DBS BANK (TAIWAN) LTD

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2012 AND 2011

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Report of Independent Accountants Translated from Chinese

PWCR12000543
To DBS Bank (Taiwan) Ltd

We have audited the accompanying balance sheets of DBS Bank (Taiwan) Ltd ("the Company") as of December 31, 2012 and 2011, and the related statements of income, of changes in stockholders' equity, and of cash flows for the periods from January 1, 2012 to December 31, 2012 and from February 25, 2011 to December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DBS Bank (Taiwan) Ltd as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the periods from January 1, 2012 to December 31, 2012 and from February 25, 2011 to December 31, 2011 in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers Taiwan
March 27, 2013

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DBS BANK (TAIWAN) LTD
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2012	2011
ASSETS			
Cash and cash equivalents	4(1) and 5	$ 2,423,558	$ 9,962,100
Due from Central Bank and call loans to other banks	4(2) and 5	12,606,720	-
Financial assets at fair value through profit or loss	4(3) and 5	10,372,961	-
Receivables – net	4(4), (20) and 5	4,363,328	4,788
Bills discounted and loans – net	4(5) and 5	183,110,381	-
Available-for-sale financial assets – net	4(6) and 6	49,608,728	-
Other financial assets – net	4(7)	48,024	-
Fixed assets – net	4(8), (19)	1,351,430	-
Intangible assets	4(14), (19)	139,996	-
Other assets	4(9)	755,952	23,621
TOTAL ASSETS		$ 264,781,078	$ 9,990,509
LIABILITIES AND SHAREHOLDERS' EQUITY			
Due to Central Bank and other banks	4(10) and 5	$ 40,822,448	$ -
Financial liabilities at fair value through profit or loss	4(11) and 5	3,241,000	-
Payables	4(12) and 5	4,544,548	101,929
Deposits and remittances	4(13) and 5	189,518,193	-
Accrued pension liabilities	4(14)	25,689	-
Other financial liabilities	4(15)	3,427,765	-
Other liabilities		670,874	-
Total liabilities		242,250,517	101,929
Shareholders' Equity			
Common shares	4(16)	22,000,000	10,000,000
Retained earnings (Accumulated Deficit)	4(17)	491,680	(111,420)
Cumulative translation adjustments		(7,573)	-
Unrealized gain on financial instruments	4(6) and 10	46,454	-
Total shareholders' equity		22,530,561	9,888,580
Commitments and contingent liabilities			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7	$ 264,781,078	$ 9,990,509

The accompanying notes are an integral part of these financial statements.

DBS BANK (TAIWAN) LTD
STATEMENTS OF INCOME
FOR THE PERIODS FROM JANUARY 1, 2012 TO DECEMBER 31, 2012 AND FROM FEBRUARY 25, 2011 TO DECEMBER 31, 2011 (DEVELOPMENT STAGE)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE EXPRESSED IN NEW TAIWAN DOLLARS)

	Notes	2012	From February 25, 2011 to December 31, 2011
Interest income	5	$ 4,811,885	$ 8,817
Less: Interest expense	5	(2,086,534)	-
Net interest income		2,725,351	8,817
Net non-interest income			
Net fee and commission income	4(23) and 5	784,159	-
Gains or losses on financial assets and financial liabilities at fair value through profit or loss	4(3) and 11	645,551	-
Realized gains or losses on available-for-sale financial assets		11,585	-
Foreign exchange gains	5	244,754	-
Other non-interest income		594,344	-
Total net non-interest income		2,280,393	-
Net revenues		5,005,744	8,817
Bad debt expenses and gain on recovered bad debt	4(5)	(121,743)	-
Operating expenses			
Personnel expenses	4(14)(18)(19) and 5	(2,429,196)	(1,000)
Depreciation and amortization expenses	4(19)	(248,741)	-
Other general and administrative expenses	5	(1,519,434)	(142,058)
		(4,197,371)	(143,058)
Income (loss) before income tax		686,630	(134,241)
Income tax (expense) benefit	4(20)	(83,530)	22,821
Net income (loss)		$ 603,100	($ 111,420)

	Notes	2012 Before Tax	2012 After Tax	2011 Before Tax	2011 After Tax
EARNINGS PER SHARE		Before Tax	After Tax	Before Tax	After Tax
Earnings per share	4(21)	$ 0.31	$ 0.27	($ 0.13)	($ 0.11)

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

DBS BANK (TAIWAN) LTD

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIODS FROM JANUARY 1, 2012 TO DECEMBER 31, 2012 AND

FROM FEBRUARY 25, 2011 TO DECEMBER 31, 2011 (DEVELOPMENT STAGE)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Common Stocks	(Accumulated Deficits) Retained Earnings	Cumulative Translation Adjustments	Unrealized Gain On Financial Instruments	Total
From February 25 to December 31, 2011					
Issuance of 1,000,000 thousands shares of common shares at par value $10	$ 10,000,000	$ -	$ -	$ -	$ 10,000,000
Net loss for the period from February 25, 2011 to December 31, 2011	-	(111,420)	-	-	(111,420)
Balance as of December 31, 2011	$ 10,000,000	($ 111,420)	$ -	$ -	$ 9,888,580
2012					
Balance as of January 1, 2012	$ 10,000,000	($ 111,420)	$ -	$ -	$ 9,888,580
Additional issuance of common shares to acquire operations of DBS Bank Ltd, Taipei Branch	12,000,000	-	-	-	12,000,000
Net income for 2012	-	603,100	-	-	603,100
Unrealized gain on available-for-sale financial assets	-	-	-	46,454	46,454
Cumulative translation adjustments	-	-	(7,573)	-	(7,573)
Balance as of December 31, 2012	$ 22,000,000	$ 491,680	($ 7,573)	$ 46,454	$ 22,530,561

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

DBS BANK (TAIWAN) LTD
STATEMENTS OF CASH FLOWS
FOR THE PERIODS FROM JANUARY 1, 2012 TO DECEMBER 31, 2012 AND FROM FEBRUARY 25, 2011 TO DECEMBER 31, 2011 (DEVELOPMENT STAGE)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2012	2011
Cash Flows From Operating Activities		
Net income (loss)	$ 603,100	($ 111,420)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Bad debt expenses	302,085	-
Depreciation (including non-operating assets listed under other non-interest income)	218,861	-
Amortization	39,044	-
Gain on disposal of fixed assets	(15,886)	-
Write-off of fixed assets and intangible assets	14,289	-
Gain on sale of available-for-sale financial assets	(11,585)	-
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	(7,841,699)	-
Receivables	(1,871,135)	(4,788)
Other financial assets	(1,409)	-
Other assets	(64,572)	(23,621)
Financial liabilities at fair value through profit or loss	948,554	-
Payables	2,032,129	101,929
Accrued pension liabilities	6,169	
Other financial liabilities	1,663,396	-
Other liabilities	304,882	-
Net cash used in operating activities	(3,673,777)	(37,900)
Cash Flows From Investing Activities		
Increase in bills discounted and loans	(30,358,336)	-
Increase in available-for-sale financial assets	(29,289,813)	-
Acquisition of fixed assets and intangible assets	(151,779)	-
Proceeds from sales of fixed assets and intangible assets	125,744	-
Increase in due from Central Bank and call loans to other banks	8,238,923	-
Cash and cash equivalents assumed from DBS Bank Ltd, Taipei Branch	1,099,823	-
Net cash used in investing activities	(50,335,438)	-
Cash Flows From Financing Activities		
Increase in due to Central Bank and other banks	26,602,695	-
Increase in deposits and remittances	19,901,485	-
Proceeds from issuance of common shares	-	10,000,000
Net cash provided by financing activities	46,504,180	10,000,000
Net effect of foreign exchange rate changes	(33,507)	-
Net (decrease) increase in cash and cash equivalents	(7,538,542)	9,962,100
Cash and cash equivalents at beginning of the period	9,962,100	-
Cash and cash equivalents at end of the period	$ 2,423,558	$ 9,962,100
Supplemental Cash Flow Information		
Interest paid	$ 2,073,034	$ -
Income tax paid	$ 38,128	$ -

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

DBS BANK (TAIWAN) LTD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

(1) DBS Bank (Taiwan) Ltd. ("The Company") obtained the approval from regulator to set up preparatory office on February 25, 2011 and was incorporated under the Company Act of the Republic of China on September 9, 2011.

(2) According to the approvals of Jinsoxan No. 10001276390 issued by the Ministry of Economic Affairs on 1 January 2012 and of Jinguanyinwai No. 10050003500 issued by the Financial Supervisory Commission of Executive Yuan and in accordance with Business Mergers and Acquisitions Act and The Financial Institutions Merger Act, the Company acquired specific assets and liabilities items from DBS Bank Ltd, Taipei Branch on January 1, 2012.

(3) The principal activities of the Company comprise mainly of accepting deposits, granting loans, investing in securities, conducting foreign exchange transactions, providing guarantee services, issuing letters of credits, issuing credit cards, and conducting trust and agency services and wealth management.

(4) As of December 31, 2012, the Bank had 1,447 employees. The ultimate parent company of the Company is DBS Group Holdings Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and generally accepted accounting principles in the Republic of China. The Company's significant accounting policies are summarized below:

(1) Basis of financial statement preparation

A. The accompanying financial statements include 40 branches and the Offshore Banking Unit of DBS Bank (Taiwan) Ltd. All significant inter-office accounts and transactions have been eliminated in the financial statements.

B. The Company adopts Statement of Financial Accounting Standards No. 28, "Disclosures in the Financial Statements of Banks" whereby assets and liabilities are not required to be classified under current or non-current categories.

(2) Foreign currency transactions

A. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in current year's profit or loss.

B. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss.

C. When gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are not measured at fair value are translated using the exchange rate at the date of the transaction.

(3) Financial assets and financial liabilities at fair value through profit or loss

A. Debt securities and derivative instruments are accounted for using trade date accounting and are initially recognized at their fair values.

B. Financial assets and liabilities at fair value through profit or loss shall be measured at fair value and the value changes shall be recognized in current year's profit and loss.

(4) Available-for-sale financial assets

A. Debt and equity securities are accounted for using trade date accounting. Such financial instruments are initially recognized at fair value plus the acquisition cost.

B. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in stockholders' equity. For stocks listed on the TSE or OTC, fair value is determined based on the closing price at the balance sheet date. For beneficiary certificates, fair value is determined based on the net asset value of the given fund at the balance sheet date. For bond investments, fair value is determined based on applying valuation techniques using the rate of yield provided by Bloomberg or Reuters.

C. If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be transferred from equity to profit or loss. When the fair value of an equity instrument subsequently increases, any impairment loss recognized previously shall be adjusted in equity. When the fair value of a debt instrument subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss recognized in profit or loss.

(5) Financial assets carried at cost

A. Investment in unquoted equity instruments is recognized or derecognized using trade date accounting and is stated initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss shall not be reversed when the fair value of the asset subsequently increases.

(6) Bills discounted and loans

Bills discounted and loans are measured at principal of loans plus significant transaction cost and subsequently carried at amortized cost using interest method; straight-line basis amortization could be adopted when there is no significant difference in the results.

Allowance for doubtful debt is provided at end of period in accordance with SFAS No. 34 “Financial Instruments: Recognition and Measurement”, “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” of the Banking Bureau of Financial Supervisory Commission and “Regulations Governing Institutions Engaging in Credit Card Business”. Loans are written-off when recovering is impossible.

In accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” of the Banking Bureau of Financial Supervisory Commission, loans and other credit extension which are overdue and still not repaid should be transferred to overdue accounts along with interest receivables.

(7) Allowance for doubtful debt

Allowance for doubtful debt is recognized based on the recoverability in relation to the balance of accounts receivables, loans, overdue receivables, factoring receivable and acceptances receivable. Starting from January 1, 2011, in accordance with the revised SFAS No. 34, “Financial Instruments: Recognition and Measurement”, balance of loans and receivables is assessed on the balance sheet date to determine whether objective evidence exists indicating impairment losses on material individual financial assets, and individually or collectively on individually non-material financial assets. An impairment loss is recognized when there is an objective evidence of impairment. Amount of impairment is the difference between the book value of financial asset and the estimated future cash flow discounted by original effective interest rate.

In subsequent periods, if the amount of impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amounts do not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years.

The Company also assesses the recoverability and aging of various loans and receivables (including overdue accounts and interest receivables) in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and "Regulations Governing Institutions Engaging In Credit Card Business".

(8) Fixed assets

A. Fixed assets are stated at cost. Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. Estimated useful lives of major fixed assets are 3~55 years.

B. Major improvements and renewals are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

C. Fixed assets that are idle or have no value in use are reclassified to "other assets" at the lower of the fair value less costs to sell or book value. The resulting difference is recognized as loss.

(9) Foreclosed assets

Foreclosed assets are stated at cost. Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. Estimated useful lives of the foreclosed assets are 55 years. If there is any objective evidence that the foreclosed assets are impaired, they are measured at recoverable amount, and any decrease in market value or impairment is recognized as "Loss on impairment of foreclosed properties".

(10) Intangible Assets

Intangible assets are stated at cost. Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. Estimated useful lives of major intangible assets are 1~5 years

(11) Impairment of non-financial assets

The Company recognizes impairment loss when indications exist that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell or value in use. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

(12) Retirement plan

Under the defined benefit pension plan, net periodic pension cost, which is based on actuarial result, includes service cost, interest cost, expected return on plan assets, amortization of net transition asset, and amortization of unrecognized pension gain or loss, and is recognized as incurred. Under defined contribution plan, contributions required are recognized as pension cost on accrual basis.

(13) Reserves for operations

Reserves for operations mainly include reserve for guarantees. Reserve for guarantees of the Company is determined based on the estimated losses arising from default possibility of guarantees receivable, letters of credit receivable and agreed credit limits.

(14) Share-based payment – employee compensation plan

Employee benefits include share-based compensation, namely, the DBSH Share Option Plan and the DBSH Share Plan (the "Plans"). The details of the plans are described in Note 4(18).

Equity instruments granted and ultimately reserved under the Plans are recognized in the Statement of Income based on the fair value of the equity instrument at date of grant. The expense is accounted for as payroll expenses and accrued expense - share-based compensation during the vesting period.

(15) Employees' bonuses and directors' and supervisors' remuneration

The Company adopts R.O.C. SFAS No.39, "Accounting for Share-based Payment" and EITF 96-052 of Accounting Research and Development Foundation, R.O.C. "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration". The costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities based on prescribed percentage in the Article of Incorporation and net income in consideration of appropriation of legal reserve and other items, However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from actual amounts resolved by the shareholders at the annual meeting subsequently, the differences shall be recognized as gain or loss in the following year.

(16) Income tax

A. According to R.O.C. SFAS No. 22 "Accounting for Income Taxes", the Company is required to apply the inter-period as well as intra-period income tax allocation. Under the inter-period income tax allocation, the income tax effects of deductible temporary differences, loss carryforwards, and income tax credits are recognized as deferred income tax assets, and income tax effects of taxable temporary differences are recorded as deferred income tax assets and liabilities. Allowance is provided against deferred income tax assets if it is more likely than not that the deferred income tax assets will not be realized. The adjustment for over-provision or under-provision of previous years' income taxes is included in the current year's income tax. When a change in the tax laws is enacted, the deferred tax liability or asset should be recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, should be recognized as an adjustment to income tax expense (benefit) for income from continuing operations in the current period.

B. The R.O.C. government enacted the Alternative Minimum Tax Act ("AMT Act"), which became effective on January 1, 2006. Pursuant to AMT Act, the higher of the amount of income tax payable determined pursuant to Income Tax Law and minimum amount prescribed under the AMT Act is provided by the Company as adjustments to income tax expense.

C. The 10% surtax on undistributed earnings, computed according to the ROC Income Tax Act, is accounted for as income tax expense in the year of earnings distribution based on the resolution of the shareholders.

(17) Revenue and expenses

Revenue is recognized when the earning process is completed or when the revenue is realized or realizable. Expenses are recognized as incurred.

(18) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles of the Republic of China requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues, and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

(19) Statement of cash flows

For the preparation of statement of cash flows, cash and cash equivalents comprise cash and due from banks.

(20) Operating segments

Information of operating segments of the Company is reported in the same method as the internal management report provided to the Chief Operating Decision-Maker (CODM). The CODM is in charge of allocating resources to operating segments and evaluating their performance.

In accordance with SFAS No. 41 "Operating Segments", the Company discloses segment information in the financial statements.

3. CHANGES IN ACCOUNTING PRINCIPLES

A. Accrued pension liabilities

The Company adopted SFAS No.18 “Accounting for Pensions” from January 1, 2012 to classify, measure and dirclose information of accrued pension liabilities. This change had no significant impact on the net income and earnings per share of 2012.

B. Operating segments

Starting from January 1, 2012, the Company adopted the SFAS No. 41 “Operating Segments”. This change in accounting principle had no impact on the net income and earnings per share for the year of 2012.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2012	December 31, 2011
Cash on hand	$ 1,066,488	$ -
Foreign currency on hand	111,182	-
Checks for clearance	412,607	-
Due from banks	833,281	9,962,100
	$ 2,423,558	$ 9,962,100

(2) Due from Central Bank and call loans to other banks

	December 31, 2012	December 31, 2011
Reserve for deposits – account A	$ 1,606,939	$ -
Reserve for deposits – account B	4,073,633	-
Reserve for deposits – foreign currency account	43,631	-
Reserve for deposits – Financial Information Service Center	150,455	-
Call loans to banks	6,732,062	-
	$ 12,606,720	$ -

The reserve deposited with the Central Bank of the Republic of China is maintained in accordance with statutory reserve rates. The reserves are not allowed to be withdrawn, except for monthly adjustments.

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

Financial assets for trading purposes	December 31, 2012	2011
Treasury bills	$ 1,495,401	$ -
Government bonds	5,897,022	-
Derivative financial instruments	2,980,538	-
	$ 10,372,961	$ -

A. For the year ended December 31, 2012, the net gain on financial assets and liabilities at fair value through profit and loss amounted to $645,551.

B. Please refer to Note 10 for the contract amounts and risk of derivative financial instruments.

(4) Receivables – net

	December 31, 2012	2011
Interests receivable	$ 576,009	$ -
Fee and commission receivable	132,566	-
Advances to credit cards for consumption and revolving credit	54,303	-
Acceptances receivable	729,723	-
Factoring receivable	2,835,165	-
Other receivables	98,957	4,788
Total	4,426,723	4,788
Less: Allowance for doubtful debts	(63,395)	-
Net	$ 4,363,328	$ 4,788

Please refer to Note 4(5) for the impairment assessment of receivables.

(5) Bills discounted and loans – net

	December 31, 2012	2011
Short-term loans and overdrafts	$ 47,977,536	$ -
Medium-term loans	74,699,683	-
Long-term loans	58,343,441	-
Export-import bills negotiated	4,183,617	-
Accounts receivable financing	218,406	-
Overdue loans	838,751	-
Total	186,261,434	-
Less: Allowance for doubtful accounts	(3,151,053)	-
Net	$ 183,110,381	$ -

A. Interest revenue on loans is not accrued if repayment of the principal and interest is overdue by 180 days. As of December 31, 2012, overdue loans and other outstanding credit on which interest accruals had been suspended totaled $838,751, and interest revenue that were not internally accrued during 2012 totaled $4,509.

B. Proper execution of claims against debtors has been made before writing off any credit extensions and loans for 2012.

C. Impairment assessment of the Company's loans and receivables as of December 31, 2012 is analyzed as follows:

Item		December 31, 2012 Total loans and receivables	December 31, 2012 Allowance for doubtful accounts
With objective evidence of impairment loss	Individually assessed	$ 2,088,857	$ 1,156,582
	Collectively assessed	910,600	395,913
Without objective evidence of impairment loss	Collectively assessed	187,691,689	1,670,407
		$ 190,691,146	$ 3,222,902

Note: loans and receivables are origin amounts, including receivables (except income tax refundable), discounted bills and loans, inward remittance and short-term advances before of allowance for doubtful debt.

D. The Company had assessed the allowance for loans and receivables by considering unrecoverable risks for specific loans and the whole portfolio. Movement in allowance for credit losses for the year ended December 31, 2012 was as follows:

	2012
Loans and receivables	
Beginning balance	$ -
Allowance provided for acquired assets	3,439,063
Bad debt expenses	296,905
Recoveries and write-offs	(487,132)
Exchange adjustment and others	(25,934)
Ending balance	$ 3,222,902

(6) Available-for-sale financial assets

	December 31, 2012	December 31, 2011
Available-for-sale financial assets		
Certificates of deposit	$ 43,620,000	$ -
Treasury bills	3,984,900	-
Government bonds	1,957,374	-
Corporate bonds	58,175	-
Valuation adjustment for available-for-sale financial assets	46,454	-
Accumulated impairment – available-for-sale financial assets	(58,175)	-
Net	$ 49,608,728	$ -

Available-for-sale financial assets amounting to $3,238,500 were pledged as collateral as of December 31, 2012. Please refer to Note 6 for details.

(7) Other financial assets – net

	December 31, 2012	2011
Financial assets carried at cost – unlisted stocks	$ 46,881	$ -
Overdue account not transferred from loan	228	-
Short-term advances – net	9,369	-
Sub total	56,478	-
Less: allowance for doubtful debt	(8,454)	-
Total	$ 48,024	$ -

As there is no quoted market price in an active market for the unlisted stocks, and their fair value cannot be measured reliably, the unlisted stocks are stated at cost.

