E.SUN Insurance Broker Co., Ltd.	Taipei	Insurance brokering	100.00	100.00	100.00	
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	-	-	Note
E.SUN Securities Co., Ltd.	E.SUN Securities Investment Consulting Co., Ltd.	Taipei	Security consulting	100.00	100.00	100.00	

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.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE 2

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 housing mortgage loans	144	734,413	583,735	583,735	-	Land and buildings	None
Other loans	Others	412,351	368,025	368,025	-	Land, buildings and plant	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 from 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 housing mortgage loans	92	543,019	476,805	476,805	-	Land and buildings	None
Other loans	Others	329,635	253,367	253,367	-	Land and buildings	None

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

TABLE3

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		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
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

E.SUN COMMERCIAL BANK, LTD.

TABLE4

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)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance 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
Corporate Banking - 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
Consumer Banking - Cash card	253	9,976	2.54	8,404	3,321.74	751	14,093	5.33	12,273	1,634.22
Consumer Banking - 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
Consumer Banking - 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
Consumer Banking - 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)	Allowance 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).

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE5

ESFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012

1.ESFHC's financial statements

E.SUN Financial Holding Company, Ltd.
Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2013	December 31, 2012	January 1, 2012	Liabilities and Equity	December 31, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents	$ 909,420	$ 860,869	$ 1,403,220	Financial liabilities at fair value through profit or loss	$ 6,404,491	$ 5,490,750	$ 5,286,990
Financial assets at fair value through profit or loss	32,284	7,780	-	Payables	412,799	371,548	214,865
Receivables	76,791	66,234	33,078	Current tax liabilities	545,309	995,924	245,376
Current tax assets	902,717	1,410,018	701,544	Corporate bonds payable	6,300,000	6,300,000	7,500,000
Investments under the equity method	89,448,829	80,684,969	70,432,653	Provisions	15,820	12,811	10,871
Other financial assets	4,760,021	4,665,922	5,821,662	Deferred tax liabilities	-	-	82,143
Property and equipment, net	25,718	1,907	2,298	Total liabilities	13,678,419	13,171,033	13,340,245
Intangible assets	9,065	14,892	1,225				
Deferred tax assets	151,261	163,631	116,647	Equity			
Other assets	13,272	7,494	6,637	Capital stock	55,243,000	50,107,000	45,750,000
				Capital surplus	14,497,390	14,420,331	13,327,677
				Retained earnings	12,093,934	10,112,786	6,315,502
				Other equity	816,635	72,566	(214,460)
				Total equity	82,650,959	74,712,683	65,178,719
Total	$96,329,378	$87,883,716	$78,518,964	Total	$96,329,378	$87,883,716	$78,518,964

E.SUN Financial Holding Company, Ltd.
Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31	
	2013	2012
Revenues and gains		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 9,468,703	$ 7,663,749
Other revenues and gains	215,629	114,789
Total revenues and gains	9,684,332	7,778,538
Expenses and losses		
Operating expenses	202,093	182,040
Other expenses and losses	1,046,020	684,731
Total expenses and losses	1,248,113	866,771
Income before income tax	8,436,219	6,911,767
Income tax benefit (expense)	(20,074)	132,738
Net income	8,416,145	7,044,505
Other comprehensive income	822,982	242,305
Total comprehensive income	$ 9,239,127	$ 7,286,810
Earnings per share		
Basic	$ 1.53	$ 1.32
Diluted	$ 1.52	$ 1.26

(Continued)

E.SUN Financial Holding Company, Ltd.
Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Other Equity		
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference in Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total Equity
BALANCE, JANUARY 1, 2012	4,575,000	$45,750,000	$13,327,677	$2,461,465	$328,204	$3,525,833	$ -	$(214,460)	$65,178,719
Appropriation of 2011 earnings									
Legal reserve	-	-	-	348,434	-	(348,434)	-	-	-
Special reserve	-	-	-	-	222,962	(222,962)	-	-	-
Cash dividends	-	-	-	-	-	(915,000)	-	-	(915,000)
Stock dividends	228,750	2,287,500	-	-	-	(2,287,500)	-	-	-
Share-based payments agreements - issuance of common stock from bonus to employees	6,950	69,500	30,232	-	-	-	-	-	99,732
Capital increase in October 2012	200,000	2,000,000	1,062,422	-	-	-	-	-	3,062,422
Net income for the year ended December 31, 2012	-	-	-	-	-	7,044,505	-	-	7,044,505
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	-	(44,721)	(222,469)	509,495	242,305
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	6,999,784	(222,469)	509,495	7,286,810
BALANCE, DECEMBER 31, 2012	5,010,700	50,107,000	14,420,331	2,809,899	551,166	6,751,721	(222,469)	295,035	74,712,683
Reversal of special reserve	-	-	-	-	(386,931)	386,931	-	-	-
Appropriation of 2012 earnings									
Legal reserve	-	-	-	705,824	-	(705,824)	-	-	-
Special reserve	-	-	-	-	390,849	(390,849)	-	-	-
Cash dividends	-	-	-	-	-	(1,503,210)	-	-	(1,503,210)
Stock dividends	501,070	5,010,700	-	-	-	(5,010,700)	-	-	-
Share-based payments agreements - issuance of common stock from bonus to employees	12,530	125,300	77,059	-	-	-	-	-	202,359
Net income for the year ended December 31, 2013	-	-	-	-	-	8,416,145	-	-	8,416,145
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	78,913	128,420	615,649	822,982
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	8,495,058	128,420	615,649	9,239,127
BALANCE, DECEMBER 31, 2013	5,524,300	$55,243,000	$14,497,390	$ 3,515,723	$ 555,084	$8,023,127	$ (94,049)	$ 910,684	$82,650,959

E.SUN Financial Holding Company, Ltd.
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	$8,436,219	$6,911,767
Adjustments for noncash items		
Depreciation and amortization expenses	7,041	2,734
Losses on financial assets and liabilities at fair value through profit or loss	918,051	299,325
Interest expense	127,968	178,440
Interest revenue	(30,155)	(47,498)
Dividend income	(612)	(779)
Salary expenses on share-based payments	2,234	674
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(9,468,703)	(7,663,749)
Unrealized exchange losses (gains) on foreign currency	(48,376)	209,734
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	72,783	-
Increase in receivables	(6,404)	(35,526)
Decrease (increase) in other financial assets	(54,225)	980,444
Increase in other assets	(5,778)	(857)
Increase in payables	8,835	14,672
Decrease in provision for employee benefits	(981)	(982)
Cash provided by (used in) operations	(42,103)	848,399
Interest received	26,002	49,868
Dividend received	1,764,975	968,665
Interest paid	(229,572)	(251,942)
Income tax refund	48,982	45,685
Net cash provided by operating activities	1,568,284	1,660,675
Cash flows from investing activities		
Increase in equity investments under the equity method	-	(3,100,000)
Acquisition of properties and equipment	(25,025)	-
Acquisition of intangible assets	-	(16,010)
Net cash used in investing activities	(25,025)	(3,116,010)
Cash flows from financing activities		
Proceeds from issue of corporate bonds	-	3,800,000
Repayment of corporate bonds	-	(5,000,000)
Cash dividends paid	(1,503,210)	(915,000)
Capital increase	-	3,062,422
Net cash provided by (used in) financing activities	(1,503,210)	947,422
Effects of exchange rate changes on cash and cash equivalents	8,502	(34,438)
Increase (decrease) in cash and cash equivalents	48,551	(542,351)
Cash and cash equivalents, beginning of period	860,869	1,403,220
Cash and cash equivalents, end of period	$ 909,420	$ 860,869

(Continued)

