

**Taishin Financial Holding Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2013 and 2012 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taishin Financial Holding Co., Ltd.

We have audited the accompanying consolidated balance sheets of Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income for the three months ended June 30, 2013 and 2012, six months ended June 30, 2013 and 2012, and changes in equity and cash flows for the six months ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of Taishin Financial Holding and subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Taishin Financial Holding and its subsidiaries as of June 2013, December 31, 2012, June 30, 2012 and January 1, 2012, and the results of their operations and their cash flows for the six months then ended, in conformity with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standards 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the ROC.

We have also audited the accompanying schedules of significant accounts, provided for supplementary analysis, by applying the same procedures described above. In our opinion, such schedules are consistent, in all material respects, with the financial statements referred to above.

August 29, 2013

Notice to Readers

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

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012		LIABILITIES AND EQUITY	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (Notes 5 and 7)	\$ 56,582,504	2	\$ 50,617,800	2	\$ 49,864,409	2	\$ 63,123,985	2	Due to the Central Bank and banks (Note 23)	\$ 155,606,337	6	\$ 152,894,925	6	\$ 179,544,111	7	\$ 174,583,880	7
Due from the Central Bank and call loans to banks (Note 8)	141,565,296	5	136,641,676	5	108,963,840	4	109,187,193	4	Financial liabilities at fair value through profit or loss (Notes 5 and 9)	16,917,216	1	11,027,012	-	10,765,401	-	10,388,922	-
Financial assets at fair value through profit or loss (Notes 5 and 9)	90,680,427	3	86,282,256	3	72,580,619	3	67,813,059	3	Securities sold under repurchase agreements (Note 5)	33,873,788	1	56,534,194	2	56,591,095	2	52,249,552	2
Available-for-sale financial assets, net (Notes 5, 10 and 33)	228,224,328	8	273,786,476	10	259,555,082	10	250,996,594	10	Commercial papers issued, net (Note 24)	-	-	7,000	-	-	-	267,953	-
Derivative financial assets for hedging (Notes 5 and 11)	82,629	-	105,087	-	128,524	-	149,400	-	Payables (Note 25)	56,573,168	2	54,451,474	2	56,850,636	2	55,298,171	2
Securities purchased under resell agreements (Note 5)	6,936,868	-	4,987,265	-	834,502	-	9,734,993	-	Current tax liabilities (Note 5)	3,813,721	-	2,602,123	-	2,141,957	-	1,938,721	-
Receivables, net (Notes 5, 12 and 13)	98,137,437	4	106,236,192	4	107,708,189	4	108,616,026	4	Deposits and remittances (Note 26)	2,170,854,589	79	2,139,646,174	78	2,035,558,700	77	2,024,212,177	77
Current tax assets (Note 5)	1,623,794	-	1,733,233	-	1,870,729	-	2,151,147	-	Bonds payable (Note 27)	90,308,743	3	97,151,937	4	104,125,347	4	97,146,086	4
Loans, net (Notes 5, 6 and 13)	1,822,578,268	66	1,787,298,942	66	1,764,967,382	66	1,723,226,715	66	Other borrowings (Note 28)	646,950	-	579,996	-	110,319	-	43,000	-
Held-to-maturity financial assets, net (Notes 5 and 14)	188,438,984	7	172,613,773	6	193,740,114	7	182,797,810	7	Reserve for liabilities (Notes 5 and 29)	4,314,536	-	4,575,384	-	4,098,207	-	4,086,748	-
Investments accounted for using equity method, net (Notes 5 and 15)	243,235	-	251,142	-	414,898	-	252,319	-	Other financial liabilities (Note 30)	23,152,621	1	15,035,344	1	13,808,039	1	15,016,995	1
OTHER FINANCIAL ASSETS, NET									Deferred tax liabilities (Note 5)	6,455,021	-	6,821,004	-	6,767,759	-	7,123,580	-
Financial assets carried at cost, net (Note 16)	8,108,074	-	7,838,879	1	7,850,214	1	7,919,129	-	Other liabilities (Notes 15 and 31)	3,892,856	-	3,584,238	-	4,057,314	-	3,975,353	-
Debt investments without active market (Note 17)	4,106,472	-	3,478,999	-	3,710,036	-	8,319,929	1	Total liabilities	2,566,409,546	93	2,544,910,805	93	2,474,418,885	93	2,446,331,138	93
Other miscellaneous financial assets, net (Notes 13 and 18)	15,454,246	1	3,488,306	-	1,804,244	-	2,619,624	-	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)								
Other financial assets, net	27,668,792	1	14,806,184	1	13,364,494	1	18,858,682	1	Capital stock								
Investment property, net (Notes 5 and 19)	11,606,932	1	11,614,389	-	11,362,981	-	11,246,432	-	Common stock	68,915,233	3	68,914,473	3	63,250,473	2	63,250,473	2
Property and equipment, net (Notes 5 and 20)	41,661,573	2	41,872,325	2	42,126,516	2	42,430,330	2	Preferred stock	7,251,368	-	7,251,368	-	11,912,963	1	11,912,963	1
Intangible assets, net (Notes 5 and 21)	21,644,880	1	21,732,198	1	21,821,243	1	21,956,167	1	Stock dividends to be distributed	6,139,767	-	-	-	5,664,000	-	-	-
Deferred tax assets (Notes 5 and 6)	8,485,925	-	9,798,309	-	10,648,505	-	12,271,713	-	Capital surplus	9,443,781	-	9,409,757	-	19,362,195	1	19,315,132	1
Other assets, net (Note 22)	8,924,019	-	6,988,599	-	3,818,830	-	4,309,697	-	Retained earnings								
									Legal reserve	3,939,770	-	2,942,721	-	2,942,721	-	1,999,537	-
									Special reserve	465,368	-	244,474	-	244,473	-	268,505	-
									Unappropriated earnings	8,236,802	1	10,164,169	1	6,001,851	-	9,701,741	-
									Other equity								
									Exchange differences on translation of foreign financial statements	53,917	-	(58,334)	-	(20,845)	-	-	-
									Unrealized gains (losses) on available-for-sale financial assets	264,471	-	2,458,941	-	1,623,649	-	948,726	-
									Equity attributable to owners of parent	104,710,477	4	101,327,569	4	110,981,480	4	107,397,077	4
									NON-CONTROLLING INTERESTS	83,965,868	3	81,127,472	3	78,370,492	3	75,394,047	3
									Total equity	188,676,345	7	182,455,041	7	189,351,972	7	182,791,124	7
TOTAL	\$ 2,755,085,891	100	\$ 2,727,365,846	100	\$ 2,663,770,857	100	\$ 2,629,122,262	100	TOTAL	\$ 2,755,085,891	100	\$ 2,727,365,846	100	\$ 2,663,770,857	100	\$ 2,629,122,262	100

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Notes 5 and 34)	\$ 12,497,020	82	\$ 12,053,430	96	\$ 24,635,207	85	\$ 24,049,113	98
INTEREST EXPENSES (Note 34)	<u>(4,701,264)</u>	<u>(31)</u>	<u>(4,782,628)</u>	<u>(38)</u>	<u>(9,350,056)</u>	<u>(32)</u>	<u>(9,537,552)</u>	<u>(39)</u>
NET INTEREST INCOME (Note 34)	<u>7,795,756</u>	<u>51</u>	<u>7,270,802</u>	<u>58</u>	<u>15,285,151</u>	<u>53</u>	<u>14,511,561</u>	<u>59</u>
NET INCOME OTHER THAN NET INTEREST INCOME (Note 5)								
Net service fee and commissions income (Note 35)	3,461,876	23	2,999,722	24	6,770,449	23	5,816,586	24
Gain on financial assets and liabilities at fair value through profit or loss (Note 36)	2,719,150	18	623,519	5	6,619,769	23	2,644,234	11
Gain on investment property	47,059	-	45,811	-	94,573	-	90,395	-
Realized gain on available-for-sale financial assets (Note 37)	1,806,685	12	79,700	1	2,795,745	10	116,628	-
Foreign exchange gain (losses)	(1,079,715)	(7)	309,201	3	(3,204,401)	(11)	(193,334)	(1)
Impairment loss on assets (Note 16)	(67,614)	-	(86,816)	(1)	(147,764)	-	(86,816)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 15)	7,214	-	5,787	-	14,690	-	(7,617)	-
Gain on disposal of investments accounted for using equity method (Note 43)	-	-	428,368	3	-	-	428,368	2
Net other non-interest income								
Gain on disposal of non-performing loans	-	-	334,723	3	-	-	334,723	1
Dividend income	198,899	1	214,027	2	199,034	1	223,235	1
Other miscellaneous net income	<u>253,050</u>	<u>2</u>	<u>291,143</u>	<u>2</u>	<u>446,012</u>	<u>2</u>	<u>595,332</u>	<u>3</u>
Net income other than net interest income	<u>7,346,604</u>	<u>49</u>	<u>5,245,185</u>	<u>42</u>	<u>13,588,107</u>	<u>47</u>	<u>9,961,734</u>	<u>41</u>
NET REVENUE AND GAINS	<u>15,142,360</u>	<u>100</u>	<u>12,515,987</u>	<u>100</u>	<u>28,873,258</u>	<u>100</u>	<u>24,473,295</u>	<u>100</u>
REVERSED ALLOWANCE FOR BAD DEBTS EXPENSES AND GUARANTEE LIABILITY PROVISIONS (Notes 5 and 13)	<u>173,286</u>	<u>1</u>	<u>859,515</u>	<u>7</u>	<u>848,273</u>	<u>3</u>	<u>1,647,247</u>	<u>7</u>
OPERATING EXPENSES								
Employee benefits expenses (Note 38)	(4,796,954)	(32)	(4,821,957)	(39)	(9,531,650)	(33)	(9,374,533)	(38)
Depreciation and amortization expenses (Note 39)	(370,472)	(2)	(400,790)	(3)	(743,318)	(3)	(806,567)	(3)
Other general and administrative expenses	<u>(2,516,960)</u>	<u>(17)</u>	<u>(2,298,083)</u>	<u>(18)</u>	<u>(4,719,971)</u>	<u>(16)</u>	<u>(4,507,650)</u>	<u>(19)</u>
Total operating expenses	<u>(7,684,386)</u>	<u>(51)</u>	<u>(7,520,830)</u>	<u>(60)</u>	<u>(14,994,939)</u>	<u>(52)</u>	<u>(14,688,750)</u>	<u>(60)</u>

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 7,631,260	50	\$ 5,854,672	47	\$ 14,726,592	51	\$ 11,431,792	47
INCOME TAX EXPENSE (Notes 5 and 40)	<u>(1,737,311)</u>	<u>(11)</u>	<u>(1,099,557)</u>	<u>(9)</u>	<u>(2,834,430)</u>	<u>(10)</u>	<u>(1,929,717)</u>	<u>(8)</u>
NET INCOME	<u>5,893,949</u>	<u>39</u>	<u>4,755,115</u>	<u>38</u>	<u>11,892,162</u>	<u>41</u>	<u>9,502,075</u>	<u>39</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences on translation of foreign financial statements	80,111	-	43,041	-	312,961	1	(35,851)	-
Unrealized gains (losses) on available-for-sale financial assets	(2,109,348)	(14)	160,572	1	(2,935,767)	(10)	1,080,725	4
Income tax relating to the components of other comprehensive income (loss)	<u>258,061</u>	<u>2</u>	<u>(21,826)</u>	<u>-</u>	<u>309,290</u>	<u>1</u>	<u>(64,434)</u>	<u>-</u>
Other comprehensive income (loss), net of tax	<u>(1,771,176)</u>	<u>(12)</u>	<u>181,787</u>	<u>1</u>	<u>(2,313,516)</u>	<u>(8)</u>	<u>980,440</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,122,773</u>	<u>27</u>	<u>\$ 4,936,902</u>	<u>39</u>	<u>\$ 9,578,646</u>	<u>33</u>	<u>\$ 10,482,515</u>	<u>43</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of parent	\$ 4,081,807	27	\$ 2,725,059	22	\$ 8,263,496	29	\$ 5,734,262	24
Non-controlling interests	<u>1,812,142</u>	<u>12</u>	<u>2,030,056</u>	<u>16</u>	<u>3,628,666</u>	<u>12</u>	<u>3,767,813</u>	<u>15</u>
	<u>\$ 5,893,949</u>	<u>39</u>	<u>\$ 4,755,115</u>	<u>38</u>	<u>\$ 11,892,162</u>	<u>41</u>	<u>\$ 9,502,075</u>	<u>39</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of parent	\$ 2,482,828	16	\$ 2,922,376	23	\$ 6,181,277	21	\$ 6,388,340	26
Non-controlling interests	<u>1,639,945</u>	<u>11</u>	<u>2,014,526</u>	<u>16</u>	<u>3,397,369</u>	<u>12</u>	<u>4,094,175</u>	<u>17</u>
	<u>\$ 4,122,773</u>	<u>27</u>	<u>\$ 4,936,902</u>	<u>39</u>	<u>\$ 9,578,646</u>	<u>33</u>	<u>\$ 10,482,515</u>	<u>43</u>
EARNINGS PER SHARE (Note 41)								
Basic	<u>\$0.51</u>		<u>\$0.32</u>		<u>\$1.04</u>		<u>\$0.67</u>	
Diluted	<u>\$0.50</u>		<u>\$0.32</u>		<u>\$1.00</u>		<u>\$0.66</u>	

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											Other Equity			Total
	Capital Stock			Capital Surplus				Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Non-controlling Interests		
	Common Stock	Preferred Stock	Stock Dividends to Be Distributed	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation	Other Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2012	\$ 63,250,473	\$ 11,912,963	\$ -	\$ 17,005,072	\$ 2,075,475	\$ 230,174	\$ 4,411	\$ 1,999,537	\$ 268,505	\$ 9,701,741	\$ -	\$ 948,726	\$ 75,394,047	\$ 182,791,124	
Appropriation of 2012 earnings															
Legal reserve	-	-	-	-	-	-	-	943,184	-	(943,184)	-	-	-	-	
Cash dividends on common stock	-	-	-	-	-	-	-	-	-	(1,416,000)	-	-	(1,044,869)	(2,460,869)	
Cash dividends on preferred stock	-	-	-	-	-	-	-	-	-	(1,435,000)	-	-	-	(1,435,000)	
Stock dividends	-	-	5,664,000	-	-	-	-	-	-	(5,664,000)	-	-	-	-	
Net income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	5,734,262	-	-	3,767,813	9,502,075	
Other comprehensive income for the six months ended June 30, 2012, net of tax	-	-	-	-	-	-	-	-	-	-	(20,845)	674,923	326,362	980,440	
Total comprehensive income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	5,734,262	(20,845)	674,923	4,094,175	10,482,515	
Disposal of subsidiary	-	-	-	-	-	(1,013)	(4,411)	-	-	-	-	-	(72,907)	(78,331)	
Share-based payments	-	-	-	-	-	52,487	-	-	-	-	-	-	46	52,533	
Others	-	-	-	-	-	-	-	-	(24,032)	24,032	-	-	-	-	
BALANCE, JUNE 30, 2012	<u>\$ 63,250,473</u>	<u>\$ 11,912,963</u>	<u>\$ 5,664,000</u>	<u>\$ 17,005,072</u>	<u>\$ 2,075,475</u>	<u>\$ 281,648</u>	<u>\$ -</u>	<u>\$ 2,942,721</u>	<u>\$ 244,473</u>	<u>\$ 6,001,851</u>	<u>\$ (20,845)</u>	<u>\$ 1,623,649</u>	<u>\$ 78,370,492</u>	<u>\$ 189,351,972</u>	
BALANCE, JANUARY 1, 2013	\$ 68,914,473	\$ 7,251,368	\$ -	\$ 7,005,072	\$ 2,075,475	\$ 329,210	\$ -	\$ 2,942,721	\$ 244,474	\$ 10,164,169	\$ (58,334)	\$ 2,458,941	\$ 81,127,472	\$ 182,455,041	
Special reserve under Rule No. 1010012865 is issued by FSC	-	-	-	-	-	-	-	-	220,376	(220,376)	-	-	-	-	
Special reserve under Rule No. 1010045494 is issued by FSC	-	-	-	-	-	-	-	-	518	-	-	-	-	518	
Appropriation of 2013 earnings															
Legal reserve	-	-	-	-	-	-	-	997,049	-	(997,049)	-	-	-	-	
Cash dividends on common stock	-	-	-	-	-	-	-	-	-	(1,534,942)	-	-	(559,005)	(2,093,947)	
Cash dividends on preferred stock	-	-	-	-	-	-	-	-	-	(1,298,729)	-	-	-	(1,298,729)	
Stock dividends	-	-	6,139,767	-	-	-	-	-	-	(6,139,767)	-	-	-	-	
Net income for the six months ended June 30, 2013	-	-	-	-	-	-	-	-	-	8,263,496	-	-	3,628,666	11,892,162	
Other comprehensive income for the six months ended June 30, 2013, net of tax	-	-	-	-	-	-	-	-	-	-	112,251	(2,194,470)	(231,297)	(2,313,516)	
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	-	-	-	-	8,263,496	112,251	(2,194,470)	3,397,369	9,578,646	
Share-based payments	760	-	-	536	-	33,488	-	-	-	-	-	-	32	34,816	
BALANCE, JUNE 30, 2013	<u>\$ 68,915,233</u>	<u>\$ 7,251,368</u>	<u>\$ 6,139,767</u>	<u>\$ 7,005,608</u>	<u>\$ 2,075,475</u>	<u>\$ 362,698</u>	<u>\$ -</u>	<u>\$ 3,939,770</u>	<u>\$ 465,368</u>	<u>\$ 8,236,802</u>	<u>\$ 53,917</u>	<u>\$ 264,471</u>	<u>\$ 83,965,868</u>	<u>\$ 188,676,345</u>	

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 14,726,592	\$ 11,431,792
Adjustments:		
Non-cash (revenues and gains) or expenses and losses		
Depreciation expenses	590,638	637,237
Amortization expenses	152,680	169,330
Reversed allowance for bad debts expenses and guarantee liability provisions	(848,273)	(1,647,247)
Net gain on financial assets and liabilities at fair value through profit or loss	(3,792,336)	(1,043,633)
Interest expenses	9,350,056	9,537,552
Interest income	(24,635,207)	(24,049,113)
Share-based payments	45,716	52,533
Share of (profit) loss of associates and joint ventures accounted for using equity method	(14,690)	7,617
Gain on disposal of investments	(2,792,808)	(116,370)
Gain on disposal of investments accounted for using equity method	-	(428,368)
Impairment loss on financial assets	147,764	86,816
Unrealized foreign exchange losses	242,568	608,887
Other adjustments	<u>2,870,673</u>	<u>3,106,615</u>
Total adjustments	<u>(18,683,219)</u>	<u>(13,078,144)</u>
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank	(3,605,560)	3,835,569
Decrease in financial assets at fair value through profit or loss	5,971,613	9,556,592
Decrease (increase) in available-for-sale financial assets	45,428,033	(7,001,366)
Decrease in receivables	8,193,475	1,630,411
Increase in loans	(37,517,669)	(43,075,175)
Increase in held-to-maturity financial assets	(15,783,072)	(10,968,699)
(Increase) decrease in other financial assets	(13,101,764)	5,117,690
Increase in other assets	(1,933,278)	(126,823)
Decrease in due to the Central Bank and banks	(1,867,025)	(4,572,715)
Decrease in financial liabilities at fair value through profit or loss	(806,210)	(13,517,407)
(Decrease) increase in securities sold under repurchase agreements	(22,660,406)	4,341,543
Decrease in payables	(974,797)	(3,339,529)
Increase in deposits and remittances	31,208,415	11,346,523
Decrease in reserve for employee benefits	(237,176)	(31,116)
Decrease in reserve for liabilities	(25,493)	(17,822)

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	2012
Increase (decrease) in other financial liabilities	\$ 8,117,277	\$ (1,208,956)
Increase in other liabilities	<u>303,283</u>	<u>465,610</u>
Cash used in operations	<u>(3,246,981)</u>	<u>(49,212,022)</u>
Interest received	24,681,336	24,089,588
Dividend received	22,595	2,122
Interest paid	(9,659,173)	(9,164,033)
Income taxes paid	<u>(257,702)</u>	<u>(243,110)</u>
Net cash flows generated from (used in) operating activities	<u>11,540,075</u>	<u>(34,527,455)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of a subsidiary	-	187,409
Acquisition of property and equipment	(376,427)	(371,734)
Proceeds from disposal of property and equipment	1,753	126
Acquisition of intangible assets	(60,401)	(11,720)
Acquisition of investment property	(470)	(123,752)
Unrealized foreign exchange (gains) losses	<u>(3,404)</u>	<u>2,814</u>
Net cash used in investing activities	<u>(438,949)</u>	<u>(316,857)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and call loans from banks	4,578,437	9,532,946
Decrease in commercial papers payable	(7,000)	(267,953)
Proceeds from issuance of bonds	-	7,000,000
Proceeds from issuance of bank debentures	4,879,000	-
Repayments of bank debentures	(11,700,000)	-
Increase in other borrowings	66,954	67,319
Exercise of employee share options	<u>889</u>	<u>-</u>
Net cash flows (used in) generated from financing activities	<u>(2,181,720)</u>	<u>16,332,312</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>312,961</u>	<u>(35,851)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,232,367	(18,547,851)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>107,625,114</u>	<u>99,439,932</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 116,857,481</u>	<u>\$ 80,892,081</u>

(Continued)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended	
	June 30	
	2013	2012
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in consolidated balance sheet	\$ 56,582,504	\$ 49,864,409
Call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	53,338,109	30,193,170
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	<u>6,936,868</u>	<u>834,502</u>
Cash and cash equivalents at end of period	<u>\$ 116,857,481</u>	<u>\$ 80,892,081</u>

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND CONSOLIDATION POLICY

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

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

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

In the fourth quarter of 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of preferred stock - B issued by Chang Hwa Commercial Bank, Ltd. (“Chang Hwa Bank”) through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the board of directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this preferred stock - B had been converted into 1,400,000 thousand shares of common stock. The ownership interest with voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 22.81% as of June 30, 2013.

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

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

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

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

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

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

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

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

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

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

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

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

Taishin Marketing Consultant Co., Ltd. (“Taishin Marketing”) was established on November 20, 1998. Its operations include investment and enterprise consulting, agent services, acquisition of accounts receivable, real estates and leasing. Taishin Financial Holding had approved to dissolve its subsidiary Taishin Marketing in the board meeting on March 21, 2013. Thus, it dissolved on April 30, 2013.

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

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

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

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

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

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

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, Taishin Financial Holding and its entire controlled subsidiaries (the “Group”) had 13,564, 13,468, 13,101 and 13,783 employees, respectively.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards 1 “First-time Adoption of International Financial Reporting Standards” and International Accounting Standards 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission (“FSC”). Disclosure information included in interim financial report is less than the disclosure information in a full set of annual financial reports required by International Financial Reporting Standards, International Accounting Standards, and Interpretations permitted by the FSC (“FSC-recognized IFRSs”).

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 29, 2013.

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

- a. New and revised standards, amendments and interpretations in issue but not yet effective

In addition to the disclosure in Note 4 to the consolidated financial statements as of March 31, 2013, the Group has not applied IFRSs issued by the IASB. As of the date of approval of these consolidated financial statements, the FSC has not yet announced the effective dates for the following new and revised standards, amendments and interpretations:

New, Amended or Revised Standards and Interpretations		Effective Date Announced by IASB (Note)
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

Note: Unless otherwise noted, the above new and revised standards, amendments and interpretations are effective for annual periods beginning on or after the respective effective dates.

- b. Significant changes in accounting policy resulted from new and revised standards, amendments and interpretations in issue but not yet effective

Except for the following, the initial application of the above new and revised standards, amendments and interpretations had not had any material impact on the Group's accounting policies:

IFRS 9 Financial Instruments

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

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

- c. Material impact on consolidated financial statements resulted from new and revised standards, amendments and interpretations in issue but not yet effective

The Group is in the process of estimating the impact of the initial application of the standards, amendments and interpretations on its financial position and results of operations. Disclosures will be provided until a detailed review of the impact has been completed.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market or financial industry regulated by the FSC should prepare their consolidated financial statements in accordance with IFRSs approved by the FSC.

The date of transition to IFRSs was January 1, 2012. Please refer to the Note 57 to the consolidated financial statement as of March 31, 2013 for details.

Basis of Preparation

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of March 31, 2013. Please refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for details.

Basis of Consolidation

The consolidated financial statements have been consolidated on the same basis as the consolidated financial statements as of March 31, 2013. Please refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for details.

- a. Subsidiaries included in the consolidated financial statements as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were as follows:

Investor	Subsidiary	Ownership Interest (%)				Note
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	
Taishin Financial Holding	Taishin Bank	100.00	100.00	100.00	100.00	
Taishin Financial Holding	Taishin Securities B	100.00	100.00	100.00	100.00	
Taishin Financial Holding	Taishin AMC	100.00	100.00	100.00	100.00	
Taishin Financial Holding	Taishin Marketing	100.00	100.00	100.00	100.00	1)
Taishin Financial Holding	Taishin Venture Capital	100.00	100.00	100.00	100.00	
Taishin Financial Holding	Chang Hwa Bank	22.55	22.55	22.55	22.55	
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00	92.00	92.00	92.00	
Taishin Financial Holding	Taishin Securities Investment Trust	100.00	100.00	100.00	100.00	
Taishin Financial Holding	Taishin Holdings Insurance Brokers	100.00	100.00	100.00	100.00	
Taishin Bank	Chang Hwa Bank	0.27	0.27	0.27	0.27	
Taishin Bank	Taishin Real-Estate	60.00	60.00	60.00	60.00	
Taishin Bank	Taishin Insurance Agency	87.40	87.40	87.40	87.40	
Taishin Bank	PayEasy Digital	5.00	5.00	20.36	65.36	2)
Taishin AMC	Taishin Real-Estate	40.00	40.00	40.00	40.00	
Taishin Insurance Agency	Taishin Insurance Brokers	100.00	100.00	100.00	100.00	
Chang Hwa Bank	CHB Life Insurance Agency	100.00	100.00	100.00	100.00	
Chang Hwa Bank	CHB Insurance Brokerage	100.00	100.00	100.00	100.00	
Taishin Venture Capital	Taishin Financial Leasing (China)	100.00	100.00	100.00	100.00	
Taishin Venture Capital	Taishin Financial Leasing (Tianjin)	100.00	100.00	100.00	-	3)

Note:

- 1) Taishin Financial Holding had approved to dissolve its subsidiary Taishin Marketing in the board meeting on March 21, 2013. Thus, it dissolved on April 30, 2013. It is still in the process of settlement as of June 30, 2013.
 - 2) Taishin Bank sold its 45% and 15.36% equity in PayEasy Digital in June and July 2012. Thus, PayEasy Digital and its subsidiaries were not included in the consolidated financial statements since June 2012.
 - 3) In 2012, Taishin Venture Capital invested to set up Taishin Financial Leasing (Tianjin), and it was included in consolidated financial statements since May 25, 2012.
- b. Subsidiaries not included in the consolidated financial statements as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were as follows:

Investor	Subsidiary	Ownership Interest (%)				Note
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	
Taishin Bank	Taishin Dah An Leasing Co., Ltd. ("Taishin Dah An Leasing")	100.00	100.00	100.00	100.00	1)
PayEasy Digital	PayEasy Travel Service Co., Ltd. ("PayEasy Travel")	-	-	-	100.00	2)
PayEasy Digital	Contect Digital Integration Co., Ltd. ("Contect Digital Integration")	-	-	-	65.75	3)

Note:

- 1) Taishin Dah An Leasing was an equity-method investee of Taishin Bank as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012. Its capital was less than 0.27% of the consolidated capital, and its total assets were less than 0.01% of the consolidated total assets; thus, it was not included in the consolidated financial statements.

- 2) PayEasy Travel was an equity-method investee of PayEasy Digital as of June 30, 2013. However, its capital, total assets and operating income did not reach 0.49% of consolidated capital, of consolidated total assets and of consolidated operating income. In addition, the Group had lost the ability to control since June 2012. Thus, it was not included in the consolidated financial statements.
- 3) Contect Digital Integration was an equity-method investee of PayEasy Digital as of June 30, 2013. However, Contect Digital Integration's capital, total assets and operating income did not reach 0.60% of consolidated capital, of consolidated total assets and of consolidated operating income. In addition, the Group had lost the ability to control since June 2012. Therefore, it was not included in the consolidated financial statements.

c. Other significant accounting policies

The same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Please refer to Note 5 to the consolidated financial statements as of March 31, 2013 for the details of summary of significant accounting policy.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Please refer to the Note 6 to the consolidated financial statements as of March 31, 2013 for the details of critical accounting judgments and key sources of estimation uncertainty.

7. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	\$ 16,270,280	\$ 16,441,649	\$ 14,814,551	\$ 14,694,960
Checks for clearing	21,378,742	21,978,953	21,858,668	20,083,794
Due from banks	16,064,985	8,906,551	10,750,849	25,525,590
Others	<u>2,868,497</u>	<u>3,290,647</u>	<u>2,440,341</u>	<u>2,819,641</u>
	<u>\$ 56,582,504</u>	<u>\$ 50,617,800</u>	<u>\$ 49,864,409</u>	<u>\$ 63,123,985</u>

Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

Please refer to the consolidated statement of cash flows for the reconciliation information as of June 30, 2013 and 2012.

Please refer to Note 7 to the consolidated financial statements as of March 31, 2013 for other related information on cash and cash equivalents.

8. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Deposit reserve in Central Bank				
Reserve for checking account	\$ 26,066,823	\$ 24,057,631	\$ 19,531,777	\$ 24,335,536
Reserve for demand account	55,994,200	54,200,232	53,142,449	52,160,089
Reserve for foreign deposit	<u>230,974</u>	<u>231,606</u>	<u>164,994</u>	<u>181,342</u>
	82,291,997	78,489,469	72,839,220	76,676,967
Call loans to banks	53,338,109	52,020,049	30,193,170	26,580,954
Certificate of deposits issued by				
Central Bank	5,700,000	5,700,000	5,700,000	5,700,000
Others	<u>235,190</u>	<u>432,158</u>	<u>231,450</u>	<u>229,272</u>
	<u>\$ 141,565,296</u>	<u>\$ 136,641,676</u>	<u>\$ 108,963,840</u>	<u>\$ 109,187,193</u>

9. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets designated as at FVTPL				
Interest-rate combination instruments	\$ 1,766,919	\$ 1,568,591	\$ 2,208,699	\$ 1,268,683
Financial assets held for trading				
Derivative instrument				
Futures	81,873	56,943	85,037	99,355
Forward exchange contracts	1,750,307	902,949	712,097	522,960
Currency swaps	3,595,448	4,137,609	3,629,764	3,488,142
Cross-currency swaps	920,728	537,760	945,455	1,159,550
Foreign-exchange options	2,893,594	2,242,389	2,239,692	949,930
Buying foreign-exchange options premium	1,004,192	346,230	219,271	241,013
Interest rate options	-	-	-	1,386
Equity-linked options	13,671	8,550	12,534	241,062
Commodity options	-	4,297	15,504	26,625
Interest rate swaps	4,343,195	3,086,932	3,103,156	4,567,895
Equity-linked swaps	1,156,250	233,098	446,358	200,720
Credit default swaps	3,296	7,409	12,105	18,022
Commodity price swaps	44,684	19,174	40,503	20,220
Fixed rate commercial papers	-	29,136	30,635	22,978
Asset based commercial papers	-	-	9,257	20,294
Non-derivative financial assets				
Investment in bills	50,265,669	56,738,429	43,469,393	38,559,079
Domestic and overseas stocks and beneficiary certificates	687,838	895,667	1,156,955	607,248
Government bonds	14,070,409	7,420,089	5,812,290	5,815,068
Corporate bonds, bank debentures and other bonds	7,063,337	7,234,169	7,283,888	8,267,740

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Trading securities				
Dealing	\$ 679,690	\$ 548,340	\$ 765,202	\$ 1,267,796
Underwriting	<u>339,327</u>	<u>264,495</u>	<u>382,824</u>	<u>447,293</u>
Financial assets at FVTPL	<u>\$ 90,680,427</u>	<u>\$ 86,282,256</u>	<u>\$ 72,580,619</u>	<u>\$ 67,813,059</u>
Financial liabilities held for trading				
Derivative instrument				
Futures	\$ 1,687	\$ 771	\$ -	\$ -
Forward exchange contracts	1,424,089	1,704,650	685,195	612,087
Currency swaps	5,211,047	2,694,109	3,300,193	2,484,556
Cross-currency swaps	844,093	640,264	562,542	1,054,910
Foreign-exchange options	2,700,922	2,071,263	2,234,679	776,522
Selling foreign-exchange options premium	1,045,613	346,202	219,274	240,148
Interest rate options	2	19	2,031	5,760
Equity-linked options	157,008	205,238	116,643	111,671
Commodity options	-	4,297	15,504	26,625
Interest rate swaps	4,230,800	3,101,879	3,123,017	4,765,958
Equity-linked swaps	1,156,139	231,737	446,026	200,720
Credit default swaps	3,296	7,409	12,105	18,022
Commodity price swaps	44,684	19,174	40,503	20,220
Assets based commercial papers	-	-	7,689	17,254
Non-derivative financial liabilities				
Securities borrowing	<u>97,836</u>	<u>-</u>	<u>-</u>	<u>54,469</u>
Financial liabilities at FVTPL	<u>\$ 16,917,216</u>	<u>\$ 11,027,012</u>	<u>\$ 10,765,401</u>	<u>\$ 10,388,922</u> (Concluded)

- a. Taishin Bank engaged in various derivative instruments in the six months ended June 30, 2013 and 2012 to fulfill customers' needs, as well as to manage Taishin Bank's asset and liability positions and risk.