(8) Fixed assets

	December 31, 2012			
	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land	$ 893,019	$ -	($ 483,291)	$ 409,728
Buildings	701,667	(299,813)	-	401,854
Machinery and computer equipment	326,995	(129,054)	-	197,941
Transportation equipment	460	(460)	-	-
Other equipment	141,965	(76,308)	-	65,657
Leasehold improvements	481,398	(205,148)	-	276,250
	$ 2,545,504	($ 710,783)	($ 483,291)	$ 1,351,430

(9) Other assets

	December 31, 2012	2011
Non-operating assets	$ 942,089	$ -
Less: Accumulated depreciation	(144,728)	-
Less: Accumulated impairment loss	(230,548)	-
	566,813	-
Prepaid expenses	106,566	800
Refundable deposits	82,573	-
Deferred income tax assets	-	22,821
	$ 755,952	$ 23,621

(10) Due to Central Bank and other banks

	December 31, 2012	December 31, 2011
Call loans from banks	$ 40,051,369	$ -
Overdrafts from banks	68,276	-
Due to other banks	702,803	-
	$ 40,822,448	$ -

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

	December 31, 2012	December 31, 2011
Financial liabilities for trading purposes – derivative financial instruments	$ 3,241,000	$ -

A. During 2012, the net gain on financial assets and liabilities for trading purposes amounted to $645,551.

B. Please refer to Note 10 for the contract price and risk of derivative financial instruments.

(12) Payables

	December 31, 2012	December 31, 2011
Payable from settlement of bond transactions	$ 302,562	$ -
Employees' salaries and bonus payable	516,604	-
Interests payable	300,265	-
Fee and commission payable	270,336	-
Collections payable for customers – checks for clearing	412,607	-
Business tax and stamp duty payable	25,213	-
Bankers' acceptances payable	729,723	-
Factoring payable	1,265,275	-
Receipts under custody	155,132	168
Refundable stock proceeds	111,700	-
Other payables	455,131	101,761
	$ 4,544,548	$ 101,929

(13) Deposits and remittances

	December 31, 2012	December 31, 2011
Checking deposits	$ 1,008,152	$ -
Demand deposits	27,521,145	-
Time deposits	104,929,676	-
Savings deposits	56,030,869	-
Negotiable certificates of deposits	6,300	-
Inward remittance	22,051	-
	$ 189,518,193	$ -

(14) Accrued pension liabilities

A. The Company has set up a defined benefit pension plan in accordance with the "Labor Standards Act", covering all regular employees' servicing years before the "Labor Pension Act" became effective on July 1, 2005 and servicing years of those who chose to continue to be applicable to "Labor Standards Act" after "Labor Pension Act" became effective. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit is accrued for each year thereafter with a maximum of 45 units. Pensions paid upon retirement are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes monthly to the retirement fund. As of December 31, 2012, the retirement fund deposited with Bank of Taiwan was $2,860. The net pension cost the Company recognized for 2012 in accordance with above plan was $9,246.

B. Provisions and information based on the actuarial report are as follows:

(A) Actuarial assumptions regarding pension are summarized as follows:

	2012
Discounted rate	1.60%
Rate of salary increase	2.25%
Expected rate of return on plan assets	4.00%

(B) Details of net pension cost:

	2012
Service cost	$ 6,195
Interest cost	767
Expected return on plan assets	(31)
Amortization of unrecognized net transition obligation	2,315
Net pension cost	$ 9,246

(C) Provision of pension

	December 31, 2012
Vested benefit obligation	($ 9,138)
Non-vested benefit obligation	(19,643)
Accumulated benefit obligation payable	(28,781)
Effect of future salaries increments	(21,736)
Projected benefit obligation	(50,517)
Fair value of plan assets	3,092
Funded status	(47,425)
Unrealized transitional obligation	41,669
Unrecognized pension losses	(413)
Additional accrual pension liabilities (listed as "Intangible assets")	(19,520)
Accrued pension liabilities	($ 25,689)
Vested benefit	$ 11,512

C. Effective from July 1, 2005, the Company set up a defined contribution pension plan under the "Labor Pension Act". In the defined contribution plan, the Company contributes monthly an amount no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts with the Bureau of Labor Insurance for those who chose to be covered by "Labor Pension Act". The accrued benefits are portable upon severance on a monthly basis or at lump sum. The pension costs recognized under the defined contribution plan for 2012 amounted to $80,412.

(15) Other financial liabilities

	December 31, 2012	December 31, 2011
Principal of structured products	$ 3,394,765	$ -
Appropriated loan fund	33,000	-
	$ 3,427,765	$ -

(16) Common stock

A. The Company was incorporated on September 9, 2011. The registered capital was $50 billion dollars consisting of 5,000,000 thousand shares. The paid-in capital was $10 billion dollars consisting of 1,000,000 thousand shares with par value of $10 dollar per share. On January 1, 2012, additional 1,200,000 thousand new shares were issued to DBS Bank Ltd at par value of $10 dollar per share in order to acquire specific assets, liabilities and operations of DBS Bank Ltd, Taipei Branch. Please see Note 10 (6) for more information.

B. As of December 31, 2012, the authorized and paid-in capitals were $50 billion dollars and $22 billion dollars consisting of 5,000,000 thousand

and 2,200,000 thousand shares with par value of $10 dollar per share.

(17) Retained earnings

A. According to the Company's Article of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior year's operating losses and then to set aside as legal reserve and special reserve in accordance with provisions under applicable laws and regulations. The remaining earnings are subject to share holders' meeting's resolution to be retained or distributed. Upon the earnings distribution, 0.001% the earnings or any other higher ratio approved by the Board of Directors is reserved for employees' bonus.

B. The Board of Directors (in the capacity of shareholders' meeting) approved the losses for the period from February 25 to December 31, 2011(development stage) on April 17, 2012. Due to the operating losses incurred during 2011, no employee bonuses and remuneration of directors and supervisors were accrued.

C. More information regarding the earnings distribution, employees' bonuses and director and supervisors' remuneration approved by the Board of Directors and shareholders' meeting, please visit Market Observation Post System.

(18) Share-based payment-employee compensation plan

A. The Company's ultimate parent company, DBS Group Holdings Ltd introduces DBSH Share Plan and DBSH Employees Share Plan.

(A) DBSH Share Plan

Under the DBSH Share Plan (the "Share Plan"), the ultimate company's ordinary shares may be granted to Group executives who hold such rank as may be determined by the Committee appointed to administer the Share Plan. The awards are group or personal performance-based. Where awards are granted, participants are awarded shares of the ultimate parent company, their equivalent cash value or combination of both at the discretion of the Committee.

Fair value of the share awards are computed based on the market price of the ordinary shares at the time of the award and is amortized through the income statement over the vesting period.

(B) DBSH Employee Share Plan

Under the DBSH Employee Share Plan (the "Employee Share Plan") , the Company's ordinary shares may be granted to Group employees who do not quality for "Share Plan" as may be determined by the Committee appointed to administer the Employee Share Plan. The awards are group or personal performance- based. Where awards are granted, participants are awarded shares ultimate parent company, their equivalent cash value or combination of both (at the discretion of the Committee).

Fair value of the share awards are computed based on the market price of the ordinary shares at the time of the awards and is amortized through the income statement over the vesting period.

B. As of December 31, 2012, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Vesting conditions	Actual resignation rate in the current period	Estimated resignation rate
DBS Share Plan	2009.2.23	126,283	2011.2.23 – 50% 2012.2.23 – 50%	0%	0%
DBSH Employee Share Plan	2009.2.23	10,700	2011.2.23 – 50% 2012.2.23 – 50%	0%	0%
DBS Share Plan	2010.2.17	116,552	2012.2.17 – 33% 2013.2.17 – 33% 2014.2.17 – 34%	5%	5%
DBSH Employee Share Plan	2010.2.17	16,600	2011.2.17 – 33% 2012.2.17 – 33% 2013.2.17 – 34%	0%	0%
DBS Share Plan	2010.9.1	12,970	2012.9.1 – 33% 2013.9.1 – 33% 2014.9.1 – 34%	0%	0%
DBS Share Plan	2011.2.21	147,056	2013.2.21 – 33% 2014.2.21 – 33% 2015.2.21 – 34%	7%	5%
DBSH Employee Share Plan	2011.2.21	29,000	2013.2.21 – 33% 2014.2.21 – 33% 2015.2.21 – 34%	0%	0%
DBS Share Plan	2011.2.20	184,981	2014.2.20 – 33% 2015.2.20 – 33% 2016.2.20 – 34%	2%	3%
DBSH Employee Share Plan	2012.2.20	42,700	2014.2.20 – 33% 2015.2.20 – 33% 2016.2.20 – 34%	1%	3%

C. Expenses incurred by share-based payment transactions were $49,349 in 2012.

D. Liabilities arising from share-based payment transactions were $0 as of December 31, 2012.

(19) Personnel, depreciation and amortization expenses

Personnel, depreciation and amortization expenses incurred under operating expenses in 2012 and in the period from February 25 to December 31, 2011 are as follows:

	2012	February 25 to December 31, 2011
Personnel expenses		
Salary	$ 2,198,006	$ -
Labor and health insurance	122,818	-
Pension	89,658	-
Others	18,714	1,000
	$ 2,429,196	$ 1,000
Depreciation	$ 209,697	$ -
Amortization	39,044	-
Depreciation – non-operating assets (recorded under other non-interest income)	9,164	-

(20) Income tax

A. Income tax reconciliation:

	2012	February 25 to December 31, 2011
Income tax payable (income tax refundable) – current year	$ 116,727	($ 22,821)
Tax effect of permanent differences	(50,420)	-
Additional tax prescribed under Alternative Minimum Tax Act	16,878	-
Under provision of prior year's income tax	345	-
Income tax expense	$ 83,530	($ 22,821)
Net change in deferred income tax assets	(51,665)	22,821
Under provision of prior year	(345)	-
Prepaid income tax	(38,128)	(882)
Income tax refundable	($ 6,608)	($ 882)

B. Details of temporary differences and loss carryforwards resulting in deferred income tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

	December 31, 2012		December 31, 2011	
	Amount	Income tax Effect	Amount	Income tax Effect
Unrealized gain loss on financial instruments	($ 240,313)	($ 40,853)	$ -	$ -
Salary expenses – share-based compensation	92,291	15,689	-	-
Amortization on employee benefit	20,680	3,516	-	-
Lease incentives	46,602	7,922	-	-
Decommissioning liabilities	16,312	2,773	-	-
Unrealized pension costs	6,386	1,086	-	-
Loss carryforward	-	-	134,241	22,821
Deferred income tax (liabilities) assets	($ 58,042)	($ 9,867)	$ 134,241	$ 22,821

C. Imputation credit account for shareholders and related information

	December 31, 2012	December 31, 2011
Balances of the imputation credit account for stockholders	$ 34,731	$ -

The imputation credits on actual earnings distribution for 2012 and 2011 were both 0%.

D. Retained earnings

	December 31, 2012	December 31, 2011
Post 1998	$ 491,680	($ 111,420)

E. Tax return of the Company for the period from February 25 to December 31, 2011 has not been assessed by the Tax Authorities.

(21) Earnings per common share

	For the year ended December 31, 2012				
	Amount		Adjusted weight average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 686,630	$ 603,100	2,200,000	$ 0.31	$ 0.27

	February 25 to December 31, 2011				
	Amount		Adjusted weight average outstanding common shares	Loss per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss	($ 134,241)	($ 111,420)	1,000,000	($ 0.13)	($ 0.11)

(22) Capital adequacy ratio

A. As required by the Banking Act and other relevant regulations, in order to strengthen the financial standing of banks, the ratio of risk-weighted assets to eligible capital shall not be less than 8%. If actual assets ratio is lower than as required above, the Competent Authorities may restrain the earnings from distribution.