2.Subsidiaries' condensed balance sheets

E.SUN Commercial Bank, Ltd.
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2013	December 31, 2012	January 1, 2012	Liabilities and Equity	December 31, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents	$20,051,699	$23,068,127	$19,931,437	Liabilities			
Due from the Central Bank and call loans to other banks	56,096,922	55,855,963	45,016,416				
Financial assets at fair value through profit or loss	283,198,494	61,246,430	52,250,936	Due to the Central Bank and other banks	$47,037,326	$46,652,824	$38,052,926
Securities purchased under resell agreements	-	210,863	29,789	Financial liabilities at fair value through profit or loss	5,838,296	6,978,757	7,855,702
Receivables, net	56,058,752	44,058,948	41,893,897	Securities sold under repurchase agreements	6,254,291	4,957,725	13,247,387
Current tax assets	159,549	159,455	274,793	Payables	15,409,929	21,307,584	17,831,752
Discounts and loans, net	822,018,909	735,406,720	656,008,834	Current tax liabilities	374,974	826,344	60,522
Available-for-sale financial assets, net	71,152,842	76,155,007	52,860,765	Deposits and remittances	1,150,641,738	1,029,974,595	962,841,827
Held-to-maturity financial assets, net	8,593,699	211,168,563	253,283,859	Bank debentures	47,500,000	47,000,000	39,000,000
Investments under the equity method	2,065,612	-	-	Other financial liabilities	1,927,219	1,412,646	1,943,643
Other financial assets, net	15,495,332	4,392,491	3,497,546	Provisions	380,251	428,108	338,345
Properties and equipment, net	18,140,151	16,373,001	15,599,517	Deferred tax liabilities	743,421	764,038	722,613
Investment properties, net	1,057,348	2,193,124	1,216,332	Other liabilities	1,127,470	1,189,424	1,220,733
Intangible assets, net	4,181,034	4,137,558	4,036,275	Total liabilities	1,277,234,915	1,161,492,045	1,083,115,450
Deferred tax assets	181,626	448,281	315,686				
Other assets, net	1,533,172	1,457,072	1,427,934	Equity			
				Capital stock	49,850,000	45,725,000	42,206,000
				Capital surplus	12,573,696	12,345,531	11,037,856
				Retained earnings	20,170,387	16,685,595	11,506,267
				Other equity	156,143	83,432	(221,557)
				Total equity	82,750,226	74,839,558	64,528,566
Total	$ 1,359,985,141	$ 1,236,331,603	$ 1,147,644,016	Total	$ 1,359,985,141	$ 1,236,331,603	$1,147,644,016

E.SUN Securities Co., Ltd.
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2013	December 31, 2012	January 1, 2012	Liabilities and Equity	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$8,193,935	$6,017,723	$5,747,454	Liabilities			
Investments under the equity method	56,223	57,443	55,127				
Properties and equipment	340,261	372,582	371,177	Current liabilities	$5,749,424	$3,723,959	$3,398,757
Intangible assets	46,335	30,948	23,886	Noncurrent liabilities	3,251	2,610	2,597
Deferred tax assets	3,096	1,905	1,635	Total liabilities	5,752,675	3,726,569	3,401,354
Other noncurrent assets	776,060	787,327	774,115				
				Equity			
				Capital stock	3,060,000	3,060,000	3,060,000
				Capital surplus	32,551	28,812	25,844
				Retained earnings	570,684	452,547	486,196
				Total equity	3,663,235	3,541,359	3,572,040
Total	$9,415,910	$7,267,928	$6,973,394	Total	$9,415,910	$7,267,928	$6,973,394

(Continued)

E.SUN Insurance Broker Co., Ltd.
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2013	December 31, 2012	January 1, 2012	Liabilities and Equity	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$577,873	$463,961	$396,672	Liabilities			
Available-for-sale financial assets	94,034	363,714	386,801				
Properties and equipment	1,316	1,578	1,198	Current liabilities	$55,688	$108,356	$127,335
Deferred tax assets	127	935	1,057	Deferred tax liabilities	116	-	-
Other noncurrent assets	3,246	3,132	3,132	Other noncurrent liabilities	358	907	523
				Total liabilities	56,162	109,263	127,858
				Equity			
				Capital stock	113,000	113,000	113,000
				Capital surplus	3,318	2,981	2,711
				Retained earnings	504,291	608,371	552,236
				Other equity	(175)	(295)	(6,945)
				Total equity	620,434	724,057	661,002
Total	$676,596	$833,320	$788,860	Total	$676,596	$833,320	$788,860

E.SUN Venture Capital Co., Ltd.
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2013	December 31, 2012	January 1, 2012	Liabilities and Equity	December 31, 2013	December 31, 2012	January 1, 2012
				Liabilities			
Current assets	$343,793	$231,516	$147,447				
Available-for-sale financial assets	798,580	149,318	276,442	Current liabilities	$29,177	$5,647	$13,631
Other financial assets	1,295,106	1,200,778	1,265,052	Deferred tax liabilities	-	1,361	7,242
Properties and equipment	146	73	149	Other liabilities	1,015	158	493
Deferred tax assets	7,369	5,344	3,189	Total liabilities	30,192	7,166	21,366
Other noncurrent assets	132	132	132				
				Equity			
				Capital stock	1,500,000	1,500,000	1,500,000
				Capital surplus	1,633	1,326	1,013
				Retained earnings	252,634	89,240	155,990
				Other equity	660,667	(10,571)	14,042
				Total equity	2,414,934	1,579,995	1,671,045
Total	$2,445,126	$1,587,161	$1,692,411	Total	$2,445,126	$1,587,161	$1,692,411

(Continued)

3.Subsidiaries' condensed statements of comprehensive income

E.SUN Commercial Bank, Ltd.
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	2013	2012
Interest revenue	$22,121,594	$22,577,990
Less: Interest expense	(9,343,458)	(9,251,236)
Net interest	12,778,136	13,326,754
Net revenues and gains other than interest	13,020,825	9,139,569
Total net revenues	25,798,961	22,466,323
Bad-debt expenses and provision for losses on guarantees	(1,653,829)	(2,019,923)
Operating expenses	(13,631,177)	(11,964,659)
Income before income tax	10,513,955	8,481,741
Income tax expense	(1,666,351)	(1,316,482)
Net income	8,847,604	7,165,259
Other comprehensive income	151,174	260,534
Total comprehensive income	$8,998,778	$7,425,793
Earnings per share		
Basic	$1.77	$1.50

E.SUN Securities Co., Ltd.
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	2013	2012
Income	$923,862	$756,264
Service charge	(60,996)	(55,126)
Employee benefit expenses	(408,556)	(381,017)
Share of profit of subsidiaries accounted for using equity method	3,552	4,236
Operating expenses	(390,184)	(374,319)
Other profits and losses	67,182	75,511
Income before income tax	134,860	25,549
Income tax expense	(11,307)	(12,918)
Net income	123,553	12,631
Other comprehensive income	4,682	2,680
Total comprehensive income	$128,235	$15,311
Earnings per share		
Basic	$0.40	$0.04

(Continued)

E.SUN Insurance Broker Co., Ltd.
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	2013	2012
Operating revenue	$1,848,208	$1,539,038
Operating expenses	(1,469,314)	(987,011)
Operating income	378,894	552,027
Non-operating income and expenses	3,021	12,215
Income before income tax	381,915	564,242
Income tax expense	(64,972)	(95,347)
Net income	316,943	468,895
Other comprehensive income	588	6,339
Total comprehensive income	$317,531	$475,234
Earnings per share		
Basic	$28.05	$41.50

E.SUN Venture Capital Co., Ltd.
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Items	2013	2012
Operating revenue	$376,592	$100,593
Operating costs	(166,552)	(73,072)
Operating expenses	(13,999)	(9,826)
Operating income	196,041	17,695
Non-operating income and expenses	5,614	(2,021)
Income before income tax	201,655	15,674
Income tax benefit (expense)	(21,052)	1,290
Net income	180,603	16,964
Other comprehensive income	670,528	(24,328)
Total comprehensive income	$851,131	$(7,364)
Earnings per share		
Basic	$1.20	$0.11