Chang Hwa Bank engaged in various derivative instruments in the six months ended June 30, 2013 and 2012 to eliminate the risk arising from exchange rate and interest rate fluctuations in the market. The purpose of Chang Hwa Bank's hedging strategy is to eliminate the market price risk and cash flow risk.

- b. The par values of those financial assets at FVTPL provided for transactions with repurchase agreements were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Par values	<u>\$ 12,566,000</u>	<u>\$ 23,613,000</u>	<u>\$ 23,078,600</u>	<u>\$ 23,281,100</u>

- c. Please refer to Note 49 for information relating to financial assets at FVTPL pledged as collaterals.

d. The nominal principal amounts of outstanding derivative contracts were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Futures	\$ 248,302	\$ 159,704	\$ 139,654	\$ -
Forward exchange contracts	253,022,761	160,799,640	130,462,200	121,311,867
Currency swaps	704,888,811	608,343,812	641,264,125	619,339,674
Cross-currency swaps	80,344,506	39,665,676	27,522,932	28,362,682
Foreign-exchange options	1,228,741,530	380,637,653	481,263,259	203,857,005
Interest rate options	418,000	138,000	1,100,000	4,330,000
Equity-linked options	6,556,440	7,020,675	7,520,400	9,400,191
Commodity options	627,460	89,855	262,546	469,653
Interest rate swaps and asset swaps	1,022,702,334	931,248,363	658,271,711	493,983,613
Equity-linked swaps	10,113,790	7,996,578	6,508,518	4,081,581
Credit default swaps	1,133,313	1,096,306	1,125,053	1,164,772
Commodity price swaps	992,692	895,936	873,495	442,540
Fixed rate commercial papers	7,930,000	4,780,000	4,580,000	3,030,000
Assets based commercial papers	-	-	3,991,550	3,391,500

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Investment in bills	\$ 127,610,852	\$ 147,893,662	\$ 137,335,757	\$ 140,430,090
Domestic and overseas stocks	4,654,438	7,933,834	7,546,761	6,572,230
Beneficiary certificates	203,183	2,781,905	1,806,577	1,341,453
Government bonds	48,919,889	70,173,750	69,851,025	59,658,982
Corporate bonds	20,593,363	18,046,929	17,216,171	16,039,157
Bank debentures	23,708,355	23,101,145	21,373,062	20,948,085
Beneficiary's securities and asset based securities	<u>2,534,248</u>	<u>3,855,251</u>	<u>4,425,729</u>	<u>6,006,597</u>
	<u>\$ 228,224,328</u>	<u>\$ 273,786,476</u>	<u>\$ 259,555,082</u>	<u>\$ 250,996,594</u>

a. Please refer to Note 47 (financial instrument) for the determination of fair values of available-for-sale financial assets.

b. The par values of bond investments in available-for-sale financial assets provided for transactions with repurchase agreements were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Par values	<u>\$ 20,272,412</u>	<u>\$ 31,019,175</u>	<u>\$ 31,732,321</u>	<u>\$ 29,106,119</u>

c. In June 2013, the Group disposed 609,144 shares of Visa and 13,517 shares of Master Card stocks, which were originally under available for sale financial assets. The proceeds from the disposal were \$3,270,928 thousand. The total gain on disposal was \$2,483,550 thousand and was reclassified from other comprehensive income to net income.

d. Please refer to Note 49 for information relating to available-for-sale financial assets pledged as collaterals.

11. DERIVATIVE FINANCIAL ASSETS FOR HEDGING

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fair value hedging - interest rate swap	<u>\$ 82,629</u>	<u>\$ 105,087</u>	<u>\$ 128,524</u>	<u>\$ 149,400</u>

Chang Hwa Bank used interest rate swaps to minimize its exposure to fair value changes of its fixed-rate borrowings by swapping a portion of the fixed-rate borrowings from fixed rates to floating rates. The interest swaps and the corresponding borrowings had the same terms and management believed the interest rate swaps were highly effective hedge instruments. The nominal amounts of outstanding interest rate swap contracts of Chang Hwa Bank were all \$2,000,000 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.

The fixed-to-floating interest swaps were designated and effective fair value hedge instruments. During the six months ended June 30, 2013 and 2012, the swaps were 100% effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the fixed-rate borrowings was adjusted by \$79,743 thousand, \$101,937 thousand, \$125,347 thousand and \$146,086 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively; these amounts were included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

The information of hedging transaction was as follows:

- a. Hedging type: Fair value hedging.
- b. Hedging objective: To minimize risks of Chang Hwa Bank from the variation of fair value due to fluctuation of interest rate, by converting fixed-rate note to floating-rate note.
- c. Hedging method: By signing interest swap contract.
- d. Hedging effect: 4 hedging trades were made in 2013. The actual offset result is considered highly effective since the variation of the fair value of the hedged instrument and of the hedging instrument is within 80%-125%, which has met the hedging accounting criterion suggested in IFRSs. The realized gain of fair-value hedging was \$11,133 thousand, \$11,223 thousand, \$21,915 thousand and \$22,429 thousand, accounted as other non-interest net income and losses, as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively.

12. RECEIVABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes and accounts receivable	\$ 50,808,327	\$ 61,862,354	\$ 63,463,572	\$ 68,547,070
Credit card receivable	34,480,516	32,917,058	31,339,797	27,029,481
Acceptance receivable	6,869,743	6,610,138	7,553,240	7,854,090
Interest receivable	4,444,690	4,484,966	4,441,646	4,344,594
Revenue receivable	840,906	283,554	458,469	287,334
Securities margin loans receivable	767,333	593,661	478,372	518,630
Other receivables	<u>1,113,590</u>	<u>813,397</u>	<u>1,232,859</u>	<u>1,244,423</u>
	99,325,105	107,565,128	108,967,955	109,825,622
Less: Allowance for receivables	<u>(1,187,668)</u>	<u>(1,328,936)</u>	<u>(1,259,766)</u>	<u>(1,209,596)</u>
	<u>\$ 98,137,437</u>	<u>\$ 106,236,192</u>	<u>\$ 107,708,189</u>	<u>\$ 108,616,026</u>

Please refer to Note 13 for the movements of allowance for receivables.

13. LOANS

a. The details of loans were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Negotiated	\$ 3,961,071	\$ 4,902,431	\$ 7,961,036	\$ 6,057,750
Overdrafts	3,008,401	4,491,303	4,706,179	6,097,032
Discounts	3,896,616	3,928,696	4,678,220	3,621,982
Short-term loans	473,795,483	415,418,954	425,361,708	452,856,502
Medium-term loans	550,766,374	569,678,834	563,052,694	514,964,757
Long-term loans	804,210,406	805,837,245	773,691,892	756,804,712
Delinquent loans	5,774,715	4,832,932	5,865,253	5,394,532
Adjustment for discount	<u>(525,339)</u>	<u>(441,403)</u>	<u>(360,513)</u>	<u>(250,681)</u>
	1,844,887,727	1,808,648,992	1,784,956,469	1,745,546,586
Less: Allowance for loan losses	<u>(22,309,459)</u>	<u>(21,350,050)</u>	<u>(19,989,087)</u>	<u>(22,319,871)</u>
	<u>\$ 1,822,578,268</u>	<u>\$ 1,787,298,942</u>	<u>\$ 1,764,967,382</u>	<u>\$ 1,723,226,715</u>

b. Movements of allowance for loan losses were as follows:

	For the Six Months Ended June 30, 2013			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2013	\$ 1,328,936	\$ 21,350,050	\$ 404,728	\$ 23,083,714
Reverse of loan losses	(142,047)	(513,731)	(194,316)	(850,094)
Loans written off	(8,787)	(1,318,281)	(142,337)	(1,469,405)
Recovery of loans written off	7,051	2,752,074	313,817	3,072,942
Exchange differences and others	<u>2,515</u>	<u>39,347</u>	<u>-</u>	<u>41,862</u>
Balance, June 30, 2013	<u>\$ 1,187,668</u>	<u>\$ 22,309,459</u>	<u>\$ 381,892</u>	<u>\$ 23,879,019</u>
	For the Six Months Ended June 30, 2012			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2012	\$ 1,209,596	\$ 22,319,871	\$ 429,950	\$ 23,959,417
Provision for (reverse of) loan losses	32,355	(1,490,296)	(288,484)	(1,746,425)
Loans written off	(10,879)	(3,651,156)	(171,158)	(3,833,193)
Recovery of loans written off	28,634	2,822,875	420,428	3,271,937
Reclassified from reserve for guarantees	293	1,929	36,559	38,781
Exchange differences and others	<u>(233)</u>	<u>(14,136)</u>	<u>200</u>	<u>(14,169)</u>
Balance, June 30, 2012	<u>\$ 1,259,766</u>	<u>\$ 19,989,087</u>	<u>\$ 427,495</u>	<u>\$ 21,676,348</u>

- c. Details of reversed allowance for loan losses and liability guarantee provisions for the six months ended June 30, 2013 and 2012 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Reversed allowance for losses of receivables, loans and other miscellaneous financial assets	\$ 154,018	\$ 1,009,121	\$ 850,094	\$ 1,746,425
Provision for (reverse of) loss on guarantees	<u>19,268</u>	<u>(149,606)</u>	<u>(1,821)</u>	<u>(99,178)</u>
	<u>\$ 173,286</u>	<u>\$ 859,515</u>	<u>\$ 848,273</u>	<u>\$ 1,647,247</u>

- d. Details of assessed impairment of receivables (including other miscellaneous financial assets) and loans were as follows:

Receivables (including other miscellaneous financial assets)

Item		Total Receivable			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 773,842	\$ 707,209	\$ 1,124,379	\$ 1,370,901
	Combined assessment of impairment	2,698,599	2,874,305	3,087,351	3,360,311
Non objective evidence of impairment	Combined assessment of impairment	96,547,192	104,690,466	106,015,694	106,413,295
Total		\$ 100,019,633	\$ 108,271,980	\$ 110,227,424	\$ 111,144,507

Item		Total Allowance			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 631,120	\$ 602,806	\$ 699,010	\$ 695,226
	Combined assessment of impairment	372,394	391,025	396,856	425,847
Non objective evidence of impairment	Combined assessment of impairment	566,046	739,833	591,395	518,473
Total		\$ 1,569,560	\$ 1,733,664	\$ 1,687,261	\$ 1,639,546

Note: The amount of receivable did not include the amount of allowance for receivables.

Loans

Item		Total Loans			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 29,529,425	\$ 29,169,293	\$ 30,884,533	\$ 22,410,678
	Combined assessment of impairment	9,371,055	10,592,624	11,387,309	12,287,558
Non objective evidence of impairment	Combined assessment of impairment	1,806,512,586	1,769,328,478	1,743,045,140	1,711,099,031
Total		\$ 1,845,413,066	\$ 1,809,090,395	\$ 1,785,316,982	\$ 1,745,797,267

Item		Total Allowance			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 8,441,767	\$ 7,610,878	\$ 7,267,943	\$ 10,173,393
	Combined assessment of impairment	2,230,614	2,423,480	2,515,289	2,370,275
Non objective evidence of impairment	Combined assessment of impairment	11,637,078	11,315,692	10,205,855	9,776,203
Total		\$ 22,309,459	\$ 21,350,050	\$ 19,989,087	\$ 22,319,871

Note: The amount of loans did not include the amount of allowance for loan losses and adjustment for discount (premium).

14. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Investment in bills	\$ 174,142,287	\$ 158,549,517	\$ 179,379,369	\$ 169,359,262
Corporate bonds	7,263,547	6,961,209	6,907,656	4,972,186
Bank debentures	<u>7,033,150</u>	<u>7,103,047</u>	<u>7,453,089</u>	<u>8,466,362</u>
	<u>\$ 188,438,984</u>	<u>\$ 172,613,773</u>	<u>\$ 193,740,114</u>	<u>\$ 182,797,810</u>

- a. The par values of bond investments in held-to-maturity financial assets provided for transactions with repurchase agreements were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Par values	<u>\$ 1,957,800</u>	<u>\$ 1,019,760</u>	<u>\$ 2,078,050</u>	<u>\$ 1,060,150</u>

- b. Please refer to Note 49 for information relating to held-to-maturity financial assets pledged as collaterals.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

- a. The Group's investments in associates and joint ventures accounted for using equity method were listed below:

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights
Unlisted shares								
Taishin Dah An Leasing	\$ 169,386	100.00	\$ 171,378	100.00	\$ 169,619	100.00	\$ 169,064	100.00
An Hsin Real-Estate Management Co., Ltd. ("An Hsin Real-Estate")	65,066	30.00	70,908	30.00	58,362	30.00	59,421	30.00
Youn Shin Artistic Co., Ltd. ("Youn Shin Artistic")	8,783	25.00	8,856	25.00	9,976	25.00	10,000	25.00
PayEasy Digital	-	-	-	-	176,941	20.36	-	-
PayEasy Travel	-	-	-	-	-	-	13,834	100.00
Contect Digital Integration	-	-	-	-	-	-	(49,486)	65.75
	<u>243,235</u>		<u>251,142</u>		<u>414,898</u>		<u>202,833</u>	
Credit balance of investments accounted for using equity method reclassified to other liabilities	-		-		-		49,486	
	<u>\$ 243,235</u>		<u>\$ 251,142</u>		<u>\$ 414,898</u>		<u>\$ 252,319</u>	

The summarized financial information in respect of the Group's investments in associates and joint ventures accounted for using equity method was set out below:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Total assets	<u>\$ 536,490</u>	<u>\$ 558,024</u>	<u>\$ 1,600,982</u>	<u>\$ 660,069</u>
Total liabilities	<u>\$ 76,960</u>	<u>\$ 76,510</u>	<u>\$ 944,265</u>	<u>\$ 250,466</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Revenue	<u>\$ 79,639</u>	<u>\$ 361,216</u>	<u>\$ 146,253</u>	<u>\$ 507,446</u>
Net income	<u>\$ 23,000</u>	<u>\$ (88,359)</u>	<u>\$ 43,039</u>	<u>\$ (94,238)</u>

b. The amounts of investment income (loss) recognized under equity method were as follows:

	For the Three Months Ended June 30			
	2013		2012	
	Individual Net Income (Loss)	Investment Income Recognized	Individual Net Income (Loss)	Investment Income (Loss) Recognized
Taishin Dah An Leasing	\$ 158	\$ 158	\$ 948	\$ 948
An Hsin Real-Estate	23,309	6,993	17,059	5,117
Youn Shin Artistic	(467)	63	10	(2)
PayEasy Digital	-	-	(106,202)	(713)
PayEasy Travel	-	-	(174)	437
Contect Digital Integration	-	-	-	-
		<u>\$ 7,214</u>		<u>\$ 5,787</u>

	For the Six Months Ended June 30			
	2013		2012	
	Individual Net Income (Loss)	Investment Income (Loss) Recognized	Individual Net Income (Loss)	Investment Income (Loss) Recognized
Taishin Dah An Leasing	\$ 2,000	\$ 2,000	\$ 2,678	\$ 2,678
An Hsin Real-Estate	42,177	12,763	27,910	8,373
Youn Shin Artistic	(1,138)	(73)	(82)	(24)
PayEasy Digital	-	-	(106,202)	(713)
PayEasy Travel	-	-	(1,342)	(731)
Contect Digital Integration	-	-	(17,200)	(17,200)
		<u>\$ 14,690</u>		<u>\$ (7,617)</u>

For the six months ended June 30, 2013 and 2012, the equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments share of profit and other comprehensive income of associates, had been audited, except those of Youn Shin Artistic and An Hsin Real-Estate.

- c. The Group's equity-method investments were not pledged as collaterals as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.
- d. The Group sold 45% of its own PayEasy Digital's common stock in June 2012, and lost the ability to control, but still had significant influence on PayEasy Digital; therefore equity method is applied. Please refer to Note 43 for the calculation of the gain on disposal of subsidiary.

16. FINANCIAL ASSETS CARRIED AT COST

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic and overseas unlisted stocks	<u>\$ 8,108,074</u>	<u>\$ 7,838,879</u>	<u>\$ 7,850,214</u>	<u>\$ 7,919,129</u>
Classified according to financial asset measurement category				
Available-for-sale financial assets	<u>\$ 8,108,074</u>	<u>\$ 7,838,879</u>	<u>\$ 7,850,214</u>	<u>\$ 7,919,129</u>

The Group's domestic and overseas unlisted stocks were financial assets carried at cost, including investments in stocks of Kaohsiung Rapid Transit Corporation, Han-Shin Venture Capital Inc., Han-Hua Venture Capital Inc., PayEasy Digital, The Pacific Securities Co., Ltd., Lian He Venture Capital Inc., Chung-Yang Special Return Venture Capital Co., Ltd., O2 Medtech Inc. and Solar PV Corporation. The investment value has been impaired and possibility of restoration was very small; thus, the Group had recognized impairment loss of \$67,614 thousand and \$86,816 thousand for the three months ended June 30, 2013 and 2012, respectively, \$147,764 thousand and \$86,816 thousand for the six months ended June 30, 2013 and 2012.

The Group's financial assets carried at cost were not pledged as collaterals as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.

Please refer to Note 16 to the consolidated financial statements as of March 31, 2013 for other related information on financial assets carried at cost.

17. DEBT INVESTMENTS WITHOUT ACTIVE MARKET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic and overseas unlisted preferred stocks	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Beneficiary securities and asset-based securities	265,720	306,272	360,827	404,591
Corporate bonds and bank debentures	<u>2,240,752</u>	<u>1,572,727</u>	<u>1,749,209</u>	<u>6,315,338</u>
	<u>\$ 4,106,472</u>	<u>\$ 3,478,999</u>	<u>\$ 3,710,036</u>	<u>\$ 8,319,929</u>

18. OTHER MISCELLANEOUS FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Inward remittance	\$ 12,883	\$ 13,253	\$ 22,523	\$ 23,017
Purchase credit receivables	185,327	230,623	763,655	815,082
Delinquent loans reclassified from other items (excluding loans)	503,079	463,285	478,828	516,713
Less: Allowance for bad debt	(381,892)	(404,728)	(427,495)	(429,950)
Time deposit with original maturity more than 3 months	14,937,842	3,031,507	966,733	1,694,762
Gold account	<u>197,007</u>	<u>154,366</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,454,246</u>	<u>\$ 3,488,306</u>	<u>\$ 1,804,244</u>	<u>\$ 2,619,624</u>

Please refer to Note 13 for the movements of allowance for other miscellaneous financial assets. Please refer to Note 49 for information relating to time deposit with original maturity more than 3 months pledged as collaterals.

19. INVESTMENT PROPERTY

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Investment property				
Land	\$ 11,166,462	\$ 11,166,462	\$ 10,972,532	\$ 10,930,753
Buildings				
Cost	712,279	706,074	640,565	558,591
Accumulated depreciation	<u>(271,809)</u>	<u>(258,147)</u>	<u>(250,116)</u>	<u>(242,912)</u>
	<u>440,470</u>	<u>447,927</u>	<u>390,449</u>	<u>315,679</u>
	<u>\$ 11,606,932</u>	<u>\$ 11,614,389</u>	<u>\$ 11,362,981</u>	<u>\$ 11,246,432</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance, January 1, 2013	\$ 11,166,462	\$ 706,074	\$ 11,872,536
Additions	-	470	470
Reclassification	<u>-</u>	<u>5,735</u>	<u>5,735</u>
Balance, June 30, 2013	<u>\$ 11,166,462</u>	<u>\$ 712,279</u>	<u>\$ 11,878,741</u>
Balance, January 1, 2012	\$ 10,930,753	\$ 558,591	\$ 11,489,344
Additions	<u>41,779</u>	<u>81,974</u>	<u>123,753</u>
Balance, June 30, 2012	<u>\$ 10,972,532</u>	<u>\$ 640,565</u>	<u>\$ 11,613,097</u>
<u>Accumulated depreciation</u>			
Balance, January 1, 2013	\$ -	\$ 258,147	\$ 258,147
Depreciation	-	8,026	8,026
Reclassification	<u>-</u>	<u>5,636</u>	<u>5,636</u>
Balance, June 30, 2013	<u>\$ -</u>	<u>\$ 271,809</u>	<u>\$ 271,809</u>
Balance, January 1, 2012	\$ -	\$ 242,912	\$ 242,912
Depreciation	<u>-</u>	<u>7,204</u>	<u>7,204</u>
Balance, June 30, 2012	<u>\$ -</u>	<u>\$ 250,116</u>	<u>\$ 250,116</u>

The investment properties held by the Group were depreciated on the following estimated useful lives using the straight-line method.

Buildings	
Main buildings	12-60 years
Equipment	3-10 years

The rental incomes and direct operating expenses generated by the investment properties for the three months ended June 30 and the six months ended June 30, 2013 and 2012 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Rental incomes	\$ 47,059	\$ 45,811	\$ 94,573	\$ 90,395
Direct operating expenses	21,168	23,381	39,387	50,383

The fair values of the Group's investment properties as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were \$16,462,550 thousand, \$16,453,532 thousand, \$15,654,003 thousand and \$15,511,494 thousand, respectively. The fair values had been arrived at on the basis of valuation procedures carried out at those dates by the management of the Group which used the valuation model that market participants usually use in determining fair value. The valuation amounts were arrived at by reference to market evidence of transaction prices for similar properties.

Please refer to Note 57 to the consolidated financial statements as of March 31, 2013 for the recognized carrying amount of investment properties as of January 1, 2012.

20. PROPERTY AND EQUIPMENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	\$ 28,415,580	\$ 28,415,580	\$ 28,429,080	\$ 28,429,080
Buildings	10,982,327	11,136,786	11,301,040	11,458,407
Machinery equipment	1,404,362	1,487,838	1,542,188	1,652,341
Transportation equipment	140,427	130,165	124,640	128,116
Miscellaneous equipment	217,326	221,731	220,426	257,131
Leasehold improvement	310,705	319,675	328,117	325,254
Leased assets	127,610	136,526	145,305	151,448
Prepayments for buildings, equipment and property under construction	63,236	24,024	35,720	28,553
	<u>\$ 41,661,573</u>	<u>\$ 41,872,325</u>	<u>\$ 42,126,516</u>	<u>\$ 42,430,330</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Leased Assets	Prepayment for Buildings, Equipment and Property under Construction	Total
Cost									
Balance, January 1, 2013	\$ 28,415,580	\$ 16,496,450	\$ 6,400,093	\$ 609,525	\$ 1,539,843	\$ 1,089,171	\$ 168,275	\$ 24,024	\$ 54,742,961
Additions	-	33,131	180,882	29,933	27,093	26,858	445	78,085	376,427
Disposals	-	(11,297)	(149,392)	(10,932)	(20,577)	(11,666)	-	-	(198,132)
Reclassification	-	9,649	-	752	-	22,865	-	(38,921)	(11,387)
Effect of foreign currency exchange differences	-	-	1,142	59	399	3,266	-	48	4,914
Balance, June 30, 2013	<u>\$ 28,415,580</u>	<u>\$ 16,527,933</u>	<u>\$ 6,432,725</u>	<u>\$ 629,337</u>	<u>\$ 1,546,758</u>	<u>\$ 1,130,494</u>	<u>\$ 168,720</u>	<u>\$ 63,236</u>	<u>\$ 54,914,783</u>
Balance, January 1, 2012	\$ 28,429,080	\$ 16,499,778	\$ 6,557,172	\$ 636,697	\$ 1,686,909	\$ 1,041,577	\$ 164,610	\$ 28,553	\$ 55,044,376
Additions	-	29,640	185,934	15,352	29,131	39,935	3,114	68,628	371,734
Disposals	-	(72,132)	(296,099)	(45,848)	(72,194)	(15,403)	-	-	(501,676)
Reclassification	-	16,873	10,500	-	5,678	34,943	-	(61,234)	6,760
Effects of changes in consolidated entities	-	-	-	(1,404)	(107,267)	(29,157)	-	(221)	(138,049)
Effect of foreign currency exchange differences	-	-	(2,751)	(123)	(505)	(1,082)	(3)	(6)	(4,477)
Balance, June 30, 2012	<u>\$ 28,429,080</u>	<u>\$ 16,474,159</u>	<u>\$ 6,454,756</u>	<u>\$ 604,674</u>	<u>\$ 1,541,752</u>	<u>\$ 1,070,806</u>	<u>\$ 167,721</u>	<u>\$ 35,720</u>	<u>\$ 54,778,668</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Leased Assets	Prepayment for Buildings, Equipment and Property under Construction	Total
<i>Accumulated depreciation</i>									
Balance, January 1, 2013	\$ -	\$ 5,359,664	\$ 4,912,255	\$ 479,360	\$ 1,318,112	\$ 769,496	\$ 31,749	\$ -	\$ 12,870,636
Depreciation	-	197,143	265,262	18,968	31,547	60,331	9,361	-	582,612
Disposals	-	(5,565)	(149,147)	(9,475)	(20,506)	(11,697)	-	-	(196,390)
Reclassification	-	(5,636)	-	-	-	-	-	-	(5,636)
Effect of foreign currency exchange differences	-	-	(7)	57	279	1,659	-	-	1,988
Balance, June 30, 2013	<u>\$ -</u>	<u>\$ 5,545,606</u>	<u>\$ 5,028,363</u>	<u>\$ 488,910</u>	<u>\$ 1,329,432</u>	<u>\$ 819,789</u>	<u>\$ 41,110</u>	<u>\$ -</u>	<u>\$ 13,253,210</u>
Balance, January 1, 2012	\$ -	\$ 5,041,371	\$ 4,904,831	\$ 508,581	\$ 1,429,778	\$ 716,323	\$ 13,162	\$ -	\$ 12,614,046
Depreciation	-	203,880	302,847	18,543	37,889	57,620	9,254	-	630,033
Disposals	-	(72,132)	(295,865)	(45,827)	(72,152)	(15,403)	-	-	(501,379)
Reclassification	-	-	-	816	(2,359)	12,383	-	-	10,840
Effects of changes in consolidated entities	-	-	-	(2,005)	(71,424)	(26,291)	-	-	(99,720)
Effect of foreign currency exchange differences	-	-	755	(74)	(406)	(1,943)	-	-	(1,668)
Balance, June 30, 2012	<u>\$ -</u>	<u>\$ 5,173,119</u>	<u>\$ 4,912,568</u>	<u>\$ 480,034</u>	<u>\$ 1,321,326</u>	<u>\$ 742,680</u>	<u>\$ 22,416</u>	<u>\$ -</u>	<u>\$ 12,652,152</u>

(Concluded)

The above items of property and equipment were depreciated on a straight-line basis at the following rates per annum.

Buildings	
Main buildings	20-60 years
Air conditioning	5-10 years
Machinery equipment	3-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	1.5-5 years
Leased assets	9 years

On January 1, 2012, the date of transition to IFRSs, the Group treated the carrying amount under ROC GAAP, determined by reference to the revaluation amount established at the date of revaluation of the land, as the deemed cost of the land. Please refer to Note 57 to the consolidated financial statements as of March 31, 2013 for details.

21. INTANGIBLE ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Goodwill	\$ 21,012,047	\$ 21,012,047	\$ 21,012,047	\$ 21,012,047
Intangible assets - customer value	236,072	304,418	372,763	441,109
Intangible assets - computer software	369,615	378,662	389,436	446,089
Intangible assets - concession	24,109	30,997	37,885	44,773
Intangible assets - others	<u>3,037</u>	<u>6,074</u>	<u>9,112</u>	<u>12,149</u>
	<u>\$ 21,644,880</u>	<u>\$ 21,732,198</u>	<u>\$ 21,821,243</u>	<u>\$ 21,956,167</u>

	Computer Software
Balance, January 1, 2013	\$ 378,662
Additions	60,401
Amortization	(73,152)
Reclassification	3,226
Effect of foreign currency exchange differences	<u>478</u>
Balance, June 30, 2013	<u>\$ 369,615</u>
Balance, January 1, 2012	\$ 446,089
Additions	11,720
Amortization	(86,522)
Reclassification	18,154
Effect of foreign currency exchange differences	<u>(5)</u>
Balance, June 30, 2012	<u>\$ 389,436</u>

Please refer to Note 21 to the consolidated financial statements as of March 31, 2013 for the other related information on intangible assets.

22. OTHER ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Prepayments	\$ 2,791,236	\$ 5,705,781	\$ 2,242,447	\$ 2,169,008
Refundable deposits	5,315,894	480,808	802,474	919,639
Operating guarantee deposits and settlement funds	162,574	149,656	119,637	130,463
Collaterals, net	425,376	425,545	426,335	426,561
Trust fund	-	-	-	377,014
Others	<u>228,939</u>	<u>226,809</u>	<u>227,937</u>	<u>287,012</u>
	<u>\$ 8,924,019</u>	<u>\$ 6,988,599</u>	<u>\$ 3,818,830</u>	<u>\$ 4,309,697</u>

Please refer to Note 22 to the consolidated financial statements as of March 31, 2013 for the other related information on other assets.

23. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Due to Central Bank	\$ 24,347	\$ 24,011	\$ 26,090	\$ 25,292
Due to other banks	10,403,130	11,525,959	12,846,720	14,287,830
Deposits transferred from the Postal Bureau	35,433,101	36,177,635	39,371,086	42,503,490
Call loans from other banks	108,746,766	103,214,940	125,319,690	116,152,418
Bank overdraft	<u>998,993</u>	<u>1,952,380</u>	<u>1,980,525</u>	<u>1,614,850</u>
	<u>\$ 155,606,337</u>	<u>\$ 152,894,925</u>	<u>\$ 179,544,111</u>	<u>\$ 174,583,880</u>

24. COMMERCIAL PAPER ISSUED

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Guarantee or acceptance institution				
Mega Bills Finance	\$ -	\$ 7,000	\$ -	\$ 200,000
China Bills Finance	-	-	-	68,000
Less: Discounts on commercial paper issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47)</u>
	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 267,953</u>

As of December 31, 2012 and January 1, 2012, the interest rates for commercial paper issued were 1.112% and 0.77%-0.88%, respectively.

25. PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes and accounts payable	\$ 12,337,402	\$ 12,919,576	\$ 12,104,842	\$ 14,627,654
Accrued expenses	3,985,942	4,764,649	3,546,024	4,720,415
Interest payable	3,809,255	4,117,230	4,318,187	3,944,988
Acceptance payable	7,220,218	6,861,321	7,725,936	8,082,448
Check for clearance payable	21,780,086	22,441,208	22,126,603	20,934,314
Other tax payable	489,980	362,142	378,625	271,645
Collection payable	861,112	778,712	451,116	598,530
Other payables	<u>6,089,173</u>	<u>2,206,636</u>	<u>6,199,303</u>	<u>2,118,177</u>
	<u>\$ 56,573,168</u>	<u>\$ 54,451,474</u>	<u>\$ 56,850,636</u>	<u>\$ 55,298,171</u>

26. DEPOSITS AND REMITTANCES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Checking deposits	\$ 39,226,384	\$ 41,261,642	\$ 38,792,452	\$ 43,450,706
Demand deposits	457,974,798	414,764,838	390,663,262	390,644,211
Time deposits	517,917,044	549,743,802	514,909,413	521,584,090
Negotiable certificates of deposit	8,022,100	10,744,600	25,296,100	19,171,700
Savings deposits	1,146,795,966	1,121,779,330	1,064,854,896	1,047,914,613
Remittances	<u>918,297</u>	<u>1,351,962</u>	<u>1,042,577</u>	<u>1,446,857</u>
	<u>\$ 2,170,854,589</u>	<u>\$ 2,139,646,174</u>	<u>\$ 2,035,558,700</u>	<u>\$ 2,024,212,177</u>

27. BONDS PAYABLE

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured subordinated corporate bonds - par	\$ 22,000,000	\$ 22,000,000	\$ 40,650,000	\$ 33,650,000
Bank debentures	<u>68,308,743</u>	<u>75,151,937</u>	<u>63,475,347</u>	<u>63,496,086</u>
	<u>\$ 90,308,743</u>	<u>\$ 97,151,937</u>	<u>\$ 104,125,347</u>	<u>\$ 97,146,086</u>

Subordinated Corporate Bonds Issued by Taishin Financial Holding

To raise working capital and enhance financial structure, Taishin Financial Holding issued unsecured subordinated corporate bonds under SFB approval. Bond issue terms were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured Subordinated Corporate Bonds - 2005 (I)	\$ -	\$ -	\$ 12,000,000	\$ 12,000,000
Unsecured Subordinated Corporate Bonds - 2005 (II)	-	-	3,650,000	3,650,000
Unsecured Subordinated Corporate Bonds - 2005 (III)	-	-	3,000,000	3,000,000
Unsecured Subordinated Corporate Bonds - 2010 (I)	5,300,000	5,300,000	5,300,000	5,300,000
Unsecured Subordinated Corporate Bonds - 2010 (II)	2,700,000	2,700,000	2,700,000	2,700,000
Unsecured Subordinated Corporate Bonds - 2011 (I)	5,200,000	5,200,000	5,200,000	5,200,000
Unsecured Subordinated Corporate Bonds - 2011 (II)	1,800,000	1,800,000	1,800,000	1,800,000
Unsecured Subordinated Corporate Bonds - 2012 (I)	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>-</u>
	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 40,650,000</u>	<u>\$ 33,650,000</u>

Bank Debentures Issued by Taishin Bank

Taishin Bank has issued bank debentures to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank debentures were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Subordinated Bank Debentures - 2005 (I)	\$ -	\$ 1,508,000	\$ 1,508,000	\$ 1,508,000
Subordinated Bank Debentures - 2005 (II)	3,300,000	3,300,000	3,300,000	3,300,000
Subordinated Bank Debentures - 2005 (III)	-	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2005 (IV)	-	5,192,000	5,192,000	5,192,000
Subordinated Bank Debentures - 2010.04.12	10,000,000	10,000,000	10,000,000	10,000,000
Subordinated Bank Debentures - 2012 (I)	5,600,000	5,600,000	-	-
Subordinated Bank Debentures - 2012 (II)	<u>6,100,000</u>	<u>6,100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,000,000</u>	<u>\$ 36,700,000</u>	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>

Bank Debentures Issued By Chang Hwa Bank

On September 26, 2007, May 19, 2008, December 15, 2008, September 15, 2009, June 29, 2010, March 11, 2011, April 18, 2011 and May 29, 2013, Chang Hwa Bank issued subordinated bank debentures and senior bank debentures to enhance its capital adequacy ratio and raise medium to long-term operating funds. The details of subordinated bank debentures were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Fair value hedged</u>				
Subordinated Bank Debentures - 2008 (I)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Valuation adjustment	<u>79,743</u>	<u>101,937</u>	<u>125,347</u>	<u>146,086</u>
	<u>2,079,743</u>	<u>2,101,937</u>	<u>2,125,347</u>	<u>2,146,086</u>
<u>Non-hedged</u>				
Subordinated Bank Debentures - 2007 (I)	5,000,000	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2008 (I)	3,000,000	3,000,000	3,000,000	3,000,000
Subordinated Bank Debentures - 2008 (II)	8,350,000	8,350,000	8,350,000	8,350,000
Subordinated Bank Debentures - 2009 (I)	5,000,000	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2010 (I)	5,000,000	5,000,000	5,000,000	5,000,000
Subordinated Bank Debentures - 2011 (I)	3,300,000	3,300,000	3,300,000	3,300,000
Subordinated Bank Debentures - 2011 (II)	6,700,000	6,700,000	6,700,000	6,700,000
Senior Bank Debentures - 2013 (I)	<u>4,879,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>41,229,000</u>	<u>36,350,000</u>	<u>36,350,000</u>	<u>36,350,000</u>
	<u>\$ 43,308,743</u>	<u>\$ 38,451,937</u>	<u>\$ 38,475,347</u>	<u>\$ 38,496,086</u>

The details of senior bank debentures 2013 (I) were as follows:

- a. Issue amount: RMB1,000,000 thousand.
- b. Issue date: May 29, 2013.
- c. Issue price: 100% of the principal amount of the bonds.
- d. Maturity: 3 years from the issue date.
- e. Coupon rate: Fixed rate 2.90% per annum.
- f. Interest payment: Interest payable annually from the issue date.

Please refer to Note 27 to the consolidated financial statements as of March 31, 2013 for the other related information on unsecured subordinated corporate bonds and bank debentures.

28. OTHER BORROWINGS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Short-term unsecured borrowings	\$ 573,652	\$ 447,471	\$ -	\$ 43,000
Long-term borrowings				
Nanjing Bank, medium-term working capital loan with a credit line of RMB200,000 thousand; repayable in semi-annual installments	<u>73,298</u>	<u>132,525</u>	<u>110,139</u>	<u>-</u>
	<u>\$ 646,950</u>	<u>\$ 579,996</u>	<u>\$ 110,139</u>	<u>\$ 43,000</u>

As of June 30, 2013, December 31, 2012 and January 1, 2012, the interest rates on short-term unsecured borrowings ranged from 1.90% to 2.60%, from 1.30% to 1.97% and 1.18%, respectively.

As of June 30, 2013, December 31, 2012 and June 30, 2012, the interest rates of long-term borrowings ranged were 6.46%, 6.46% and 6.98%, respectively.

29. RESERVE FOR LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Reserve for employee benefits	\$ 3,531,270	\$ 3,768,446	\$ 3,275,958	\$ 3,307,075
Reserve for guarantee liabilities	458,504	456,450	447,866	387,526
Other reserves	<u>324,762</u>	<u>350,488</u>	<u>374,383</u>	<u>392,147</u>
	<u>\$ 4,314,536</u>	<u>\$ 4,575,384</u>	<u>\$ 4,098,207</u>	<u>\$ 4,086,748</u>

	Reserve for Guarantee Liabilities	Other Reserves	Total
Balance, January 1, 2013	\$ 456,450	\$ 350,488	\$ 806,938
Provision	1,821	79	1,900
Payment	-	(25,805)	(25,805)
Exchange differences	<u>233</u>	<u>-</u>	<u>233</u>
Balance, June 30, 2013	<u>\$ 458,504</u>	<u>\$ 324,762</u>	<u>\$ 783,266</u>
Balance, January 1, 2012	\$ 387,526	\$ 392,147	\$ 779,673
Provision	99,178	261	99,439
Reclassified to allowance for loan losses	(38,781)	-	(38,781)
Payment	-	(18,025)	(18,025)
Exchange differences	<u>(57)</u>	<u>-</u>	<u>(57)</u>
Balance, June 30, 2012	<u>\$ 447,866</u>	<u>\$ 374,383</u>	<u>\$ 822,249</u>

Please refer to Note 30 to the consolidated financial statements as of March 31, 2013 for the other related information on reserve for liabilities.

30. OTHER FINANCIAL LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Principal of structured products	\$ 22,672,321	\$ 14,517,130	\$ 13,353,886	\$ 14,497,817
Appropriations for loan fund	184,481	252,046	324,610	376,854
Lease payable	97,717	113,830	129,543	142,324
Gold account	<u>198,102</u>	<u>152,338</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,152,621</u>	<u>\$ 15,035,344</u>	<u>\$ 13,808,039</u>	<u>\$ 15,016,995</u>

31. OTHER LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unearned revenue	\$ 829,356	\$ 802,945	\$ 839,948	\$ 1,221,661
Unearned interest	212,179	206,326	251,155	113,628
Guarantee deposits	1,400,037	1,123,209	1,520,038	1,145,018
Deferred income	1,076,612	1,094,355	1,072,953	1,068,604
Temporary credits	282,517	256,818	270,164	260,721
Others	<u>92,155</u>	<u>100,585</u>	<u>103,056</u>	<u>165,721</u>
	<u>\$ 3,892,856</u>	<u>\$ 3,584,238</u>	<u>\$ 4,057,314</u>	<u>\$ 3,975,353</u>

32. POST-EMPLOYMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution, defined benefit and Chang Hwa Bank's high-yield savings accounts for employee plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2012 and January 1, 2012, and recognized in their respective periods. Please refer to Note 32 to the consolidated financial statements as of March 31, 2013 for information on the Group's defined benefit and Chang Hwa Bank's high-yield savings accounts for employee plans. Please refer to Note 38 for information on employee benefit expenses.

33. EQUITY

Please refer to Note 33 to the consolidated financial statements as of March 31, 2013 for the other related information on the Group's equity, except for details listed below.

Capital Stock

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
Shares authorized	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Numbers of shares issued and fully paid (in thousands)				
Common stock	<u>6,891,523</u>	<u>6,891,447</u>	<u>6,325,047</u>	<u>6,325,047</u>
Preferred stock	<u>725,137</u>	<u>725,137</u>	<u>1,191,296</u>	<u>1,191,296</u>
Shares issued	<u>76,166,601</u>	<u>76,165,841</u>	<u>75,163,436</u>	<u>75,163,436</u>
Stock dividends to be distributed	<u>6,139,767</u>	<u>-</u>	<u>5,664,000</u>	<u>-</u>
				(Concluded)

For the six months ended June 30, 2013, the movements of share capital resulted from the issuance of 76 thousand shares of common stock upon exercise of employee stock options.

Taishin Financial Holding's shareholders had resolved the transfer of \$6,139,767 thousand of earnings to common stock in the shareholders' meeting on June 21, 2013. As of June 30, 2013, the amount was accounted as stock dividends to be distributed because the registration of the capitalization has not been completed.

Retained Earnings and Dividend Policy

Taishin Financial Holding's Articles of Incorporation provide that annual net income, after payment of taxes and offset of any accumulated deficit should be appropriated in the following order:

- a. Legal reserve and, if needed, special reserve;
- b. Dividends to holders of preferred stock;
- c. 0.01% of the remainder as bonuses to employees and 1% of the remainder as remuneration to directors and supervisors;
- d. The remainder, together with the unappropriated retained earnings of previous years, as dividends.

Taishin Financial Holding's board of directors should prepare a proposal on above item (d) for approval in the stockholders' regular annual meeting. However, under the requirements of the MOF, if the group's capital adequacy ratio is less than 100%, distributions of dividends may also be restricted.

For the six months ended June 30, 2013 and 2012, the bonus to employees was \$740 thousand and \$429 thousand, respectively, and the remuneration to directors and supervisors was \$73,982 thousand and \$42,878 thousand, respectively. The bonus to employees and remuneration to directors, and supervisors were calculated based on the rates described above (percentage of net income net of the bonus to employees, directors, and supervisors) and based on the Articles of Incorporation. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the corporation's paid-in capital. Legal reserve may be used to offset deficit. If the corporation has no deficit and the legal reserve has exceeded 25% of the corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by Taishin Financial Holding.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meeting on June 21, 2013 and June 22, 2012. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For Year 2012	For Year 2011	For Year 2012	For Year 2011
Legal reserve	\$ 997,049	\$ 943,184	\$-	\$-
Preferred stock - C cash dividends	388,729	525,000	-	-
Preferred stock - D cash dividends	910,000	910,000	-	-
Cash dividends on common stock	1,534,942	1,416,000	0.22273	0.22387
Stock dividends on common stock	6,139,767	5,664,000	0.89092	0.89548

The bonus to employees and remuneration to directors and supervisors for 2012 and 2011 had been approved in the shareholders' meeting on June 21, 2013 and June 22, 2012, respectively. Related information were as follows:

	For Year 2012	For Year 2011
Bonus to employees	\$ 767	\$ 705
Remuneration to directors and supervisors	76,747	70,537

The appropriations of earnings for 2012 were proposed according to Taishin Financial Holding's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies (revised) and IFRSs.

There were no differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements for the year ended December 31, 2012 and 2011.

Information about the earnings appropriation, the bonus to employees, directors and supervisors proposed by Taishin Financial Holding's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Other Equity Items

- a. Exchange differences on translation of foreign financial statements

	For the Six Months Ended June 30	
	2013	2012
Beginning balance	\$ (58,334)	\$ -
Exchange differences arising on translating the net assets of foreign operations	117,869	(20,845)
Income tax relating to exchange differences arising on translating the net assets of foreign operations	<u>(5,618)</u>	<u>-</u>
Ending balance	<u>\$ 53,917</u>	<u>\$ (20,845)</u>

b. Unrealized gains (losses) on available-for-sale financial assets

	For the Six Months Ended June 30	
	2013	2012
Beginning balance	\$ 2,458,941	\$ 948,726
Unrealized gains (losses) on available-for-sale financial assets	66,162	787,513
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	334,715	(64,434)
Cumulative gains (losses) reclassified to profit or loss on sale of available-for-sale financial assets	<u>(2,595,347)</u>	<u>(48,156)</u>
Ending balance	<u>\$ 264,471</u>	<u>\$ 1,623,649</u>

Non-controlling Interests

	For the Six Months Ended June 30	
	2013	2012
Beginning balance	\$ 81,127,472	\$ 75,394,047
Attributable to non-controlling interests		
Net income	3,628,666	3,767,813
Exchange differences on translation of foreign financial statements	195,092	(15,005)
Income tax relating to exchange differences arising on translating the foreign operations	(19,011)	-
Unrealized gains (losses) on available-for-sale financial assets	(406,582)	341,367
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	(796)	-
Non-controlling interest relating to outstanding vested share options held by the employees of subsidiaries	32	46
Cash dividends	(559,005)	(1,044,869)
Disposal of subsidiary	<u>-</u>	<u>(72,907)</u>
Ending balance	<u>\$ 83,965,868</u>	<u>\$ 78,370,492</u>

34. NET INTEREST INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest income				
Loans	\$ 10,381,492	\$ 9,990,513	\$ 20,519,739	\$ 19,885,396
Due from and call loans to banks	323,854	205,800	547,215	429,801
Securities purchased under resell agreements	17,960	6,604	37,851	23,046
Investment in marketable securities	1,161,318	1,262,972	2,308,946	2,531,536
Revolving interest of credit card	342,090	382,382	693,959	773,995
Asset based securities	11,102	21,801	25,071	49,088
Securities financing	6,244	5,202	12,108	9,541
Others	<u>252,960</u>	<u>178,156</u>	<u>490,318</u>	<u>346,710</u>
	<u>12,497,020</u>	<u>12,053,430</u>	<u>24,635,207</u>	<u>24,049,113</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest expense				
Deposits	\$ (3,673,900)	\$ (3,616,956)	\$ (7,341,030)	\$ (7,195,395)
Due to the Central Bank and call loans from banks	(283,594)	(398,882)	(577,474)	(841,020)
Securities sold under repurchase agreements	(94,571)	(106,451)	(197,926)	(204,218)
Issuance of bonds and securities	(481,820)	(592,963)	(951,709)	(1,167,446)
Structured products	(162,389)	(61,002)	(271,115)	(122,993)
Others	(4,990)	(6,374)	(10,802)	(6,480)
	<u>(4,701,264)</u>	<u>(4,782,628)</u>	<u>(9,350,056)</u>	<u>(9,537,552)</u>
Net interest income	<u>\$ 7,795,756</u>	<u>\$ 7,270,802</u>	<u>\$ 15,285,151</u>	<u>\$ 14,511,561</u> (Concluded)

35. NET SERVICE FEE AND COMMISSIONS INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Service fee and commissions income				
Fees from import and export	\$ 110,663	\$ 122,494	\$ 212,687	\$ 233,039
Remittance fees	134,294	129,481	267,169	250,597
Interbank fees	175,459	171,068	358,041	341,681
Loan and guarantees fees	288,646	211,794	516,529	424,011
Fees from certification, underwriting and brokerage	68,166	39,795	155,688	77,452
Fees from trustee business	802,422	506,123	1,639,062	1,071,383
Agency fees	1,667,632	1,608,916	3,247,480	2,988,897
Fees from credit card and cash card	708,342	660,359	1,414,345	1,326,307
Others	<u>243,392</u>	<u>253,435</u>	<u>461,055</u>	<u>490,652</u>
	<u>4,199,016</u>	<u>3,703,465</u>	<u>8,272,056</u>	<u>7,204,019</u>
Service fee and commissions expense				
Interbank fees	(62,664)	(58,172)	(150,465)	(115,164)
Fees from trustee business	(44,842)	(31,226)	(92,899)	(74,395)
Brokerage fees	(1,906)	(659)	(3,585)	(1,725)
Marketing fees	(85,952)	(85,734)	(179,133)	(153,009)
Agency fees	(84,328)	(135,011)	(199,966)	(274,777)
Fees from credit card	(259,461)	(238,820)	(505,730)	(458,442)
Fees from outstanding collection service	(41,330)	(47,644)	(80,230)	(94,712)
Others	<u>(156,657)</u>	<u>(106,477)</u>	<u>(289,599)</u>	<u>(215,209)</u>
	<u>(737,140)</u>	<u>(703,743)</u>	<u>(1,501,607)</u>	<u>(1,387,433)</u>
Net service fee and commissions income	<u>\$ 3,461,876</u>	<u>\$ 2,999,722</u>	<u>\$ 6,770,449</u>	<u>\$ 5,816,586</u>

36. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Disposal gains (losses) on financial assets and liabilities at FVTPL				
Stocks and beneficiary certificates	\$ 28,835	\$ (18,077)	\$ 65,320	\$ 22,528
Bills	5,285	303	8,251	725
Bonds	(27,254)	79,981	(97,060)	85,473
Derivative financial instruments	<u>1,099,475</u>	<u>764,375</u>	<u>2,661,341</u>	<u>1,418,325</u>
	<u>1,106,341</u>	<u>826,582</u>	<u>2,637,852</u>	<u>1,527,051</u>
Valuation gains (losses) on financial assets and liabilities at FVTPL				
Stocks and beneficiary certificates	(18,642)	(51,311)	(7,932)	41,019
Bills	(452)	1,466	(3,371)	(31)
Bonds	(87,126)	(193,554)	(50,247)	223,584
Derivative financial instruments	<u>1,565,991</u>	<u>(77,541)</u>	<u>3,734,917</u>	<u>621,039</u>
	<u>1,459,771</u>	<u>(320,940)</u>	<u>3,673,367</u>	<u>885,611</u>
Net interest income on financial assets and liabilities at FVTPL	152,850	117,817	308,362	231,512
Dividend revenue on financial assets at FVTPL	<u>188</u>	<u>60</u>	<u>188</u>	<u>60</u>
	<u>\$ 2,719,150</u>	<u>\$ 623,519</u>	<u>\$ 6,619,769</u>	<u>\$ 2,644,234</u>

37. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Disposal gains				
Stock and beneficiary certificates	\$ 1,784,450	\$ 8,207	\$ 2,752,307	\$ 11,376
Bonds	103	267	136	515
Bills	<u>77,972</u>	<u>83,444</u>	<u>183,773</u>	<u>141,274</u>
	<u>1,862,525</u>	<u>91,918</u>	<u>2,936,216</u>	<u>153,165</u>
Disposal losses				
Stock and beneficiary certificates	(27,414)	(10,716)	(57,414)	(21,098)
Bonds	(2,163)	(403)	(5,422)	(837)
Bills	(7,297)	(1,232)	(58,859)	(14,860)
Others	<u>(21,713)</u>	<u>-</u>	<u>(21,713)</u>	<u>-</u>
	<u>(58,587)</u>	<u>(12,351)</u>	<u>(143,408)</u>	<u>(36,795)</u>
Stock dividends and bonuses	<u>2,747</u>	<u>133</u>	<u>2,937</u>	<u>258</u>
	<u>\$ 1,806,685</u>	<u>\$ 79,700</u>	<u>\$ 2,795,745</u>	<u>\$ 116,628</u>

38. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term benefits	\$ 4,403,178	\$ 4,325,843	\$ 8,666,671	\$ 8,380,486
Post-employment benefits (Note 32)				
Defined contribution plans	107,541	103,153	216,242	210,760
Defined benefit plans	112,842	155,086	222,314	322,865
High-yield savings account for employees	114,100	108,880	224,343	216,546
Other post-employment benefits	1,362	-	2,705	-
Share-based payment				
Equity-settled share-based payment	16,145	26,972	33,926	52,533
Cash-settled share-based payment	7,900	-	11,790	-
Other employee benefits expenses	<u>33,886</u>	<u>102,023</u>	<u>153,659</u>	<u>191,343</u>
	<u>\$ 4,796,954</u>	<u>\$ 4,821,957</u>	<u>\$ 9,531,650</u>	<u>\$ 9,374,533</u>

39. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Property and equipment	\$ 292,762	\$ 312,023	\$ 582,612	\$ 630,032
Investment property	4,036	3,828	8,026	7,204
Intangible assets and other deferred assets	<u>73,674</u>	<u>84,939</u>	<u>152,680</u>	<u>169,330</u>
	<u>\$ 370,472</u>	<u>\$ 400,790</u>	<u>\$ 743,318</u>	<u>\$ 806,567</u>

40. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing with subsidiaries Taishin Bank, Taishin Securities A, Taishin Bills Finance, Taishin AMC and Taishin Marketing. Taishin Venture Capital was included in this tax system in 2004. Taishin Securities A and Taishin Bills Finance were excluded from the linked tax system in 2009 and in the three months ended June 30, 2011, respectively. Taishin Securities B, Taishin Securities Investment Trust and Taishin Securities Investment Advisory were included in this tax system in 2011. Taishin Holdings Insurance Brokers was included in this tax system in 2012.

Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	\$ 560,968	\$ 259,125	\$ 1,088,021	\$ 502,971
Others	426,147	-	426,147	-
Deferred tax				
In respect of the current period	768,394	600,703	1,252,809	1,184,255
Alternative minimum tax payable	(57,068)	-	-	-
Additional income tax on unappropriated earnings	1,662	43,387	2,842	43,387
Offshore income tax expense	20,858	1,150	48,261	3,912
Adjustments for prior years	13,888	195,192	13,888	195,192
Effect of different tax rates of group entities operating in other jurisdictions	<u>2,462</u>	<u>-</u>	<u>2,462</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 1,737,311</u>	<u>\$ 1,099,557</u>	<u>\$ 2,834,430</u>	<u>\$ 1,929,717</u>

Reconciliation of profit before income tax and income tax was as follows:

	For the Six Months Ended June 30	
	2013	2012
Income before income tax from continuing operation	<u>\$ 14,726,592</u>	<u>\$ 11,431,792</u>
Income tax expense at the 17% statutory rate	2,503,521	1,943,405
Tax effects on adjusting items		
Temporary difference	323,771	(442,755)
Permanent difference		
Tax-exempt income	(443,783)	(350,074)
Others	45,809	(20,905)
Loss carryforwards generated	83,973	110,492
Loss carryforwards used	(1,425,270)	(737,192)
Others	<u>426,147</u>	<u>-</u>
Current income tax payable	<u>1,514,168</u>	<u>502,971</u>
Additional income tax on unappropriated earnings	2,842	43,387
Offshore income tax expense	48,261	3,912
Deferred tax		
Temporary difference	(195,041)	430,044
Loss carryforwards	1,425,270	716,609
Others	22,580	37,602
Adjustments for prior year tax	13,888	195,192
Effect of different tax rates of group entities operating in other jurisdictions	<u>2,462</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 2,834,430</u>	<u>\$ 1,929,717</u>

The Group's income tax statutory tax rate was 17% for the three months ended June 30, 2013 and 2012.

Income Tax Recognized in Other Comprehensive Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
<u>Deferred tax</u>				
Recognized in other comprehensive income				
Exchange differences on translation of foreign financial statements	\$ 10,263	\$ -	\$ 24,629	\$ -
Unrealized gains (losses) on available-for-sale financial assets	<u>(268,324)</u>	<u>21,826</u>	<u>(333,919)</u>	<u>64,434</u>
	<u>\$ (258,061)</u>	<u>\$ 21,826</u>	<u>\$ (309,290)</u>	<u>\$ 64,434</u>

The Group's Loss Carryforwards as of June 30, 2013

Expiry Year	Unused Amount
2015	\$ 1,483,260
2016	2,012,353
2017	430,233
2018	419,348
2020	<u>5,744</u>
	<u>\$ 4,350,938</u>

Taishin Financial Holding's Information about Integrated Income Tax

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Balance of ICA	<u>\$ 610,039</u>	<u>\$ 51,951</u>	<u>\$ 499,748</u>	<u>\$ 94,601</u>
Unappropriated earnings generated after January 1, 1998	<u>\$ 8,236,802</u>	<u>\$ 10,164,169</u>	<u>\$ 6,001,851</u>	<u>\$ 9,701,741</u>

As stipulated in the Ministry of Finance Letter No. (91) Tai-Tsai-Tax 0910454466, the denominator to be used in the imputed tax credit ratio should include the capital surplus which is originally the un-appropriated earnings generated after January 1, 1998 before the share swap in establishing a financial holding company. As of June 30, 2013, the capital surplus of Taishin Financial Holding mentioned above amounted to \$757,662 thousand.

Taishin Financial Holding's creditable ratio for distribution of earnings of 2012 and 2011 was 5.69% (estimate) and 4.88%, respectively.

For distribution of earnings generated after January 1, 1998, the rate of imputation credits allocated to shareholders of Taishin Financial Holding is based on the balance of the ICA as of the date of dividend distribution.

The expected creditable ratio for distribution of earnings of 2012 was 5.69%, which was calculated based on the draft amendments to Income Tax Law. As of the date that these consolidated financial statements were approved and authorized for issue, the draft amendments had not been approved by the Legislative Yuan. The actual imputation credits allocated to shareholders of the Company was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2012 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

Assessments of The Group's Income Tax

- a. Please refer to Note 41 to the consolidated financial statements as of March 31, 2013 for related information on the assessments of the Group's income tax.
- b. Taishin Financial Holding disagreed with the tax authorities' assessment that operating expenses and interest expenses should be included in income before income tax. After reaching the initial agreements with the tax authorities, Taishin Financial Holding has estimated related tax provisions.
- c. On July 1, 2013, Taishin Insurance Agency received the assessment of the 2011 income tax return from the tax authorities that shows tax payable of \$4,198 thousand on the 2010 unappropriated earnings. Because it is double taxation, Taishin Insurance Agency is applying for recheck of the assessment.

41. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Basic earnings per share	<u>\$ 0.51</u>	<u>\$ 0.32</u>	<u>\$ 1.04</u>	<u>\$ 0.67</u>
Diluted earnings per share	<u>\$ 0.50</u>	<u>\$ 0.32</u>	<u>\$ 1.00</u>	<u>\$ 0.66</u>

The earnings per share computation was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on August 18, 2013. The basic and diluted after-tax earnings per share were adjusted retrospectively as followings:

Unit: NT\$ Per Share

	Before Adjusted Retrospectively		After Adjusted Retrospectively	
	For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2012	For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2012
Basic earnings per share	<u>\$ 0.34</u>	<u>\$ 0.73</u>	<u>\$ 0.32</u>	<u>\$ 0.67</u>
Diluted earnings per share	<u>\$ 0.34</u>	<u>\$ 0.72</u>	<u>\$ 0.32</u>	<u>\$ 0.66</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Income for the Periods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Net income for the periods attributable to owner of the parent	\$ 4,081,807	\$ 2,725,059	\$ 8,263,496	\$ 5,734,262
Less: Dividends on preferred stocks	(226,877)	(356,790)	(451,260)	(713,579)
Earnings used in computation of basic earnings per share	3,854,930	2,368,269	7,812,236	5,020,683
Effect of dilutive potential ordinary share:				
Convertible preferred stocks	226,877	226,257	451,260	452,514
Earnings used in computation of diluted earnings per share	\$ 4,081,807	\$ 2,594,526	\$ 8,263,496	\$ 5,473,197

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	7,505,492	7,505,417	7,505,465	7,505,417
Effect of dilutive potential ordinary shares:				
Convertible preferred stocks	725,137	725,137	725,137	725,137
Employees bonus	109	94	112	97
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	8,230,738	8,230,648	8,230,714	8,230,651

If the Group was able to settle the bonuses to employees by cash or shares, the Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolved the number of shares to be distributed to employees at their meeting in the following year.

42. SHARE-BASED PAYMENT ARRANGEMENTS

a. Equity-settled share-based payments, employee share option plan

No share options were granted during the six months ended June 30, 2013 and 2012. Please refer to Note 43 to the consolidated financial statements as of March 31, 2013 for the information on employee share option plan.

The quantity and weighted-average exercise price of the share options were as follows:

Plan of 2010 (II)

	For the Six Months Ended June 30			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	1,507	\$11.80	1,610	\$13.10
Forfeited	<u>-</u>	-	<u>(103)</u>	13.10
Outstanding, ending balance	<u>1,507</u>		<u>1,507</u>	
Exercisable, ending balance	<u>-</u>		<u>-</u>	

Plan of 2010 (I)

	For the Six Months Ended June 30			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	61,710	\$11.70	66,250	\$13.00
Exercise	(76)	11.70	-	-
Forfeited	<u>(1,700)</u>	11.70	<u>(3,680)</u>	13.00
Outstanding, ending balance	<u>59,934</u>		<u>62,570</u>	
Exercisable, ending balance	<u>15,169</u>		<u>-</u>	

Plan of 2007

	For the Six Months Ended June 30			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	109,118	\$12.50	115,970	\$13.90
Forfeited	<u>(1,060)</u>	12.50	<u>(3,040)</u>	13.90
Outstanding, ending balance	<u>108,058</u>		<u>112,930</u>	
Exercisable, ending balance	<u>108,058</u>		<u>97,670</u>	

Plan of 2005

	For the Six Months Ended June 30			
	2013		2012	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	40,450	\$17.20	41,450	\$19.10
Forfeited	<u>-</u>	-	<u>(1,000)</u>	19.10
Outstanding, ending balance	<u>40,450</u>		<u>40,450</u>	
Exercisable, ending balance	<u>40,450</u>		<u>40,450</u>	

The weighted-average of stock prices at the dates of exercise of share options exercised during the six months ended June 30, 2013 was \$12.37.

The exercise price and expected weighted-average outstanding period of the share option warrants for the six months ended June 30, 2013 were as follows:

	For the Six Months Ended June 30			
	2013		2012	
	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)
Plan of 2010 (II)	\$11.80	8.17	\$13.10	9.17
Plan of 2010 (I)	11.70	7.29	13.00	8.29
Plan of 2007	12.50	3.71	13.90	4.71
Plan of 2005	17.20	2.09	19.10	3.09

b. Cash-settled share-based payment of Taishin appreciation rights plan

The Group issued to employees share appreciation rights (the SARs) that require the Group to pay the intrinsic value of the SAR to the qualified people at the date of exercise. The fair value of the SARs was determined using the Black-Scholes pricing model based on the following assumptions.