B. As of December 31, 2012, the capital adequacy ratio was 11.96%.

(23) Net fee and commission income

	2012	February 25 to December 31, 2011
Fee and commission income	$ 848,296	$ -
Fee and commission expense	(64,137)	-
Net fee and commission income	$ 784,159	$ -

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
DBS Bank Ltd (hereinafter "DBS Bank")	The parent company of the Company
Branches of DBS	Branches of the parent company
DBS Bank (China) Ltd	Affiliated entity of the Company
DBS Bank (Hong Kong) Ltd	Affiliated entity of the Company
DBS Vickers Securities (S) Pte Ltd	Affiliated entity of the Company
DBS Bank Insurance Agency Limited	Affiliated entity of the Company
Others (each related party's deposits or loans less than 1% of total deposits or loans)	Directors, independent directors, executives and its relative of the Company and affiliated entities of the Group

(2) Significant transactions and balances with related parties

A. Deposits

	December 31, 2012		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits of each related party less than 1% of total deposits)	$ 10,318,744	5	0%~8%

Interest rates that the Company offered for above related parties for 2012, except the 8% interest rate applied to employees' savings deposits within the cap, are calculated based on announced interest rates. For the year from January 1 to December 31, 2012, interest rates for savings ranged from 0.00%~0.16%, with same conditions provided to general depositors.

B. Loans

December 31, 2012

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	91	$ 49,126	$ 49,126	$ 49,126	$ -	None	None
Residential mortgage loans	80	435,346	11,767	11,767	-	Real estate	None
Other loans	991	12,971	420,846	420,846	-	None or real estate	None
Total			$ 481,739	$ 481,739	-		

C. Due from banks

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank – Taipei Branch	$ -	-	$ 9,962,100	100
DBS Bank	150,832	6	-	-
DBS Bank – Hong Kong Branch	121,608	5	-	-
DBS Bank – other branches	12,272	1	-	-
	$ 284,712	12	$ 9,962,100	100

D. Call loans to Banks

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank – Taipei Branch	$ 6,732,063	53	$ -	-

E. Interests receivable and other receivables

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank Insurance Agency Limited	$ 132,363	3	$ -	-
DBS Bank – Taipei Branch	47,403	1	-	-
DBS Bank (China) Ltd	11,564	-	-	-
DBS Vickers Securities (S) Pte Ltd	11,158	-	-	-
DBS Bank	7,128	-	-	-
	$ 209,616	4	$ -	-

F. Call loans from and due to other banks

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank	$ 33,594,499	82	$ -	-
DBS Bank – Taipei Branch	6,465,022	16	-	-
	$ 40,059,521	98	$ -	-

G. Affiliates administrative expenses and service expenses payables

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank	$ 261,148	6	$ -	-
DBS Bank (Hong Kong) Ltd	9,189	-	-	-
	$ 270,337	6	$ -	-

H. Interest and other payables

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank	$ 34,259	1	$ -	-
DBS Bank – Taipei Branch	14,064	-	101,161	2
DBS Bank – Hong Kong Branch	5,158	-	-	-
	$ 53,481	1	$ 101,161	2

I. Guarantee deposits received

	December 31, 2012		December 31, 2011	
	Amount	%	Amount	%
DBS Bank Insurance Agency Limited	$ 207	-	$ -	-

J. Interest income

	2012		February 25 to December 31, 2011	
	Amount	%	Amount	%
DBS Bank	$ 54,612	1	$ -	-
DBS Bank – Taipei Branch	101,748	2	8,817	100
DBS Bank – Taipei Branch, OBU	5	-	-	-
	$ 156,365	3	$ 8,817	100

K. Fee and commission income

	2012		February 25 to December 31, 2011	
	Amount	%	Amount	%
DBS Bank Insurance Agency Limited	$ 132,363	17	$ -	-

L. Other income

	2012		February 25 to December 31, 2011	
	Amount	%	Amount	%
DBS Bank – Taipei Branch	$ 44,976	8	$ -	-
DBS Bank Insurance Agency Limited	829	-	-	-
	$ 45,805	8	$ -	-

M. Interest expenses

	2012			February 25 to December 31, 2011		
	Amount		%	Amount		%
DBS Bank	$	192,259	9	$	-	-
DBS Bank – Taipei Branch		34,342	2		-	-
DBS Bank – others		17	-		-	-
	$	226,618	11	$	-	-

N. Service fee to affiliates

	2012			February 25 to December 31, 2011		
	Amount		%	Amount		%
DBS Bank	$	261,586	17	$	-	-
DBS Bank (Hong Kong) Ltd		35,858	3		-	-
	$	297,444	20	$	-	-

O. Derivative financial instruments

The principal and amount receivable (payable) incurred from derivative financial instrument transactions with related parties as of December 31, 2012 and 2011 are as follows:

(A) Forward exchange contracts

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank – Hong Kong Branch	$ 24,626,226	$ 54,344	$ -	$ -
DBS Bank	40,274,731	137,322	-	-
DBS Bank – Taipei Branch	148,086,297	(654,759)	-	-
DBS Bank – Taipei Branch OBU	2,053,154	(10,974)	-	-
	$ 215,040,408	($ 474,067)	$ -	$ -

(B) Non-delivery FX forwards

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank – Hong Kong Branch	$ 6,808,675	$ 17,258	$ -	$ -
DBS Bank	1,579,538	4,228	-	-
DBS Bank – Taipei Branch	87,039	166	-	-
DBS Bank – Taipei Branch OBU	586,496	(212)	-	-
	$ 9,061,748	$ 21,440	$ -	$ -

(C) Interest rate swap contracts

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank	$ 396,753	($ 26,569)	$ -	$ -
DBS Bank – Taipei Branch	43,373,111	(88,026)	-	-
	$ 43,769,864	($ 114,595)	$ -	$ -

(D) Cross currency contracts

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank – Taipei Branch	$ 3,636,430	$ 4,144	$ -	$ -

(E) Foreign exchange options

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank	$ 36,534,185	($ 217,664)	$ -	$ -
DBS Bank – Hong Kong Branch	33,768,205	7,337	-	-
	$ 70,302,390	($ 210,327)	$ -	$ -

(F) Interest rate futures

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Vickers Securities (S) Pte Ltd.	$ 552,663	$ 319	$ -	$ -

(G) Commodity option

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank	$ 166,671	($ 599)	$ -	$ -

(H) Commodity swap

	December 31, 2012		December 31, 2011	
	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)	Contract notional principal	Receivable from (payable to) related parties (including valuation adjustment)
DBS Bank	$ 535,392	$ 14,208	$ -	$ -

P. Information on remunerations to the Company's directors, supervisors and executives:

	2012	February 25 to December 31, 2011
Salaries	$ 60,182	$ -
Bonus	60,362	-
Service execution expenses	9,033	-
Total	$ 129,577	$ -

(A) Salaries include salary, extra pay for duty, pension, severance, meal allowance, labor/health/group insurance and unutilized leave pay, etc.

(B) Bonus is paid by cash.

(C) Service execution expenses include traveling expense, special disbursement, various subsidies, accommodations, tangible suppies such as cars and drivers.

(D) Please refer to the shareholders' annual report of the Company for more information.

6. PLEDGED ASSETS

As of December 31, 2012, the Company's assets provided for intraday, overdraft during settlement, and guarantees with the court for the provisional seizure are as follows:

Item	December 31, 2012
Receivables – matured government bonds	$ 1,500
Available-for-sale financial assets – government bonds	238,500
Available-for-sale financial assets – certificates of deposit	3,000,000
	$ 3,240,000

To comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), certificates of deposit of $3,000,000 had been provided as collateral for intraday overdraft as of December 31, 2012. However, pledged amounts may be adjusted anytime.

As of December 31, 2011, no asset was pledged as collateral.

7. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) As of December 31, 2012, significant commitments and contingent liabilities comprised the following:

	December 31,	
	2012	2011
Undrawndown commitment	$ 82,122,399	$ -
Unused credit commitments for credit cards	2,292,823	-
Unused letters of credit issued	3,083,673	-
Guarantees	14,952,528	-
Collections receivable for customers	1,568,463	-
Trust assets	18,064,890	-
Guaranteed notes	18,328,763	-

(2) The Company has entered into operating lease agreements for branches' premises. Future minimum rental payments as of December 31, 2012 are as follows:

Fiscal year	Amount
2013	$ 258,055
2014	209,102
2015	185,567
2016	171,214
2017 and thereafter	502,968
	$ 1,326,906

8. SIGNIFICANT LOSSES FROM DISASTERS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

To apply for concurrently operating proprietary trading and bonds sale businesses, the Company set aside four hundred million dollars as working capital for the financial institution concurrently operating securities business in compliance with "Standards Governing the Establishing of Securities Firms".

10. OTHERS

(1) Financial instrument disclosures

A. Fair values of the financial instruments

	December 31, 2012		
		Fair Value	
Non-derivative financial instruments	Book value	Quoted market price	Estimated using valuation techniques
Assets			
Financial assets with book values equal to fair values	$ 19,470,713	$ -	$ 19,470,713
Financial assets for trading purpose			
Treasury bills and government bonds	7,392,423	-	7,392,423
Available-for-sale financial assets	49,608,728	-	49,608,728
Bills discounted and loans	183,110,381	-	183,110,381
Liabilities			
Financial liabilities with book values equal to fair values	48,794,761	-	48,794,761
Deposits and remittances	189,518,193	-	189,518,193

Derivative financial instruments	December 31, 2012 Book value	Fair Value Quoted market price	Fair Value Estimated using valuation techniques
Assets			
Non-hedge			
Foreign exchange contracts	$ 1,697,631	$ -	$ 1,697,630
Non-delivery forwards	59,036	-	59,036
Interest rate swap contracts	169,847	-	169,847
Cross currency contracts	39,889	-	39,889
Interest rate futures	319	319	-
Foreign exchange options	984,182	-	984,182
Commodity options	4,236	-	4,236
Commodity swaps	25,398	-	25,398
Liabilities			
Non-hedge			
Foreign exchange contracts	$ 1,958,332	$ -	$ 1,958,332
Non-delivery forwards	51,488	-	51,488
Interest rate swap contracts	174,173	-	174,173
Cross currency contracts	43,191	-	43,191
Foreign exchange options	984,182	-	984,182
Commodity options	4,236	-	4,236
Commodity swaps	25,398	-	25,398

Non-derivative financial instruments	December 31, 2011 Book value	Fair Value Quoted market price	Fair Value Estimated using valuation techniques
Assets			
Financial assets with book values equal to fair values	$ 9,966,006	$ -	$ 9,966,006
Liabilities			
Financial liabilities with book values equal to fair values	101,929	-	101,929

B. Methods and assumptions used by the Company to measure the fair value of financial instruments are summarized as follows:

(A) Fair values of short-term financial instruments are estimated at carrying amounts (less allowance for doubtful accounts) at balance sheet date, as the maturity date is near the balance sheet date or the future receivable or payable amount is close to the carrying amount. This method applies to financial instruments except for items listed below.

(B) Loans (including non-performing loans): considering the nature of the financial service industry, the effective interest rates of loans are generally based on floating rate to reflect the market rate. As a result, it is reasonable to assume that book value, after adjustments of reserves based on estimated recoverability, approximate fair values. Credit risk incurred from the assets has been taken into account when the Company set aside allowance for doubtful accounts.

(C) Fair values of derivative financial instruments are estimated based on the amounts to be received or paid assuming that the derivative contracts are terminated pursuant to contract terms at the balance sheet date. In general, such amount includes unrealized gains or losses on outstanding derivative contracts.