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE6

BUSINESS SEGMENT FINANCIAL INFORMATION
YEARS ENDED DECEMBER 31, 2013 AND 2012

(In Thousands of New Taiwan Dollars)

Year ended December 31, 2013

Items \ Business Segment	Banking	Securities	Others	Consolidated
Net interest	$ 12,934,003	$ 226,308	$ (125,638)	$ 13,034,673
Net revenues and gains other than interest	11,825,068	629,182	1,258,503	13,712,753
Total net revenues	24,759,071	855,490	1,132,865	26,747,426
Bad-debt expenses and provision for losses on guarantees	(1,706,514)	(8)	-	(1,706,522)
Operating expenses	(13,587,066)	(761,430)	(478,111)	(14,826,607)
Income before income tax	9,465,491	94,052	654,754	10,214,297
Income tax expenses	(1,680,158)	(11,307)	(106,781)	(1,798,246)
Net income	7,785,333	82,745	547,973	8,416,051

Year ended December 31, 2012

Items \ Business Segment	Banking	Securities	Others	Consolidated
Net interest	$ 13,389,536	$ 205,351	$ (176,141)	$ 13,418,746
Net revenues and gains other than interest	8,361,420	498,698	1,069,890	9,930,008
Total net revenues	21,750,956	704,049	893,749	23,348,754
Bad-debt expenses and provision for losses on guarantees	(2,019,923)	(39)	-	(2,019,962)
Operating expenses	(11,831,095)	(718,530)	(443,077)	(12,992,702)
Income (loss) before income tax	7,899,938	(14,520)	450,672	8,336,090
Income tax benefits (expenses)	(1,316,482)	(12,918)	37,815	(1,291,585)
Net income (loss)	6,583,456	(27,438)	488,487	7,044,505

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE7

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
E.SUN Venture Capital Co., Ltd.	Stocks							
	Forcecon Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	61	$ 1,243	0.13	$ 1,243	Note 1
	Tai Med Biologics Inc.	-	Financial assets at fair value through profit or loss	250	18,751	0.13	18,751	Note 1
	T.H.I. Group Ltd.	-	Available-for-sale financial assets	231	6,852	0.31	6,852	Note 1
	Etrend Technology Co., Ltd.	-	Available-for-sale financial assets	971	12,190	2.66	12,190	Note 1
	Azure Ware Technologies, Inc.	-	Available-for-sale financial assets	516	9,357	0.40	9,357	Note 1
	Ledlink Optics Inc.	-	Available-for-sale financial assets	147	14,621	0.35	14,621	Note 1
	Xu Yuan Packing Technology Co., Ltd.	-	Available-for-sale financial assets	1,179	17,925	3.06	17,925	Note 1
	Optimer Biotechnology, Inc.	-	Available-for-sale financial assets	3,465	737,635	2.33	737,635	Note 1
	Bank-Pro E-Service Technology Co., Ltd.	-	Financial assets carried at cost	325	3,250	2.41	4,241	Note 2
	Epoch Chemtronics Corp.	-	Financial assets carried at cost	1,889	26,264	5.55	46,976	Note 2
	Sam Lam Technology Co., Ltd.	-	Financial assets carried at cost	1,700	-	6.07	-	-
	Beyond Innovation Technology Co., Ltd.	-	Financial assets carried at cost	1,776	30,219	5.26	6,425	Note 2
	Applied Green Light, Inc. of Cayman	-	Debt instruments with no active market	1,000	-	4.82	-	-
	Solidlite Co., Ltd.	-	Financial assets carried at cost	2,867	22,704	13.07	19,089	Note 2
	MOSA Industrial Corporation	-	Financial assets carried at cost	1,702	26,064	1.29	30,438	Note 2
	Orgchem Technologies Inc.	-	Financial assets carried at cost	1,220	56,000	2.09	23,545	Note 2
	Exploit Technology Co., Ltd.	-	Financial assets carried at cost	42	-	0.76	-	-
	Mao Chia Metal Co., Ltd.	-	Financial assets carried at cost	600	18,000	1.90	10,158	Note 2
	Wieson Technologies Co., Ltd.	-	Financial assets carried at cost	1,836	25,600	2.93	25,787	Note 2
	Litek Opto-electronics Co., Ltd.	-	Financial assets carried at cost	1,000	-	4.97	-	-
	Tospom Corporation	-	Financial assets carried at cost	891	-	8.18	-	-
	Chuan Shih Industrial Co., Ltd.	-	Financial assets carried at cost	2,250	-	5.79	-	-
	Crowningtek Inc.	-	Financial assets carried at cost	1,140	8,156	9.12	4,118	Note 2
	Gloria Solar International Holding, Inc.	-	Financial assets carried at cost	500	-	0.43	-	-
	Aero Win Technology Corporation	-	Financial assets carried at cost	1,123	13,000	1.85	13,418	Note 2
	Starchips Technology Inc.	-	Financial assets carried at cost	333	-	5.56	-	-
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets carried at cost	500	11,000	1.16	2,090	-
	Vactronics Technologies Inc.	-	Financial assets carried at cost	2,195	31,895	5.93	28,821	Note 2
	Fuho Technology Co., Ltd.	-	Financial assets carried at cost	389	12,013	1.33	5,308	Note 2
	Auria Solar Co., Ltd.	-	Financial assets carried at cost	1,200	-	0.57	-	-
	Mercury Electronic Industrial Co., Ltd.	-	Financial assets carried at cost	3,000	24,815	12.18	25,539	Note 2
	Awin Diamond Technology Corporation	-	Financial assets carried at cost	1,500	20,250	14.72	10,943	Note 2
	Chipsip Technology Co., Ltd.	-	Financial assets carried at cost	411	10,000	1.60	1,963	Note 2
	Innovation & Infinity Global Corporation	-	Financial assets carried at cost	2,724	34,750	2.75	61,141	Note 2
	UniDisplay Inc.	-	Financial assets carried at cost	784	9,000	0.40	3,471	Note 2