	June 30, 2013
Balance sheet date share price	\$13.20
Exercise price	\$10.97
Outstanding period	2-3 years
Expected volatility	31.15%-33.47%
Risk-free interest rate	0.91%-0.97%

The movements in the appreciation rights plan were as follows:

Appreciation Rights Plan	For the Six Months Ended June 30, 2013	
	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	-	\$ -
Option granted	24,323	10.97
Option invalid	<u>(460)</u>	10.97
Outstanding, ending	<u>23,863</u>	
Exercisable, ending	<u>-</u>	
Weighted-average fair value of appropriation rights (NT\$)		<u>\$ 3.0431</u>

43. DISPOSAL OF SUBSIDIARY

a. Gain on disposal of subsidiary

Taishin Bank held its 65.36% equity in PayEasy Digital's common stock originally, then sold its 45% equity for \$389,887 thousand in June 2012 and lost its ability to control. The Group held its remaining 20.36% equity and still had significant influence on PayEasy Digital, thus the Group reclassified it as investment accounted for using equity method. The Group recognized gain on disposal of the shares \$428,368 thousand were calculated as follows:

	For the Three Months Ended June 30, 2012
<u>First time</u>	
Consideration received	\$ 346,557
Add: Fair value of the remaining equity (25.36%)	220,400
Less: Disposed of net assets	(218,992)
Add: Non-controlling interests	72,907
Add: Original share of the other comprehensive income	<u>5,434</u>
Gain on disposal	<u>426,306</u>
<u>Second time</u>	
Proceeds from disposal of subsidiary	43,330
Add: Fair value of the remaining investments (20.36%)	176,941
Less: Carrying value on the disposal date	<u>(218,209)</u>
Gain on disposal	<u>2,062</u>
	<u>\$ 428,368</u>

b. Net cash inflow on disposal of subsidiary

	For the Three Months Ended June 30, 2012
Consideration received in cash and cash equivalents	\$ 389,887
Less: Cash and cash equivalent balances disposal of	<u>(202,478)</u>
	<u>\$ 187,409</u>

44. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of operating place which were tenanted by Taishin Bank and Chang Hwa Bank with lease terms between 1 and 10 years.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, refundable deposits paid under operating leases amounted to \$290,520 thousand, \$290,657 thousand, \$290,036 thousand and \$287,512 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	\$ 644,089	\$ 858,634	\$ 626,224	\$ 818,553
Later than 1 year and not later than 5 years	1,981,306	1,750,342	1,923,520	1,590,324
Later than 5 years	<u>199,803</u>	<u>189,133</u>	<u>215,155</u>	<u>193,015</u>
	<u>\$ 2,825,198</u>	<u>\$ 2,798,109</u>	<u>\$ 2,764,899</u>	<u>\$ 2,601,892</u>

b. The Group as lessor

Operating leases related to the investment property owned by the Group with lease terms were 0.5 years.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, deposits received under operating leases amounted to \$50,170 thousand, \$48,294 thousand, \$49,140 thousand and \$48,664 thousand, respectively.

The future minimum lease payments of non-cancellable operating leases were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	\$ 137,248	\$ 210,051	\$ 123,985	\$ 205,701
Later than 1 year and not later than 5 years	555,765	490,679	570,128	430,694
Later than 5 years	<u>73,443</u>	<u>80,481</u>	<u>81,386</u>	<u>81,665</u>
	<u>\$ 766,456</u>	<u>\$ 781,211</u>	<u>\$ 775,499</u>	<u>\$ 718,060</u>

45. CAPITAL RISK MANAGEMENT

Summary

To efficiently control the capital adequacy of the Group and its subsidiaries on the premise of balancing the Group's business development and risk control, Taishin Financial Holding had codified its "principles of capital adequacy management" and compiles related information reported to the Asset and Liability Management Committee periodically.

The Group's goals in capital management are as follows:

- a. To ensure the Group and its subsidiaries conform to related capital adequacy regulations and minimum basic criteria set by each industry administration.
- b. To ensure every subsidiary is able to meet the capital needs of operating plan and the capital requirement, as well as to reach the optimization of capital allocation within the Group.
- c. To implement capital management, Taishin Financial Holding and its significant subsidiaries should assess capital adequacy periodically and make proper arrangement of capital structure and application of capital instruments and adjustments of asset portfolio.

Capital Management Procedures

In order to meet the Group's capital adequacy goals, Taishin Financial Holding established the Asset and Liability Committee to review capital performance of Taishin Financial Holding and its significant subsidiaries' every month. If there is concern that the Group's capital adequacy may be below the legal standard, the Committee would immediately find measures to increase the Group's net qualified capital or to reduce the Group's legal capital requirement so as to improve the Group's performance and meet capital adequacy ratio.

The Group's capital adequacy is calculated based on the accounting reports and related data of capital adequacy provided by Taishin Financial Holding and its subsidiaries. Taishin Financial Holding and each of its subsidiaries should respectively report to local administrations using the calculation formula and forms according to the regulations before deadline.

Group Capital Adequacy Ratio

Company	Item	June 30, 2013	
		Ownership Interest (%)	Group's Statutory Capital Requirement
Taishin Financial Holding			\$ 124,988,550
Taishin Bank		100.00%	\$ 88,418,465
Chang Hwa Bank		22.55%	28,326,406
Taishin Securities B		100.00%	2,008,453
Taishin Venture Capital		100.00%	2,094,660
Taishin AMC		100.00%	1,676,620
Taishin Marketing		100.00%	3,752
Taishin Securities Investment Trust		100.00%	811,926
Taishin Securities Investment Advisory		92.00%	320,951
Taishin Holdings Insurance Brokers		100.00%	513,132
Exclusive items amounts subtracted			(133,370,179)
Total			115,792,736
Group's capital adequacy rate (Note)			137.38%

Company \ Item	June 30, 2012		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		\$ 116,513,531	\$ 113,758,533
Taishin Bank	100.00%	81,254,814	57,439,344
Chang Hwa Bank	22.55%	27,704,837	18,921,229
Taishin Securities B	100.00%	2,046,778	535,268
Taishin Venture Capital	100.00%	2,129,089	1,065,142
Taishin AMC	100.00%	1,651,551	930,162
Taishin Marketing	100.00%	3,797	1,992
Taishin Securities Investment Trust	100.00%	792,610	431,486
Taishin Securities Investment Advisory	92.00%	309,784	160,917
Taishin Holdings Insurance Brokers	100.00%	422,431	389,041
Exclusive items amounts subtracted		(126,533,929)	(113,231,068)
Total		106,295,293	80,402,046
Group's capital adequacy rate (Note)			132.20%

Financial Holding Company Eligible Capital

Item	June 30, 2013
Common stock	\$ 68,915,233
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	13,397,329
Other preferred stock and subordinated corporate bonds	20,400,000
Advance receipts for capital stock	6,139,767
Capital surplus	3,297,820
Legal reserve	3,939,770
Special reserve	465,368
Retained earnings	8,236,802
Equity adjustment	318,388
Subtracted:	
Goodwill	-
Deferred assets	121,927
Treasury stock	-
Total	124,988,550

Item	June 30, 2012
Common stock	\$ 63,250,473
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	13,016,499
Other preferred stock and subordinated corporate bonds	22,380,831
Advance receipts for capital stock	5,664,000
Capital surplus	3,114,013
Legal reserve	2,942,721
Special reserve	244,473
Retained earnings	5,643,373
Equity adjustment	489,567
Subtracted:	
Goodwill	-
Deferred assets	232,419
Treasury stock	-
Total	116,513,531

Note a: The above list was prepared according to “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company.”

Note b: Group’s capital adequacy rate = Group’s eligible capital ÷ Group’s statutory capital requirement.

46. DISCLOSURES ACCORDING TO ARTICLE 46 OF FINANCIAL HOLDING ACT

According to Article 46 of Financial Holding Company Act, all subsidiaries of financial holding company should disclose the balance of credit, endorsements and other transactions to the same person, the same related person or the same related enterprise.

Details for the balance of credit, endorsements and other transactions to the same person as of June 30, 2013 were as follows:

June 30, 2013

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding’s Net Equity
a. To the same person or the same enterprise		
Central Bank	\$ 334,742,311	177.4%
Taiwan Power Co., Ltd.	49,025,784	26.0%
National Treasury Agency	35,000,000	18.6%
Taiwan High Speed Rail Co., Ltd.	34,689,720	18.4%
CPC Corporation, Taiwan	16,274,439	8.6%
Innolux Corporation	14,636,582	7.8%
AU Optronics Corp.	11,831,925	6.3%
Formosa Chemicals & Fibers Corp	10,783,412	5.7%
Formosa Petrochemical Corp.	9,002,458	4.8%
Taiwan Water Corp.	8,335,067	4.4%
Ruentex Development Co., Ltd.	7,055,262	3.7%
Wan Bao Development Corp.	5,801,140	3.1%
EVA Airways Corp.	5,022,636	2.7%
China Airline Co.	5,008,394	2.7%
Lin Yuan Investment Corp.	4,954,620	2.6%
China Steel Corp.	4,784,781	2.5%
Formosa Plastics Corp.	4,230,243	2.2%
Continental Development Corp.	4,176,036	2.2%
Nan Ya Plastics Corp.	4,156,817	2.2%
Dragon Steel Corp.	4,018,442	2.1%
Quanta Computer Inc.	3,973,400	2.1%
Farglory Land Development Co., Ltd.	3,826,380	2.0%
Tatung Co.	3,770,556	2.0%
Inotera Memories, Inc.	3,765,716	2.0%
Lite-On Technology Corporation	3,723,738	2.0%
U-Ming Marine Transport Corp.	3,650,000	1.9%
Pujen Land Development Co., Ltd.	3,584,015	1.9%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
EVA Marine Transport Corp.	\$ 3,567,779	1.9%
Yieh United Steel Corp.	3,328,346	1.8%
Taiwan Railways Administration	3,300,000	1.7%
Chailease Finance Co., Ltd.	3,170,094	1.7%
Acer Inc.	3,166,117	1.7%
HannsTouch Solution Incorporated	3,163,962	1.7%
United Microelectronics Corp	3,060,807	1.6%
Cheng Shin Rubber Ind. Co., Ltd.	3,025,000	1.6%
Total	625,605,979	
b. To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
Individual A	5,736,162	3.0%
Individual B	4,332,923	2.3%
Individual C	3,646,046	1.9%
Individual D	3,155,567	1.7%
Total	16,870,698	
c. To the same related party enterprise		
Formosa Plastics Group	23,297,643	12.3%
Formosa Chemicals & Fibers Corp.	14,342,526	7.6%
CPC Corp.	13,112,558	6.9%
Hon Hai Group	12,549,573	6.7%
Evergreen Group	11,440,813	6.1%
CSC Group	9,522,724	5.0%
Pan-International Industrial Corp.	8,188,977	4.3%
Darfon Electronics Corp.	7,493,972	4.0%
BenQ Corp.	6,914,422	3.7%
AUO SUNPOWER SDN BHD	6,852,443	3.6%
Ruentex Group	6,783,174	3.6%
AUO Energy Corp.	6,653,801	3.5%
AU Optronics Corp.	6,388,690	3.4%
Lunda Electronics Inc.	6,388,690	3.4%
Quanta Computer Enterprise Group	6,310,850	3.3%
GIO Optoelectronics Corp.	6,216,867	3.3%
E United Group	6,163,046	3.3%
Walsin Lihwa Corp.	5,890,485	3.1%
Innolux Corporation	5,851,113	3.1%
Hannstar Display Corp.	5,826,712	3.1%
Far Eastern Group	5,809,880	3.1%
HannStar Board International Holdings Ltd.	5,731,399	3.0%
Chi Mei Lighting Technology Corp.	5,557,011	2.9%
HannStar Board Holdings (HK) Limited	5,530,087	2.9%
Continental Holding Group	5,239,732	2.8%
Lin Yuan Group	4,881,440	2.6%
Uni-president Group	4,848,427	2.6%
Tatung Group	4,747,705	2.5%

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
Hannstar Board Corp.	\$ 4,626,112	2.5%
Taiwanglass Group	3,907,939	2.1%
Yang Ming Line Group	3,822,465	2.0%
Chi Mei Group	3,785,925	2.0%
Walton Advanced Engineering Inc.	3,746,156	2.0%
Kinpo Group	3,564,283	1.9%
China Airlines Group	3,550,753	1.9%
Walsin Technology Corp.	3,412,630	1.8%
BMW Group	3,368,527	1.8%
USI Group	3,314,867	1.8%
Farglory Group	3,252,753	1.7%
Wan Bao Development Corp.	3,233,980	1.7%
Cheng Shin International Group	3,079,420	1.6%
Chang Chun Group	3,057,822	1.6%
Total	268,258,392	

(Concluded)

47. FINANCIAL INSTRUMENTS

Except for those described below, the fair value information on financial instruments, financial instruments categories, and objectives and policies of financial risk management of consolidated financial statements of the Group have been followed in the same manner without significant change in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Please refer to Note 46 to the consolidated financial statements as of March 31, 2013 for details.

Fair Value of Financial Instruments

	June 30, 2013		June 30, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	\$ 56,582,504	\$ 56,582,504	\$ 49,864,409	\$ 49,864,409
Due from the Central Bank and call loans to banks	141,565,296	141,565,296	108,963,840	108,963,840
Financial assets at FVTPL	90,680,427	90,680,427	72,580,619	72,580,619
Available-for-sale financial assets	228,224,328	228,224,328	259,555,082	259,555,082
Derivative financial assets for hedging	82,629	82,629	128,524	128,524
Securities purchased under resell agreements	6,936,868	6,936,868	834,502	834,502
Receivables	98,137,437	98,137,437	107,708,189	107,708,189
Loans	1,822,578,268	1,822,578,268	1,764,967,382	1,764,967,382
Held-to-maturity financial assets	188,438,984	188,531,313	193,740,114	193,675,163
Financial assets carried at cost	8,108,074	8,108,074	7,850,214	7,850,214
Debt investments without active market	4,106,472	4,132,525	3,710,036	3,738,317
Other miscellaneous financial assets	15,454,246	15,454,246	1,804,244	1,804,244
	<u>\$ 2,660,895,533</u>	<u>\$ 2,661,013,915</u>	<u>\$ 2,571,707,155</u>	<u>\$ 2,571,670,485</u>

(Continued)

	June 30, 2013		June 30, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Due to the Central Bank and banks	\$ 155,606,337	\$ 155,606,337	\$ 179,544,111	\$ 179,544,111
Financial liabilities at FVTPL	16,917,216	16,917,216	10,765,401	10,765,401
Securities sold under repurchase agreements	33,873,788	33,873,788	56,591,095	56,591,095
Payables	56,573,168	56,573,168	56,850,636	56,850,636
Deposits and remittances	2,170,854,589	2,170,854,589	2,035,558,700	2,035,558,700
Bonds payable	90,308,743	91,799,347	104,125,347	106,238,093
Other borrowings	646,950	646,950	110,319	110,319
Other financial liabilities	<u>23,152,621</u>	<u>23,152,621</u>	<u>13,808,039</u>	<u>13,808,039</u>
	<u>\$ 2,547,933,412</u>	<u>\$ 2,549,424,016</u>	<u>\$ 2,457,353,648</u>	<u>\$ 2,459,466,394</u>

(Concluded)

a. Financial instruments measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	June 30, 2013			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Trading financial assets				
Stocks and beneficiary certificates	\$ 1,040,896	\$ 796,030	\$ 244,866	\$ -
Bond investments	21,799,705	20,576,578	1,223,127	-
Others	50,265,669	-	50,265,669	-
Financial assets designated upon initial recognition as at fair value through profit or loss				
Available-for-sale financial assets	1,766,919	-	118,496	1,648,423
Stocks and beneficiary certificates				
Stocks and beneficiary certificates	4,857,621	4,857,621	-	-
Bond investments				
Bond investments	93,221,607	35,159,251	58,062,356	-
Others				
Others	130,145,100	-	129,187,576	957,524
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities at FVTPL	97,836	97,836	-	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets at FVTPL	15,807,238	81,873	10,201,403	5,523,962
Derivative financial assets for hedging				
Derivative financial assets for hedging	82,629	-	82,629	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities at FVTPL	16,819,380	1,687	11,591,013	5,226,680

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	June 30, 2012			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Trading financial assets				
Stocks and beneficiary certificates	\$ 1,562,221	\$ 1,179,293	\$ 382,928	\$ -
Bond investments	13,838,938	13,105,235	733,703	-
Others	43,469,393	-	43,469,393	-
Financial assets designated upon initial recognition as at fair value through profit or loss	2,208,699	-	113,022	2,095,677
Available-for-sale financial assets				
Stocks and beneficiary certificates	9,353,338	9,353,338	-	-
Bond investments	108,440,258	54,561,235	53,879,023	-
Others	141,761,486	-	139,352,163	2,409,323
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	11,501,368	85,037	9,493,412	1,922,919
Derivative financial assets for hedging	128,524	-	128,524	-
Liabilities				
Financial liabilities at FVTPL	10,765,401	-	9,287,758	1,477,643

Note 1: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) easiness of finding buyers and sellers in the principal (or most advantageous) market for the asset or liability that are both able and willing to transact, (C) pricing information are readily available to the public.

Note 2: Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. value derived from price), in the active markets.

- a. Quoted prices of similar financial instruments in active market are the company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Note 3: Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model since historical volatilities are not representative of the expectation of volatilities of market participants.

b. Reconciliation of Level 3 fair value measurements of financial assets and liabilities

Reconciliation of Level 3 financial assets:

(In Thousands of New Taiwan Dollars)

For the Six Months Ended June 30, 2013								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial assets at FVTPL	\$ 2,772,644	\$ 793,775	\$ -	\$ 4,206,321	\$ -	\$ (600,355)	\$ -	\$ 7,172,385
Available-for-sale financial assets	2,056,021	61,662	(1,598)	18,551	-	(1,177,112)	-	957,524
Total	\$ 4,828,665	\$ 855,437	\$ (1,598)	\$ 4,224,872	\$ -	\$ (1,777,467)	\$ -	\$ 8,129,909

(In Thousands of New Taiwan Dollars)

For the Six Months Ended June 30, 2012								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial assets at FVTPL	\$ 2,566,628	\$ 284,323	\$ -	\$ 2,226,418	\$ -	\$(1,058,773)	\$ -	\$ 4,018,596
Available-for-sale financial assets	2,866,588	(34,070)	15,681	851,542	-	(1,290,418)	-	2,409,323
Total	\$ 5,433,216	\$ 250,253	\$ 15,681	\$ 3,077,960	\$ -	\$(2,349,191)	\$ -	\$ 6,427,919

Valuation gains (losses) above recognized in current profits or losses in the amounts of \$377,906 thousand and \$299,751 thousand were attributed to gains (losses) on assets owned during the six months ended June 30, 2013 and 2012, respectively.

Valuation gains (losses) above recognized in other comprehensive income in the amounts of \$(8,407) thousand and \$11,343 thousand were attributed to gains (losses) on assets owned during the six months ended June 30, 2013 and 2012, respectively.

Reconciliation of Level 3 financial liabilities

For the Six Months Ended June 30, 2013							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial liabilities at FVTPL	\$ 1,016,527	\$ 882,628	\$ 3,929,342	\$ -	\$ (601,817)	\$ -	\$ 5,226,680

For the Six Months Ended June 30, 2012							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial liabilities at FVTPL	\$ 962,639	\$ 312,809	\$ 721,179	\$ -	\$ (518,984)	\$ -	\$ 1,477,643

Valuation gains (losses) above recognized in current profits or losses in the amounts of \$451,156 thousand and \$327,760 thousand were attributed to gains (losses) on liabilities owned during the six months ended June 30, 2013 and 2012, respectively.

c. Reclassification information

Chang Hwa Bank reclassified parts of financial assets based on the fair value traced back to July 1, 2008, according to the amended Statement of Financial Accounting Standards No. 34 "Financial Instruments: Recognition and Measurement". The fair values on the reclassification date were as follows:

	Before Reclassification	After Reclassification
Available-for-sale financial assets	\$ 14,246,193	\$ -
Debt investments without active market	<u>-</u>	<u>14,246,193</u>
	<u>\$ 14,246,193</u>	<u>\$ 14,246,193</u>

During the third quarter of 2008, the international economic condition changed a lot and resulted in global financial crisis which caused the value of financial assets to collapse, Chang Hwa Bank decided not to sell parts of the available-for-sale financial assets in a short period of time, and reclassified them to debt investments without active market.

The carrying amount and fair value after reclassification as of June 30, 2013 and 2012 were as follows:

	June 30			
	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Debt investments without active market	\$ 233,627	\$ 239,978	\$ 963,417	\$ 990,510

The effective interest rate of those financial assets reclassified from available-for-sale to debt investments without active market was 0.39%, and the expected cash flow from those financial assets is estimated at \$246,116 thousand.

The investment income and pro forma adjustment to stockholders' equity if the reclassification had not been taken were as follows:

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Investment Income (Loss)	Pro Forma Adjustment to Stockholders' Equity	Investment Income (Loss)	Pro Forma Adjustment to Stockholders' Equity	Investment Income (Loss)	Pro Forma Adjustment to Stockholders' Equity	Investment Income (Loss)	Pro Forma Adjustment to Stockholders' Equity
Available-for-sale financial assets	\$ 10	\$ 5,604	\$ (12,877)	\$ (9,513)	\$ 467	\$ 2,261	\$ 7,612	\$ (22,163)

Financial Risk Management Objectives and Policies

a. Summary

The Group's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk taken, and external legal restrictions. The major risks the Group sustains includes in- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices and commodity price risks) and liquidity risks.

Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by the Board of Directors or Risk Management Committee, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The Board of Directors is the highest level in the risk management function in the company and takes the full responsibility for risk management issues. Risk Management Committee is formed under the Board of Directors to examine policies and standards and establish risk management system. The chairman of Risk Management Committee takes charge of risk management and reports to the Board of Directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

c. Market risk

1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Group are equity securities price risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public, OTC, and emerging market stocks, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

2) Market risk management policy

Taishin Financial Holding's risk management policy was approved by the Board of Directors and is the highest guidance and principle of risk management.

Risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits and stress tests of various financial assets.

3) Market risk management procedures

a) Identifying risks and measuring possible effects

The Group's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards; the risk management department calculates price sensitivity and gains and losses on positions are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading book monthly. The Group wants to avoid tremendous losses that will harm the Group's operations due to overwhelming changes in market risk factors.

b) Controlling of risk and reporting of issues

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the Board of Directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the Board of Directors and prepares reports to the high-level management and the Board of Directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee in order to improve the effectiveness of the market risk management.

4) Trading book market risk management

Based on the related risk management standards, the Group classifies financial instruments into trading books and banking books according to the purpose of holding the instruments and manages them with different methods. Trading book position consists of trading purpose financial instruments or commodities held to hedge positions in trading books. A position is for trading purpose if it is intended to be sold within a short period; profit can be earned from actual or expected short-term price fluctuations which are the reasons for dealing, matched principal brokering or market making position.

Principles of trading book market risk management are as follows:

a) Management strategy

The goal of trading book market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' interest.

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b) Management principles

The Group stipulated "Principles of Market Risk Limit Management", "Regulations Governing Market Risk Management", "Procedures for Operating Derivative Assets Transactions" and operating principles for various financial instruments to manage trading book limits.

c) Valuation gains and losses

If objective prices of financial instruments in various trading books exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

- i. Measure the price sensitivity of various risk factors (i.e. Greeks), such as the effect on the valuations of foreign currency position of a 1% change in exchange rate or the effect on option position valuation due to changes in Greeks.
- ii. Please refer to item 9 for the risk assumptions and calculation methods.
- iii. Measure potential losses resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments.

5) Trading book interest rate risk management

a) Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b) Measuring methods

The risk management department applies sensitivity analysis or Value at Risk to measure interest rate risk and calculates stress loss of risk position held. In sensitivity analysis, the interest rate factor sensitivity is measured by DV01, which is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp). Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department defines the interest rate related products that can be undertaken among trading book investment portfolio and set the total limit of DV01, the limit of DV01 in each time band and the stop-loss limits in order to control exposure risks on position losses. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure positions so as to control losses.

6) Exchange rate risk management

a) Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Group's exchange rate risk mainly comes from spot and forward exchange positions and forward exchange options.

b) Measuring methods

The risk management department applies sensitivity analysis or Value at Risk to measure exchange rate risk and calculates stress loss of risk position held. In sensitivity analysis, Delta is applied to measure the exchange rate risk of the first order change and Gamma is applied to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate. Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading book investment combinations in order to control exchange rate risk. If the losses reach the stop-loss limit, the trading department should decrease risk exposure positions so as to control losses.

7) Equity security price risk management

a) Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and OTC stocks, index futures and options.

b) Measuring methods

The risk management department applies sensitivity analysis or Value at Risk to measure equity security price risk and calculates stress loss of risk position held. In sensitivity analysis, Delta is applied to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks. Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading book investment portfolio in order to control equity security price risk. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure position so as to control losses.

8) Banking book interest rate risk management

Taishin Bank

Banking book interest rate risk involves bonds and bills and their hedge position, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding banking book investment position is to establish deposit reserve. This is different from short-term holding for pursuing profit in trading book. Banking book interest rate risks are regulated separately by the risk management department.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

Taishin Bank stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank measures the effect on net interest income when the yield curve moves upward by 1bp.

d) Management procedures

Taishin Bank defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

Chang Hwa Bank

a) Definition of banking book interest rate risk

The banking book interest rate risk means the unfavorable change of interest rate of non-trading-book interest rate position which changes the present value of revenues costs or assets, liabilities and therefore causes decrease of earnings or impairment of economic value.

b) Management policy on banking book interest rate risk

According to Chang Hwa Bank's interest rate risk management policy, Chang Hwa Bank has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of shareholder value without exposure to extreme loss risks, Chang Hwa Bank applies appropriate management strategy including on- and off-balance-sheet adjustments and maintains appropriate amounts of assets and liabilities.

c) Banking book interest rate risk report/scope of measuring system

Chang Hwa bank mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the Asset and Liability Management Committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the Board of Directors periodically to let the high-level management control such risks.

9) Methods for measuring market risk

Taishin Bank

a) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility. The risk management unit is required to execute the stress test at least once a month to calculate trading book stress loss. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee. Since there are so many market risk factors that affect trading book position, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall trading book loss does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distribution.

b) Value at risk, "VaR"

Taishin Bank uses variety of methods to control market risk; the VaR is one of them. Taishin Bank is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is Taishin Bank's important internal risk control system, and the board of directors reviews and establishes trading portfolio's limits annually. Actual exposures of Taishin Bank are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

For the Six Months Ended June 30, 2013				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 8,395	\$ 16,178	\$ 2,936	\$ 8,420
Interest rate VaR	18,438	27,316	12,266	18,558
Equity securities VaR	21,379	32,803	11,692	13,748
Value at risk	34,951	50,871	24,454	24,454

For the Six Months Ended June 30, 2012				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 8,503	\$ 15,425	\$ 5,115	\$ 7,837
Interest rate VaR	27,245	46,003	17,533	29,196
Equity securities VaR	16,592	26,217	6,707	12,456
Value at risk	37,855	53,498	28,447	36,019

c) Information of exchange rate risk concentration

For information regarding Taishin Bank's non-functional currency financial assets and liabilities on the balance sheet date, please refer to Note 55.

Chang Hwa Bank

a) Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. Chang Hwa Bank performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.

b) Value at Risk, "VaR"

Chang Hwa Bank uses VaR model and stress testing to evaluate the risk of trading portfolio the market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that Chang Hwa Bank might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. The significant loss caused by excessive market volatility could not be avoided by using VaR.

Chang Hwa Bank uses the variance-covariance method to determine VaR. Interest rate risk measurement method is based on the cash flows of the investment portfolio and the value of basis point. The term structure is divided into 13 time bands, which the investment portfolio cash flow is grouped into. After selecting confidence (99%), the VaR of interest rate risk of certain portfolio is determined by its historical volatility and correlations; the VaR of equity securities is determined by the associated stock market index linked with Single Index Model. Under the approach, the β value is calculated by independent variable (the previous daily returns data of the market index) and dependent variable (the previous daily returns data of certain stock). After the β value and confidence (99%) are determined, the historical volatility is applied to decide portfolio VaR. Exchange rate VaR is measured on the history of currency volatility and correlations. After selecting confidence (99%), the exchange rate VaR of each currency held by Chang Hwa Bank is calculated.

According to Chang Hwa Bank's "Risk Management Committee Establishment Points", the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the Risk Management Committee. VaR is an important internal risk control in Chang Hwa Bank. The VaR limits of investment portfolio are approved annually by the Risk Management Committee and reported to the Board of Directors. In addition, the daily actual VaR is monitored by Chang Hwa Bank's risk management department.

As of June 30, 2013, Chang Hwa Bank's VaR factors were as follows:

	For the Six Months Ended June 30, 2013			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 9,480	\$ 17,955	\$ 5,535	\$ 13,253
Interest rate VaR	41,425	55,104	27,075	32,131
Equity securities VaR	<u>578</u>	<u>742</u>	<u>521</u>	<u>742</u>
Value at risk	<u>\$ 51,483</u>	<u>\$ 73,801</u>	<u>\$ 33,131</u>	<u>\$ 46,126</u>

	For the Six Months Ended June 30, 2012			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 9,425	\$ 12,230	\$ 7,793	\$ 9,286
Interest rate VaR	44,144	57,788	30,254	47,442
Equity securities VaR	<u>1,919</u>	<u>3,029</u>	<u>1,394</u>	<u>1,836</u>
Value at risk	<u>\$ 55,488</u>	<u>\$ 73,047</u>	<u>\$ 39,441</u>	<u>\$ 58,564</u>

c) Information of exchange rate risk concentration

With regard to Chang Hwa Bank's information of non-functional currency financial assets and liabilities on the balance sheet date, please refer to Note 55.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. As of June 30, 2013, Taishin Securities B's VaR factors were as follows:

	For the Six Months Ended June 30, 2013			
	Highest	Average	Lowest	Ending Balance
VaR	\$ 14,024	\$ 10,980	\$ 8,331	\$ 9,033

d. Credit risk

1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collaterals and market liquidity risk of the collaterals.

Credit risk can be divided into the following categories based on the object and nature of business:

a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debts or fulfill its debt commitments in credit loans operation.

b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debts, bills and other securities mature.

c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Group had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d) Other credit risks

Country risk, custodian risk and brokers risk, etc.

2) Credit risk management policies

Taishin Bank

To ensure its credit risk under control within the tolerable range, Taishin Bank has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on- and off-balance-sheet transactions in the banking and trading books, Taishin Bank should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, Taishin Bank ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, Taishin Bank also establishes risk management system described in the related rules and guidelines.

Unless the assessment of asset qualities and provision for potential losses of the overseas business department is regulated by the local authorities, it is in accordance with Taishin Bank's risk management policies and guidelines.

The measurement and management procedures of credit risks in Taishin Bank's main businesses are as follows:

a) Credit business (including loans commitments and guarantees)

Classification of credit assets and level of credit quality are summarized as follows:

i. Classification of credit assets

Taishin Bank's credit assets are classified into five categories. Except for normal credit assets classified as "Category One", the remaining unsound credit assets are evaluated based on the status of the loan collaterals and the length of time overdue. Assets that require special mention are classified as "Category Two", assets that are substandard are classified as "Category Three", assets that are doubtful are classified as "Category Four", and assets with existing loss are classified as "Category Five". In order to manage the problematic credit loans, the reorganization of loan loss provisions, allowance for bad debts or guarantee liability provisions, measures are adopted for overdue loans and procedures and for collecting default loans. In the management of credit assets, Taishin Bank is also guided by the "Regulations Governing the Procedures for Corporation Credit Business to Evaluate Assets and Deal with Non-performing Assets", "Measures for Corporation Credit Business to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures", "Regulations Governing the Procedures for Consumer Business to Evaluate Assets and Deal with Non-performing Assets", "Regulations Governing the Procedures for Overdue Loan, Non-accrual Loans and Doubtful Loans".

ii. Credit risk rating

For risk management purposes, Taishin Bank rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The credit risk rating system is internal rating based on the definition of Basel II of internal rating method (IRB). It covers operation procedures, methodology, control mechanism, information system and data collection, which is used to assist risk assessment, rating approval and loss assessment.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up the shortage of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up the shortage of the model.

b) Due from and call loans to banks

Taishin Bank evaluates the credit status of counterparties before deals are closed. Taishin Bank grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, Taishin Bank manages the risk by internal credit rating of issuers, issued underlying, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which Taishin Bank conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, Taishin Bank has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

Chang Hwa Bank

- a) To meet the needs of risk management, Chang Hwa Bank continues to enhance corporate finance credit application management system and various risk management techniques and efficiency.
- b) Chang Hwa Bank continues to develop methods of credit risk quantification models to elevate credit risk management techniques, which enable Chang Hwa Bank's capital requirement and expected loss to become more risk sensitive.
- c) Chang Hwa Bank continues to develop and implement credit risk stress testing in compliance with the requirements of the competent authority supervising risk management and improve the effectiveness of Chang Hwa Bank's risk management.
- d) Chang Hwa Bank is building a complete after-loan monitoring mechanism to efficiently identify and manage potential problematic loans, establish appropriate monitoring procedures, track the frequency and the specific responsive measures in order to achieve active management in the process of credit risk identification, measurement, monitoring and reporting.
- e) Chang Hwa Bank is building a knowledge base to facilitate learning and assessment. To meet the business demand, it holds risk management seminars and trainings to shape the Bank's risk management culture.