(D) Available-for-sale financial assets are measured at fair value with changes in fair value recognized in shareholders' equity. For bond investments, fair value is determined based on applying valuation techniques using the rates of yield provided by Bloomberg or Reuters.

(E) There is no quoted market price in an active market for the unlisted stocks under financial asset carried at cost, and their variability in the range of reasonable fair value estimates is not insignificant and their probability of the various estimates within the range can not be reasonably assessed, so the fair value of the unlisted stocks is not reliably measurable. As a result, information of the book value and the fair value with respect to these financial assets is not disclosed.

(F) Deposits and remittances: considering the nature of the financial service industry, which is the market rate (market price) maker, and deposits usually mature within one year, the book value is a reasonable basis to estimate the fair value. Fair values for long-term fixed rate deposits shall be estimated using their discounted values of expected future cash flows. However, as these deposits account for only a small portion of all deposits and as their maturities are less than three years, it is reasonable to estimate the fair value at the book value.

C. Information of fair value hierarchy of financial instruments:

Non-derivative financial instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purposes				
Bond investments	$ 5,897,022	$ -	$ 5,897,022	-
Others	1,495,401	-	1,495,401	-
Available-for-sale financial assets				
Bond investments	1,976,616	-	1,976,616	-
Others	47,632,112	-	47,632,112	-

Derivative financial instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit or loss	$ 2,980,538	$ 319	$ 2,980,219	$ -
Liabilities				
Financial liabilities at fair value through profit or loss	3,241,000	-	3,241,000	-

The Company had no such financial instruments as of December 31, 2011.

Note 1: The table shows the Company's measurement method of financial assets and liabilities, which can be applied on financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets.

Note 2: Level 1: In accordance with R.O.C SFAS No. 34, if the market for the financial instrument is active, the fair value of the financial instrument is represented by the quoted prices of the same instruments. An active market refers to a market that meets all of the following conditions:

a. the financial instrument traded in the market are homogeneous;

b. willing sellers and buyers can be found at the same time;

c. The price information is available to the public.

Note 3: Level 2: Observable prices other than the quoted prices in an active market comprise direct (e.g. prices) or indirect (e.g. derived by prices) observable inputs obtained from an active market.

a. The quoted prices of similar financial instruments in an active market represent the fair value of the financial instruments held by the Company. The quoted prices are derived by recent transaction prices of similar financial instruments, which are determinded based on their features and transaction terms. Fair value of financial instruments needs to be adjusted based on observable transaction prices of similar financial instruments; adjustment elements might include time lag of the last financial instrument transactions, differences of transaction terms, transaction prices involving related parties, correlation between observable transaction prices of similar financial instruments and the prices of held financial instruments.

b. Public quotations of the same or similar financial instruments in a non-active market.

c. Fair value is measured with valuation model, and inputs (e.g. interest rate, yield curve, volatility rate) used in the model are based on obtainable data (e.g. observable inputs obtained from market resources, which reflect market participants' expectation) from the market.

d. Most inputs are derived from observable market data, or that the correlation can be verified by observable market data.

Note 4: Level 3: Inputs adopted to measure fair value at this level are not based on available data from the markets (Non-observable inputs, e.g. option pricing model using history volatility rate, because history volatility rate cannot represent the expectation value of market participants for future volatility rate).

Note 5: The classification of this table is consistent with the relative book value stated in the balance sheet.

Note 6: When using valuation model to measure the fair value of financial instruments, if the inputs include observable market data and non-observable inputs, the Company shall determine whether such inputs would have significant impact on the measurement; if so, fair value of such financial instruments shall be classified to the lowest level.

Note 7: Financial instruments which use quoted prices in an active market are classified as level 1 in the hierarchy of measurement. Derivatives traded in an active market are also classified as level 1 in the hierarchy of measurement.

Note 8: If the fair value is determined based on the quoted price of a comparatively inactive market or quoted price of similar asset or liability, then the instrument is usually classified as level 2. However, when the public quoted price is usually not available, the Company uses the market parameters (including but not limited to yield curve, volatility rate and exchange rate) as inputs to measurement methods to determine its fair value. In most cases, valuation only adopts observable market information, and the accountability in relation to its fair value is deemed high.

Note 9: OTC securities adopt the quoted price from the agents or brokers or other sources as granted.

Note 10: The Company also utilizes valuation model or discounted cash flow to determine the fair value. Most of the derivative instruments traded Over-the-Counter use valuation models. If the derivative instrument has been traded in the market for quite some time and the transaction volume is enough, then the Company uses the model generally accepted in the industry.

Note 11: The valuation methods and input to be used usually depends on whether the market price is available and contract terms and intrinsic risks. Major valuation methods include discounted cash flow and other adequate valuation methods. OTC derivatives, if the unobservable input adopted has a great influence on the fair value of asset or liability and at the same time can hardly be verified with no or few market activities, are classified as level 3.

D. The Company have recognized $533,678 and $0 of net gain on changes in fair value of financial assets on valuation techniques for the year ended December 31, 2012 and the period from February 25, 2011 to December 31, 2011, respectively.

E. The Company have financial assets with fair value risk arising from interest rate changes amounting to $155,975,755 and $0, and financial liabilities with fair value risk arising from interest rate changes amounting to $188,242,652 and $0 as of December 31, 2012 and 2011, respectively.

F. The Company has financial assets with cash flow risk arising from interest rate changes amounting to $95,062,229 and $9,962,100 and financial liabilities with cash flow risk arising from interest rate changes amounting to $44,679,915 and $0 as of December 31, 2012 and 2011, respectively.

G. The Company has recognized change in fair value of available-for-sale financial assets as adjustment in the shareholders' equity amounting to $58,039 and $0, and the amount of gain on fair value change reclassified from the shareholders' equity into statement of income was $11,585 and $0 for the years ended December 31, 2012 and 2011, respectively.

H. Financial risk information

Financial instruments other than derivatives held by the Company include cash and cash equivalents, due from other banks, due from Central Bank, and due to other banks. The financial instruments are used to adjust funding requirements for operation. The Company also hold other financial assets and liabilities such as receivables and payables arising from operating activities.

Main risks of financial instruments held by the Company are cash flow risk arising from interest rate changes, credit risk and liquidity risk. Risk management policies approved by the parent company and its Hong Kong Branch are as follows:

(A) Market risk

Market risks are related to decrease in the value of financial instruments due to fluctuations in interest rate, exchange rate or market price. The Company manage its derivative financial instrument transactions in accordance with market risk limit approved by the parent company; therefore, the market risk is properly controlled.

(B) Credit risk

Financial instruments held by the Company may incur losses if counterparties are not able to fulfill their obligations at the maturity date.

For all financial instruments held by the Company, maximum credit exposures are as follows:

	December 31, 2012	
Financial instruments	Book value	Maximum credit exposure
Financial assets held for trading purposes		
Treasury bills	$ 1,495,401	$ 1,495,401
Government bonds	5,897,022	5,897,022
Available-for-sale financial assets		
Certificates of deposit	43,647,204	43,647,204
Treasury bills	3,984,908	3,984,908
Government bonds	1,976,616	1,976,616
Bills discounted and loans	183,110,381	183,110,381

	December 31, 2012		
	Contract price	Book value	Maximum credit exposure
Derivative financial instruments			
Financial assets– non-hedging			
Foreign exchange contracts	$130,314,908	$ 1,697,631	$ 1,697,631
Non-delivery forwards	7,499,591	59,036	59,036
Interest rate swap contracts	33,343,240	169,847	169,847
Cross currency swap contracts	3,635,938	39,889	39,889
Interest rate futures	552,663	319	319
Foreign exchange options	70,302,390	984,182	984,182
Commodity options	333,343	4,236	4,236
Commodity swaps	1,070,784	25,398	25,398
Financial liabilities – non-hedging			
Foreign exchange contracts	$141,714,849	$ 1,958,332	$ -
Non-delivery forwards	6,303,839	51,488	-
Interest rate swap contracts	22,684,490	174,173	-
Cross currency swap contracts	4,815,954	43,191	-
Foreign exchange options	70,302,390	984,182	-
Commodity options	333,343	4,236	-
Commodity swaps	1,070,784	25,398	-
Off-balance-sheet commitments and guarantees	$ 18,036,201	$ -	$ 18,036,201

Credit risk amounts stated above are for those with positive fair values as of the balance sheet date and those contracts with off-balance sheet commitments and guarantees. There will be a significant concentration of credit risk when the counterparties of the financial instruments are highly concentrated in a single customer or a group of counterparties who engage mostly in similar business activities with similar economic nature, and such business activities make their abilities to fulfill the contractual obligations influenced similarly by the economic affairs or other situations. The major concentration of credit risk of loans by industry is as follows:

	December 31, 2012 (Note)	
	Book value	Maximum credit exposure
Loans by Industry		
Agriculture, forestry, fishery and livestock farming	$ 165,969	$ 165,969
Manufacturing industry	82,205,925	82,205,925
Finance, insurance, real estate and leasing industry	3,009,051	3,009,051
Wholesale and retail industry	24,148,261	24,148,261
Service industry	3,287,909	3,287,909
Transportation and storage industry	3,481,459	3,481,459
Information and telecommunication industry	10,026,340	10,026,340
Construction industry	1,298,893	1,298,893
Accommodation and food industry	1,039,995	1,039,995
Real estate industry	12,731,418	12,731,418
Personal	62,538,710	62,538,710
Foreign financial entity	772,902	772,902
Others	72,018	72,018
Total	$ 204,778,850	$ 204,778,850

Note: Credit exposures as of December 31, 2012 include bills discounted and loan (including non-performing loans), guarantees, factoring receivable and acceptance receivable.