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2013 Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	Note
	Dano Tech Co., Ltd.	-	Financial assets carried at cost	1,500	$ 36,000	3.22	$ 5,248	Note 2
	Suntek Precision Corp.	-	Financial assets carried at cost	1,117	6,000	2.93	8,377	Note 2
	Arclite Optronics Corp.	-	Financial assets carried at cost	2,282	26,495	8.48	20,297	Note 2
	Jochu Technology Co., Ltd.	-	Financial assets carried at cost	175	8,812	0.21	7,337	Note 3
	Win Win Precision Technology Co., Ltd.	-	Financial assets carried at cost	1,122	50,474	2.47	20,605	Note 3
	Kuo Ching Chemical Co., Ltd.	-	Financial assets carried at cost	891	16,800	1.18	14,443	Note 2
	Airbag Packing Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	4.00	9,729	Note 2
	Procrystal Technology Co., Ltd.	-	Financial assets carried at cost	2,560	78,274	2.50	25,497	Note 2
	OME Technology Co., Ltd.	-	Financial assets carried at cost	1,457	25,767	2.30	16,468	Note 2
	ROBOSPARK Technology, Inc.	-	Financial assets carried at cost	670	-	2.72	-	-
	TBI Motion Technology Co., Ltd.	-	Financial assets carried at cost	2,475	49,175	2.90	40,831	Note 2
	Alpha Crystal Technology Corporation	-	Financial assets carried at cost	206	9,809	0.11	3,081	Note 3
	Biodenta Corporation	-	Financial assets carried at cost	1,890	47,790	1.71	10,097	Note 2
	Tapollop Technology Co., Ltd.	-	Financial assets carried at cost	666	7,990	8.67	2,431	Note 2
	Caremed Supply Inc.	-	Financial assets carried at cost	1,418	37,139	5.21	15,245	Note 2
	Tekho Company Ltd.	-	Financial assets carried at cost	1,540	28,490	14.00	17,162	Note 2
	Land Mark Optoelectronics Co.	-	Financial assets carried at cost	169	9,067	0.37	2,864	Note 3
	Rigitech Microelectronics Co.	-	Financial assets carried at cost	146	8,016	0.62	3,595	Note 3
	Apogee Optocom Co., Ltd.	-	Financial assets carried at cost	874	37,800	3.05	12,782	Note 2
	Life + Co., Ltd.	-	Financial assets carried at cost	975	9,750	7.86	8,714	Note 2
	Taiwan Silicones Technology Co., Ltd.	-	Financial assets carried at cost	3,600	36,000	18.00	26,135	Note 2
	CHO Pharma, Inc.	-	Financial assets carried at cost	3,000	30,000	2.50	30,001	Note 2
	ICP Technology Co., Ltd.	-	Financial assets carried at cost	666	9,990	2.53	5,751	Note 2
	Fashionguide Technology Corporation	-	Financial assets carried at cost	200	5,000	1.43	1,586	Note 2
	Hugetemp Energy Ltd.	-	Financial assets carried at cost	330	9,900	1.16	6,535	Note 2
	Eurocharm Holdings Co., Ltd.	-	Financial assets carried at cost	1,500	75,001	2.64	36,412	Note 2
	Enterex International Limited	-	Financial assets carried at cost	850	34,000	0.95	21,649	Note 2
	Arrow Span Inc.	-	Financial assets carried at cost	264	8,251	1.36	11,086	Note 4
	Taiwan depositary receipts							
	Digital China Holdings Limited	-	Financial assets at fair value through profit or loss	200	3,380	0.01	3,380	Note 1
	Contingent value rights							
	Cubist Pharmacenticals, Inc.	-	Financial assets at fair value through profit or loss	55	2,222	0.04	2,222	Note 1
E.SUN Insurance Broker Co., Ltd.	Beneficial certificates							
	Cathay Emerging Market High Yield Bond	-	Available-for-sale financial assets	2,378	25,337	-	25,337	Note 1
	Yuanta Emerging Bond Fund	-	Available-for-sale financial assets	4,674	48,316	-	48,316	Note 1
	BlackRock Global Fund - US Dollar High Yield Bond Fund	-	Available-for-sale financial assets	115	20,381	-	20,381	Note 1

Note 1:Market value of listed stocks was based on the closing price as of December 31, 2013, and market value of beneficial certificates was based on the net asset value as of December 31, 2013.

Note 2:Unlisted company. The amounts are based on the investee's latest unaudited or unreviewed financial statements.

Note 3:Unlisted company. The amounts are based on the investee's latest audited or reviewed financial statements.

Note 4:The fair value is determined on the basis of the discounted cash flow method.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE8

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL (ESFHC, E.SUN BANK AND UCB DISCLOSED ITS INVESTEES ACQUIRED OR DISPOSED OF) YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars/In Thousands of shares)

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.	Investments under the equity method	Mr. Yum	None	-	$ -	26	$ 2,065,612 (Notes 1 and 2)	-	$ -	$ -	$ -	26	$2,065,612 (Note 2)
E.SUN Venture Capital Co., Ltd.	Optimer Biotechnology, Inc.	Available-for-sale assets, current	-	None	5,551	55,194	193	30,563	2,279	303,995	23,149	280,846	3,465	62,608

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.

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE9

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2013

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 thousand has been paid as of December 31, 2013	Yu Mao Construction Co., Ltd.	-	-	-	-	$ -	DTZ Debenham Tie Leung Real Estate Appraiser Office	To build up the new branch office for E.SUN Bank's 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 E.SUN Bank's credit card and payment division after construction completed	-

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

TABLE10

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Subsidiary	$ 359,054	-	$ -	-	$ -	$ -

Note 1: The receivables come from remuneration to directors by E.SUN Bank and receivables related to consolidated tax returns.

Note 2: When preparing the consolidated financial statements, the receivables have been eliminated.

TABLE11

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 of December 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 E.SUN Bank's net asset value or 60% of E.SUN Bank's consolidated net asset value.

TABLE12

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 (%)
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Cash and cash equivalents, other financial assets	$ 5,656,750	Note 4	0.41
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Deposits and remittances	5,656,750	Note 4	0.41
1	E.SUN Commercial Bank, Ltd.	E.SUN Insurance Broker Co., Ltd.	c	Service fee and commission income	1,201,908	Note 4	4.49
2	E.SUN Insurance Broker Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Other general and administrative expense	1,201,908	Note 4	4.49
3	E.SUN Venture Capital Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	502,190	Note 4	0.04
1	E.SUN Commercial Bank, Ltd.	E.SUN Venture Capital Co., Ltd.	c	Deposits and remittances	502,190	Note 4	0.04
2	E.SUN Insurance Broker Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	372,042	Note 4	0.03
1	E.SUN Commercial Bank, Ltd.	E.SUN Insurance Broker Co., Ltd.	c	Deposits and remittances	372,042	Note 4	0.03
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Receivables on consolidated tax returns	297,521	Note 4	0.02
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Payables on consolidated tax returns	297,521	Note 4	0.02
0	E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	a	Payables on consolidated tax returns	152,340	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Financial Holding Company, Ltd.	b	Receivables on consolidated tax returns	152,340	Note 4	0.01
4	E.SUN Securities Co., Ltd.	E.SUN Commercial Bank, Ltd.	c	Cash and cash equivalents, other financial assets	122,017	Note 4	0.01
1	E.SUN Commercial Bank, Ltd.	E.SUN Securities Co., Ltd.	c	Deposits and remittances	122,017	Note 4	0.01
5	Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	c	Properties and equipment	260,831	Note 4	0.02
6	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.

TABLE13

CAPITAL ADEQUACY RATIO
DECEMBER 31, 2013 AND 2012

1.E.SUN Financial Holding Company, Ltd.'s Capital Adequacy Ratio

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2013			December 31, 2012		
	Proportion -ate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement	Proportionate Share	Group's Net Eligible Capital	Group's Statutory Capital Requirement
E.SUN Financial Holding Company, Ltd.		$ 87,490,633	$ 89,609,584		$ 80,509,065	$ 81,246,787
E.SUN Commercial Bank, Ltd.	100	112,353,658	73,232,988	100	103,424,675	62,646,252
E.SUN Securities Co., Ltd.	100	2,787,055	970,311	100	2,676,825	697,949
E.SUN Venture Capital Co., Ltd.	100	2,414,934	1,222,563	100	1,580,005	793,076
E.SUN Insurance Broker Co., Ltd.	100	620,434	338,298	100	724,644	416,652
Deduction		(105,136,026)	(89,461,519)		(95,493,400)	(81,148,479)
Total		100,530,688	75,912,225		93,421,814	64,652,237
Group capital adequacy ratio		132.43			144.50	

Note 1:The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

Note 2:Group capital adequacy ratio = Group's net eligible capital ÷ Group's statutory capital requirement.

2.E.SUN Financial Holding Company, Ltd.'s Eligible Capital

Unit: In Thousands of New Taiwan Dollars

Items	December 31, 2013
Common stock	$ 55,243,000
Capital instruments, which conform to the terms of Bank's other Tier 1 capital	-
Other preferred stocks and subordinated debts	5,000,000
Capital collected in advance	-
Capital surplus	14,497,390
Legal reserve	3,515,723
Special reserve	555,084
Cumulative earnings	8,023,127
Equity adjustments	816,635
Less: Capital deduction	160,326
Total eligible capital	87,490,633

(Continued)

Items	December 31, 2012
Common stock	$ 50,107,000
Qualified noncumulative perpetual preferred stocks and noncumulative subordinated debts without maturity dates, which both conform to the terms of Bank's Tier 1 capital	-
Other preferred stocks and subordinated debts	5,500,000
Capital collected in advance	-
Capital surplus	14,420,331
Legal reserve	2,809,899
Special reserve	551,166
Cumulative earnings	7,223,652
Equity adjustments	61,961
Less: Goodwill	-
Less: Deferred assets	164,944
Less: Treasury stock	-
Total eligible capital	80,509,065

Note:The above amounts are calculated under the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies."