Chang Hwa Bank's credit risk management procedures and measuring methods for major business are described as follows:

a) Credit business (including loan commitments and guarantees)

Levels are as follows:

i. Classification of credit assets

Chang Hwa Bank's credit assets are grouped into five categories. Except for normal credit assets, the remaining unsound credit assets are evaluated based on the status of the loan collaterals and the length of time overdue, and grouped into "special-mentioned", "substandard", and "losses".

In order to manage problematic credit loans, Chang Hwa Bank has set up "Operating Points of Assets Assessment", "Assessment Operating Details of Handling Debts to Normal Borrowers", "Principle of Overdue Loans, Delinquent Loans and Doubtful Debts Handling Authority", "Regulations Governing Overdue Loans, Delinquent Loans and Doubtful Collection" and other regulations managing credit loans and collection of loans.

ii. Credit quality level

For risk management purposes, Chang Hwa Bank has set up internal rating models for credit risks in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, Chang Hwa Bank has developed a credit rating model for clients. After taking into account client-related information, Chang Hwa Bank developed a corporate credit rating model, in which rating results are divided into 21 levels. Chang Hwa Bank reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result.

Chang Hwa Bank evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, Chang Hwa Bank annually conducts validity test and back-testing of the models using data on customers' actual defaults.

Chang Hwa Bank classifies the credit qualities of corporate loans as strong, medium, weak and non-rating.

Clients of consumer finance are temporarily classified as non-rating. Once the customized grading models have accumulated considerable information and the results match actual situations, the credit exposure is classified based on the grading results.

b) Call loans to banks

Chang Hwa Bank evaluates the credit status of counterparties before deals are closed. Chang Hwa Bank grants different limits to the counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes. Chang Hwa Bank assesses the credit limits to counterparties based on their levels and financial status and efficiently manages counterparties' credit risks through regular reviews, monitoring and reports.

c) Debt instrument and derivatives financial instruments

Chang Hwa Bank identifies and manages the credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

The other banks with which Chang Hwa Bank conducts derivative transactions are mostly considered investment grade. Chang Hwa Bank monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

Chang Hwa Bank classifies the credit qualities of debt instruments as strong, medium, weak and non-rating.

3) Credit risk hedging or mitigation policies

Taishin Bank

a) Collaterals

Taishin Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the loans, Taishin Bank manages and assesses the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, Taishin Bank stipulates the security mechanism for loans and the conditions and terms for collaterals and offsetting to state clearly that Taishin Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in Taishin Bank in order to reduce the credit risks.

The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

b) Credit risk concentration limits and control

To avoid the concentration of credit risks, Taishin Bank has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, Taishin Bank has set a ratio, which is the credit limit of a single issuer in relation to the total security position. Taishin Bank has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on the financial assets, Taishin Bank has set credit limits by industry, conglomerate, country and transactions collateralized by stocks, and integrated within one system to supervise concentration of credit risk in these categories. Taishin Bank monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, nations.

c) Net settlement

Taishin Bank settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

Chang Hwa Bank

a) Collaterals

Chang Hwa Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the loans, Chang Hwa Bank manages and assesses the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, Chang Hwa Bank stipulates the security mechanism for loans and the conditions and terms for collaterals offsetting to state clearly that Chang Hwa Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in Chang Hwa Bank in order to reduce the credit risks.

b) Credit line for credit risks and control over concentration of credit risks

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

4) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Please refer to the notes to the consolidated financial statements.

As of June 30, 2013 and 2012, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrevocable maximum amount of exposure) were as follows:

Taishin Bank

Financial Instrument Type	June 30	
	2013	2012
Guarantees	\$ 12,997,683	\$ 14,307,146
Letters of credit	3,604,110	4,536,501
Unused loan commitments (excluding credit card)	95,948,409	99,440,799
Unused loan commitments (credit card only)	348,208,410	326,737,210

Chang Hwa Bank

Financial Instrument Type	June 30	
	2013	2012
Guarantees in guarantee business	\$ 27,989,671	\$ 29,662,493
Unused issued letters of credit	22,435,777	28,366,126
Loan commitments	145,847,900	202,971,784

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on prominent concentration of credit risk was as follows:

Taishin Bank

Industry Type	June 30, 2013		June 30, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 125,713,043	19	\$ 139,818,499	21
Wholesale and retailing	41,127,800	6	40,051,519	6
Finance and insurance	62,264,829	9	57,084,303	9
Real estate and leasing	23,291,431	3	23,030,808	4
Service	7,691,482	1	9,638,781	1
Individuals	390,571,259	58	359,292,911	55
Others	<u>27,424,199</u>	4	<u>26,375,953</u>	4
	<u>\$ 678,084,043</u>		<u>\$ 655,292,774</u>	

Chang Hwa Bank

Industry Type	June 30, 2013		June 30, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Finance and insurance	\$ 52,718,093	5	\$ 49,308,049	4
Manufacturing	307,403,314	26	320,611,278	28
Wholesale and retailing	104,107,586	9	100,265,585	9
Real estate and leasing	67,956,926	6	58,169,598	5
Service	20,883,207	2	19,823,010	2
Individuals	402,900,118	34	392,029,257	35
Others	<u>211,653,203</u>	18	<u>190,069,395</u>	17
	<u>\$ 1,167,622,447</u>		<u>\$ 1,130,276,172</u>	

Taishin Bank

Geographic Location	June 30, 2013		June 30, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 637,234,837	94	\$ 615,562,666	94
Europe	1,336,643	-	1,418,449	-
America	1,752,283	-	1,549,355	-
Others	<u>37,760,280</u>	6	<u>36,762,304</u>	6
	<u>\$ 678,084,043</u>		<u>\$ 655,292,774</u>	

Chang Hwa Bank

Geographic Location	June 30, 2013		June 30, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,121,243,327	96	\$ 1,086,368,721	96
America	30,252,324	3	29,660,843	1
Europe	14,861,729	1	12,853,442	3
Others	<u>1,265,067</u>	-	<u>1,393,166</u>	-
	<u>\$ 1,167,622,447</u>		<u>\$ 1,130,276,172</u>	

6) Financial assets credit quality and non-performing impairment analysis

Part of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Except for those mentioned above, the credit quality of Taishin Banks and Chang Hwa Bank's remaining financial assets were analyzed as follows:

Taishin Bank

a) Credit quality analysis of loans and receivables (including delinquent loans reclassified from other items)

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
<u>In-balance-sheet items</u>											
Receivables (including delinquent loans reclassified from other items)	\$ 57,469,267	\$ 8,953,384	\$ 2,120,935	\$ 4,395,647	\$ 72,939,233	\$ 63,067	\$ 3,044,790	\$ 76,047,090	\$ 727,617	\$ 202,769	\$ 75,116,704
Loans	519,992,201	129,211,701	13,030,376	-	662,234,278	394,255	15,455,510	678,084,043	4,612,436	3,852,453	669,619,154

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
<u>In-balance-sheet items</u>											
Receivables (including delinquent loans reclassified from other items)	\$ 67,431,094	\$ 8,411,853	\$ 3,450,008	\$ 4,029,884	\$ 83,322,839	\$ 60,870	\$ 3,758,437	\$ 87,142,146	\$ 833,243	\$ 244,299	\$ 86,064,604
Loans	506,632,469	118,395,775	12,269,133	-	637,297,377	289,777	17,705,620	655,292,774	3,655,202	3,267,269	648,370,303

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

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	\$ 358,654,406	\$ -	\$ 11,941,926	\$ -	\$ 370,596,332
Corporation finance	161,337,795	129,211,701	1,088,450	-	291,637,946
Total	519,992,201	129,211,701	13,030,376	-	662,234,278

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	\$ 329,386,135	\$ -	\$ 9,004,604	\$ -	\$ 338,390,739
Corporation finance	177,246,334	118,395,775	3,264,529	-	298,906,638
Total	506,632,469	118,395,775	12,269,133	-	637,297,377

c) Credit quality analysis of non-credit financial assets

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	\$ 1,536,120	\$ -	\$ -	\$ -	\$ 1,536,120	\$ -	\$ -	\$ 1,536,120	\$ -	\$ -	\$ 1,536,120
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	127,610,852	-	-	-	127,610,852	-	-	127,610,852	-	-	127,610,852
Bonds and beneficiary certificates	56,625,642	440,733	-	-	57,066,375	-	-	57,066,375	-	-	57,066,375
Held-to-maturity financial assets											
Bonds	1,973,603	-	-	-	1,973,603	-	-	1,973,603	-	-	1,973,603
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	198,859	198,859	82,047	-	116,812

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	\$ 875,847	\$ -	\$ -	\$ -	\$ 875,847	\$ -	\$ -	\$ 875,847	\$ -	\$ -	\$ 875,847
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	137,355,757	-	-	-	137,335,757	-	-	137,335,757	-	-	137,335,757
Bonds and beneficiary certificates	52,057,020	-	-	-	52,057,020	-	-	52,057,020	-	-	52,057,020
Held-to-maturity financial assets											
Bonds	2,111,365	-	-	-	2,111,365	-	-	2,111,365	-	-	2,111,365
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	295,368	295,368	91,016	-	204,352

d) Aging analysis of financial assets that are past due but not impaired

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013			June 30, 2012		
	Past Due Up to Two Months	Past Due Two to Three Months	Total	Past Due Up to Two Months	Past Due Two to Three Months	Total
Receivables (including delinquent loans reclassified from other items)	\$ 38,928	\$ 24,139	\$ 63,067	\$ 34,107	\$ 26,763	\$ 60,870
Consumer finance	38,859	23,645	62,504	33,579	26,746	60,325
Corporation finance	69	494	563	528	17	545
Loans	213,817	180,438	394,255	221,017	68,760	289,777
Consumer finance	208,774	63,380	272,154	198,909	68,478	267,387
Corporation finance	5,043	117,058	122,101	22,108	282	22,390

e) Impairment analysis of loans and receivables

Receivables (including delinquent loans reclassified from other items)

Item		Gross Receivables			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 407,094	\$ 406,626	\$ 740,414	\$ 1,006,555
	Combined assessment of impairment	2,637,696	2,809,939	3,018,023	3,288,894
Non objective evidence of impairment	Combined assessment of impairment	73,002,300	84,157,202	83,383,709	85,670,842
Total		\$ 76,047,090	\$ 87,373,767	\$ 87,142,146	\$ 89,966,291

Item		Allowance			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 383,822	\$ 377,018	\$ 462,697	\$ 458,523
	Combined assessment of impairment	343,795	363,679	370,546	396,848
Non objective evidence of impairment	Combined assessment of impairment	202,769	354,471	244,299	214,585
Total		\$ 930,386	\$ 1,095,168	\$ 1,077,542	\$ 1,069,956

Loans

Item		Gross Loans			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 9,358,441	\$ 9,676,481	\$ 10,268,877	\$ 10,199,582
	Combined assessment of impairment	6,097,070	6,599,433	7,436,743	8,284,387
Non objective evidence of impairment	Combined assessment of impairment	662,628,532	650,452,974	637,587,154	589,793,459
Total		\$ 678,084,043	\$ 666,728,888	\$ 655,292,774	\$ 608,277,428

Item		Allowance			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 3,343,617	\$ 2,804,137	\$ 2,249,389	\$ 2,945,780
	Combined assessment of impairment	1,268,819	1,321,544	1,405,813	1,486,145
Non objective evidence of impairment	Combined assessment of impairment	3,852,453	3,707,669	3,267,269	2,786,693
Total		\$ 8,464,889	\$ 7,833,350	\$ 6,922,471	\$ 7,218,618

Chang Hwa Bank

a) Credit quality analysis of loans and receivables

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
<u>In-balance-sheet items</u>											
Receivables	\$ 9,372,105	\$ 4,106,004	\$ 79,672	\$ 6,890,194	\$ 20,447,975	\$ 9,316	\$ 315,393	\$ 20,772,684	\$ 232,260	\$ 143,301	\$ 20,397,123
Credit cards	-	-	-	1,233,392	1,233,392	-	15,574	1,248,966	7,313	4,005	1,237,648
Other	9,372,105	4,106,004	79,672	5,656,802	19,214,583	9,316	299,819	19,523,718	224,947	139,296	19,159,475
Loans	246,671,448	416,726,818	30,691,891	447,454,687	1,141,544,844	2,632,634	23,444,969	1,167,622,447	6,059,945	7,784,625	1,153,777,877

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
<u>In-balance-sheet items</u>											
Receivables	\$ 8,270,510	\$ 5,000,313	\$ 145,810	\$ 6,878,816	\$ 20,295,449	\$ 15,210	\$ 327,664	\$ 20,638,323	\$ 228,700	\$ 133,083	\$ 20,276,540
Credit cards	-	-	-	2,008,505	2,008,505	-	16,146	2,024,651	3,369	1,542	2,019,740
Other	8,270,510	5,000,313	145,810	4,870,311	18,286,944	15,210	311,518	18,613,672	225,331	131,541	18,256,800
Loans	230,031,149	340,139,606	59,550,605	471,361,451	1,101,082,811	4,627,140	24,566,221	1,130,276,172	6,128,030	6,938,585	1,117,209,557

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

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013				
	Neither Past Due Nor Impaired				
	High	Medium	Weak	Non-ratings	Total
Consumer finance	\$ -	\$ -	\$ -	\$ 399,269,202	\$ 399,269,202
Corporation finance	246,671,448	416,726,818	30,691,891	48,185,485	742,275,642
Total	\$ 246,671,448	\$ 416,726,818	\$ 30,691,891	\$ 447,454,687	\$ 1,141,544,844

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012				
	Neither Past Due Nor Impaired				
	High	Medium	Weak	Non-ratings	Total
Consumer finance	\$ -	\$ -	\$ -	\$ 387,283,625	\$ 387,283,625
Corporation finance	230,031,149	340,139,606	59,550,605	84,077,826	713,799,186
Total	\$ 230,031,149	\$ 340,139,606	\$ 59,550,605	\$ 471,361,451	\$ 1,101,082,811

c) Credit quality analysis of non-credit financial assets

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Available-for-sale financial assets	\$ 38,593,941	\$ -	\$ -	\$ 95,539	\$ 38,689,480	\$ -	\$ 150,000	\$ 38,839,480	\$ 120,000	\$ -	\$ 38,719,480
Bonds	38,593,941	-	-	95,539	38,689,480	-	-	38,689,480	-	-	38,689,480
Stocks	-	-	-	-	-	-	150,000	150,000	120,000	-	30,000
Held-to-maturity financial assets	186,465,381	-	-	-	186,465,381	-	-	186,465,381	-	-	186,465,381
Bonds	12,323,094	-	-	-	12,323,094	-	-	12,323,094	-	-	12,323,094
Bills	174,142,287	-	-	-	174,142,287	-	-	174,142,287	-	-	174,142,287
Other financial assets	1,299,347	-	-	1,207,125	2,506,472	-	138,504	2,644,976	138,504	-	2,506,472
Bonds	1,299,347	-	-	1,207,125	2,506,472	-	138,504	2,644,976	138,504	-	2,506,472

Note: Cost on the reclassification date.

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Available-for-sale financial assets	\$ 60,761,068	\$ -	\$ -	\$ 47,899	\$ 60,808,967	\$ -	\$ 150,000	\$ 60,958,967	\$ 120,000	\$ -	\$ 60,838,967
Bonds	60,761,068	-	-	47,899	60,808,967	-	-	60,808,967	-	-	60,808,967
Stocks	-	-	-	-	-	-	150,000	150,000	120,000	-	30,000
Held-to-maturity financial assets	191,628,748	-	-	-	191,628,748	-	-	191,628,748	-	-	191,628,748
Bonds	12,249,379	-	-	-	12,249,379	-	-	12,249,379	-	-	12,249,379
Bills	179,379,369	-	-	-	179,379,369	-	-	179,379,369	-	-	179,379,369
Other financial assets	2,087,600	-	-	-	2,087,600	-	138,199	2,225,799	115,764	-	2,110,035
Bonds	2,087,600	-	-	-	2,087,600	-	138,199	2,225,799	115,764	-	2,110,035

Note: Cost on the reclassification date.

d) Aging analysis of financial assets that are past due but not impaired

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013			June 30, 2012		
	Past Due Up to One Month	Past Due Over One Month	Total	Past Due Up to One Month	Past Due Over One Month	Total
Loans						
Consumer finance	\$ 1,773,954	\$ 511,385	\$ 2,285,339	\$ 2,240,188	\$ 690,124	\$ 2,930,312
Corporation finance	295,661	51,634	347,295	747,258	949,570	1,696,828

e) Impairment analysis of loans and receivables

Receivables

Item		Gross Receivable			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 254,490	\$ 253,805	\$ 327,664	\$ 307,458
	Combined assessment of impairment	60,903	64,366	69,328	71,417
Nonobjective evidence of impairment	Combined assessment of impairment	20,457,291	17,696,158	20,241,331	18,977,613
Total		\$ 20,772,684	\$ 18,014,329	\$ 20,638,323	\$ 19,356,488

Item		Allowance			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 203,661	\$ 202,057	\$ 202,390	\$ 202,192
	Combined assessment of impairment	28,599	27,346	26,310	28,999
Non objective evidence of impairment	Combined assessment of impairment	143,301	144,577	133,083	138,155
Total		\$ 375,561	\$ 373,980	\$ 361,783	\$ 369,346

Note: The amount of gross receivables excluded the amount of allowance for receivables and adjustments for discount (premium).

Loans

Item		Gross Loans			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 20,170,984	\$ 19,492,812	\$ 20,615,656	\$ 12,586,334
	Combined assessment of impairment	3,273,985	3,993,191	3,950,565	4,003,171
Non objective evidence of impairment	Combined assessment of impairment	1,144,177,478	1,119,158,825	1,105,709,951	1,121,250,591
Total		\$ 1,167,622,447	\$ 1,142,644,828	\$ 1,130,276,172	\$ 1,137,840,096

Item		Total Allowance			
		June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 5,098,150	\$ 4,762,285	\$ 5,018,554	\$ 7,230,080
	Combined assessment of impairment	961,795	1,101,936	1,109,476	884,130
Non objective evidence of impairment	Combined assessment of impairment	7,784,625	7,652,479	6,938,585	6,987,043
Total		\$ 13,844,570	\$ 13,516,700	\$ 13,066,615	\$ 15,101,253

Note: The amount of gross loans excluded the amount of allowance for loans and adjustment for discount (premium).

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

- a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.
- c) Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Group's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, RS or RP transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

Taishin Bank

The objective of liquidity risk management is to ensure that Taishin Bank can acquire funds at reasonable price to pay off debts, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances. Taishin Bank has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the Board of Directors.

Basic principles of liquidity risk management policy are as follows:

- a) Principle of risk diversification: Taishin Bank should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.
- b) Principle of stability: Taishin Bank should follow stable strategies and pay attention to market and internal funding liquidity. For example, Taishin Bank should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, Taishin Bank should make sure total assets can pay off total liabilities and maintain certain proportion of assets with high liquidity or collaterals in order to finance funds and pay off current liabilities in critical and urgent time.

- d) Principle of matching asset and liability maturity: Taishin Bank should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, Taishin Bank has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

Chang Hwa Bank

According to Chang Hwa Bank's liquidity risk management policy, Chang Hwa Bank clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and Asset and Liability Committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about liquidity risk assessment should be reported to the Board of Directors to let high-level management understand Chang Hwa Bank's funding liquidity.

As of June 30, 2013 and 2012, the ratio of liquidity reserve is 18.29% and 19.00%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

Taishin Securities B

Taishin Securities B's funding liquidity risk management incorporates funding sources, funding application and gap management. Key control points are as follows:

- a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.
- b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.
- c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching.

Market liquidity risk includes on- and off-balance-sheet transactions. To make sure that market liquidity of positions with low liquidity is within tolerable range, Taishin Securities B stipulated in its risk management rules that it should carefully analyze and efficiently identify existing and potential market liquidity risk in order to operate in coordination with Taishin Securities B's business development and Taishin Financial Holding's overall risk appetite. Before promoting new products and business, Taishin Securities B should also scrutinize related operation rules and confirm related market liquidity risk.

The market liquidity management procedures and measuring methods of Taishin Securities B's major business are as follows:

- a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.

- b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC stocks over one-day average volume, of the investment portfolio. The ratio is set to implement control.
- c) The volume of holding a single stock and the volume of accounting for investment portfolio is limited to a certain amount in order to implement control.
- d) The proportion of the volume of a single convertible bond issued to the volume of outstanding portfolio is limited to a certain amount in order to implement control.
- 3) Financial assets held to manage liquidity risk and maturity analysis

Financial assets held to manage liquidity risk:

The Group holds cash and cash equivalents, due from the Central Bank and banks and available-for-sale and held-to-maturity financial assets held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

Maturity analysis:

Taishin Bank

- a) Maturity analysis of non-derivative financial liabilities

Taishin Bank's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	June 30, 2013									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	\$ 4,543,861	\$ 6,582,290	\$ 10,088,767	\$ 12,379,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,594,319
Non-derivative financial liabilities at fair value through profit or loss	97,836	-	-	-	-	-	-	-	-	97,836
Securities sold under repurchase agreements	25,214,798	2,606,552	96,983	-	-	-	-	-	-	27,918,333
Payables	16,344,070	192,655	242,555	608,739	66,369	-	-	-	-	17,454,388
Deposits and remittances	118,686,694	204,493,641	137,394,626	171,802,205	207,269,694	2,009,228	138	-	-	841,656,226
Bank debentures	-	-	-	-	-	-	13,300,000	-	11,700,000	25,000,000
Other financial liabilities	3,331,520	1,914,924	481,811	3,142,024	2,710,293	332,232	135,914	450,635	9,553,861	22,053,214
	\$ 168,218,779	\$ 215,790,062	\$ 148,304,742	\$ 187,932,369	\$ 210,046,356	\$ 2,341,460	\$ 13,436,052	\$ 450,635	\$ 21,253,861	\$ 967,774,316

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	June 30, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	\$ 30,262,142	\$ 3,635,848	\$ 10,090,490	\$ 15,266,559	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ 59,272,039
Non-derivative financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Securities sold under repurchase agreements	49,167,706	3,738,042	10,000	-	-	-	-	-	-	52,915,748
Payables	16,664,896	226,021	228,791	720,173	113,408	-	-	-	-	17,953,289
Deposits and remittances	125,159,284	210,153,986	137,851,242	138,736,787	182,851,002	1,735,037	1,191	-	-	796,488,529
Bank debentures	-	-	-	-	-	-	1,508,000	23,492,000	-	25,000,000
Other financial liabilities	3,925,579	2,546,518	847,844	2,847,310	620,156	255,436	72,630	240,261	865,665	12,221,399
	\$ 225,179,607	\$ 220,300,415	\$ 149,028,367	\$ 157,570,829	\$ 183,601,566	\$ 3,498,473	\$ 73,821	\$ 23,732,261	\$ 865,665	\$ 963,851,004

The maturity analysis of time deposits in "deposits and remittances" is allocated to each time band based on Taishin Bank's historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been \$353,525,715 thousand and \$307,955,354 thousand as of June 30, 2013 and 2012, respectively.

b) Maturity analysis of derivative financial liabilities

Taishin Bank disclosed amounts of derivative financial liabilities at fair value through profit or loss using fair values recognized in the earliest time band as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	June 30, 2013									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	\$ 13,808,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,808,405

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	June 30, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	\$ 8,816,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,816,130

c) Maturity analysis of off-balance-sheet items

Below are the amounts of Taishin Bank's off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of irrevocable loan commitments, guarantees or letters of credit. As of June 30, 2013 and 2012, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been \$12,997,683 thousand and \$14,307,147 thousand, respectively, for guarantees; \$3,604,110 thousand and \$4,536,501 thousand, respectively, for letters of credit; \$95,948,409 thousand and \$99,440,798 thousand, respectively, for loans commitments (excluding credit card); and \$348,208,410 thousand and \$326,737,210 thousand, respectively, for credit cards commitments.

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 5,302,099	\$ 1,904,892	\$ 1,080,545	\$ 1,402,565	\$ 3,307,582	\$ 12,997,683
Letters of credit	1,435,040	1,867,621	214,009	44,141	43,239	3,604,110
Loans commitments (excluding credit cards)	1,977,687	10,390,451	15,419,299	64,946,230	3,214,742	95,948,409
Credit cards commitments	2,095	1,819,167	3,790,385	19,944,213	322,652,550	348,208,410

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 3,526,745	\$ 4,127,663	\$ 1,421,480	\$ 2,351,345	\$ 2,879,914	\$ 14,307,147
Letters of credit	1,808,807	2,212,021	361,371	9,660	144,642	4,536,501
Loans commitments (excluding credit cards)	1,889,271	13,443,621	12,213,339	57,019,454	14,875,113	99,440,798
Credit cards commitments	2,687	7,459,830	14,718,791	10,046,544	294,509,358	326,737,210

Chang Hwa Bank

a) Maturity analysis of non-derivative financial assets and liabilities

Chang Hwa Bank adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to do maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	\$ 29,047,918	\$ -	\$ -	\$ -	\$ -	\$ 29,047,918
Due from the Central Bank and call loans to other banks	35,793,473	4,064,860	4,603,353	13,289,445	15,506,735	73,257,866
Financial assets at fair value through profit or loss	46,008,104	-	-	-	-	46,008,104
Securities purchased under resale agreements	-	-	-	-	-	-
Receivables	12,803,652	498,506	160,602	667,461	229,967	14,360,188
Loans	107,798,726	104,939,865	69,719,419	84,303,196	605,291,432	972,052,638
Available-for-sale financial assets	-	-	201,902	101,149	28,189,448	28,492,499
Held-to-maturity financial assets	127,698,429	8,300,000	1,051,039	501,485	8,350,201	145,901,154
Debts instrument without active market	-	-	-	-	800,000	800,000
Financial assets carried at cost	-	-	-	-	5,998,434	5,998,434
Other maturity funds inflow items	-	-	-	-	11,462,527	11,462,527
	<u>359,150,302</u>	<u>117,803,231</u>	<u>75,736,315</u>	<u>98,862,736</u>	<u>675,828,744</u>	<u>1,327,381,328</u>
Major maturity funds outflows						
Due to the Central Bank and banks	428,954	2,087,918	1,054,960	2,042,147	-	5,613,979
Funds borrowed from the Central Bank and banks	18,760,000	20,000	-	-	-	18,780,000
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	3,706,642	2,050,568	198,245	-	-	5,955,455
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	29,798,524	1,974,048	790,841	1,050,142	779,532	34,393,087
Deposits and remittances	140,400,757	125,813,488	143,185,138	236,066,147	482,329,731	1,127,795,261
Bank debentures	-	-	-	-	38,350,000	38,350,000
Other maturity funds outflows items	13,716	34,568	2,887	70,440	4,172,820	4,294,431
	<u>193,108,593</u>	<u>131,980,590</u>	<u>145,232,071</u>	<u>239,228,876</u>	<u>525,632,083</u>	<u>1,235,182,213</u>
Gap	<u>\$ 166,041,709</u>	<u>\$ (14,177,359)</u>	<u>\$ (69,495,756)</u>	<u>\$ (140,366,140)</u>	<u>\$ 150,196,661</u>	<u>\$ 92,199,115</u>

Note: The amounts listed above were the position in N.T. dollars of Chang Hwa Bank.

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	\$ 28,922,218	\$ -	\$ -	\$ -	\$ -	\$ 28,922,218
Due from the Central Bank and call loans to other banks	17,858,760	4,154,244	5,274,433	12,771,565	13,909,902	53,968,904
Financial assets at fair value through profit or loss	24,052,118	-	-	-	-	24,052,118
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	13,239,319	435,631	209,433	714,485	227,367	14,826,235
Loans	88,274,092	81,036,167	74,556,602	83,465,597	624,535,355	951,867,813
Available-for-sale financial assets	-	25,123	66,539	49,661	49,546,586	49,687,909
Held-to-maturity financial assets	95,000,000	38,700,000	8,549,991	954,059	7,462,528	150,666,578
Debts instrument without active market	-	-	-	-	800,000	800,000
Financial assets carried at cost	-	-	-	-	6,028,434	6,028,434
Other maturity funds inflows items	-	-	-	-	8,338,633	8,338,633
	<u>267,346,507</u>	<u>124,351,165</u>	<u>88,656,998</u>	<u>97,955,367</u>	<u>710,848,805</u>	<u>1,289,158,842</u>
Major maturity funds outflows						
Due to the Central Bank and banks	895,697	2,221,159	1,287,910	2,785,790	-	7,190,556
Funds borrowed from the Central Bank and banks	9,310,000	15,000	-	-	-	9,325,000
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	5,511,954	2,642,089	99,400	-	-	8,253,443
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	28,205,713	2,448,642	675,438	1,246,658	738,095	33,314,546
Deposits and remittances	137,309,949	129,918,846	165,549,102	221,955,849	436,591,370	1,091,325,116
Bank debentures	-	-	-	-	38,350,000	38,350,000
Other maturity funds outflows items	6,991	39,288	3,289	224,222	1,065,201	1,338,991
	<u>181,240,304</u>	<u>137,285,024</u>	<u>167,615,139</u>	<u>226,212,519</u>	<u>476,744,666</u>	<u>1,189,097,652</u>
Gap	<u>\$ 86,106,203</u>	<u>\$ (12,933,859)</u>	<u>\$ (78,958,141)</u>	<u>\$ (128,257,152)</u>	<u>\$ 234,104,139</u>	<u>\$ 100,061,190</u>

Note: The amounts listed above were the position in N.T. dollars of Chang Hwa Bank.

(In Thousands of United States Dollars)

Item	June 30, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	\$ 214,407	\$ 22,000	\$ -	\$ -	\$ -	\$ 236,407
Due from the Central Bank and call loans to other banks	575,628	309,769	79,499	5,531	2,673	973,100
Financial assets at fair value through profit or loss	3,420	-	-	-	54,985	58,405
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	427,007	201,944	82,806	1,524	2,558	715,839
Loans	788,992	1,147,921	571,966	233,186	2,579,356	5,321,421
Available-for-sale financial assets	18,731	-	29,813	62,775	39,151	150,470
Held-to-maturity financial assets	2,000	-	5,004	36,001	5,997	49,002
Debts instrument without active market	-	-	-	-	8,863	8,863
Financial assets carried at cost	-	-	-	-	-	-
Other maturity funds inflows items	16,500	-	60,000	20,000	267	96,767
	<u>2,046,685</u>	<u>1,681,634</u>	<u>829,088</u>	<u>359,017</u>	<u>2,693,850</u>	<u>7,610,274</u>
Major maturity funds outflows						
Due to the Central Bank and banks	387,933	125,149	175	303	16,273	529,833
Funds borrowed from the Central Bank and banks	1,524,190	509,500	13,500	-	-	2,047,190
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-	-
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	476,075	16,209	2,780	617	5,388	501,069
Deposits and remittances	1,177,533	822,177	628,466	736,984	2,052,038	5,417,198
Other maturity funds outflows items	23,906	2,250	869	298	2,679	30,002
	<u>3,589,637</u>	<u>1,475,285</u>	<u>645,790</u>	<u>738,202</u>	<u>2,076,378</u>	<u>8,525,292</u>
Gap	<u>\$ (1,542,952)</u>	<u>\$ 206,349</u>	<u>\$ 183,298</u>	<u>\$ (379,185)</u>	<u>\$ 617,472</u>	<u>\$ (915,018)</u>

Note: The amounts listed above were the position in U.S. dollars of Chang Hwa Bank.