(C) Liquidity risk

The Company has sufficient working capital to support its capital inflow and outflow; thus, there was no material liquidity risk that the Company may fail to meet its obligation. Analysis for time to maturity of the Company's assets and liabilities are as follows:

Financial instruments	1~30 days Amount (recoverable amount or repayment amount)	31~90 days Amount (recoverable amount or repayment amount)	91 days~1 year Amount (recoverable amount or repayment amount)	1~3 years Amount (recoverable amount or repayment amount)	3~5 years Amount (recoverable amount or repayment amount)	Over 5 years Amount (recoverable amount or repayment amount)	Total Amount (recoverable amount or repayment amount)
	December 31, 2012						
Assets							
Non-derivative financial instruments							
Due from banks	$ 833,281	$ -	$ -	$ -	$ -	$ -	$ 833,281
Due from Central Bank and call loans to other banks	12,606,721	-	-	-	-	-	12,606,721
Financial assets held for trading purposes							
Treasury bills	-	-	1,495,401	-	-	-	1,495,401
Government bonds	200,142	-	-	2,100,112	1,723,101	1,873,667	5,897,022
Available-for-sale financial assets							
Treasury bills	-	-	3,984,908	-	-	-	3,984,908
Government bonds	-	201,083	-	1,335,625	210,203	229,705	1,976,616
Certificates of deposit	17,902,783	6,402,597	19,341,824	-	-	-	43,647,204
Bills discounted and loans	20,256,183	21,401,918	19,921,814	30,525,081	34,919,176	59,237,262	186,261,434
Derivative financial instruments							
Non-hedging							
Foreign exchange contracts	540,653	474,617	682,361	-	-	-	1,697,631
Non-delivery forwards	10,696	11,194	29,579	7,567	-	-	59,036
Interest rate swap contracts	168	-	69,921	43,393	29,796	26,569	169,847
Cross currency contracts	-	54	39,835	-	-	-	39,889
Interest rate futures	319	-	-	-	-	-	319
Foreign exchange options	96,123	138,962	478,981	270,116	-	-	984,182
Commodity options	2	1,386	2,848	-	-	-	4,236
Commodity swaps	14,241	5,562	789	4,806	-	-	25,398
Total assets	$ 52,461,312	$ 28,637,373	$ 46,048,261	$ 34,286,700	$ 36,882,276	$ 61,367,203	$ 259,683,125

Financial instruments	December 31, 2012						
	1~30 days	31~90 days	91 days~1 year	1~3 years	3~5 years	Over 5 years	Total
	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	$ 13,015,568	$ 13,181,384	$ 14,369,640	$ 255,856	$ -	$ -	$ 40,822,448
Deposits and remittances	72,359,205	35,069,499	30,357,717	51,731,772	-	-	189,518,193
Other financial liabilities	2,858,669	72,615	62,087	-	-	434,394	3,427,765
Derivative financial instruments							
Non-hedging							
Foreign exchange contracts	620,047	652,397	685,888	-	-	-	1,958,332
Non-delivery forwards	4,856	9,942	29,645	7,045	-	-	51,488
Interest rate swap contracts	105	-	68,149	26,521	52,829	26,569	174,173
Cross currency contracts	5,044	39	38,108	-	-	-	43,191
Foreign exchange options	96,123	138,962	478,981	270,116	-	-	984,182
Commodity options	2	1,386	2,848	-	-	-	4,236
Commodity swaps	14,241	5,562	789	4,806	-	-	25,398
Total liabilities	$ 88,973,860	$ 49,131,786	$ 46,093,852	$ 52,296,116	$ 52,829	$ 460,963	$ 237,009,406
Net liquidity gap	($ 36,512,548)	($ 20,494,413)	($ 45,591)	($ 18,009,416)	$ 36,829,447	$ 60,906,240	$ 22,673,719

Financial instruments	December 31, 2011 1~30 days Amount (recoverable amount or repayment amount)	31~90 days Amount (recoverable amount or repayment amount)	91 days~1 year Amount (recoverable amount or repayment amount)	1~3 years Amount (recoverable amount or repayment amount)	3~5 years Amount (recoverable amount or repayment amount)	Over 5 years Amount (recoverable amount or repayment amount)	Total Amount (recoverable amount or repayment amount)
Assets							
Non-derivative financial instruments							
Due from banks	$ 9,962,100	$ -	$ -	$ -	$ -	$ -	$ 9,962,100
Total assets	$ 9,962,100	$ -	$ -	$ -	$ -	$ -	$ 9,962,100
Net liquidity gap	$ 9,962,100	$ -	$ -	$ -	$ -	$ -	$ 9,962,100

(D) Cash flow risk and fair value risk arising from changes in interest rates

The Company adopts combinations of fixed rate and floating rate call loans to/from other banks to manage its interest rate risk. To effectively manage interest rate risk, the Company also engages in swaps between floating rate interest and fixed rate interest in specific interest rate range.

a. Expected repricing date or expected maturity date

As of December 31, 2012 and 2011, expected repricing dates or expected maturity dates were not affected by the contract dates. The following table shows the interest rate risk of the Company, and is presented by the book value of financial assets and financial liabilities and is classified by the earlier of the expected repricing dates or expected maturity dates:

Financial instruments	December 31, 2012 1~30 days	31~90 days	91 days~1 year	1~3years	3~5 years	Over 5 years	Total
Assets							
Non-derivative financial instruments							
Due from banks	$ 833,281	$ -	$ -	$ -	$ -	$ -	$ 833,281
Due from Central Bank and call loans to other banks	6,732,063	-	-	-	-	-	6,732,063
Financial assets held for trading purposes							
Treasury bills	-	-	1,495,401	-	-	-	1,495,401
Government bonds	200,142	-	-	2,100,112	1,723,101	1,873,667	5,897,022
Available-for-sale financial assets							
Treasury bills	-	-	3,984,908	-	-	-	3,984,908
Government bonds	-	201,083	-	1,335,625	210,203	229,705	1,976,616
Certificates of deposit	17,902,783	6,402,597	19,341,824	-	-	-	43,647,204
Bills discounted and loans	20,256,183	21,401,918	19,921,814	30,525,081	34,919,176	59,237,262	186,261,434
Derivative financial instruments							
Non-hedging							
Interest rate swap contracts	168	-	69,921	43,393	29,796	26,569	169,847
Cross currency contracts	-	54	39,835	-	-	-	39,889
Interest rate futures	319	-	-	-	-	-	319
Total assets	$ 45,924,939	$ 28,005,652	$ 44,853,703	$ 34,004,211	$ 36,882,276	$ 61,367,203	$ 251,037,984

Financial instruments	December 31, 2012 1~30 days	31~90 days	91 days~1 year	1~3years	3~5 years	Over 5 years	Total
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and call loans to other banks	$ 13,015,568	$ 13,181,384	$ 14,369,640	$ 255,856	$ -	$ -	$ 40,822,448
Deposits and remittances	71,329,001	35,069,499	30,357,717	51,731,773	-	-	188,487,990
Other financial liabilities	2,858,669	72,615	29,087	-	-	434,394	3,394,765
Derivative financial instruments							
Non-hedging							
Interest rate swap contracts	105	-	68,149	26,521	52,829	26,569	174,173
Cross currency contracts	5,044	39	38,108	-	-	-	43,191
Total liabilities	$ 87,208,387	$ 48,323,537	$ 44,862,701	$ 52,014,150	$ 52,829	$ 460,963	$ 232,922,567
Interest rate sensitivity gap	($ 41,283,448)	($ 20,317,885)	($ 8,998)	($ 18,009,939)	$ 36,829,447	$ 60,906,240	$ 18,115,417

Financial instruments	December 31, 2011						
	1~30 days	31~90 days	91 days~1 year	1~3years	3~5 years	Over 5 years	Total
Assets							
Non-derivative financial instruments							
Due from banks	$ 9,962,100	$ -	$ -	$ -	$ -	$ -	$ 9,962,100
Total assets	$ 9,962,100	$ -	$ -	$ -	$ -	$ -	$ 9,962,100
Interest rate sensitivity gap	$ 9,962,100	$ -	$ -	$ -	$ -	$ -	$ 9,962,100

b. Effective interest rates (except financial assets held for trading purpose)

As of December 31, 2012, the effective interest rates for financial instruments held by the Company are as follows:

Financial instruments	NTD	USD	GBP	HKD	SGD	JPY	EUR
Available-for-sale financial assets							
Certificates of deposit	0.75%~0.91%	-	-	-	-	-	-
Government bonds	0.85%~2.83%	-	-	-	-	-	-
Treasury bills	0.65%~0.77%	-	-	-	-	-	-
Loans and advances	2.60%	1.40%~1.67%	-	-	-	0.84%~0.96%	1.57%~2.11%
Deposits							
Demand deposits	0.16%	0.10%	0.15%	0.05%	0.10%	0.01%	0.10%
Time deposits	0.88%~1.35%	0.25%~0.7%	0.2%~0.6%	0.05%~0.45%	0.1%~0.35%	0.01%~0.15%	0.01%~0.30%

(2) Information disclosed as required by SFAS NO. 28:

A. Non-performing loan and non-performing receivables asset quality

Month / Year			December 31, 2012				
Business / Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)
Corporate banking	Secured loans		$ 525,882	$ 32,125,756	1.64%	$ 652,613	124.10%
	Unsecured loans		351,537	92,121,415	0.38%	1,804,275	513.25%
Consumer banking	Residential mortgage loans (Note 4)		81,487	38,393,446	0.21%	354,569	435.12%
	Cash card services		893	396,867	0.23%	4,505	504.48%
	Micro credit loans (Note 5)		82,862	1,646,007	5.03%	137,313	165.71%
	Others (Note 6)	Secured loans	9,295	21,577,943	0.04%	197,778	2127.79%
		Unsecured loans	-	-	0.00%	-	0.00%
Gross loan business			$ 1,051,956	$ 186,261,434	0.56%	$ 3,151,053	299.54%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			$ 17	$ 54,303	0.03%	$ 1,788	10517.65%
Factoring without recourse (Note 7)			-	2,835,165	0.00%	23,882	-

Note 1: The amount recognized as non-performing loans was in compliance with the “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 3: Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Micro credit loans referred to those fit the norms of the Explanatory Letter Jin-Guan-Yi (4) No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking referred as secured or unsecured consumer loans other than residential mortgage loan, cash card services and micro credit loans, and excluding credit card services.

Note 7: Pursuant to the Explanatory Letter Jin-Guan-Yi (5) No. 094000494 dated July 19, 2005, the amount of factoring without recourse is recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2012	December 31, 2011
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	$ 136,777	$ -
Performing in accordance with debt liquidation program and restructuring program (Note 2)	17,698	-
	$ 154,475	$ -

Note 1: Additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 dated April 25, 2006.

Note 2: Additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 of FSC dated September 15, 2008.

B. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2012			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total stockholders' equity (%)
1	Group A – Petroleum Refineries	$ 19,963,326	88.61
2	Group B – Computer Manufacturer	9,351,440	41.51
3	Company C – Other Retail Sale	4,409,426	19.57
4	Group D – Liquid Crystal Display and Components Manufacturer	4,083,846	18.13
5	Group E – Computer Manufacturer	3,503,962	15.55
6	Group F – Cable and Other Paid Channels Distribution	3,124,935	13.87
7	Group G – Other Computer Peripheral Device Manufacturer	2,908,750	12.91
8	Group H – Cable and Other Paid Channels Distribution	2,729,997	12.12
9	Group I – Electricity	2,254,281	10.01
10	Group J – Semi-Conductor Packing and Testing Industry	2,111,069	9.37

Note 1: Ranking the top ten enterprise groups other than government and government sponsored enterprises according to their total amounts of outstanding loans.

Note 2: Groups are those who met the definition of Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.」.

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), inward remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

C. Analysis of interest rate sensitive assets and liabilities:

Analysis of interest rate sensitive assets and liabilities (NTD)

December 31, 2012

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 52,889,006	$ 16,892,319	$ 18,190,540	$ 107,269,698	$ 195,241,563
Interest-rate-sensitive liabilities	46,757,886	51,469,179	47,887,529	342,315	146,456,909
Interest-rate-sensitive gap	6,131,120	(34,576,860)	(29,696,989)	106,927,383	48,784,654
Total shareholders' equity					21,740,041
Ratio of interest-rate-sensitive assets to liabilities (%)					133.31%
Ratio of interest-rate-sensitive gap to shareholders' equity (%)					224.40%

Note: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic and overseas branches.

Analysis of interest rate sensitive assets and liabilities (USD)

December 31, 2012

(Expressed in Thousands of US Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 1,013,827	$ 162,124	$ 52,373	$ 376,899	$ 1,605,223
Interest-rate-sensitive liabilities	1,268,550	821,203	347,202	16,359	2,453,314
Interest-rate-sensitive gap	(254,723)	(659,079)	(294,829)	360,540	(848,091)
Total shareholders' equity					20,904
Ratio of interest-rate-sensitive assets to liabilities (%)					65.43%
Ratio of interest-rate-sensitive gap to shareholders' equity (%)					-4057.08%

Note: The amounts listed above represent the items denominated in US dollars for Head Office, domestic branches, OBU, and overseas branches, excluding contingent assets and liabilities.