3.E.SUN Commercial Bank, Ltd.'s Capital Adequacy Ratio

(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 common equity capital 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 “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 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 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”).

TABLE14

DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT DECEMBER 31, 2013 AND 2012

(In Thousands of New Taiwan Dollars, %)

December 31, 2013

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1.Same person		
Central Bank of the Republic of China (ROC)	$ 206,670,546	250.05
Ministry of Finance, ROC	35,566,509	43.03
Tai Power Co., Ltd.	12,419,054	15.03
Dragon Steel Corporation	7,687,470	9.30
Innolux Corporation	7,000,064	8.47
CPC Corporation, Taiwan	6,698,251	8.10
Taichung City Government	6,000,000	7.26
AUO Co., Ltd.	5,803,992	7.02
HONGKONG & SHANGHAI BANKING CORPORATION LIMITED	4,617,719	5.59
CITI BANK	4,065,006	4.92
NOMURA HOLDING	3,771,029	4.56
SHERLOCK LIMITED	3,206,896	3.88
2.Same related parties		
None		
3.Same affiliate		
Hon Hai Precision Co., Ltd. and related parties	10,040,193	12.15
China Steel Corporation and related parties	9,801,542	11.86
AUO Co., Ltd. and related parties	7,681,018	9.29
Hongkong and Shanghai Banking Corporation and related parties	6,576,627	7.96
Eva Airway Corporation and related parties	5,689,852	6.88
Ruentex Industries Ltd, and related parties	4,955,815	6.00
Nan Ya Plastic Co., Ltd. and related parties	4,526,454	5.48
Citi Bank and related parties	4,069,294	4.92
Taiwan Cement Co., Ltd and related parties	3,881,211	4.70
Formosa Petrochemical Co., Ltd. and related parties	3,775,156	4.57
Nomura Holding and related parties	3,771,029	4.56
Sinyi Realty Inc. and related parties	3,536,904	4.28
Walsin Lihwa Corporation and related parties	3,521,994	4.26
Pou Chen Corporation and related parties	3,330,008	4.03
Kinpo Co., Ltd. and related parties	3,236,055	3.92
Yuen Foong Yu Paper Mfg. Co., Ltd. and related parties	3,080,064	3.73

December 31, 2012

Name	Total Amounts of Credits, Endorsement or Other Transactions	Percentage of ESFHC's Equity
1.Same person		
Central Bank of the Republic of China (ROC)	$ 201,300,083	269.43
Ministry of Finance, ROC	38,034,022	50.91
Tai Power Co., Ltd.	10,495,149	14.05
CPC Corporation, Taiwan	8,692,423	11.63
Chi Mei Optoelectronics Corp.	8,089,899	10.83
Dragon Steel Corporation	7,152,992	9.57
AUO Co., Ltd.	6,087,329	8.15
Taichung City Government	6,000,000	8.03
JP MORGAN CHASE BANK	3,983,373	5.33
CITI BANK	3,166,417	4.24
China Steel Corporation	3,144,629	4.21
2.Same related parties		
None		
3.Same affiliate		
China Steel Corporation and related parties	11,990,514	16.05
Hon Hai Precision Co., Ltd. and related parties	9,215,449	12.33
AUO Co., Ltd. and related parties	8,574,467	11.48
Nan Ya Plastic Co., Ltd. and related parties	5,940,050	7.95
JP Morgan Chase & Co. and related parties	4,898,893	6.56
Hongkong and Shanghai Banking Corporation and related parties	4,646,439	6.22
Eva Airway Corporation and related parties	4,368,409	5.85
Ruentex Industries Ltd. and related parties	4,311,095	5.77
Walsin Lihwa Corporation and related parties	4,305,526	5.76
Standard Chartered Bank and related parties	4,264,078	5.71
Formosa Petrochemical Co., Ltd. and related parties	4,166,323	5.58
Pou Chen Corporation and related parties	4,049,909	5.42
Yuen Foong Yu Paper Mfg. Co., Ltd. and related parties	3,785,611	5.07
Quanto Computer Inc. and related parties	3,702,600	4.96
First Commercial Bank and related parties	3,387,713	4.53
Sinyi Realty Inc. and related parties	3,374,298	4.52
Citi Bank and related parties	3,180,682	4.26

E.SUN FINANCIAL HOLDING COMPANY, LTD.

TABLE15

THE RELATED INFORMATION 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	The Proportionate Share of the Company and its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Financial Holding Company, Ltd.	E.SUN Commercial Bank, Ltd.	Taipei	Banking	100.00	$82,750,226	$8,847,604	4,985,000	-	4,985,000	100.00	3
	E.SUN Securities Co., Ltd.	Taipei	Dealing, underwriting, brokering securities and operating in brokerage of futures	100.00	3,663,235	123,553	306,000	-	306,000	100.00	3
	E.SUN Venture Capital Co., Ltd.	Taipei	Investment	100.00	2,414,934	180,603	150,000	-	150,000	100.00	3
	E.SUN Insurance Broker Co., Ltd.	Taipei	Insurance brokering	100.00	620,434	316,943	11,300	-	11,300	100.00	3

Note 1:Shares or pro forma shares held by the Company, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

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 Paragraph 2 of Article 36 and Article 37 of the Financial Holding Company Act.

b.Equity-based securities are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules," such as convertible bonds and warrants.

c.Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Accounting Standards 39.

Note 3:When preparing the consolidated financial statements, it has been eliminated.

E.SUN SECURITIES CO., LTD.

TABLE16

FINANCIAL RATIOS OF FUTURE BUSINESS
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012

(In Thousands of New Taiwan Dollars)

Requirement: The Rules Governing Futures Commission Merchants.

Rule No.	Formula	December 31, 2013		December 31, 2012		January 1, 2012		Standard	Status of Compliance with Standard (Met/Unmet)
		Formula	Ratio	Formula	Ratio	Formula	Ratio		
17	Equities	$586,868	64.47	$577,489	68.24	$416,289	57.79	≧1	Met
	Total liabilities minus customers' equity accounts - futures	($483,725-$474,622)		($448,962-$440,500)		($369,621-$362,417)			
17	Current assets	$798,253	1.67	$736,040	1.66	$546,950	1.5	≧1	Met
	Current liabilities	$477,247		$443,516		$364,645			
22	Equities	$586,868	110%	$577,489	108%	$416,289	108%	≧60%	Met
	Capital stock	$535,000		$535,000		$385,000		≧40%	
22	Adjusted net capital	$562,997	445%	$551,622	552%	$391,547	475%	≧20%	Met
	Client and proprietary account	$126,446		$99,906		$82,387		≧15%	