(In Thousands of United States Dollars)

Item	June 30, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	\$ 260,758	\$ 22,084	\$ -	\$ -	\$ -	\$ 282,842
Due from the Central Bank and call loans to other banks	564,798	284,271	46,435	20,463	2,333	918,300
Financial assets at fair value through profit or loss	3,415	-	-	-	70,054	73,469
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	385,503	11,755	256,479	128	1,400	655,265
Loans	603,479	856,343	684,753	223,246	2,379,314	4,747,135
Available-for-sale financial assets	9,572	9,989	11,986	14,934	137,598	184,079
Held-to-maturity financial assets	5,000	4,994	1,991	-	44,394	56,379
Debts instrument without active market	5,744	4,996	-	-	12,062	22,802
Financial assets carried at cost	-	-	-	-	-	-
Other maturity funds inflows items	22,500	-	-	3,000	20	25,520
	<u>1,860,769</u>	<u>1,194,432</u>	<u>1,001,644</u>	<u>261,771</u>	<u>2,647,175</u>	<u>6,965,791</u>
Major maturity funds outflows						
Due to the Central Bank and banks	362,508	221,865	105	180	16,460	601,118
Funds borrowed from the Central Bank and banks	1,641,700	241,485	35,000	-	-	1,918,185
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-	-
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	448,305	13,580	2,453	723	3,779	468,840
Deposits and remittances	1,127,094	903,889	519,715	557,120	1,907,018	5,014,836
Other maturity funds outflows items	34,600	8,642	1,194	388	3,883	48,707
	<u>3,614,207</u>	<u>1,389,461</u>	<u>558,467</u>	<u>558,411</u>	<u>1,931,140</u>	<u>8,051,686</u>
Gap	\$ (1,753,438)	\$ (195,029)	\$ 443,177	\$ (296,640)	\$ 716,035	\$ (1,085,895)

Note: The amounts listed above were the position in U.S. dollars of Chang Hwa Bank.

b) Maturity analysis of derivative financial assets and liabilities

The derivative instruments held by Chang Hwa Bank, except for interest rate swaps with leveraging effects, have very little probabilities of failing to be sold with reasonable prices in the market, and thus have very low liquidity risks.

(New Taiwan Dollars and Foreign Currencies Combined in Thousands of New Taiwan Dollars)

Item	June 30, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 76,590,353	\$ 101,224,880	\$ 41,338,259	\$ 11,410,647	\$ 35,508	\$ 230,599,647
Inflows	76,748,091	101,373,715	41,243,996	11,370,968	35,182	230,771,952
Interest rate derivative instruments						
Outflows	2,107,884	299,860	6,472,304	20,223,590	30,187,951	59,291,589
Inflows	2,098,600	299,800	6,294,924	20,083,141	30,546,731	59,323,196
Credit derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	-	-	-	-	-	-
Total outflows	\$ 78,698,237	\$ 101,524,740	\$ 47,810,563	\$ 31,634,237	\$ 30,223,459	\$ 289,891,236
Total inflows	\$ 78,846,691	\$ 101,673,515	\$ 47,538,920	\$ 31,454,109	\$ 30,581,913	\$ 290,095,148

(New Taiwan Dollars and Foreign Currencies Combined in Thousands of New Taiwan Dollars)

Item	June 30, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 60,907,912	\$ 121,178,344	\$ 53,345,184	\$ 36,337,398	\$ 381,691	\$ 272,150,529
Inflows	61,103,654	121,251,431	53,644,429	36,320,022	378,465	272,698,001
Interest rate derivative instruments						
Outflows	293,047	1,165,900	-	3,536,190	-	4,995,137
Inflows	897,450	1,196,600	-	3,589,800	3,177	5,687,027
Credit derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	-	-	-	-	-	-
Total outflows	\$ 61,200,959	\$ 122,344,244	\$ 53,345,184	\$ 39,873,588	\$ 381,691	\$ 277,145,666
Total inflows	\$ 62,001,104	\$ 122,448,031	\$ 53,644,429	\$ 39,909,822	\$ 381,642	\$ 278,385,028

c) Maturity analysis of off-balance-sheet items

Chang Hwa Bank's off-balance-sheet items - irrevocable loans, guarantees, letters of credit - presented based on the residual time from the balance sheet date to the maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments issued	\$ 106,861,011	\$ 1,150,888	\$ 2,032,859	\$ 10,736,424	\$ 25,066,718	\$ 145,847,900
Letters of credit issued yet unused	22,310,962	72,234	49,450	3,131	-	22,435,777
Guarantees	26,883,708	3,233	241,176	59,078	802,476	27,989,671
	\$ 156,055,681	\$ 1,226,355	\$ 2,323,485	\$ 10,798,633	\$ 25,869,194	\$ 196,273,347

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments issued	\$ 6,551,683	\$ 73,987,379	\$ 31,337,198	\$ 54,414,236	\$ 36,681,288	\$ 202,971,784
Letters of credit issued yet unused	7,471,061	17,782,054	1,777,865	655,732	679,414	28,366,126
Guarantees	2,070,947	1,310,403	3,134,230	6,299,208	16,847,705	29,662,493
	\$ 16,093,691	\$ 93,079,836	\$ 36,249,293	\$ 61,369,176	\$ 54,208,407	\$ 261,000,403

48. RELATED-PARTY TRANSACTIONS

Names and relationships of related parties were as follows:

Name	Relationship
Taishin Bank	Wholly owned by Taishin Financial Holding
Taishin AMC	Same as above
Taishin Marketing	Same as above
Taishin Venture Capital	Same as above
Taishin Securities B	Same as above
Taishin Securities Investment Trust	Same as above
Taishin Holdings Insurance Brokers	Same as above
Taishin Securities Investment Advisory	Owned by Taishin Financial Holding
Chang Hwa Bank	Same as above
Taishin Dah An Leasing	Equity-method investee by Taishin bank
Taishin Insurance Agency	Owned by Taishin bank
Taishin Real-Estate	Same as above
An Hsin Real-Estate	Equity-method investee by Taishin bank
PayEasy Digital	Same as above (became non-related party in July 2012)

(Continued)

Name	Relationship
Youn Shin Artistic	Equity-method investee by Taishin Venture Capital
Shin Kong Life Insurance Co., Ltd (“Shin Kong Life Insurance”)	Its director is the person in charge of Taishin Financial Holding’s corporate director
Shinkong Synthetic Fibers Co., Ltd. (“Shinkong Synthetic Fibers”)	Same as above
Anlon Co., Ltd. (“Anlon”)	Its director is Taishin Financial Holding’s director
PayEasy Travel	Wholly owned by PayEasy Digital (became non-related party in July 2012)
Contect Digital Integration	65.75% owned by PayEasy Digital (became non-related party in July 2012)
Taishin Insurance Broker	Wholly owned by Taishin Insurance Agency
CHB Life Insurance Agency	Wholly owned by Chang Hwa Bank
CHB Insurance Brokerage	Same as above
Dah Chung Bills Finance Corp. (“Dah Chung Bills”)	Its supervisor is Taishin Bank’s general manager
Taiwan Shin Kong Commercial Bank Co., Ltd. (“Shin Kong Bank”)	Related party in substance
MasterLink Securities Corp. (“MasterLink Securities”)	Its supervisor is Chang Hwa Bank
Taishin Financial Leases (China)	Wholly owned by Taishin Venture Capital
Taishin Financial Leases (Tianjin)	Same as above
Ming Huang International Property Co., Ltd. (“Ming Huang International Property”)	Taishin Financial Holding’s supervisor
Peng Cheng Co., Ltd. (“Peng Cheng”)	Taishin Financial Holding’s corporate director
CyberSoft Digital Service Corp. (“CyberSoft Digital Service”)	Related party in substance
Shin Kong Mitsukoshi Department Store Co., Ltd. (“Shin Kong Mitsukoshi”)	Its director is Taishin Financial Holding’s chairman
China Media Communication Co., Ltd. (“China Media”)	Related party in substance
Central Reinsurance Corporation (“Central Re”)	Its director is Chang Hwa Bank’s corporate director
The Pacific Securities Co., Ltd. (“Pacific Securities”)	Its independent director is Chang Hwa Bank’s director (consolidated with another company and dissolved in December 2012)
Vanguard International Semiconductor Corp. (“Vanguard International Semiconductor”)	Its director is Chang Hwa Bank’s corporate supervisor
Scino Pharm Taiwan, Ltd. (“Scino Pharm Taiwan”)	Same as above
Taiwan High Speed Rail Corp. (“Taiwan High Speed Rail”)	Same as above
Taiwan Semiconductor Manufacturing Company Limited (“TSMC”)	Same as above
GreTai Securities Market	Its supervisor is Taishin Financial Holding’s director
Kai Fa International Investment Co., Ltd. (“Kai Fa International Investment”)	Its director is Chang Hwa Bank’s director
Shin Kong Insurance Co., Ltd. (“Shin Kong Insurance”)	Its director is the person in charge of Taishin Financial Holding’s corporate directors
Diamond Biotech Investment Corp. (“Diamond Biotech Investment”)	Its director is Taishin Financial Holding’s senior vice general manager
China Airlines Co., Ltd. (“China Airlines”)	Its director is Chang Hwa Bank’s corporate supervisor

(Continued)

Name	Relationship
SCI Pharmtech, Inc. (“SCI Pharmtech”)	Its independent director is Taishin Securities B’s independent director
Nan Ya Plastics Corp. (“Nan Ya Plastics”)	Its director is Taishin Financial Holding’s independent director
National Aerospace Fasteners Corp (“NAFCO”)	Its director is Chang Hwa Bank’s corporate supervisor
Darfon Corp. (“Darfon”)	Its independent director is Taishin Financial Holding’s independent director
Mega International Commercial Bank (“Mega Bank”)	Its director is Chang Hwa Bank’s vice general manager’s spouse
Taiwan Business Bank Co., Ltd. (“Taiwan Business Bank”)	Its director is Chang Hwa Bank’s corporate director
Industrial Bank of Taiwan (“Industrial Bank”)	Its director is Taishin Financial Holding’s director’s spouse
Tang Eng Iron Works Co., Ltd. (“Tang Eng”)	Its independent director is Taishin Securities B’s chairman
Kaohsiung Rapid Transit Corp. (“KRTC”)	Its director is Chang Hwa Bank’s corporate supervisor
Land Bank of Taiwan (“Land Bank”)	Its director is Chang Hwa Bank’s corporate director
Taiwan Finance Corp. (“TFC”)	Its director is Chang Hwa Bank’s vice general manager’s spouse
Chunghwa Telecom Co., Ltd. (“Chunghwa Telecom”)	Its supervisor is Chang Hwa Bank’s corporate supervisor
Taiwan Tabaco & Liquor Corp. (“TTL”)	Its director is Chang Hwa Bank’s corporate director
South China Insurance Co., Ltd. (“South China Insurance”)	Its independent director is Taishin Financial Holding’s supervisor (became non-related party after the third quarter of 2012)
Fu Mei Inc. (“Fu Mei”)	Its chairman is the chairman of Taishin Financial Holding’s corporate supervisor
Taiwan Cooperative Bank	Its director is Chang Hwa Bank’s corporate director (became non-related party after the second quarter of 2012)
Bank of Taiwan	Its director is Chang Hwa Bank’s corporate director (became non-related party after the third quarter of 2012)
E-Ton Solar Inc. (“E-Ton Solar”)	Its independent director is Taishin Financial Holding’s supervisor
Ralec Electronic Corp. (“Ralec Electronic”)	Its director is Chang Hwa Bank’s director (became non-related party after the third quarter of 2012)
Teco Electric & Machinery Company Limited (“TECO”)	Its supervisor is the chairman of Taishin Venture Capital and Taishin AMC (became non-related party after the third quarter of 2012)
Tuntex Petrochemicals Inc. (“Tuntex Petrochemicals”)	Its chairman is Taishin Financial Holding’s director
PChome Online Inc. (“PChome Online”)	Its chairman is PayEasy Digital’s director (became non-related party in July 2012)
Sercomm Corp. (“Sercomm”)	Its supervisor is Taishin Financial Holding’s director

(Continued)

Name	Relationship
Ri Chang Electronics Co., Ltd. (“Ri Chang Electronics”)	Its director is Taishin Bank’s senior manager
Dah Chung Futures Co., Ltd. (“Dah Chung Futures”)	Its director is Taishin Securities B’s vice general manager’s spouse (Dah Chung Futures became non-related party after the fourth quarter of 2012)
Mega Financial Holding Co., Ltd. (“Mega Financial Holding”)	Its director is Chang Hwa Bank’s corporate director
National Culture and Arts Foundation	Its director is Taishin Financial Holding’s chairman (National Culture and Arts Foundation became non-related party after the fourth quarter of 2012)
Shin Zu Shing Co., Ltd. (“Shin Zu Shing”)	Its supervisor is Taishin Financial Holding’s supervisor
Straits Exchange Foundation (“SEF”)	Its director is Taishin Financial Holding’s independent director
Wan Hai Lines Ltd. (“Wan Hai Lines”)	Its director is Chang Hwa Bank’s director
Han-Shin Venture Capital Inc. (“Han-Shin Venture Capital”)	Its supervisor is the chairman of Taishin Financial Holding’s corporate supervisor
The General Association of Chinese Culture (“GACC”)	Its director is Taishin Financial Holding’s independent director
PChome Store Inc. (“PChome Store”)	Its chairman is PayEasy Digital’s director (PayEasy Digital became non-related party in July 2012)
Bank of Taiwan	Its director is Chang Hwa Bank’s corporate director (became non-related party after the third quarter of 2012)
Thunder Power Co., Ltd. (“Thunder Power”)	Its supervisor is Taishin Financial Holding’s supervisor (Thunder Power became non-related party after the second quarter 2012)
PChome eBay Co., Ltd. (“PChome eBay”)	Its chairman is PayEasy Digital’s director (PayEasy Digital became non-related party in July 2012)
Digimax Inc. (“Digimax”)	Its director is Chang Hwa Bank’s corporate supervisor
I-Mei Foods Co. (“I-Mei Foods”)	Its chairman is the chairman of Taishin Financial Holding’s corporate supervisor
Aero Win Technology Corp. (“Aero Win Technology”)	Its supervisor is Taishin Securities B’s independent director
Formosa Sumco Technology Corp. (“Formosa Sumco Technology”)	Its independent director is Taishin Financial Holding’s independent director
Kuang Lung Vocational High School (“Kuang Lung”)	Its director is Taishin AMC’s director
Taiwan Flower Biotechnology Co., Ltd. (“TFB”)	Its director is Chang Hwa Bank’s corporate supervisor
China Bills Finance Co. (“CBF”)	Its supervisor is Taishin Bank manager’s spouse
The Export-Import Bank of the ROC (“The Export-Import Bank”)	Its director is Chang Hwa Bank’s corporate director
Individual A	The chairman of Taishin Financial Holding
Individual B	Its director is the person in charge of Taishin Financial Holding’s corporate directors
Others	Other related parties based on the FSC-recognized IAS 24 “Disclosures of Related Parties”

(Concluded)

Material transactions with related parties were as follows:

Loans, Deposits and Guaranteed Loans

Loans to related parties of Taishin Bank and subsidiaries were as follows:

Loans

	Ending Balance	Percentage of Loans (%)
June 30, 2013	\$ 5,022,002	0.75
December 31, 2012	5,302,415	0.81
June 30, 2012	4,007,986	0.62
January 1, 2012	3,861,796	0.64

For the three months ended June 30, 2013 and 2012, interest revenues were \$22,074 thousand and \$14,198 thousand, respectively.

For the six months ended June 30, 2013 and 2012, interest revenues were \$44,150 thousand and \$21,250 thousand, respectively and interest rates ranged from 0.0001% to 20% and from 0.0001% to 18.25%, respectively.

	<u>For the Six Months Ended June 30, 2013</u>				
	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral
<u>Consumer loans</u>					
91 accounts	\$ 187,555	\$ 265,822	\$ 187,555	\$ -	Land, building, chattels
<u>Self-used residence mortgage loans</u>					
96 accounts	633,582	683,100	633,582	-	Land, building
<u>Other loans</u>					
Nan Ya Plastics	2,902,998	2,904,497	2,902,998	-	Land, building, chattels, securities
China Airlines	1,000,000	1,000,000	1,000,000	-	Credit
SCI Pharmetch	130,000	130,000	130,000	-	Credit
Others	<u>167,867</u>	476,354	<u>162,513</u>	5,354	-
	<u>\$ 5,022,002</u>		<u>\$ 5,016,648</u>		
	<u>December 31, 2012</u>				
	Ending Balance		Normal Loans	Non- performing Loans	Collateral
<u>Consumer loans</u>					
91 accounts		\$ 167,246	\$ 167,174	\$ 72	Land, building, chattels
<u>Self-used residence mortgage loans</u>					
106 accounts		588,891	588,891	-	Land, building
<u>Other loans</u>					
Nan Ya Plastics		2,904,497	2,904,497	-	Land, building, chattels, securities
China Airlines		1,000,000	1,000,000	-	-
KRTC		400,000	400,000	-	Securities
Others		<u>241,781</u>	<u>236,427</u>	5,354	-
		<u>\$ 5,302,415</u>	<u>\$ 5,296,989</u>		

For the Six Months Ended June 30, 2012

	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral
<u>Consumer loans</u>					
80 accounts	\$ 140,084	\$ 168,207	\$ 140,084	\$ -	Land, building, chattels
<u>Self-used residence mortgage loans</u>					
100 accounts	533,436	608,544	533,436	-	Land, building
<u>Other loans</u>					
Nan Ya Plastics	2,907,413	2,910,340	2,907,413	-	Land, building, chattels, securities
Others	<u>427,053</u>	486,627	<u>372,121</u>	54,932	-
	<u>\$ 4,007,986</u>		<u>\$ 3,953,054</u>		

January 1, 2012

	Ending Balance	Normal Loans	Non- performing Loans	Collateral
<u>Consumer loans</u>				
86 accounts	\$ 120,939	\$ 120,939	\$ -	Land, building, chattels
<u>Self-used residence mortgage loans</u>				
106 accounts	490,150	490,150	-	Land, building
<u>Other loans</u>				
TECO	1,600,000	1,600,000	-	-
Shin Kong Synthetic Fibers	400,000	400,000	-	Securities, chattels
Ming Huang International Property	220,000	220,000	-	Land, building
Fu Mei	215,000	215,000	-	Land, building
Ralec Electronic	200,000	200,000	-	-
KRTC	200,000	200,000	-	-
E-Ton Solar	110,000	110,000	-	Land, building
Others	<u>305,707</u>	<u>250,775</u>	54,932	-
	<u>\$ 3,861,796</u>	<u>\$ 3,806,864</u>		

Deposits

	Ending Balance	Percentage of Deposits (%)
June 30, 2013	\$ 27,742,234	3.30
December 31, 2012	16,056,466	1.94
June 30, 2012	18,025,286	2.26
January 1, 2012	18,113,314	2.40

For the three months ended June 30, 2013 and 2012, interest expenses were \$53,546 thousand and \$40,847 thousand, respectively.

For the six months ended June 30, 2013 and 2012, interest expenses were \$104,880 thousand and \$82,157 thousand, respectively and interest rates ranged from 0.00% to 4.00% and from 0.00% to 5.12%, respectively.

For the Six Months Ended June 30, 2013

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
TSMC	\$ 10,172,421	0.17-0.84	\$ (17,530)	\$ (32,357)
An Hsin Real-Estate	2,677,627	0.17-1.36	(6,602)	(11,904)
Taiwan High Speed Rail	1,961,505	0.01-1.05	(4,303)	(8,749)
Shin Kong Insurance	1,406,330	0.00-1.36	(1,846)	(3,726)
Diamond Biotech Investment	1,402,420	0.17-1.22	(3,765)	(8,626)
GreTai Securities Market	1,392,431	0.12-1.38	(3,766)	(7,526)
Scino Pharm Taiwan	1,125,036	0.00-0.94	(2,274)	(4,650)
Central Re	1,093,465	0.05-1.00	(2,570)	(5,143)
Vanguard International Semiconductor	910,793	0.17-1.22	(2,712)	(5,520)
Pacific Securities	635,936	0.00-1.35	(2)	(35)
Dah Chung Bills	415,934	0.00-0.90	(900)	(1,790)
Kai Fa International Investment	406,232	0.12-0.96	(891)	(1,808)
Wan Hai Lines	335,220	0.01-1.00	(429)	(808)
Shin Kong Mitsukoshi	255,537	0.00-0.17	(212)	(489)
SEF	222,010	0.12-1.38	(756)	(1,457)
Ri Chang Electronics	176,076	0.17-1.00	(257)	(266)
Han-Shin Venture Capital	175,014	0.00-0.95	(37)	(37)
Taishin Dah An Leasing	170,184	0.17-0.80	(278)	(565)
Shin Kong Synthetic Fibers	168,818	0.00-0.35	(20)	(30)
Others	<u>2,639,245</u>		<u>(4,396)</u>	<u>(9,394)</u>
	<u>\$ 27,742,234</u>		<u>\$ (53,546)</u>	<u>\$ (104,880)</u>

**December 31,
2012
Ending Balance**

An Hsin Real-Estate	\$ 2,076,751
Taiwan High Speed Rail	1,941,273
GreTai Securities Market	1,388,960
Vanguard International Semiconductor	1,231,790
Central Re	1,148,480
Scino Pharm Taiwan	1,127,942
Shin Kong Insurance	1,088,474
Shin Kong Mitsukoshi	815,747
Dah Chung Bills	416,271
Kai Fa International Investment	403,382
Individual A	400,985
KRTC	400,287
Wan Hai Lines	236,162
SEF	204,780
Han-Shin Venture Capital	184,456
Taishin Dah An Leasing	172,476
Sercomm	157,616
Others	<u>2,660,634</u>
	<u>\$ 16,056,466</u>

For the Six Months Ended June 30, 2012

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
Taiwan High Speed Rail	\$ 2,095,086	0.01-1.75	\$ (5,758)	\$ (11,522)
TTL	1,850,000	0.17-1.18	(5,442)	(10,885)
An Hsin Real-Estate	1,229,561	0.17-1.36	(2,707)	(3,559)
GreTai Securities Market	1,188,659	0.12-1.38	(3,575)	(7,023)
Central Re	1,070,197	0.02-1.00	(2,642)	(5,294)
Vanguard International Semiconductor	1,068,334	0.17-1.22	(2,289)	(4,158)
Chunghwa Telecom	1,054,671	0.00-1.02	(4,275)	(9,311)
Scino Pharm Taiwan	886,820	0.00-0.94	(1,350)	(2,686)
Shin Kong Insurance	691,345	0.00-1.36	(968)	(2,037)
Shin Kong Mitsukoshi	553,126	0.00-0.17	(214)	(615)
Dah Chung Bills	415,497	0.00-1.00	(1,000)	(1,999)
Kai Fa International Investment	402,432	0.12-1.05	(986)	(1,941)
KRTC	400,813	0.02-1.05	(987)	(1,958)
Mega Financial Holding	300,000	0.12-0.90	(208)	(240)
South China Insurance	300,000	0.16-1.00	(736)	(1,471)
Shin Kong Synthetic Fibers	282,346	0.00-0.17	(7)	(17)
Wan Hai Lines	241,417	0.01-1.00	(480)	(604)
National Culture and Arts Foundation	223,099	0.13-1.37	(713)	(1,308)
Sercomm	209,438	0.01-1.00	(237)	(491)
Dah Chung Futures	191,173	0.13-1.35	(638)	(1,267)
PayEasy Digital	181,223	0.00-1.36	(59)	(125)
Taishin Dah An Leasing	177,951	0.17-0.80	(266)	(513)
Shin Kong Life Insurance	175,440	0.02-1.00	(22)	(46)
SEF	147,380	0.12-1.38	(500)	(996)
Master Link Securities	120,369	0.00-0.55	(164)	(329)
Shin Zu Shing	112,743	0.17-0.92	(255)	(510)
Others	<u>2,456,166</u>		<u>(4,369)</u>	<u>(11,252)</u>
	<u>\$ 18,025,286</u>		<u>\$ (40,847)</u>	<u>\$ (82,157)</u>

**January 1, 2012
Ending Balance**

Taiwan High Speed Rail	\$ 2,101,814
Chunghwa Telecom	2,056,581
TTL	1,850,000
Central Re	1,119,296
GreTai Securities Market	1,090,612
Shin Kong Mitsukoshi	1,027,073
Vanguard International Semiconductor	659,365
Scino Pharm Taiwan	639,230
Shin Kong Insurance	547,022
PChome Online	442,766
	(Continued)

January 1, 2012
Ending Balance

Dah Chung Bills	\$ 421,405
KRTC	400,004
Kai Fa International Investment	400,002
China Media	300,000
E-Ton Solar	281,379
Thunder Power	208,884
PChome Store	200,634
Dah Chung Futures	190,471
Taishin Da An Leasing	178,394
Sercomm	155,961
National Culture and Arts Foundation	153,301
SEF	152,130
GACC	123,293
Master Link Securities	120,221
PChome eBay	117,660
Shin Zu Shing	112,282
Shin Kong Synthetic Fibers	107,446
Others	<u>2,956,088</u>

\$ 18,113,314
(Concluded)

Guaranteed loans

For the Six Months Ended June 30, 2013

	Ending Balance	Highest Amount	Interest Rate (Per Annum %)	Reserve for Guarantee Liabilities	Collateral
Scino Pharm Taiwan	\$ 4,678	\$ 11,513	-	\$ -	Credit
Darfon	600	600	0.70	-	Certificate of deposit

December 31, 2012

	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Anlon	\$ 20,000	\$ -	Stock, land, building
Scino Pharm Taiwan	8,229	-	Credit
Darfon	600	-	Certificate of deposit

For the Six Months Ended June 30, 2012

	Ending Balance	Highest Amount	Interest Rate (Per Annum %)	Reserve for Guarantee Liabilities	Collateral
Anlon	\$ 20,000	\$ 20,000	0.65	\$ -	Stock, land, building
Scino Pharm Taiwan	12,223	6,839	-	-	Credit
Darfon	600	600	0.70	-	Certificate of deposit

	January 1, 2012		
	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Scino Pharm Taiwan	\$ 42,048	\$ -	Credit
Anlon	20,000	-	Stock, land, building
Peng Cheng	16,000	-	Land, building
Tuntex Petrochemicals	10,966	-	Land, building
E-ton Solar	641	-	Credit
Darfon	600	-	Certificate of deposit

Loans to related parties of Chang Hwa Bank and subsidiaries were as follows:

Loans

	Ending Balance	Percentage of Loans (%)
June 30, 2013	\$ 39,670,103	3.44
December 31, 2012	40,976,927	3.63
June 30, 2012	38,472,319	3.44
January 1, 2012	37,874,461	3.37

For the three months ended June 30, 2013 and 2012, interest income amounted to \$169,868 thousand and \$155,290 thousand, respectively.

For the six months ended June 30, 2013 and 2012, interest income amounted to \$344,067 thousand and \$307,420 thousand, respectively and interest rates ranged from 0.00% to 3.88% and from 0.00% to 3.93%, respectively.

	For the Six Months Ended June 30, 2013				
	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral
<u>Consumer loans</u>					
21 accounts	\$ 6,072	\$ 7,088	\$ 6,072	\$ -	Credit
<u>Self-used residence mortgage loans</u>					
222 accounts	1,139,657	1,179,787	1,139,657	-	Real estate
<u>Other loans</u>					
Taiwan High Speed Rail	33,741,400	33,860,422	33,741,400	-	Equipment
China Airlines	2,770,000	3,232,500	2,770,000	-	Credit, aircraft
KRTC	610,000	610,000	610,000	-	Credit
Nan Ya Plastics	378,799	378,799	378,799	-	Credit, equipment, real estate
Tang Eng	300,000	300,000	300,000	-	Credit
Wan Hai Lines	193,333	241,667	193,333	-	Shipping
Aero Win Technology	136,826	145,551	136,826	-	Credit, equipment, real estate
Formosa Sumco Technology	100,849	115,256	100,849	-	Equipment, real estate
8 corporate accounts (Note)	283,480	294,491	283,480	-	Credit, equipment, real estate
13 individual accounts (Note)	<u>9,687</u>	11,101	<u>9,687</u>	-	Deposit
	<u>\$ 39,670,103</u>		<u>\$ 39,670,103</u>		

December 31, 2012					
	Ending Balance	Normal Loans	Non- performing Loans	Collateral	
<u>Consumer loans</u>					
27 accounts	\$ 8,667	\$ 8,667	\$ -	Credit	
<u>Self-used residence mortgage loans</u>					
229 accounts	1,167,685	1,167,685	-	Real estate	
<u>Other loans</u>					
Taiwan High Speed Rail	33,241,779	33,241,779	-	Equipment	
China Airlines	3,417,500	3,417,500	-	Credit, aircraft	
KRTC	1,421,615	1,421,615	-	Credit	
Nan Ya Plastics	440,406	440,406	-	Credit, real estate	
Tang Eng	300,000	300,000	-	Credit	
Wan Hai Lines	290,000	290,000	-	Shipping	
Aero Win Technology	197,052	197,052	-	Credit, plant, equipment	
Formosa Sumco Technology	115,256	115,256	-	Plant, equipment	
8 corporate accounts (Note)	360,788	360,788	-	Credit, equipment, real estate	
17 individual accounts (Note)	<u>16,179</u>	<u>16,179</u>	-	Deposit	
	<u>\$ 40,976,927</u>	<u>\$ 40,976,927</u>			

For the Six Months Ended June 30, 2012						
	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral	
<u>Consumer loans</u>						
26 accounts	\$ 9,232	\$ 9,808	\$ 9,232	\$ -	Credit	
<u>Self-used residence mortgage loans</u>						
222 accounts	1,102,978	1,133,461	1,102,978	-	Real estate	
<u>Other loans</u>						
Taiwan High Speed Rail	33,721,451	33,730,340	33,721,451	-	Equipment	
KRTC	1,401,589	1,412,000	1,401,589	-	Credit	
Nan Ya Plastics	511,985	521,975	511,985	-	Credit, equipment, real estate	
Wan Hai Lines	386,667	435,000	386,667	-	Shipping	
Tang Eng	314,316	314,338	314,316	-	Credit	
Cyber Soft Digital Service	244,000	244,000	244,000	-	Real estate	
Formosa Sumco Technology	129,663	144,070	129,663	-	Equipment, real estate	
Aero Win Technology	121,087	138,027	121,087	-	Credit, equipment, real estate	
TECO	111,100	111,100	111,100	-	Credit	
10 corporate accounts	409,454	419,713	409,454	-	Credit, equipment, real estate	
16 individual accounts	<u>8,797</u>	9,395	<u>8,797</u>	-	Deposit	
	<u>\$ 38,472,319</u>		<u>\$ 38,472,319</u>			

	January 1, 2012			
	Ending Balance	Normal Loans	Non- performing Loans	Collateral
<u>Consumer loans</u>				
27 accounts	\$ 10,247	\$ 10,247	\$ -	Credit
<u>Self-used residence mortgage loans</u>				
222 accounts	1,118,768	1,118,768	-	Real estate
<u>Other loans</u>				
Taiwan High Speed Rail	33,359,208	33,359,208	-	Equipment
KRTC	746,563	746,563	-	Credit
TECO	422,180	422,180	-	Credit
Nan Ya Plastics	604,194	604,194	-	Credit, real estate
Wan Hai Lines	483,333	483,333	-	Shipping
Tang Eng	300,000	300,000	-	Credit
Aero Win Technology	207,523	207,523	-	Credit, plant, equipment
E-Ton Solar	170,549	170,549	-	Credit
Formosa Sumco Technology	144,070	144,070	-	Plant and equipment
7 corporate accounts (Note)	298,837	298,837	-	Credit, equipment, real estate
9 individual accounts (Note)	<u>8,989</u>	<u>8,989</u>	-	Deposit
	<u>\$ 37,874,461</u>	<u>\$ 37,874,461</u>		

Note: Others: Corporate accounts less than \$100 million were summarized and disclosed in aggregate.