D. Profitability

Expressed in %

Item		December 31, 2012
Return on total assets	Before tax	0.50
	After tax	0.44
Return on shareholders’ equity	Before tax	4.24
	After tax	3.74
Net profit margin ratio		12.17

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

Note 2: Return on shareholders’ equity = Income before (after) income tax / average shareholders’ equity.

Note 3: Net profit margin ratio = Income after income tax / net revenues.

Note 4: The term “Income before (after) income tax” represents net income from January 1 to the balance sheet date of the reporting period

E. Structure analysis of time to maturity

December 31, 2012 (NTD)

(Expressed in Thousands of New Taiwan Dollars)

	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	63,986,564	52,352,176	19,400,060	26,041,356	110,084,777	271,864,933
Primary funds outflow upon maturity	52,823,740	64,984,305	76,256,638	66,055,710	41,136,185	301,256,578
Gap	11,162,824	(12,632,129)	(56,856,578)	(40,014,354)	68,948,592	(29,391,645)

Note: The amounts listed above represent the funds denominated in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

December 31, 2012 (USD)

(Expressed in Thousands of US Dollars)

	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	2,063,797	1,990,971	1,749,964	858,551	386,425	7,049,708
Primary funds outflow upon maturity	2,456,042	2,924,254	1,041,393	1,592,504	827,434	8,841,627
Gap	(392,245)	(933,283)	708,571	(733,953)	(441,009)	(1,791,919)

Note: The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units.

F. Average value and average interest rates of interest earning assets and interest bearing liabilities

Assets	2012 Average value	2012 Average interest rate (%)
Deposit with Central Bank	$ 5,959,307	0.60
Due from other banks	1,298,418	0.22
Call loans to other banks	6,643,559	2.43
Financial assets at fair value through profit or loss (excluding derivatives financial instruments)	5,927,656	0.83
Available-for-sale financial assets	42,633,412	0.89
Inward remittance	52,741	1.25
Bills discounted and loans	169,578,627	2.45
Liabilities		
Overdraft from banks	1,239,579	-
Due to other banks	736,983	1.36
Call loans from banks	39,444,268	0.58
Demand deposit	34,709,742	0.44
Time deposit	131,463,084	1.26
Negotiable certificates deposit	12,698	0.26
Structured products	2,497,171	1.40

(3) Net positions of major foreign currency

The Company engages in businesses which involve certain currencies other than the functional currency and net major foreign currency positions subject to the exchange rate fluctuation are as follows:

	December 31, 2012		
		Foreign currencies (In thousands)	Translated to NTD (In thousands)
Major foreign currency net positions (market risk)	USD	(880,435)	(25,609,639)
	AUD	(167,369)	(5,063,816)
	JPY	10,813,030	3,658,957
	CNH	20,742	974,991
	NZD	(24,884)	(596,795)

Note 1: The above foreign currencies are the top five in position expressed in to the same currency.

Note 2: Net position represents an absolute value of each currency.

The exchange rate adopted for USD to NTD was 1:29.0875 for the year ended December 31, 2012. As of December 31 2012, the foreign positions (including forward contracts) amounted to $1,051,465 thousands in USD assets and $1,931,900 thousands in USD liabilities. In accordance with "Offshore Banking Act", unless approved by the CBC, an offshore banking branch shall not conduct exchanges or other transactions between foreign currencies and New Taiwan Dollars; therefore, the offshore banking unit is not exposed to exchange rate risk between foreign currencies and New Taiwan Dollars. As a result, the major foreign currency net positions do not include the foreign currency positions from the Offshore Banking Unit.

(4) As at December 31, 2012, the trust balance sheet, income statement and schedule of investments as required to be disclosed in compliance with the Article 17 of the "Enforcement Rules of the Trust Enterprise Act" are as follows:

A. Trust balance sheet

Trust assets	December 31, 2012
Fund investments	$ 18,064,890
	$ 18,064,890

Trust liabilities	December 31, 2012
Trust capital	$ 18,064,890
	$ 18,064,890

B. Schedule of investments

	December 31, 2012
Fund investments	
Overseas mutual funds	$ 17,114,716
Domestic mutual funds	950,174
	$ 18,064,890

C. For the years ended December 31, 2012, the trust revenue, trust expense and trust net income were $0.

(5) Capital adequacy ratio

(Expressed in Thousands of New Taiwan Dollars, %)

			December 31, 2012
Eligible capital		Tier 1 Capital	22,454,101
		Tier 2 Capital	418
		Tier 3 Capital	-
		Self-owned capital, net	22,454,519
Total risk - weighted assets	Credit risk	Standardized Approach	173,172,152
		Internal Ratings-Based Approach	-
		Asset securitization	-
	Operation risk	Basic Indicator Approach	8,488,608
		Standardized Approach / Alternative Standardized Approach	-
		Advanced Measurement Approaches	-
	Market risk	Standardized Approach	6,149,671
		Internal Models Approach	-
	Total risk-weighted assets		187,810,431
Capital adequacy ratio			11.96
Tier 1 Risk-based Capital Ratio (%)			11.96
Tier 2 Risk-based Capital Ratio (%)			-
Tier 3 Risk-based Capital Ratio (%)			-
Shareholders' equity/Total assets (%)			8.31
Leverage ratio (%)			8.75

Note :1. Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital

2. Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets

4. Tier 1 Risk-based Capital Ratio = Tier 1 capital / Total risk-weighted assets

5. Tier 2 Risk-based Capital Ratio = Tier 2 capital / Total risk-weighted assets

6. Tier 3 Risk-based Capital Ratio = Tier 3 capital / Total risk-weighted assets

7. Ratio of shareholders' equity to total assets = Shareholder's equity/Total assets

8. Gearing ratio = Tier 1 capital / averaged assets after adjustments (average assets – tier 1 capital – goodwill – unamortized loss on sale of non-performing loans and amounts required to be deducted from the tier 1 capital pursuant to "Calculation method and table of self-owned capital and risk-weighted assets".

(6) Others

Required disclosures of the acquisition of operations, assets and liabilities of DBS Bank Ltd, Taipei Branch by the Company:

A. Introduction on the acquiree: DBS Bank Ltd, Taipei Branch, starting its operation in 1983 and 1985 as approved by regulations of R.O.C., is the Taiwanese branch and offshore banking unit of DBS Bank Ltd. With the approval of Financial Supervisory Committee, Executive Yuan dated February 1, 2008, DBS Bank Ltd, Taipei Branch assumed all operations, assets and liabilities except certain non-performing loan, properties, retained assets and retained liabilities from Bowa Bank Co., Ltd. ("Bowa Bank"). The effective date for assumption was May 24, 2008. After DBS Bank Ltd, Taipei Branch assumed Bowa Bank, 40 branches in total have become operating sites of the branch. The main services provided include deposits, loans, bonds and securities investment, foreign exchange, remittance, guarantees, letter of credit, credit card business and various trust, brokerage and asset management businesses.

B. Purpose of acquisition and legal basis:

(A) Purpose: To provide various financial instruments and sound asset management services through the 40 branches nationally.

(B) Legal basis: Business Mergers And Acquisitions Act, Company Act and The Financial Institutions Merger Act

C. Effective date: January 1, 2012.

D. Type, quantity and amount of securities issued for acquisition: 1,200,000 thousands common shares with par value at $10 dollar per share amounted to $12 billion dollars.

E. Accounting treatment:

(A) Accounting treatment for acquisition: The acquisition of specific operations, assets and liabilities of DBS Bank Ltd, Taipei Branch was recognized by the original carrying amounts on the effective date as it is an organization restructure in nature.

(B) Amounts and accounts of acquired assets and liabilities:

		Amount
Total assets:		
Cash and cash equivalent	$	1,099,823
Due from Central Bank and call loans to banks		20,845,643
Financial assets at fair value through profit or loss		2,531,262
Receivables – net		2,529,024
Bills discounted and loans – net		152,972,943
Available-for-sale financial assets- net		20,260,876
Other financial assets – net		55,069
Fixed assets – net		1,413,397
Intangible assets		147,129
Other assets		903,454
		202,758,620
Less: total liabilities		
Due to Central Bank and other banks		14,355,385
Financial liabilities at fair value through profit or loss		2,292,446
Payables		2,368,900
Deposits and remittance		169,616,708
Other financial liabilities		1,764,369
Other liabilities		360,812
		190,758,620
Net assumption	$	12,000,000
Common stock	$	12,000,000

(7) Extraordinary Items

Expressed in thousand of NT dollars

	Cases and amount
Fine due to the non-compliance with laws and regulations in the latest year	None.
Shortcoming and negligence rectified by the Ministry of Finance in the latest year	None.
Disciplinary actions according to Article 61-1 of the Banking Act of Republic of China in the latest year	None.
Incurred losses over NT$50 million individually or in aggregate due to employee fraud or major incidental violations of rules provided in the “Notices to Financial Institutions about Safeguarding” in the latest year.	None.
Others	None.

Note: The latest year refers to the previous year of the disclosure of the period.

11. SUPPLEMENTARY DISCLOSURES

(1) Related information on material transaction items:

(A) Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Company’s paid-in capital: None.

(B) Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Company’s paid-in capital: The Company, in accordance with Business Mergers and Acquisitions Act and The Financial Institutions Merger Act, acquired specific assets and liabilities including real estate from DBS Bank Ltd, Taipei Branch and Offshore Banking Unit on January 1, 2012. Please see Note 10(6).

(C) Information on the disposal of real estate for which the sale amount exceeded NT$300 million or 10% of the Company’s paid-in capital: None.

(D) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT$5 million: None.

(E) Information regarding receivables from related parties for which the amount exceeded NT$300 million or 10% of the Company’s paid-in capital: None.

(F) Information regarding selling non-performing loans: None.

(G) Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

(H) Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies: None.

(3) Investments in Mainland China: None.

12. SEGMENT INFORMATION

(1) General information – products and services generating income of each reportable segment

The Company has three reportable segments: corporate banking, consumer banking and others. Main income sources of products and services are as follows:

Corporate banking: general corporate deposits and loans, policy financing, guaranteed acceptance, accounts receivable factoring, small and medium enterprises loans, money market and financial instruments investment.

Consumer banking: mortgage, autoloans, consumer loans, credit business, asset management and deposits.

Others: income and expense not attributable to above operating segments and expense from supporting office that cannot be directly amortized are classified as others.

(2) Measurement of segment information

(A) Measurement of profit and loss, asset and liabilities of operating segments

All principles used to measure profit and loss, assets and liability of operating segments of the Company are consistent with the significant accounting policy detailed in Note 2. The measurement of profit and loss is based on pre-tax profit and loss.

In order to create a fair and reasonable performance measuring program, intra-transactions amongst segments of the Company are deemed as trading with third parties and interest income and expense are calculated based on internal interest rate determined by reference with market condition. Internal income and expense of each segment are offset in external financial statements.