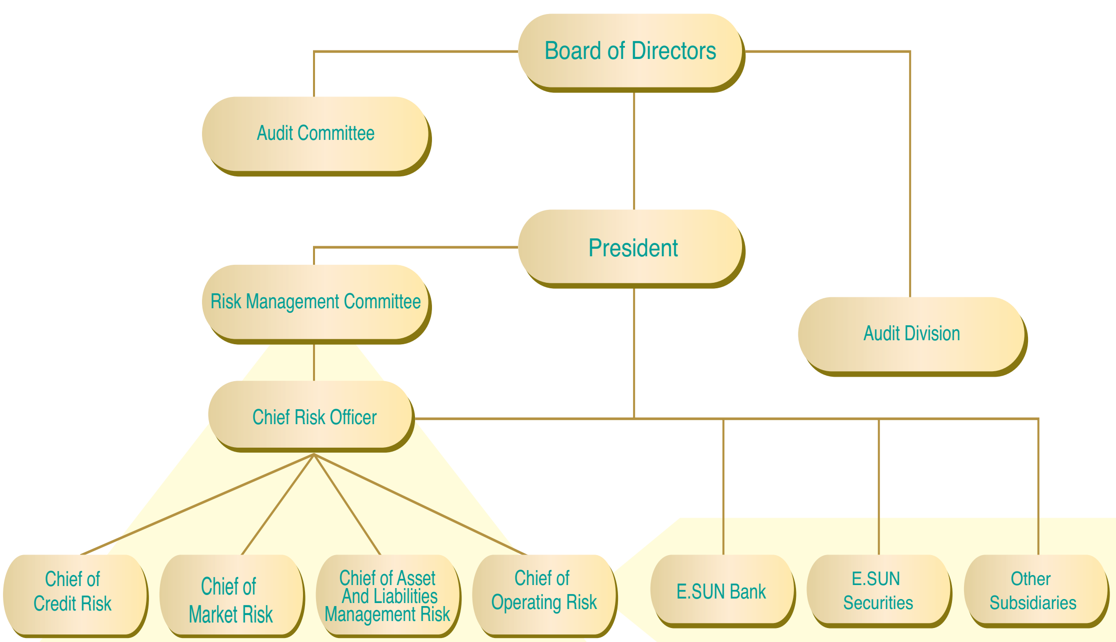
VII. Risk Management

1.Risk Management

The primary objectives of E.SUN FHC's risk management are to ensure the safety of assets, provide customer service, and create shareholder value. All operations are carried out with risk considerations being the foremost concern. Operations are to stress safety and liquidity first, then profitability and then growth. All should take into account the interests of the public.

1.1 FHC's Risk Management Framework

E.SUN has established an independent Risk Management Committee that is responsible for complying risk management policies approved by the board of directors, implementing the policies and ensuring compliance with international standards, thereby providing proper management of credit risk, market risk, operations risk and other risks. The Risk Management Committee also is required to provide risk reports on a regular basis to the quasi Audit Committee and the board of directors. At the same time, E.SUN is working to comply with the framework set forth in the Basel Accord. In addition to accurately calculating risk-based capital charges under Pillar I, paving the way for appropriate capital and asset risk allocation, E.SUN is striving to comply with Pillar II qualitative and quantitative standards and establish a risk sensitivity management framework. The FHC's risk management organizational framework is shown in the following diagram.



The FHC's Risk Management Organizational Framework.

1.2 Risk Measurement and Control Methods, and Exposure-related Quantitative Information – Applicable to All Subsidiaries

The Company has established internal risk compliance policies and acts in accordance with related regulations set forth by regulatory institutions. At the same time, it uses the Basel II Accord risk management framework as reference in instituting risk controls and managing risk. This raises E.SUN's overall ability to monitor risk.

(1) Routine Disclosures

a. Strategies and Procedures

(a) Credit Risk Management

1. The objective of risk management for each subsidiary is to be in compliance with regulations set forth by regulators and internal credit and trading risk control mechanisms. Internal guidelines will be adjusted at appropriate times based on local and overseas developments in the banking and economic sectors.
2. According to rules set forth by regulators, restrictions are placed on the risk position of any single financial institution. Credit rating and operational status are also factors taken into consideration.
3. E.SUN is to abide by regulations stipulated by regulators regarding the guarantee of short-term bills of a single enterprise and group of affiliates.
4. E.SUN sets limits on the amount of lending it provides to a specific industry and acts in accordance with rules set by regulatory agencies in this regard.

(b) Market Risk Management

1. The Company and its subsidiaries establish market risk management mechanisms to meet risk management needs, including tools to identify, measure, supervise, and control risk, as well as procedures for handling exceptions.
2. E.SUN sets all types of limits with respect to market risk and designates the level of management that must approve these limits. It also has procedures in place to handle circumstances when limits are breached.
3. Overall financial product holdings are reviewed on a regular basis. A risk exposure report is submitted to E.SUN FHC's risk management committee and board of directors accordingly. Such review helps the Company stay on top of the risk of price volatility so that it can make better-informed trading decisions.

(c) Operational Risk Management

The Company defines operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk." On top of a set of regulations governing operational risk management for the reference of both E.SUN FHC and its subsidiaries, an internal control system that ensures compliance with regulations of the competent authority is adopted as well. Setting out with the establishment of a sound operational system and promotion of operational risk awareness across the board, E.SUN FHC makes it a point to advance a corporate culture that gives priority to statutory compliance and enforce well-rounded internal control, thereby keeping operational risk in check. In addition to comprehensive on-the-job training, the Company has laid down a full range of regulations and guidelines that govern employee behavior, customer service (KYC included), product design, operating procedures, data security, system backup and emergency responses in order to prevent operational risk. In terms of risk deriving from external events, the Company is keen to stay alert to the latest changes in market environments, customer behavior, technologies, and laws and decrees in order to adapt in time and ensure the appropriateness of its internal regulations.

b. Related Risk Management Systems Organization and Framework – Applicable to All Subsidiaries

The E.SUN FHC Risk Management Policies and Guiding Principles require each subsidiary to set forth risk management standards and rules. Each subsidiary must establish a credit screening committee, an asset and liabilities management committee, and a risk management department and auditing department that carry out pricing of daily positions, tabulate the level of risk exposure and monitor external events. Meanwhile, each subsidiary is required to continue to enhance its customer value and risk analysis technology, along with internal controls system. This helps the FHC to recognize the accuracy of risk assessment and to ensure that management methods conform to international standards.

c. Scope and Feature of Risk Reporting and Measurement Systems – Applicable to all Subsidiaries

(a) Credit Risk:

Measures include the amount of credit extended to a single enterprise of single group of affiliates; controls on risk-based assets; total risk exposure to a single company; limits on liabilities with trading counterparties; and limits on trading of interest rate financial derivatives.

(b) Market Risk:

Include relevant risk factors in the evaluation system for financial products, furthermore, reports are provided to decision-making management with regards to the fair value and trading profits/losses of transactions, as well as the level of exposure and the adequacy of risk management assessment. These reports are also submitted periodically to the Risk Management Committee and the Board of Directors.

(c) Operational Risk:

Measures are adopted to determine whether business operations comply with guidelines and whether the suggestions for improvement provided in the course of internal audits are being carried out. These reports are also submitted periodically to the management team, Risk Management Committee and the Board of Directors.

d. Hedging and Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools – Applicable to All Subsidiaries

E.SUN FHC and its subsidiaries seek collateral, third-party guarantees and trade credit derivative products to hedge against risk. E.SUN will also use a trading counterparty's deposits to offset that party's liabilities. It also engages in asset securitization to transfer risk. E.SUN has set up internal risk control mechanisms and also complies with rules and systems set by regulatory agencies. E.SUN will adjust its measures as appropriate based on the developments in the domestic and foreign economic and banking environment. These measures ensure the continued effectiveness of risk avoidance and risk mitigation tools.

1.3 Impact of Important Domestic or Foreign Policy and Legal Changes on the FHC'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 nonpublic bodies. In a nutshell, E.SUN ensures regulatory compliance by introducing comprehensive management processes and emergency countermeasures that are in turn complemented by stringent checking and verification procedures. With "Pure as Jade, Stern as Mountain" as its hallmark, 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 make sure that the Bank's internal control system function effectively and properly, the regulatory compliance team is charged with the responsibility of supervising self-examination 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 the E.SUN family, the Company has been able to establish a sound internal audit/control system.