Others: Individual accounts less than 1% of the total ending balance were summarized and disclosed in aggregate.

Chang Hwa Bank's mortgage loans with balance below \$8,000 thousand and consumer loans with balance below \$800 to natural persons such as managers both had interest rates of 1.54%, 1.54%, 1.54% and 1.64% as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively. Regular interest rates are used for ordinary loan borrowers.

Deposits

	Ending Balance	Percentage of Deposits (%)
June 30, 2013	\$ 6,440,714	0.48
December 31, 2012	11,615,996	0.88
June 30, 2012	4,375,818	0.34
January 1, 2012	7,212,946	0.56

For the three months ended June 30, 2013 and 2012, the interest expenses were \$6,746 thousand and \$13,419 thousand, respectively.

For the six months ended June 30, 2013 and 2012, interest expenses were \$39,778 thousand and \$51,895 thousand, respectively and the interest rates ranged from 0%-13%.

For the Six Months Ended June 30, 2013

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
TSMC	\$ 2,447,841	0.00-0.94	\$ (4,243)	\$ (14,504)
China Airlines	150,088	0.00-0.45	(28)	(47)
Wan Hai Lines	129,642	0.05-0.63	(84)	(91)
Individual B	128,971	0.32-1.37	(175)	(351)
Others	<u>3,584,172</u>		<u>(2,216)</u>	<u>(24,785)</u>
	<u>\$ 6,440,714</u>		<u>\$ (6,746)</u>	<u>\$ (39,778)</u>

**December 31,
2012**

	Ending Balance
TSMC	\$ 7,718,645
SEF	156,276
Individual B	138,384
Kuang Lung	111,308
Shinkong Life Insurance	109,276
Others	<u>3,382,107</u>
	<u>\$ 11,615,996</u>

For the Six Months Ended June 30, 2012

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
KRTC	\$ 302,015	0.17-1.09	\$ (511)	\$ (865)
Shin Zu Shing	172,079	0.00-0.88	(336)	(669)
Kuang Lung	137,197	0.00-1.37	(360)	(718)
Shin Kong Life Insurance	118,445	0.05-1.00	(25)	(49)
TFB	100,400	0.00-1.35	(152)	(324)
Others	<u>3,545,682</u>	0.00-3.00	<u>(12,035)</u>	<u>(49,270)</u>
	<u>\$ 4,375,818</u>		<u>\$ (13,419)</u>	<u>\$ (51,895)</u>

	January 1, 2012
	Ending Balance
TSMC	\$ 3,092,026
Shin Zu Shing	154,275
Kuang Lung	126,611
Shin Kong Insurance	115,176
TFB	110,622
KRTC	100,628
Others	<u>3,513,608</u>
	<u>\$ 7,212,946</u>

Chang Hwa Bank provides interest rate at 13% per annum to managers of the above affiliates for their savings deposits with a balance below \$480 thousand. For any excess amount, the interest is calculated at the rate given to regular savings deposits. The rest is the same as regular deposits.

Guaranteed loans

	For the Six Months Ended June 30, 2013				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	\$ 448,541	\$ 779,854	\$ -	0.775-0.80	Equipment

	December 31, 2012		
	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Taiwan High Speed Rail	\$ 1,110,461	\$ -	Equipment

	For the Six Months Ended June 30, 2012				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	\$ 1,110,461	\$ 1,536,484	\$ -	0.775-0.80	Equipment
Digimax	388	388	-	0.75	Machinery

	January 1, 2012		
	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Taiwan High Speed Rail	\$ 1,536,484	\$ -	Equipment
KRTC	400,000	-	Certificate of deposit
I-Mei Foods	15,000	-	Real estate
Digimax	3,388	-	Machinery

Call Loans to Banks and Call Loans from Banks

Taishin Bank and subsidiaries

For the Six Months Ended June 30, 2013					
Item	Ending Balance	Interest Rate (Per Annum %)	Interest	Interest	
			Revenue for the Three Months Ended June 30	Revenue for the Six Months Ended June 30	
Taiwan Business Bank	Call loans to banks	\$ 240,960	0.27-2.50	\$ 426	\$ 822
Mega Bank		98,159	0.10-7.00	434	434

December 31, 2012		
Item	Ending Balance	
Mega Bank	Call loans to banks	\$ 1,078,032
Land Bank		691,674
Taiwan Business Bank		291,360

For the Six Months Ended June 30, 2012					
Item	Ending Balance	Interest Rate (Per Annum %)	Interest	Interest	
			Revenue for the Three Months Ended June 30	Revenue for the Six Months Ended June 30	
Mega Bank	Call loans to banks	\$ 2,582,610	0.14-4.00	\$ 8,515	\$ 8,556
Land Bank		2,039,520	0.10-4.70	6,034	6,361
Bank of Taiwan		1,631,616	0.12-1.50	11,144	11,144
Taiwan Business Bank		524,448	0.05-0.78	1,353	1,929

January 1, 2012		
Item	Ending Balance	
Bank of Taiwan	Call loans to banks	\$ 3,059,290
Land Bank		2,270,236
Taiwan Cooperative Bank		1,968,850
Mega Bank		302,900
Taiwan Business Bank		212,030

Chang Hwa Bank and subsidiaries

Call loans to banks

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2013						
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest	Interest
					Revenue for the Three Months Ended June 30	Revenue for the Six Months Ended June 30
Dah Chung Bills	DBU	TWD	\$ 500,000	0.40-0.46	\$ 591	\$ 591
Land Bank	DBU	TWD	2,010,000	0.388-0.89	803	1,347
	Singapore Branch	USD	10,000	0.30-0.80	4	4
	New York Branch	USD	10,000	0.28-0.70	18	19

(Continued)

For the Six Months Ended June 30, 2013

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Three Months Ended June 30	Interest Revenue for the Six Months Ended June 30
	Los Angeles Branch	USD	\$ 15,000	0.77-0.98	\$ 20	\$ 21
	London Branch	USD	20,000	0.36-0.74	22	28
	Hong Kong Branch	USD	20,000	0.20-0.66	17	36
Taiwan Business Bank	Singapore Branch	USD	15,000	0.80	11	11
	London Branch	USD	15,000	0.50-0.68	17	28
TFC	DBU	TWD	500,000	0.41-0.47	527	912
Mega Bank	DBU	TWD	2,000,000	0.388-0.40	1,016	1,016
	OBU	USD	31,000	0.21-0.43	26	26
	London Branch	USD	5,000	0.28-0.46	31	34
	Hong Kong Branch	USD	60,000	0.15-0.60	38	52
Industrial Bank	Singapore Branch	USD	15,000	0.74	4	4
	London Branch	USD	10,000	0.46-1.61	5	18
	Hong Kong Branch	USD	5,000	0.42-0.82	13	13

(Concluded)

(In Thousands of Original Currencies)

December 31, 2012

Name	Department	Currency	Ending Balance
Land Bank	DBU	TWD	\$ 5,000
	OBU	USD	25,000
	OBU	CHF	500
	Singapore Branch	USD	22,000
	London Branch	USD	10,000
	Hong Kong Branch	USD	5,000
Taiwan Business Bank	OBU	USD	20,000
	London Branch	USD	10,000
	Hong Kong Branch	USD	15,000
Mega Bank	OBU	USD	50,000
	OBU	NZD	20,000
	Singapore Branch	USD	10,000
	Singapore Branch	AUD	55,000
	New York Branch	USD	5,200
	London Branch	USD	10,000
	Hong Kong Branch	USD	20,000
Industrial Bank	London Branch	USD	5,000
	Hong Kong Branch	USD	5,000

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2012

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Three Months Ended June 30	Interest Revenue for the Six Months Ended June 30
Land Bank	DBU	TWD	\$ 5,000	0.392-0.86	\$ 946	\$ 1,147
	London Branch	USD	19,000	0.32-1.07	11	39
	Hong Kong Branch	USD	5,000	0.41-0.98	32	32
Taiwan Business Bank	OBU	USD	20,000	0.22-2.00	8	8
	Singapore Branch	USD	5,000	0.77	8	8
	London Branch	USD	18,000	0.68-0.88	33	33
	Hong Kong Branch	USD	5,000	0.16-0.98	18	24
Mega Bank	Hong Kong Branch	USD	20,000	0.14-0.65	16	16
Industrial Bank	Singapore Branch	USD	35,000	0.45-0.97	15	101
	London Branch	USD	5,000	0.50-1.40	15	43
	Hong Kong Branch	USD	5,000	0.80-0.85	7	16

(In Thousands of Original Currencies)

January 1, 2012

Name	Department	Currency	Ending Balance
Land Bank	DBU	TWD	\$ 10,000
	London Branch	USD	10,000
	Hong Kong Branch	USD	20,000
Taiwan Business Bank	OBU	USD	5,000
	Singapore Branch	USD	19,000
	Hong Kong Branch	USD	15,000
Bank of Taiwan	New York Branch	USD	40,000
Mega Bank	New York Branch	USD	7,400
	London Branch	USD	20,000
	Hong Kong Branch	USD	10,000
Taiwan Cooperative Bank	Singapore Branch	USD	10,000
	New York Branch	USD	40,000
Industrial Bank	OBU	USD	25,000
	Singapore Branch	USD	30,000
	London Branch	USD	10,000
	Hong Kong Branch	USD	5,000

Call loans from banks

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2013

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
Land Bank	DBU	TWD	\$ 5,005,000	0.388-0.88	\$ 558	\$ 1,597
	Singapore Branch	USD	10,000	0.78	20	22
	New York Branch	USD	10,000	0.22-0.55	12	14
	Los Angeles Branch	USD	15,000	0.25-0.70	20	22

(Continued)

For the Six Months Ended June 30, 2013

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
Taiwan Business Bank	Singapore Branch	USD	\$ 15,000	0.43-0.52	\$ 11	\$ 15
Mega Bank	London Branch	EUR	35,000	0.15-0.48	30	40
	OBU	USD	7,000	0.45-0.70	25	52
	Singapore Branch	USD	55,000	0.34-0.73	14	40
	New York Branch	USD	40,000	0.28-0.77	17	43
	London Branch	USD	78,000	0.30-0.80	115	183
Industrial Bank	London Branch	EUR	19,000	0.27-0.45	12	16
	Los Angeles Branch	USD	7,000	0.15-0.26	-	-

(Concluded)

(In Thousands of Original Currencies)

December 31, 2012

Name	Department	Currency	Ending Balance
Mega Bank	OBU	USD	\$ 30,000
	Singapore Branch	USD	12,000
	New York Branch	USD	56,000
	Los Angeles Branch	USD	13,000
Others	London and Los Angeles Branch	TWD	5,000
		EUR	5,000
		USD	25,000
		GBP	5,000

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2012

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense for the Three Months Ended June 30	Interest Expense for the Six Months Ended June 30
Land Bank	DBU	TWD	\$ 5,000	0.40-0.88	\$ 1,172	\$ 2,622
	OBU	AUD	2,400	3.60-4.35	4	4
	London Branch	GBP	5,000	0.68-1.00	13	16
Taiwan Business Bank	OBU	USD	5,000	0.55	1	1
	Singapore Branch	USD	25,000	0.41-0.80	29	44
	London Branch	USD	25,000	0.42-1.01	24	38
Bank of Taiwan	London Branch	EUR	10,000	0.30-0.60	17	23
	Singapore Branch	AUD	8,000	3.95	17	17
	Singapore Branch	USD	58,000	0.39-0.85	40	49
	New York Branch	USD	38,000	0.25-0.78	9	69
	Los Angeles Branch	USD	15,000	0.20-0.55	5	5
	London Branch	EUR	4,060	0.25-0.52	5	5
	London Branch	GBP	15,000	1.00-1.01	25	25
Mega Bank	London Branch	USD	37,000	0.24-1.25	64	73
	Singapore Branch	USD	50,000	0.28-1.00	95	123
	New York Branch	USD	57,000	0.20-0.97	91	91
	London Branch	EUR	48,500	0.50-1.15	45	130
	London Branch	USD	32,000	0.21-1.38	31	222

(In Thousands of Original Currencies)

Name	January 1, 2012		
	Department	Currency	Ending Balance
Land Bank	Singapore Branch	AUD	\$ 4,200
	New York Branch	USD	10,000
	London Branch	GBP	10,000
Taiwan Business Bank	New York Branch	USD	10,000
	London Branch	USD	17,000
	London Branch	EUR	21,500
Bank of Taiwan	Singapore Branch	USD	10,000
	New York Branch	USD	40,000
	London Branch	EUR	2,000
Mega Bank	Singapore Branch	USD	93,000
	London Branch	USD	72,500
Taiwan Cooperative Bank	Singapore Branch	USD	15,500
	New York Branch	USD	35,000
	London Branch	GBP	10,000
	London Branch	USD	66,000
	London Branch	EUR	9,500

Call Loans to Banks and Call Loans from Banks

Taishin Bank and subsidiaries

For the Six Months Ended June 30, 2013					
Item	Ending Balance	Interest Rate (Per Annum %)	Interest	Interest	
			Revenue for the Three Months Ended June 30	Revenue for the Six Months Ended June 30	
Mega Bank	Call loans to banks	\$ 41,222	0.00-0.15	\$ 27	\$ 88

			December 31, 2012	
			Item	Ending Balance
Mega Bank			Call loans to banks	\$ 32,794

For the Six Months Ended June 30, 2012					
Item	Ending Balance	Interest Rate (Per Annum %)	Interest	Interest	
			Revenue for the Three Months Ended June 30	Revenue for the Six Months Ended June 30	
Mega Bank	Call loans to banks	\$ 89,727	0.00-0.15	\$ 12	\$ 42

			January 1, 2012	
			Item	Ending Balance
Mega Bank			Call loans to banks	\$ 288,475
Shin Kong Bank				93

Chang Hwa Bank and subsidiaries

Call loans to banks

(In Thousands of Original Currencies)

Name	Department	Currency	June 30, 2013	December 31,	June 30, 2012	January 1,
			Ending Balance	2012	Ending Balance	2012
Land Bank	DBU	TWD	\$ 22	\$ 942	\$ 366	\$ 86
Taiwan Business Bank	DBU	TWD	48	67	108	235
Bank of Taiwan	DBU	TWD	-	-	142,959	105,730
Mega Bank	DBU	TWD	43,230	21,830	887	22,311
	DBU	USD	244	83	236	847
	DBU	AUD	160	387	201	798
	DBU	CAD	198	196	356	629
	DBU	JPY	4,976	9,997	39,123	-
	New York Branch	USD	6	4	3	3
	Los Angeles Branch	USD	21	21	21	21
Taiwan Cooperative Bank	DBU	TWD	-	-	-	4,884

Call loans from banks

(In Thousands of Original Currencies)

Name	Department	Currency	June 30, 2013	December 31,	June 30, 2012	January 1,
			Ending Balance	2012	Ending Balance	2012
The Export-Import Bank	DBU	TWD	\$ 498	\$ 3,545	\$ 3,808	\$ 2,890
Land Bank	DBU	TWD	277	277	277	277
Taiwan Business Bank	DBU	TWD	124	124	124	124
Mega Bank	DBU	TWD	6	6	6	6
Taiwan Cooperative Bank	DBU	TWD	-	-	-	1

Bank overdraft

(In Thousands of Original Currencies)

Name	Department	Currency	June 30, 2013	December 31,	June 30, 2012	January 1,
			Ending Balance	2012	Ending Balance	2012
Mega Bank	DBU	USD	\$ 2,262	\$ 7,402	\$ 1,909	\$ 1,846

Trading Securities

For the Six Months Ended June 30, 2013

	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	\$ 804,183	\$ 1,010,492	\$ -	-	\$ -	-
Shin Kong Life Insurance	-	-	99,775	0.70-0.76	-	-
MasterLink Securities	3,135,509	2,969,493	180,901	0.13-0.73	-	-
TFC	3,457,652	-	-	-	-	-
Taiwan Business Bank	500,000	149,024	499,702	0.70-0.76	-	-
Chunghwa Telecom	-	-	2,393,309	0.69-0.74	-	-
Land Bank	203,715	207,925	-	-	-	-
Industrial Bank	3,128,983	2,684,143	-	-	-	-
Taiwan High Speed Rail	-	-	963,000	0.70-0.74	-	-
	<u>\$ 11,230,042</u>	<u>\$ 7,021,077</u>	<u>\$ 4,136,687</u>		<u>\$ -</u>	

	December 31, 2012
	Repurchase Agreements
	Ending Balance
MasterLink Securities	\$ 380,611
Shin Kong Insurance	19,988
Taiwan Business Bank	2,697,705
Chunghwa Telecom	1,997,336
China Airlines	59,962
Scino Pharma Taiwan	59,962
Taiwan High Speed Rail	<u>1,454,000</u>
	<u>\$ 6,669,564</u>

	For the Six Months Ended June 30, 2012					
	Purchase		Repurchase Agreements		Resell Agreements	
	Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Shin Kong Life Insurance	\$ -	\$ -	\$ 200,000	0.75-0.77	\$ -	-
TFC	1,119,353	-	-	-	-	-
Shin Kong Insurance	-	-	99,937	0.75-0.77	-	-
Taiwan Business Bank	952,216	1,101,813	199,749	0.83-0.86	-	-
Chunghwa Telecom	-	-	1,597,824	0.70-0.73	-	-
China Airlines	-	-	99,954	0.78-0.80	-	-
Industrial Bank	1,801,090	1,199,847	-	-	-	-
Dah Chung Bills	614,820	604,826	-	-	-	-
E-Ton Solar	-	40,298	-	-	-	-
MasterLink Securities	3,705,927	4,193,513	-	-	-	-
Pacific Securities	900,375	1,000,542	-	-	-	-
Taiwan High Speed Rail	-	-	<u>1,043,000</u>	0.71-0.72	-	-
	<u>\$ 9,093,781</u>	<u>\$ 8,140,839</u>	<u>\$ 3,240,464</u>		<u>\$ -</u>	

	January 1, 2012
	Repurchase Agreements
	Ending Balance
Shin Kong Life Insurance	\$ 1,999,466
Taiwan Business Bank	299,567
Chunghwa Telecom	1,098,855
Taiwan High Speed Rail	<u>1,096,000</u>
	<u>\$ 4,493,888</u>

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Derivatives

For the Six Months Ended June 30, 2013							
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss) for the Three Months Ended June 30	Valuation Gain (Loss) for the Six Months Ended June 30	Account	Balance
Taiwan Business Bank	Currency swaps and interest rate swaps	2007.08.15-2015.09.17	\$ 2,603,600	\$ (13,093)	\$ (12,511)	Financial assets at FVTPL	\$ 27,088
Dah Chung Bills	Interest rate swaps	2010.11.09-2018.03.08	1,500,000	(1,819)	(781)	Financial liabilities at FVTPL	(1,771)
Mega Bank	Currency swaps and interest rate swaps	2007.11.05-2017.05.09	1,101,200	(969)	(5,974)	Financial assets at FVTPL	11,432
China Airlines	Interest rate swaps	2012.05.23-2015.06.22	1,000,000	(3,026)	(523)	Financial liabilities at FVTPL	(589)
Industrial Bank	Currency swaps	2013.06.11-2013.12.31	903,600	539	539	Financial assets at FVTPL	3,079
Vanguard International Semiconductor	Currency swaps	2013.04.29-2013.09.18	572,280	390	390	Financial assets at FVTPL	7,027
Darfon	Cross-currency swaps	2013.06.18-2013.07.11	120,480	26	26	Financial assets at FVTPL	986
Scino Pharm Taiwan	Foreign exchange contracts	2013.05.08-2013.08.09	91,565	918	918	Financial assets at FVTPL	918
Sercomm	Foreign exchange contracts	2013.05.22-2013.08.26	39,308	826	826	Financial assets at FVTPL	826
Shin Kong Life Insurance	Currency swaps	2013.05.31-2013.12.31	US\$ 25,000 thousand	1,406	1,406	Financial assets at FVTPL	1,406

December 31, 2012					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Account	Balance
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	\$ 1,500,000	Financial liabilities at FVTPL	\$ (3,546)
China Airlines	Interest rate swaps and currency options	2012.05.23-2015.06.22	1,203,952	Financial liabilities at FVTPL	(5,626)
Industrial Bank	Currency swaps	2012.12.06-2013.04.10	874,080	Financial assets at FVTPL	646
MasterLink Securities	Interest rate swaps	2008.01.11-2013.01.17	600,000	Financial liabilities at FVTPL	(2,474)
Vanguard International Semiconductor	Currency swaps	2012.10.02-2013.04.24	437,040	Financial liabilities at FVTPL	(1,155)
Darfon	Cross-currency swaps	2012.12.18-2013.01.24	233,088	Financial assets at FVTPL	229
Scino Pharm Taiwan	Foreign exchange contracts	2012.11.19-2013.01.18	25,640	Financial assets at FVTPL	3
NAFCO	Foreign exchange contracts	2012.12.20-2013.02.25	14,568	Financial assets at FVTPL	50
Shin Kong Life Insurance	Currency swaps	2012.04.30-2013.01.31	US\$ 50,000 thousand	Financial liabilities at FVTPL	(17,710)
		2012.05.09-2013.05.09	US\$ 30,000 thousand	Financial liabilities at FVTPL	(3,919)
		2012.11.30-2013.05.31	US\$ 25,000 thousand	Financial liabilities at FVTPL	(534)

For the Six Months Ended June 30, 2012							
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss) for the Three Months Ended June 30	Valuation Gain (Loss) for the Six Months Ended June 30	Account	Balance
MasterLink Securities	Interest rate swaps	2007.06.29-2013.01.17	\$ 1,800,000	\$ 14,728	\$ 6,007	Financial liabilities at FVTPL	\$ (7,178)
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	1,500,000	11,055	3,197	Financial liabilities at FVTPL	(6,286)
Vanguard International Semiconductor	Currency swaps	2012.04.30-2012.08.31	1,046,500	182	182	Financial assets at FVTPL	6,891
Industrial Bank	Currency swaps	2012.03.01-2012.08.27	1,046,500	547	866	Financial assets at FVTPL	9,041
China Bills Finance	Interest rate swaps	2008.01.22-2013.01.24	300,000	(2,531)	(2,531)	Financial assets at FVTPL	3,085
TECO	Foreign exchange contracts	2012.05.01-2012.07.31	131,080	147	147	Financial assets at FVTPL	147
Darfon	Cross-currency swaps	2012.06.13-2012.07.13	89,700	16	16	Financial liabilities at FVTPL	(284)
Scino Pharm Taiwan	Foreign exchange contracts	2012.06.19-2012.08.03	10,114	1	1	Financial assets at FVTPL	1
Shin Kong Life Insurance	Currency swaps	2012.04.30-2013.01.31	US\$ 50,000 thousand	21,298	21,298	Financial assets at FVTPL	21,298
		2012.05.09-2013.05.09	US\$ 30,000 thousand	17,958	17,958	Financial assets at FVTPL	17,958
		2011.11.30-2012.11.30	US\$ 25,000 thousand	10,749	(4,005)	Financial liabilities at FVTPL	(4,736)

January 1, 2012					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Account	Balance
MasterLink Securities	Interest rate swaps	2007.05.11-2013.01.17	\$ 2,100,000	Financial liabilities at FVTPL	\$ (11,396)
Taiwan Cooperative Bank	Currency swaps and interest rate swaps	2008.01.22-2013.01.24	1,614,500	Financial liabilities at FVTPL	(8,705)
Industrial Bank	Currency swaps	2011.09.13-2012.03.15	1,363,050	Financial assets at FVTPL	27,581
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	1,500,000	Financial liabilities at FVTPL	(9,483)
Vanguard International Semiconductor	Currency swaps	2011.11.30-2012.02.17	363,480	Financial assets at FVTPL	1,504
TECO	Foreign exchange contracts	2011.12.15-2012.02.01	242,320	Financial assets at FVTPL	55

(Continued)

January 1, 2012					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Account	Balance
Taiwan High Speed Rail	Foreign exchange contracts	2011.12.22-2012.01.06	\$ 179,783	Financial liabilities at FVTPL	\$ (487)
Darfon	Cross-currency swaps	2011.12.13-2012.02.16	90,870	Financial assets at FVTPL	81
Scino Pharm Taiwan	Foreign exchange contracts	2011.11.21-2012.01.20	43,118	Financial liabilities at FVTPL	(1,720)
Shin Kong Life Insurance	Currency swaps	2011.04.29-2012.04.30	US\$ 50,000	Financial assets at FVTPL	82,827
		2011.05.09-2012.05.09	US\$ 30,000	Financial assets at FVTPL	56,441
		2011.11.30-2012.11.30	US\$ 25,000	Financial liabilities at FVTPL	(731)
			thousand		
			thousand		
			thousand		

(Concluded)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Property Transactions

Taishin Bank sold 40% of its ownership in PayEasy Digital common stock to the following transaction party in June 2012. The transaction price was set based on mutual negotiation and on the opinion letter on fair price issued by experts.

Transaction Party	Date of Disposal	Disposition of the Shares	Proceeds from Disposal	Gain on Disposal
Shin Kong Mitsukoshi	2012.06.25	17,380,000	\$ 346,557	\$ 260,482

Other Material Transactions

For the Three Months Ended June 30				
		2013	2012	
	Item	Amount	Item	Amount
Shin Kong Mitsukoshi	Fee income	\$ 67,669	Fee income	\$ 3,330
Shin Kong Mitsukoshi	Operating expense	86,228	Operating expense	76,883
Cyber Soft Digital Service	Operating expense	101,509	Operating expense	76,413

For the Six Months Ended June 30				
		2013	2012	
	Item	Amount	Item	Amount
Shin Kong Mitsukoshi	Fee income	\$ 130,919	Fee income	\$ 124,578
Shin Kong Mitsukoshi	Operating expense	143,206	Operating expense	136,357
Cyber Soft Digital Service	Operating expense	279,252	Operating expense	270,547
Diamond Biotech Investment	Financial assets carried at cost	450,000	Financial assets carried at cost	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Compensation of key management personnel:

The remuneration of directors and other members of key management personnel for the three months ended June 30, 2013 and 2012, and six months ended June 30, 2013 and 2012 included the following:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term benefits	\$ 30,364	\$ 28,243	\$ 60,155	\$ 64,698
Post-employment benefits	484	568	968	1,077
Share-based payments	<u>3,090</u>	<u>3,303</u>	<u>6,360</u>	<u>7,948</u>
	<u>\$ 33,938</u>	<u>\$ 32,114</u>	<u>\$ 67,483</u>	<u>\$ 73,723</u>

Taishin Bank

Material transactions with related parties were as follows:

a. Loans, deposits and guaranteed loans

Loans

Related Parties	For the Six Months Ended June 30, 2013				
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral
<u>Other loans</u>					
Nan Ya Plastics	\$ 2,902,998	\$ 2,904,497	\$ 2,902,998	\$ -	Land, building, chattels, securities
China Airline	1,000,000	1,000,000	1,000,000	-	Credit
SCI Pharmtech	130,000	130,000	130,000	-	Credit

Related Parties	For the Six Months Ended June 30, 2012				
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral
<u>Other loans</u>					
Nan Ya Plastics	\$ 2,907,413	\$ 2,910,340	\$ 2,907,413	\$ -	Land, building, chattels, securities

Deposits

	For the Six Months Ended June 30, 2013		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
TSMC	\$ 10,172,421	0.17-0.84	\$ (32,357)
Taishin Financial Holding	3,690,259	0.12-1.36	(547)
An Hsin Real-Estate	2,677,627	0.17-1.36	(11,904)
Taiwan High Speed Rail	1,961,505	0.01-1.05	(8,749)
Shin Kong Insurance	1,406,330	0.00-1.36	(3,726)
Diamond Biotech Investment	1,402,420	0.17-1.22	(8,626)
GreTai Securities Market	1,392,431	0.12-1.38	(7,526)

(Continued)

For the Six Months Ended June 30, 2013

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Scino Pharm Taiwan	\$ 1,125,036	0.00-0.94	\$ (4,650)
Central Re	1,093,465	0.05-1.00	(5,143)
Taishin Insurance Agency	968,722	0.00-0.17	(823)
Vanguard International Semiconductor	910,793	0.17-1.22	(5,520)
Pacific Securities	635,936	0.00-1.35	(35)
Taishin Holding Insurance Brokers	556,731	0.17	(820)
Dah Chung Bills	415,934	0.00-0.90	(1,790)
Kai Fa International Investment	406,232	0.12-0.96	(1,808)
Wan Hai Lines	335,220	0.01-1.00	(808)
Taishin Securities Investment Advisory	300,696	0.05-1.36	(1,362)
Taishin Securities B	290,739	0.13-1.36	(1,244)
Shin Kong Mitsukoshi	255,537	0.00-0.17	(489)
SEF	222,010	0.12-1.38	(1,457)
Ri Chang Electronics	176,076	0.17-1.00	(266)
Han-Shin Venture Capital	175,014	0.00-0.95	(37)
Taishin Dah An Leasing	170,184	0.17-0.80	(565)
Shin Kong Synthetic Fibers	168,818	0.00-0.35	(30)
Taishin AMC	127,829	0.00-0.88	(652)
			(Concluded)

For the Six Months Ended June 30, 2012

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Financial Holding	\$ 35,359,158	0.00-1.36	\$ (70,314)
Taiwan High Speed Rail	2,095,086	0.01-1.75	(11,522)
TTL	1,850,000	0.17-1.18	(10,885)
An Hsin Real-Estate	1,229,561	0.17-1.36	(3,559)
GreTai Securities Market	1,188,659	0.12-1.38	(7,023)
Central Re	1,070,197	0.02-1.00	(5,294)
Vanguard International Semiconductor	1,068,334	0.17-1.22	(4,158)
Chunghwa Telecom	1,054,671	0.00-1.02	(9,311)
Taishin Insurance Agency	1,010,186	0.00-0.17	(864)
Scino Pharm Taiwan	886,820	0.00-0.94	(2,686)
Shin Kong Insurance	691,345	0.00-1.36	(2,037)
Shin Kong Mitsukoshi	553,126	0.00-0.17	(615)
Dah Chung Bills	415,497	0.00-1.00	(1,999)
Kai Fa International Investment	402,432	0.12-1.05	(1,941)
KRTC	400,813	0.02-1.05	(1,958)
Taishin Holding Insurance Brokers	391,007	0.00-0.17	(352)
Mega Financial Holding	300,000	0.12-0.90	(240)
South China Insurance	300,000	0.16-1.00	(1,471)
Taishin Securities Investment Advisory	294,724	0.02-1.36	(1,216)
Shin Kong Synthetic Fibers	282,346	0.00-0.17	(17)
Wan Hai Lines	241,417	0.01-1.00	(604)
National Culture and Arts Foundation	223,099	0.13-1.37	(1,308)
Sercomm	209,438	0.01-1.00	(491)
Dah Chung Futures	191,173	0.13-1.35	(1,267)
Taishin Venture Capital	190,884	0.00-0.75	(1,377)
			(Continued)

For the Six Months Ended June 30, 2012			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Securities B	\$ 182,883	0.00-1.36	\$ (859)
PayEasy Digital	181,223	0.00-1.36	(125)
Taishin Dah An Leasing	177,951	0.17-0.80	(513)
Shin Kong Life Insurance	175,440	0.02-1.00	(46)
Taishin AMC	175,124	0.00-0.88	(537)
SEF	147,380	0.12-1.38	(996)
MasterLink Securities	120,369	0.00-0.55	(329)
Shin Zu Shing	112,743	0.17-0.92	(510)
			(Concluded)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

b. Call loans to banks and call loans from banks

For the Six Months Ended June 30, 2013				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue (Expense)
Taiwan Business Bank	Call loans to banks	\$ 240,960	0.27-2.50	\$ 822
Mega Bank		98,159	0.10-7.00	434

For the Six Months Ended June 30, 2012				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue (Expense)
Mega Bank	Call loans to banks	\$ 2,582,610	0.14-4.00	\$ 8,515
Land Bank		2,039,520	0.10-4.70	6,361
Bank of Taiwan		1,631,616	0.12-1.50	11,144
Taiwan Business Bank		524,448	0.05-0.78	1,929

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c. Trading securities

For the Six Months Ended June 30, 2013						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Chang Hwa Bank	\$ 497,747	\$ 761,460	\$ -	-	\$ -	-
Dah Chung Bills	804,183	1,010,492	-	-	-	-
MasterLink Securities	3,135,509	2,969,493	180,901	0.13-0.73	-	-
TFC	3,457,652	-	-	-	-	-
Taiwan Business Bank	500,000	149,024	499,702	0.70-0.76	-	-
Chunghwa Telecom	-	-	2,393,309	0.69-0.74	-	-
Land Bank	203,715	207,925	-	-	-	-
Industrial Bank	3,128,983	2,684,143	-	-	-	-
Taiwan High Speed Rail	-	-	963,000	0.70-0.74	-	-

For the Six Months Ended June 30, 2012						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Shin Kong Life Insurance	\$ -	\$ -	\$ 200,000	0.75-0.77	\$ -	-
TFC	1,119,353	-	-	-	-	-
Taiwan Business Bank	952,216	1,101,813	199,749	0.83-0.86	-	-
Chunghwa Telecom	-	-	1,597,824	0.70-0.73	-	-
Chang Hwa Bank	355,807	503,620	-	-	-	-
Industrial Bank	1,801,090	1,199,847	-	-	-	-
Dah Chung Bills	614,820	604,826	-	-	-	-
MasterLink Securities	3,705,927	4,193,513	-	-	-	-
Pacific Securities	900,375	1,000,542	-	-	-	-
Taishin Financial Holding	-	-	4,577,441	0.72-0.73	-	-
Taiwan High Speed Rail	-	-	1,043,000	0.71-0.72	-	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

d. Derivatives

For the Six Months Ended June 30, 2013						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Taiwan Business Bank	Currency swaps and interest rate swaps	2007.08.15-2015.09.17	\$ 2,603,600	\$ (12,511)	Financial assets at FVTPL	\$ 27,088
Dah Chung Bills	Interest rate swaps	2010.11.09-2018.03.08	1,500,000	(781)	Financial liabilities at FVTPL	(1,771)
Mega Bank	Currency swaps and interest rate swaps	2007.11.05-2017.05.09	1,101,200	(5,974)	Financial assets at FVTPL	11,432
China Airlines	Interest rate swaps	2012.05.23-2015.06.22	1,000,000	(523)	Financial liabilities at FVTPL	(589)
Industrial Bank	Currency swaps	2013.06.11-2013.12.31	903,600	539	Financial assets at FVTPL	3,079
Vanguard International Semiconductor	Currency swaps	2013.04.29-2013.09.18	572,280	390	Financial assets at FVTPL	7,027
Darfon	Cross-currency swaps	2103.06.18-2013.07.11	120,480	26	Financial assets at FVTPL	986

For the Six Months Ended June 30, 2012						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
MasterLink Securities	Interest rate swaps	2007.06.29-2013.01.17	\$ 1,800,000	\$ 6,007	Financial liabilities at FVTPL	\$ (7,178)
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	1,500,000	3,197	Financial liabilities at FVTPL	(6,286)
Vanguard International Semiconductor	Currency swaps	2012.04.30-2012.08.31	1,046,500	182	Financial assets at FVTPL	6,891
Industrial Bank	Currency swaps	2012.03.01-2012.08.27	1,046,500	866	Financial assets at FVTPL	9,041
CBF	Interest rate swaps	2008.01.22-2013.01.24	300,000	(2,531)	Financial assets at FVTPL	3,085
TECO	Foreign exchange contracts	2012.05.01-2012.07.31	131,080	147	Financial assets at FVTPL	147

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

e. Property transactions

Taishin Bank sold 40% of its ownership in PayEasy Digital common stock to the following transaction party in June 2012. The transaction price was set based on mutual negotiation and on the opinion letter on fair price issued by experts.