Income and expense are directly classified under the segmental profit and loss if attributable to the operating segment or allocated to each operating segment based on reasonable standards of calculation if the indirect expense is not able to be directly attributable to the operating segments. All other unallocated items are included in others.

(B) Recognition element for reporting segments

The Company has specific performance indicators and the management regularly reviews and evaluate performances, through which the Company use as a reference to determine resource allocation.

(3) Segment profit and loss

	2012			
	Corporate banking	Consumer banking	Others	Consolidated
Net interest income	$ 1,810,594	$ 910,602	$ 4,155	$ 2,725,351
Net non-interest income (Note)	1,223,045	485,617	546,230	2,254,892
Net revenue	3,033,639	1,396,219	550,385	4,980,243
Bad debt expense and gain on recovered bad debt	(194,495)	75,853	(3,101)	(121,743)
Operating expense	(2,005,567)	(2,116,621)	(49,682)	(4,171,870)
Segmental gain (loss) before tax	$ 833,577	($ 644,549)	$ 497,602	$ 686,630

Note: Including net fee and commission income, net gains and losses on financial assets and liabilities at fair value through profit and loss, realized gains and losses on available-for-sale financial assets, foreign exchange gains and other non-interest income.

(4) Information of revenue by location

Not applicable. The Company has no external income from foreign countries.

(5) Important client information

Not applicable. The Company has no important clients which account for 10% total interest income or more.

13. Relevant Information on Adoption of IFRSs

Pursuant to the regulations of the Financial Supervisory Commission (hereinafter referred to as the FSC), listed companies, public companies whose shares are traded over the counters and financial institutions under the governance of FSC should prepare their financial reports in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International Financial Reporting Standards Interpretations (IFRICs) and Interpretations of the International Accounting Standards (SICs) approved by the FSC, starting from the fiscal year of 2013.

The Bank discloses the information below before the adoption of IFRSs in accordance with Jin-Guan-Yin Letter No. 10000073410 dated on April 7, 2011:

1. Important information and summary regarding IFRSs adoption plan

The Bank has already set up an ad hoc committee with regards to IFRSs adoption. The Bank's CFO is in charge of the Bank's conversion to IFRSs. Major contents and status of execution are as follows:

Working Items for IFRSs Conversion Project	Status and estimated completion date
1. Set up an ad hoc team.	Completed.
2. Establish an adoption plan for IFRSs conversion.	Completed.
3. Complete the identification of differences between current accounting policy and IFRSs.	Completed.
4. Complete the identification of consolidation entities under the IFRSs framework.	Completed.
5. Complete the evaluation of the impact of various exemptions and options under IFRS 1 "First-time Adoption of International Financial Reporting Standards".	Completed.
6. Complete the evaluation of adjustments required for information systems.	Completed.
7. Complete the evaluation of adjustments required for internal controls.	Completed.
8. Decide on IFRSs accounting policies.	Completed.
9. Decide on selection of various exemptions under IFRS 1.	Completed.
10. Complete the preparation of IFRSs statement of financial position on the transition date.	Completed.
11. Complete the preparation of IFRSs comparative financial information for 2012.	In progress.
12. Complete the adjustments required for relevant internal controls (including financial reporting processes and relevant information systems).	Completed.

2. The significant differences and effects that may occur between current accounting policies and policies to be adopted in the future in accordance with IFRSs and "Regulation Governing the Preparation of Financial Reports by Public Banks" are as follows:

The Bank evaluates the significant differences based on IFRSs approved by the FSC and the "Regulations Governing the Preparation of Financial Reports by Public Banks" effective in 2013. The assessment result may be different from IFRSs actually adopted in the future, as it may be affected by the new issuance or amendments to IFRSs, IASs, IFRICs and SICs, subsequently ratified by the FSC and the "Regulations Governing the Preparation of Financial Reports by Public Banks" if it is revised in the future.

Significant differences identified by the Bank that may arise between current accounting policies applied in the preparation of financial statements and IFRSs and "Regulation Governing the Preparation of Financial Statements by Public Banks" in the future, together with impact of exemptions chosen according to IFRS 1, "First-time Adoption of International Financial Reporting Standards", please refer to Note XIII(3), are set forth below:

(1) Balance sheet reconciliation as of January 1, 2012

	Accounting standards of R.O.C.	Adjustments	IFRSs	Note
Cash and cash equivalents	$ 9,962,100	$ -	$ 9,962,100	
Receivables	4,788	(882)	3,906	A
Current income tax assets	-	882	882	A
Deferred income tax assets	22,821	-	22,821	
Other assets	800	-	800	
Total assets	$ 9,990,509	$ -	$ 9,990,509	
Payables	101,929	-	101,929	
Total liabilities	$ 101,929	$ -	$ 101,929	
Common stocks	10,000,000	-	10,000,000	
Retained earnings	(111,420)	-	(111,420)	
Total equity	$ 9,888,580	$ -	$ 9,888,580	

Reason for adjustment:

A. Income tax

According to IAS 1 approved by the FSC, current income tax assets should be separately presented in the balance sheet. This change has made current income tax asset increased by $ 882 and receivables decreased by $ 882 as of January 1, 2012.

(2) Balance sheet reconciliation as of December 31, 2012

	Accounting standards of R.O.C.	Adjustments	IFRSs	Note
Cash and cash equivalents	$ 2,423,558	$ -	$ 2,423,558	
Due from Central Bank and call loan from banks	12,606,720	-	12,606,720	
Financial assets at fair value through income statement	10,372,961	(10,372,961)	-	D
Financial asset at fair value through profit and loss	-	10,372,961	10,372,961	D
Receivables	4,363,328	(6,608)	4,356,720	C
Current income tax assets	-	6,608	6,608	C
Bills discounted and loans	183,110,381	-	183,110,381	
Available-for-sale financial assets	49,608,728	-	49,608,728	
Other financial asset	48,024	-	48,024	
Investment property	-	248,606	248,606	F
Fixed assets	1,351,430	318,207	1,669,637	F
Intangible assets	139,996	(19,520)	120,476	
Deferred income tax assets	-	37,999	37,999	A, C
Other assets	755,952	(566,813)	189,139	C, F
Total assets	$ 264,781,078	$ 18,479	$ 264,799,557	
Due to Central Bank and other banks	$ 40,822,448	$ -	$ 40,822,448	
Financial liabilities at fair value through income statement	3,241,000	(3,241,000)	-	D
Financial liabilities at fair value through profit and loss	-	3,241,000	3,241,000	D
Payables	4,544,548	-	4,544,548	C
Deposit and remittance	189,518,193	-	189,518,193	
Accrued pension liabilities	25,689	(25,689)	-	A, E
Liabilities reserve	-	243,065	243,065	A, E
Other financial liabilities	3,427,765	-	3,427,765	
Deferred income tax liabilities	-	40,853	40,853	C
Other liabilities	670,874	(205,507)	465,367	C, E
Total liabilities	$ 242,250,517	$ 52,722	$ 242,303,239	
Common stocks	$ 22,000,000	$ -	$ 22,000,000	
Retained earnings	491,680	(34,243)	457,437	A
Other equities	38,881	-	38,881	
Total equity	$ 22,530,561	($ 34,243)	$ 22,496,318	

(3) Income statement reconciliation for 2012

	Accounting standards of R.O.C.	Adjustments	IFRSs	Note
Net interest income	$ 2,725,351	($ 8,085)	$ 2,717,266	B, D
Net non-interest income	2,280,393	53,400	2,333,793	D, F
Net revenues	5,005,744	45,315	5,051,059	
Bad debt expenses and gain on recovered bad debt	(121,743)	-	(121,743)	
Operating expense	(4,197,371)	(86,984)	(4,284,355)	A, B, F
Income from continuing operations before income tax	686,630	(41,669)	644,961	
Income tax expense	(83,530)	7,083	(76,447)	A
Net income	$ 603,100	($ 34,586)	$ 568,514	

Reasons for adjustments:

A. Adjustments of actuarial gains and losses on pension and obligation

According to employee benefit exemption set out in IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 19 “Employee Benefits”, the deferred income tax assets increased by $7,013, intangible assets decreased by $19,520, accrued pension liabilities increased by $21,736, retained earnings increased by $343 as of December 31, 2012, and operating expenses increased by $41,669 and income tax expense decreased by $7,083 for 2012.

B. Employee preferential deposits

According to “Regulations Governing the Preparation of Financial Reports by Public Banks” effective in 2013, interest for current employees in excess of market interest rate shall be reclassified as employee benefit expense (included in “operating expense”), which led to the $40,687 decrease in interest expense and $40,687 increase in employee benefit expense (included in “operating expense”).

C. Income tax

In accordance with IAS 12 ‘Income taxes”, income tax receivable (presented as receivables) of the current period should be presented as current income tax assets. According to ROC GAAP, the deferred tax assets and liabilities should be offset and presented as a net amount; however, according to IAS 12 “Income taxes”, deferred tax assets and liabilities can only be offset under different conditions from those in compliance of ROC GAAP. Current income tax assets, deferred income tax assets and liabilities should be separately presented in the balance sheet, which led to $6,608 increase in current income tax assets, $6,608 decrease in receivables, $30,986 increase in deferred income tax assets, $40,853 increase in deferred income tax liabilities and $9,867 decrease in other liabilities.

D. Financial assets and liabilities at fair value through profit and loss

According to “Regulations Governing the Preparation of Financial Reports by Public Banks” effective in 2013, the Bank reclassified the “Financial assets at fair value through income statement” amounted to $10,372,961 and “Financial liabilities at fair value through income statement” amounted to $ 3,241,000 as “Financial assets at fair value through profit and loss” and “Financial liabilities at fair value through profit and loss”, respectively and presented interest income and expense of financial assets and liabilities at fair value through profit and loss under “Gains and losses of financial assets and liabilities at fair value through profit and loss” on the conversion date, which led to $48,772 increase in gains and losses on financial assets and liabilities at fair value through profit and loss (included in “net non-interest income”) and $48,772 decrease in net interest income in 2012.

E. Liability reserves

According to the IAS 1 approved by FSC, liability reserves should be separately presented in the balance sheet. Items originally recognized in accrued pension liabilities and other liability reserves should be reclassified under liability reserves, resulting $243,065 increase in liability reserve and $47,425 decrease in accrued pension liabilities and $195,640 decrease in other liabilities as of December 31, 2012.

F. Investment property

According to IAS 40 “Investment Property”, items originally classified as “Other assets” meeting the definition of investment property should be reclassified as “Investment property”, which led to $248,606 increase in investment property, $ 318,207 increase in fixed assets, $566,813 decrease in other assets, $4,628 increase in net non-interest income and $4,628 increase in operating expenses for 2012.

3. The exemption that the Bank chooses in accordance with IFRS 1 “First-time Adoption of International Financial Reporting Standards” and “Regulation Governing the Preparation of Financial Reports by Public Banks” effective in 2013 are as follows:

(1) Employee benefits

The Bank chooses to recognize immediately cumulative actuarial gains and losses related to employee benefits as retained earnings on the conversion date. Also, based on each accounting period from the conversion date in which the amounts are determined, the obligation of defined benefits and obligations required by paragraph 120A (P) set out in IAS 19 “Employee benefits” shall be disclosed prospectively.

The above exemptions may be different from the actual circumstances due to the regulations announced by competent authorities, changes in economic environment or the changes in assessment on impacts over various exemptions.