(3) Due to go into effect on June 30, 2014, the Foreign Account Tax Compliance Act (FATCA) of the U.S. requires foreign financial institutions to report to the Internal Revenue Service (IRS) information about financial accounts held by U.S. taxpayers. 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 Company is ready to comply with cross-government agreements and related laws and regulations while ushering in such procedures. In other words, the Company 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 intended to curtail the business scope of the financial services industry, in particular by banning commercial banks from engaging in proprietary trading and owning hedge or private equity funds in the U.S. The avowed objective is to reduce the odds of systemic risk by restricting banks' risk appetite. But it also has been made clear that foreign banks will be exempted from the rule and that proprietary trading is permissible for them. As such, the Company expects to sustain a far from significant impact. E.SUN will continue to keep track of subsequent developments and evaluate how the legislation may impact its businesses.

(5) For the Company, Basel III that was put into effect in 2013 means a marginal decline in the capital adequacy-related ratios of its subsidiary E.SUN Bank. In response, the Company already conducted a rights issue to help the subsidiary keep up capital adequacy.

1.4 Impact of Technological and Industrial Changes on the FHC's Financial Operations, and Countermeasures:

Alongside the advancement in ICT and its applications, the Company has persistently invested in related R&D projects and drawn on its subsidiary E.SUN Bank's 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, E.SUN aims to win the recognition of customers that they can trust the Company with their household finances. Meanwhile, E.SUN 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, E.SUN 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.

1.5 Impact of Changes in the FHC's and Subsidiaries' Image on the Company, and Countermeasures:

E.SUN FHC and its subsidiaries are both committed to making a paradigm of corporate governance. Priority is given to transparent disclosure with regard to transactions with related parties, prevention of conflicts of interests, and protection of shareholder rights. Equal emphasis is placed on refining the Company's organizational structure and sub-systems in relation to risk management, personnel training and employee welfare. On the other hand, E.SUN always does its best to help promote environmental protection and other social services. In the event of incidents that may undermine the Company's public image, it always initiates self-examination in no time and undertakes emergency response or other crisis management measures when necessary. That is, it spares no efforts to keep up a respectable public image worthy of a decent enterprise fully committed to corporate social responsibility.

In 2013, E.SUN FHC won extensive recognition of its devotion to corporate social responsibility and emphasis on customer service among the general public and international institutions. High on the list are Commonwealth magazine's Commonwealth Corporate Citizen Awards (E.SUN as the local financial industry's No. 1 recipient for the fifth year); the Platinum Corporate Award for Management Excellence among Asian Enterprises by Hong Kong's The Asset magazine for the fourth consecutive year; Commonwealth magazine's Gold Medal Service Awards (E.SUN as the local financial industry's No. 1 recipient for the third consecutive year); and the Best Payment Initiative in Taiwan award from The Asian Banker. Separately, E.SUN FHC subsidiaries E.SUN Bank and E.SUN Securities both secured ISO 50001 certification, marking the first such case for the local financial services industry. For its part, E.SUN Securities emerged as the only local brokerage to have been certified under the Bureau of Energy's ISO 50001 initiatives.

1.6 Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures:

E.SUN Bank completed its acquisition of a 70% stake in Cambodia's Union Commercial Bank Plc last year. Set up in 1994 and headquartered in the Cambodian capital of Phnom Penh, UCB runs five domestic outlets that offer a full range of banking services: deposits, loans and credit cards. By combining the Bank's comprehensive domestic and overseas outlets and UCB's local standing, E.SUN is ready to further promote a premium brand name on the back of top-quality financial services.

1.7 Risks from Concentration of Operations, and Countermeasures:

(1) Concentration of Operations

E.SUN remains sensitive to any changes in the financial industry. It stays abreast of macroeconomic and industrial trends, as well as the direction of prices. It adjusts its business development strategies as appropriate.

(2) 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.

1.8 Impact of the Transfer of Stakes Held by Directors, Supervisors or Major Shareholders Holding Stakes Over 1%, Possible Risks and Countermeasures:

As of the end of 2013, no directors, supervisors or major shareholders with a stake of over 1% transferred stakes to another party.

1.9 Influence of Changes in Ownership of the FHC, Possible Risks and Countermeasures:

As of the end of 2012, there is no significant change in ownership

1.10 Litigious or Non-litigious Incidents: None

1.11 Other Major Risks and Countermeasures: None

2.Crisis Handling Mechanism

E.SUN FHC and its subsidiaries abide by standard operating procedures and rules set forth in the Guidelines on Emergency Response and Crisis Management. Staying alert all the time, they take a preemptive approach toward preventing occurrence of any crisis. In addition, drills are carried out regularly to ensure that the established crisis management measures are effective and to further enhance overall preparedness and responsiveness. A set of Operating Regulations for Emergency Responses to Personal Data Infringement is put in place as the framework for preventing, reporting and handling incidents of the sort as well as taking other precautionary measures. Separately, both E.SUN FHC and its subsidiaries have set up their crisis management task forces and assigned emergency liaison officers. In the event of an emergency or other abnormal incident, they are supposed to promptly decide on response measures that are to be implemented systematically and effectively. Timely reporting is also imperative to ward off escalation of a given crisis. Equally important is consistent review and improvement to help reduce response costs and strengthen preventive and responsive capabilities.

3.Disclosure of Evaluation for Financial Products

For all the financial products underwrite by E.SUN, besides those whose value can be quoted form open market such the closing price of future for commodities, other OTC derivatives, the values are calculated via the company's evaluation system.

4.Other Important Issues: **None**

Procedures for internal material information: The company has established the procedures for internal material information, to ensure all employee and directors are informed and comply with it.

VIII Special Notes

1. Representation of Consolidated Financial Statements of Affiliated Enterprises

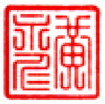
Representation of Consolidated Financial Statements of Affiliated Enterprises

March 5, 2014

The Company and its affiliated enterprises defined by “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” in 2013 are the same with those defined by Article 27 of Statement Financial Accounting Standard. A consolidated financial statement of the parent company and affiliated enterprises has already been released and therefore there is no need to separately produce a consolidated financial statement for affiliated enterprises.

Company Name: E.SUN Financial Holding Co. Ltd.

Chairman Yung-Jen Huang



2. Affiliation Report: **Please refer to Section 8 of Financial Statement (Chapter VI)**

PURE AS JADE , STERN AS MOUNTAIN

No. 1 in the group of Financial Institutions in the Award of Excellence in Corporate Social Responsibility. *(Common Wealth Magazine)*

Top-ranked among financial institutions in Golden Service Award in 3 consecutive years. *(CommonWealth Magazine)*

Best Wealth Management Bank. *(The Business Today Magazine)*

SME Credit Guarantee Fund Partner Award in 8 consecutive years. *(MOEA, Credit Guarantee Fund)*

Platinum Award in Excellence Management in Corporate Governance in Asia in 4 consecutive years. *(The Asset Magazine)*

E.SUN FINANCIAL HOLDING COMPANY, LTD.

Yung-Jen Huang

Chairman

March 30, 2014 Printed

E.SUN of Taiwan, as E.SUN of the World.

Service Network of E.SUN FHC

E.SUN BANK	phone		phone		phone
Head Office Business Division	+886 2 2175 1313	Banhsin Branch	+886 2 8952 1313	Longjing Branch	+886 4 2636 6813
Customer Service Division	+886 2 2175 1313	Sinbantecyu Branch	+886 2 2954 1313	Changhua Branch	+886 4 728 1313
International Banking Division/OBU	+886 2 2175 1313	Guangfu Branch	+886 2 2957 1313	Yuanlin Branch	+886 4 836 1313
Trust Division	+886 2 2175 1313	Sanchung Branch	+886 2 2280 1313	Caotun Branch	+886 4 9238 1313
Credit Card and Payment Division	+886 2 2182 1313	Chongsin Branch	+886 2 2984 1313	Douliou Branch	+886 5 532 1313
Stock Service Department	+886 2 2719 1313	Er-Chong Branch	+886 2 2278 1313	Chiayi Branch	+886 5 223 1313
Business Division	+886 2 2719 1313	East Sanchung Branch	+886 2 2971 1313	East Chiayi Branch	+886 5 216 1313
Nanching East Road Branch	+886 2 2760 1313	Tucheng Branch	+886 2 2274 1313	Puzih Branch	+886 5 379 1313
Chengjhong Branch	+886 2 2382 1313	SouthTucheng Branch	+886 2 2267 1313	Tainan Branch	+886 6 241 1313
Dongmen Branch	+886 2 2321 1313	Shulin Branch	+886 2 8675 1313	East Tainan Branch	+886 6 289 1313
Chengtung Branch	+886 2 2504 1313	Hueilong Branch	+886 2 2689 1313	Jinhua Branch	+886 6 291 1313
Keelungroad Branch	+886 2 2378 1313	Wugu Branch	+886 2 2290 1313	Annan Branch	+886 6 357 1313
Hsinyi Branch	+886 2 8789 1313	Sindian Branch	+886 2 2916 1313	Chiali Branch	+886 6 721 1313
Tienmu Branch	+886 2 2835 1313	Beisin Branch	+886 2 8911 1313	Yungkang Branch	+886 6 201 1313
Minsheng Branch	+886 2 2509 1313	Sanxia Branch	+886 2 2673 6613	Yanhang Branch	+886 6 253 1313
Fuhsing Branch	+886 2 2771 1313	Taishan Branch	+886 2 2297 1313	Rende Branch	+886 6 270 6613
Tunnan Branch	+886 2 2754 1313	Sijhih Branch	+886 2 2647 6613	South Yungkang Branch	+886 6 313 1313
Changchun Branch	+886 2 2546 1313	Taoyuan Branch	+886 3 332 1313	Kaohsiung Branch	+886 7 336 1313
Chungshan Branch	+886 2 2537 1313	South Taoyuan Branch	+886 3 337 1313	Dashun Branch	+886 7 727 1313
Neihu Branch	+886 2 2659 1313	Taoyin Branch	+886 3 375 1313	Lingya Branch	+886 7 716 1313
Shilin Branch	+886 2 2834 1313	Yiwen Branch	+886 3 357 1313	Cianjhen Branch	+886 7 761 1313
Dong-hu Branch	+886 2 2632 1313	Linkou Branch	+886 3 396 1313	Chihsien Branch	+886 7 235 1313
North Tienmu Branch	+886 2 2877 1313	Nankan Branch	+886 3 352 1313	Zuoying Branch	+886 7 559 1313
Songshan Branch	+886 2 3765 1313	Bade Branch	+886 3 367 1313	Nanzih Branch	+886 7 364 1313
Heping Branch	+886 2 2362 1313	Jhongli Branch	+886 3 427 1313	North Kaohsiung Branch	+886 7 350 1313
Mincyuan Branch	+886 2 2568 1313	Lisin Branch	+886 3 492 1313	Sanmin Branch	+886 7 315 1313
Jhonglun Branch	+886 2 2577 1313	Jhongyuan Branch	+886 3 428 1313	Dachang Branch	+886 7 341 1313
Daan Branch	+886 2 2755 1313	Yangmei Branch	+886 3 488 1313	Chengcing Branch	+886 7 386 1313
Guting Branch	+886 2 2364 1313	Hsinchu Branch	+886 3 523 1313	Siaogang Branch	+886 7 807 1313
Beitou Branch	+886 2 2895 1313	Guanghua Branch	+886 3 533 1313	Fongshan Branch	+886 7 743 1313
Songjiang Branch	+886 2 2562 1313	Juke Branch	+886 3 564 1313	Gangshan Branch	+886 7 621 1313
Mujha Branch	+886 2 2936 1313	JhuBei Branch	+886 3 554 1313	Linyuan Branch	+886 7 643 1313
Jhongsiao Branch	+886 2 8772 1313	Sinfong Branch	+886 3 557 1313	Houjhuang Branch	+886 7 702 1313
Sinshu Branch	+886 2 2203 1313	Lioujia Branch	+886 3 658 9013	Pingtung Branch	+886 8 733 1313
Jiancheng Branch	+886 2 2556 1313	Jhunan Branch	+886 3 746 1313	Chaojhou Branch	+886 8 786 1313
Nangang Branch	+886 2 2789 1313	Toufen Branch	+886 3 766 3571	Donggang Branch	+886 8 835 1313
Hsinchuang Branch	+886 2 2202 1313	Houlong Branch	+886 3 773 1313	Neipu Branch	+886 8 778 1313
North Hsinchuang Branch	+886 2 2997 1313	Taichung Branch	+886 4 2254 1313	Keelung Branch	+886 2 2427 1313
Sinshu Branch	+886 2 2203 1313	Wunsin Branch	+886 4 2291 1313	Luodong Branch	+886 3 957 1313
Lujhou Branch	+886 2 2848 1313	Dadun Branch	+886 4 2320 1313	Hualien Branch	+886 3 831 1313
Shwangho Branch	+886 2 2923 1313	Nantun Branch	+886 4 2380 1313	Taitung Branch	+886 8 936 1313
Yonghe Branch	+886 2 2949 1313	Situn Branch	+886 4 2461 1313	Penghu Branch	+886 6 927 1313
Jisian Branch	+886 2 8283 1313	Zhonggong Branch	+886 4 2350 8913	Los Angeles Branch	+1 626 810 2400
Yongan Branch	+886 2 8921 1313	Beitun Branch	+886 4 2241 6813	Hong Kong Branch	+852 3405 6168
Jhonghe Branch	+886 2 2222 1313	Taiping Branch	+886 4 2270 8813	Singapore Branch	+65 6533 1313
Liancheng Branch	+886 2 8228 1313	Wurih Branch	+886 4 2260 8813	Dongguan Branch	+86 769 2868 1313
Taihe Branch	+886 2 2242 1313	Wuquan Branch	+886 4 2377 1313	Ho Chi Minh City Representative Office	+84 8 3835 1313
Nanshijiao Branch	+886 2 2942 8813	Fongyuan Branch	+886 4 2512 1313	Yangon Representative Office	+95 9 3333 1313
Banciao Branch	+886 2 8257 1313	Dali Branch	+886 4 2418 1313	Union Commercial Bank Plc.	+855 23 427 995
Puchain Branch	+886 2 2963 1313	Daya Branch	+886 4 2568 1313		

E.SUN Securities Co., Ltd.

Headquarters	+886 2 5556 1313	Hsinchuang Branch	+886 2 2998 1313
Brokerage HQ	+886 2 2713 1313	Taoyuan Branch	+886 3 336 6813
Nanching East Road Branch	+886 2 2765 1313	Hsinchu Branch	+886 3 666 9913
Songjiang Branch	+886 2 2562 1313	Tucheng Branch	+886 4 2265 1313
Renai Branch	+886 2 3393 1313	Dali Branch	+886 2 2407 9813
Taida Branch	+886 2 8369 1313	Chiayi Branch	+886 5 216 9913
Chengjhong Branch	+886 2 2382 1313	Tainan Branch	+886 6 269 9913
Shinlin Branch	+886 2 2833 1313	Jin Hua Branch	+886 6 291 6613
Shwangho Branch	+886 2 8923 1313	Kaohsiung Branch	+886 7 397 1313
Neihu Branch	+886 2 2656 1313	Zuoying Branch	+886 7 558 6613
Banciao Branch	+886 2 2951 9913		

E.SUN Insurance Brokers Co., Ltd.

+886 2 2545 6613

E.SUN Venture Capital Co., Ltd.

+886 2 2175 1313

E.SUN Volunteer & Social Welfare Foundation

+886 2 2175 1313

E.SUN Foundation

+886 2 2175 1313

玉山金控 E.SUN FHC
10546 14F,No.117&1F,No.115,Sec.3,Minsheng E. Rd.,Taipei,Taiwan
TEL:+886 2 2175-1313
http://www.esunfhc.com.tw