Transaction Party	Date of Disposal	Disposition of the Shares	Proceeds from Disposal	Gain on Disposal
Shin Kong Mitsukoshi	2012.06.25	17,380,000	\$ 346,557	\$ 260,482

f. Other material transactions

For the Six Months Ended June 30					
		2013		2012	
	Item	Amount		Item	Amount
Taishin Holding Insurance Brokers	Fee income	\$ 1,149,670	Fee income		\$ 1,006,110
Taishin Holding Insurance Brokers	Receivables, net	239,733	Receivables, net		231,662
Shin Kong Mitsukoshi	Fee income	130,919	Fee income		124,578
Shin Kong Mitsukoshi	Operating expenses	142,457	Operating expenses		135,917
CyberSoft Digital Service	Operating expenses	275,082	Operating expenses		266,456

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Chang Hwa Bank

Material transactions with related parties were as follows:

a. Loans

For the Six Months Ended June 30, 2013					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral
<u>Other loans</u>					
Taiwan High Speed Rail	\$ 33,741,400	\$ 33,860,422	\$ 33,741,400	\$ -	Equipment
China Airlines	2,770,000	3,232,500	2,770,000	-	Credit, aircraft
KRTC	610,000	610,000	610,000	-	Credit
Nan Ya Plastics	378,799	378,799	378,799	-	Credit, equipment, real estate
Tang Eng	300,000	300,000	300,000	-	Credit
Wan Hai Lines	193,333	241,667	193,333	-	Shipping
Aero Win Technology	136,826	145,551	136,826	-	Credit, equipment, real estate
Formosa Sumco Technology	100,849	115,256	100,849	-	Equipment, real estate

For the Six Months Ended June 30, 2012

	Ending Balance	Highest Amount	Normal Loans	Non- performing Loans	Collateral
<u>Other loans</u>					
Taiwan High Speed Rail	\$ 33,721,451	\$ 33,730,340	\$ 33,721,451	\$ -	Equipment
KRTC	1,401,589	1,412,000	1,401,589	-	Credit
Nan Ya Plastics	511,985	521,975	511,985	-	Credit, equipment, real estate
Wan Hai Lines	386,667	435,000	386,667	-	Shipping
Tang Eng	314,316	314,338	314,316	-	Credit
Cyber Soft Digital Service	244,000	244,000	244,000	-	Real estate
Formosa Sumco Technology	129,663	144,070	129,663	-	Equipment, real estate
Aero Win Technology	121,087	138,027	121,087	-	Credit, equipment, real estate
TECO	111,100	111,100	111,100	-	Credit

b. Guarantees

For the Six Months Ended June 30, 2013

Related Party	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	\$ 448,541	\$ 779,854	-	0.775-0.80	Equipment

For the Six Months Ended June 30, 2012

Related Party	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	\$ 1,110,461	\$ 1,536,484	-	0.775-0.80	Equipment

c. Deposits

For the Six Months Ended June 30, 2013

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
TSMC	\$ 2,447,841	0.00-0.94	\$ (4,247)
CHB Life Insurance Agency	753,119	0.00-0.41	(1,076)
China Airlines	150,088	0.00-0.45	(47)
Wan Hai Lines	129,642	0.05-0.63	(91)
Individual B	128,971	0.32-1.37	(351)

For the Six Months Ended June 30, 2012

	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
CHB Life Insurance Agency	\$ 636,462	0.00-1.36	\$ (1,054)
KRTC	302,015	0.17-1.09	(865)
Shin Zu Shing	172,079	0.00-0.88	(669)
Kuang Lung	137,197	0.00-1.37	(718)
Shin Kong Life Insurance	118,445	0.05-1.00	(49)
TFB	100,400	0.00-1.35	(324)

Chang Hwa Bank provides interest rate at 13% per annum to the board of directors, supervisors, and managers of the above affiliates for their savings deposits with a balance below \$480 thousand. For any excess amount, the interest is calculated at the rate given to regular savings deposits. The rest is the same as regular depositors.

d. Derivatives

For the Six Months Ended June 30, 2013						
Related Party	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain	Account	Balance
Shin Kong Life Insurance	FX swaps	2013.05.31-2013.12.31	US\$ 25,000 thousand	\$ 1,406	Financial assets at FVTPL	\$ 1,406

For the Six Months Ended June 30, 2012						
Related Party	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Shin Kong Life Insurance	FX swaps	2012.04.30-2013.01.31	US\$ 50,000 thousand	\$ 21,298	Financial assets at FVTPL	\$ 21,298
		2012.05.09-2013.05.09	30,000 thousand	17,958	Financial assets at FVTPL	17,958
		2011.11.30-2012.05.31	25,000 thousand	(4,005)	Financial liabilities at FVTPL	(4,736)

e. Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2013					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Dah Chung Bills Land Bank	DBU	TWD	\$ 500,000	0.40-0.46	\$ 591
	DBU	TWD	2,010,000	0.388-0.89	1,347
	Singapore Branch	USD	10,000	0.30-0.80	4
	New York Branch	USD	10,000	0.28-0.70	19
	Los Angeles Branch	USD	15,000	0.77-0.98	21
	London Branch	USD	20,000	0.36-0.74	28
	Hong Kong Branch	USD	20,000	0.20-0.66	36
Taiwan Business Bank	Singapore Branch	USD	15,000	0.80	11
	London Branch	USD	15,000	0.50-0.68	28
TFC	DBU	TWD	500,000	0.41-0.47	912
Mega Bank	DBU	TWD	2,000,000	0.388-0.40	1,016
	OBU	USD	31,000	0.21-0.43	26
	London Branch	USD	5,000	0.28-0.46	34
	Hong Kong Branch	USD	60,000	0.15-0.60	52
Industrial Bank	Singapore Branch	USD	15,000	0.74	4
	London Branch	USD	10,000	0.46-1.61	18
	Hong Kong Branch	USD	5,000	0.42-0.82	13

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2012					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Land Bank	DBU	TWD	\$ 5,000	0.392-0.86	\$ 1,147
	London Branch	USD	19,000	0.32-1.07	39
	Hong Kong Branch	USD	5,000	0.41-0.98	32
Taiwan Business Bank	OBU	USD	20,000	0.22-2.00	8
	Singapore Branch	USD	5,000	0.77	8
	London Branch	USD	18,000	0.68-0.88	33
	Hong Kong Branch	USD	5,000	0.16-0.98	24
Mega Bank	Hong Kong Branch	USD	20,000	0.14-0.65	16
Industrial Bank	Singapore Branch	USD	35,000	0.45-0.97	101
	London Branch	USD	5,000	0.50-1.40	43
	Hong Kong Branch	USD	5,000	0.80-0.85	16

Call loans from banks

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2013					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	TWD	\$ 5,005,000	0.388-0.88	\$ 1,597
	Singapore Branch	USD	10,000	0.78	22
	New York Branch	USD	10,000	0.22-0.55	14
	Los Angeles Branch	USD	15,000	0.25-0.70	22
Taiwan Business Bank	Singapore Branch	USD	15,000	0.43-0.52	15
	London Branch	EUR	35,000	0.15-0.48	40
Mega Bank	OBU	USD	7,000	0.45-0.70	52
	Singapore Branch	USD	55,000	0.34-0.73	40
	New York Branch	USD	40,000	0.28-0.77	43
	London Branch	USD	78,000	0.30-0.80	183
Industrial Bank	London Branch	EUR	19,000	0.27-0.45	16
	Los Angeles Branch	USD	7,000	0.15-0.26	-

(In Thousands of Original Currencies)

For the Six Months Ended June 30, 2012					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	TWD	\$ 5,000	0.40-0.88	\$ 2,622
	OBU	ZAR	2,400	3.60-4.35	4
	London Branch	GBP	5,000	0.68-1.00	16
Taiwan Business Bank	OBU	USD	5,000	0.55	1
	Singapore Branch	USD	25,000	0.41-0.80	44
	London Branch	USD	25,000	0.42-1.01	38
	London Branch	EUR	10,000	0.30-0.60	23
Bank of Taiwan	Singapore Branch	ZAR	8,000	3.95	17
	Singapore Branch	USD	58,000	0.39-0.85	49
	New York Branch	USD	38,000	0.25-0.78	69
	Los Angeles Branch	USD	15,000	0.20-0.55	5
	London Branch	EUR	4,060	0.25-0.52	5
	London Branch	GBP	15,000	1.00-1.01	25
Mega Bank	London Branch	USD	37,000	0.24-1.25	73
	Singapore Branch	USD	50,000	0.28-1.00	123
	New York Branch	USD	57,000	0.20-0.97	91
	London Branch	EUR	48,500	0.50-1.15	130
	London Branch	USD	32,000	0.21-1.38	222

f. Others

Chang Hwa Bank provided CHB Life Insurance Agency and CHB Insurance Brokerage with personnel resources and distribution channels, and recognized service revenue of \$502,000 thousand and \$430,000 thousand for the six months ended June 30, 2013 and 2012.

Taishin Securities B

Liability contracts with related parties:

Item	Name	June 30			
		2013		2012	
		Amount	% to Total	Amount	% to Total
Operating guarantee deposits	Taishin Bank	\$ 175,000	92	\$ 175,000	92
Restricted assets	Taishin Bank	100,000	100	-	-

Taishin AMC

a. Liability contracts with related parties

Item	Related Party	June 30			
		2013		2012	
		Amount	% to Total	Amount	% to Total
Bank deposits	Taishin Bank	\$ 127,829	31	\$ 175,124	77
Financial assets carried at cost	Diamond Biotech Investment	100,000	66	-	-

b. Credit receivable

In July 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for \$546,697 thousand with book value of \$9,494,153 thousand. According to the contract, June 30, 2006 was determined as the basic measurement date of this transaction, and the receivables of \$546,697 thousand will be paid off in two installments by September 15, 2006. In September 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for \$158,000 thousand with book value of \$5,490,584 thousand. According to the contract, August 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of \$158,000 thousand will be paid off in two installments by October 31, 2006. Also defined in the contract, 5 years from measurement date, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay the 30% of loans collected as service fee and 40% of remaining 70% of loan collected paid as commission. The service contracts mentioned were terminated on June 30, 2011 and August 31, 2011, respectively. From July 1, 2011 and September 1, 2011, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay 32.5% of loans collected as service fee.

1) Loans with transferred ownership

	For the Six Months Ended June 30, 2013			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	\$ 16,643,138	\$ -	\$ (126,356)	\$ 16,516,782

	For the Six Months Ended June 30, 2012			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	\$ 16,943,145	\$ -	\$ (156,482)	\$ 16,786,663

2) Credit receivable, net

	For the Six Months Ended June 30, 2012			
	Beginning Balance	Purchased	Collected	Ending Balance
Credit receivable	\$ 15,043	\$ -	\$ (15,043)	\$ -
Allowance for bad debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Credit receivable, net	<u>\$ 15,043</u>	<u>\$ -</u>	<u>\$ (15,043)</u>	<u>\$ -</u>

Credit receivable, net above had all been collected as of June 30, 2012.

Taishin Marketing

There were no related party transactions with amounts more than \$100,000 thousand for the six months ended June 30, 2013.

Taishin Venture Capital

Liability contracts with related parties:

		June 30			
		2013		2012	
Item	Related Party	Amount	% to Total	Amount	% to Total
Financial assets carried at cost	Diamond Biotech Investment	\$ 350,000	46	\$ -	-
Bank deposits	Taishin Bank	17,303	99	190,884	99

Taishin Securities Investment Trust

There were no related party transactions with amounts more than \$100,000 thousand for the six months ended June 30, 2013.

Taishin Securities Investment Advisory

Liability contracts with related parties:

		June 30			
		2013		2012	
Item	Related Party	Amount	% to Total	Amount	% to Total
Other financial assets	Taishin Bank	\$ 243,590	100	\$ 219,724	99

Taishin Holdings Insurance Brokers

Liability contracts with related parties:

Item	Related Party	June 30			
		2013		2012	
		Amount	% to Total	Amount	% to Total
Bank deposits	Taishin Bank	\$ 556,731	100	\$ 391,007	99
Accounts payable	Taishin Bank	239,733	100	231,662	100
Service fee	Taishin Bank	1,149,670	100	1,006,110	100

49. PLEDGED ASSETS

Pledged Assets	Description	June 30	
		2013	2012
Refundable deposits	Cash and certificates of time deposits	\$ 5,315,894	\$ 802,474
Operating deposits and settlement funds	Cash and cash paid to stock exchange	162,574	119,637
Financial assets at FVTPL	Convertible corporate bonds	195,801	208,765
Available-for-sale financial assets	Certificates of time deposits and bonds	8,537,365	8,599,565
Held-to-maturity financial assets	Certificates of time deposits and bonds	37,239,764	37,239,295
Time deposits with original maturity more than 3 months	Certificates of time deposits	2,439,500	-

50. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those mentioned in Note 9, Taishin Financial Holding and subsidiaries have the following contingent liabilities and commitments as of June 30, 2013 and 2012:

	June 30	
	2013	2012
Repayment note and time deposit held for custody	\$ 6,980,082	\$ 7,050,712
Liabilities on joint loans	934,310	969,496
Guarantees	40,987,354	43,985,342
Letters of credit	26,039,887	32,902,627
Trust liabilities	470,645,003	468,675,154
Unpaid equipment purchase contracts	636,010	329,554
Loan commitments	211,796,309	291,721,613
Unused loan commitments (credit card only)	348,208,410	412,832,635

Please refer to Note 49 to the consolidated financial statements as of March 31, 2013 for other related information on contingent liabilities and commitment.

51. FINANCIAL INFORMATION BY BUSINESS

The financial information by business for the six months ended June 30, 2013 and 2012 was as follows:

Item	Bank Business	For the Six Months Ended June 30, 2013		
	Bank Business	Securities Business	Other Business	Total
Net interest income (expense)	\$ 15,439,237	\$ 14,403	\$ (168,489)	\$ 15,285,151
Net income other than interest income	11,470,238	154,225	1,963,644	13,588,107
Gross income	26,909,475	168,628	1,795,155	28,873,258
Reversed allowance for loan losses (bad debt expense)	826,048	(180)	22,405	848,273
Operating expenses	(14,161,918)	(184,798)	(648,223)	(14,994,939)
Income (loss) before income tax of continued operations	13,573,605	(16,350)	1,169,337	14,726,592
Income tax expense	(2,194,021)	(219)	(640,190)	(2,834,430)
Income (loss) after income tax of continued operations	11,379,584	(16,569)	529,147	11,892,162

Item	Bank Business	For the Six Months Ended June 30, 2012		
	Bank Business	Securities Business	Other Business	Total
Net interest income	\$ 14,887,465	\$ 11,261	\$ (387,165)	\$ 14,511,561
Net income other than interest income	7,977,962	159,791	1,823,981	9,961,734
Gross income	22,865,427	171,052	1,436,816	24,473,295
Reversed allowance for loan losses (bad debt expense)	1,695,393	-	(48,146)	1,647,247
Operating expenses	(13,943,323)	(192,808)	(552,619)	(14,688,750)
Income (loss) before income tax of continued operations	10,617,497	(21,756)	836,051	11,431,792
Income tax (expense) benefit	(1,845,641)	4,053	(88,129)	(1,929,717)
Income (loss) after income tax of continued operations	8,771,856	(17,703)	747,922	9,502,075

52. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.
BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30		LIABILITIES AND EQUITY	June 30	
	2013	2012		2013	2012
Cash and cash equivalents	\$ 3,690,259	\$ 35,359,158	LIABILITIES		
Securities purchased under resell agreements	6,643,357	4,909,863	Payables	\$ 3,539,474	\$ 4,037,303
Receivables	988,375	556,593	Current tax liabilities	2,975,429	1,718,368
Current tax assets	803,305	1,342,431	Bonds payable	22,000,000	40,650,000
Investments accounted for using equity method	120,777,164	114,769,743	Reserve for liabilities	15,352	25,869
OTHER FINANCIAL ASSETS			Total liabilities	28,530,255	46,431,540
Financial assets carried at cost	2,200	32,724	EQUITY		
Property and equipment, net	7,563	5,199	Capital stock		
Deferred tax assets	121,927	231,053	Common stock	68,915,233	63,250,473
Other assets	206,582	206,256	Preferred stock	7,251,368	11,912,963
			Stock dividends to be distributed	6,139,767	5,664,000
			Capital surplus	9,443,781	19,362,195
			Retained earnings		
			Legal reserve	3,939,770	2,942,721
			Special reserve	465,368	244,473
			Unappropriated earnings	8,236,802	6,001,851
			Other equity		
			Exchange differences on translation of foreign financial statements	53,917	(20,845)
			Unrealized gains (losses) on available-for-sale financial assets	264,471	1,623,649
			Total equity	104,710,477	110,981,480
TOTAL	\$ 133,240,732	\$ 157,413,020	TOTAL	\$ 133,240,732	\$ 157,413,020

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended	
	June 30	
	2013	2012
INCOME		
Share of profit of subsidiaries associates and joint ventures accounted for using equity method	\$ 9,353,132	\$ 6,384,586
Interest income	<u>12,870</u>	<u>104,665</u>
Total income	<u>9,366,002</u>	<u>6,489,251</u>
EXPENSES AND LOSSES		
Share of loss of subsidiaries associated and joint ventures accounted for using equity method	(86,840)	(96,921)
Operating expenses	(248,499)	(221,788)
Interest expenses	(233,695)	(420,269)
Other expenses and losses	<u>-</u>	<u>(16,115)</u>
Total expenses and losses	<u>(569,034)</u>	<u>(755,093)</u>
INCOME BEFORE INCOME TAX	8,796,968	5,734,158
INCOME TAX (EXPENSE) BENEFIT	<u>(533,472)</u>	<u>104</u>
NET INCOME	8,263,496	5,734,262
OTHER COMPREHENSIVE INCOME (NET OF TAX)	<u>(2,082,219)</u>	<u>654,078</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,181,277</u>	<u>\$ 6,388,340</u>
EARNINGS PER SHARE		
Basic	<u>\$1.04</u>	<u>\$0.67</u>
Diluted	<u>\$1.00</u>	<u>\$0.66</u>

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

	Capital Stock			Capital Surplus				Retained Earnings			Other Equity		Total
	Common Stock	Preferred Stock	Stock dividends to be distributed	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation	Other Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	
BALANCE, JANUARY 1, 2012	\$ 63,250,473	\$ 11,912,963	\$ -	\$ 17,005,072	\$ 2,075,475	\$ 230,174	\$ 4,411	\$ 1,999,537	\$ 268,505	\$ 9,701,741	\$ -	\$ 948,726	\$ 107,397,077
Appropriation of 2012													
Legal reserve	-	-	-	-	-	-	-	943,184	-	(943,184)	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-	-	-	(1,416,000)	-	-	(1,416,000)
Cash dividends on preferred stock	-	-	-	-	-	-	-	-	-	(1,435,000)	-	-	(1,435,000)
Stock dividend	-	-	5,664,000	-	-	-	-	-	-	(5,664,000)	-	-	-
Net income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	5,734,262	-	-	5,734,262
Other comprehensive income for the six months ended June 30, 2012, net of tax	-	-	-	-	-	-	-	-	-	-	(20,845)	674,923	654,078
Total comprehensive income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	5,734,262	(20,845)	674,923	6,388,340
Disposal of subsidiary	-	-	-	-	-	(1,013)	(4,411)	-	-	-	-	-	(5,424)
Share-based payments	-	-	-	-	-	52,487	-	-	-	-	-	-	52,487
Other	-	-	-	-	-	-	-	-	(24,032)	24,032	-	-	-
BALANCE, JUNE 30, 2012	\$ 63,250,473	\$ 11,912,963	\$ 5,664,000	\$ 17,005,072	\$ 2,075,475	\$ 281,648	\$ -	\$ 2,942,721	\$ 244,473	\$ 6,001,851	\$ (20,845)	\$ 1,623,649	\$ 110,981,480
BALANCE, JANUARY 1, 2013	\$ 68,914,473	\$ 7,251,368	\$ -	\$ 7,005,072	\$ 2,075,475	\$ 329,210	\$ -	\$ 2,942,721	\$ 244,474	\$ 10,164,169	\$ (58,334)	\$ 2,458,941	\$ 101,327,569
Special reserve under Rule No. 1010012865 is issued by FSC	-	-	-	-	-	-	-	-	220,376	(220,376)	-	-	-
Special reserve under Rule No. 1010045494 is issued by FSC	-	-	-	-	-	-	-	-	518	-	-	-	518
Appropriation of 2013													
Legal reserve	-	-	-	-	-	-	-	997,049	-	(997,049)	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-	-	-	(1,534,942)	-	-	(1,534,942)
Cash dividends on preferred stock	-	-	-	-	-	-	-	-	-	(1,298,729)	-	-	(1,298,729)
Stock dividend	-	-	6,139,767	-	-	-	-	-	-	(6,139,767)	-	-	-
Net income for the six months ended June 30, 2013	-	-	-	-	-	-	-	-	-	8,263,496	-	-	8,263,496
Other comprehensive income for the six months ended June 30, 2013, net of tax	-	-	-	-	-	-	-	-	-	-	112,251	(2,194,470)	(2,082,219)
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	-	-	-	-	8,263,496	112,251	(2,194,470)	6,181,277
Share-based payments	760	-	-	536	-	33,488	-	-	-	-	-	-	34,784
BALANCE, JUNE 30, 2013	\$ 68,915,233	\$ 7,251,368	\$ 6,139,767	\$ 7,005,608	\$ 2,075,475	\$ 362,698	\$ -	\$ 3,939,770	\$ 465,368	\$ 8,236,802	\$ 53,917	\$ 264,471	\$ 104,710,477

TAISHIN FINANCIAL HOLDING CO., LTD.

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

	For the Six Months Ended	
	June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 8,796,968	\$ 5,734,158
Depreciation expenses	917	690
Amortization expenses	-	1,185
Interest expense	233,695	420,269
Interest revenue	(12,870)	(104,665)
Share-based payments	4,739	9,285
Share of profit of subsidiaries associates and joint accounted for using equity method	(9,266,292)	(6,287,665)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease in receivables	344,049	359,548
(Decrease) increase in other assets	(626)	436
Net changes in operating liabilities		
Increase (decrease) in payables	24,756	(90,127)
Increase in reserve for employee benefits	504	611
Interest received	13,146	100,251
Dividend received	6,857,957	5,675,717
Interest paid	(195,231)	(81,343)
Income taxes paid	135,865	(116,524)
Net cash flows generated from operating activities	<u>6,937,577</u>	<u>5,621,826</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	-	(600,000)
Acquisition of property and equipment	(2,684)	(244)
Net cash used in investing activities	<u>(2,684)</u>	<u>(600,244)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	-	7,000,000
Exercise of employee share options	889	-
Net cash flows generated from financing activities	<u>889</u>	<u>7,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,935,782	12,021,582
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>3,397,834</u>	<u>28,247,439</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 10,333,616</u>	<u>\$ 40,269,021</u>
CASH AND CASH EQUIVALENTS IN BALANCE SHEET	\$ 3,690,259	\$ 35,359,158
SECURITIES PURCHASED UNDER RESELL AGREEMENTS QUALIFYING FOR CASH AND CASH EQUIVALENTS UNDER THE DEFINITION OF IAS 7 PERMITTED BY THE FINANCIAL SUPERVISORY COMMISSION	<u>6,643,357</u>	<u>4,909,863</u>
	<u>\$ 10,333,616</u>	<u>\$ 40,269,021</u>

53. PROFITABILITY OF TAISHIN FINANCIAL HOLDING (STAND-ALONE AND CONSOLIDATED)

Stand-alone

Item		For the Six Months Ended June 30	
		2013	2012
Return on total assets	Pretax	6.79%	3.81%
	After tax	6.38%	3.81%
Return on net equity - common stock	Pretax	9.47%	6.35%
	After tax	8.86%	6.35%
Profit margin		88.23%	88.37%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity - common stock = $\frac{\text{Income before (after) tax}}{\text{Average net equity - common stock}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Total income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

Consolidated

Item		For the Six Months Ended June 30	
		2013	2012
Return on total assets	Pretax	0.54%	0.43%
	After tax	0.43%	0.36%
Return on net equity - common stock	Pretax	11.26%	7.87%
	After tax	8.86%	6.35%
Profit margin		41.19%	38.83%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity - common stock = $\frac{\text{Income before (after) tax (of the parent company's stockholders)}}{\text{Average net equity - common stock}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

54. CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME AND IMPORTANT FINANCIAL NOTES OF SUBSIDIARIES

Taishin Bank

a. Balance sheet

	June 30	
	2013	2012
Assets		
Cash and cash equivalents	\$ 14,408,163	\$ 10,944,068
Due from the Central Bank and call loans to banks	35,063,610	26,540,247
Financial assets at FVTPL	38,129,222	41,482,337
Receivables, net	74,840,067	85,792,131
Current tax assets	162,142	60,887
Loans, net	669,093,815	648,009,790
Available-for-sale financial assets, net	187,833,120	196,302,284
Held-to-maturity financial assets, net	1,973,603	2,111,365
Investments accounted for using equity method, net	1,651,332	1,943,472
Other financial assets, net	2,130,369	2,047,689
Property and equipment, net	17,435,064	17,566,790
Intangible assets, net	1,624,702	1,800,723
Deferred tax assets	4,503,897	5,261,762
Other assets, net	<u>5,743,646</u>	<u>1,165,788</u>
	<u>\$ 1,054,592,752</u>	<u>\$ 1,041,029,333</u>
Liabilities		
Due to the Central Bank and banks	\$ 33,594,319	\$ 59,272,039
Financial liabilities at FVTPL	13,906,241	8,816,130
Securities sold under repurchase agreements	27,918,333	52,915,748
Payables	17,216,266	17,855,458
Current tax liabilities	1,292,105	483,046
Deposits and remittances	842,704,761	797,588,399
Bonds payable	25,000,000	25,000,000
Reserve for liabilities	711,925	648,502
Other financial liabilities	22,053,214	12,221,399
Deferred tax liabilities	249,439	505,874
Other liabilities	<u>1,491,376</u>	<u>1,540,403</u>
	<u>986,137,979</u>	<u>976,846,998</u>
Equity		
Capital stock	49,157,526	49,157,526
Capital surplus	3,339,246	3,269,143
Retained earnings	15,607,471	10,087,423
Other equities	<u>350,530</u>	<u>1,668,243</u>
	<u>68,454,773</u>	<u>64,182,335</u>
	<u>\$ 1,054,592,752</u>	<u>\$ 1,041,029,333</u>

b. Statements of comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Interest income	\$ 11,177,355	\$ 10,776,783
Interest expense	<u>(4,159,542)</u>	<u>(4,055,592)</u>
Net interest income	7,017,813	6,721,191
Net income other than net interest income	<u>8,777,594</u>	<u>5,206,270</u>
Net revenue and gains	15,795,407	11,927,461
Reversed allowance for bad debts expenses and guarantee liability provisions	403,957	501,788
Operating expenses	<u>(7,117,735)</u>	<u>(6,706,429)</u>
Income before income tax	9,081,629	5,722,820
Income tax expense	<u>(1,247,451)</u>	<u>(885,595)</u>
Net income	7,834,178	4,837,225
Other comprehensive income	<u>(2,073,190)</u>	<u>572,930</u>
Total comprehensive income	<u>\$ 5,760,988</u>	<u>\$ 5,410,155</u>
Basic earnings per share (dollar)	<u>\$1.66</u>	<u>\$1.01</u>
Diluted earnings per share (dollar)	<u>\$1.59</u>	<u>\$0.98</u>

c. Key financial and business highlights

1) Profitability

Item	June 30, 2013	June 30, 2012
Return on total assets	Pretax	0.85%
	After tax	0.47%
Return on net equity	Pretax	13.24%
	After tax	7.54%
Profit margin	49.60%	40.56%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

2) Asset quality

Nonperforming loans and receivables

Business Type \ Item		June 30, 2013					June 30, 2012				
		Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured	\$ 751,484	\$ 158,462,759	0.47%	\$ 3,264,466	434.40%	\$ 552,155	\$ 142,790,476	0.39%	\$ 2,340,972	423.97%
	Unsecured	171,341	144,417,623	0.12%	1,084,817	633.13%	47,248	168,001,942	0.03%	1,143,259	2,419.70%
Consumer finance	Mortgage loans (Note d)	188,270	216,740,024	0.09%	1,928,223	1024.18%	158,014	211,002,772	0.07%	1,282,842	811.85%
	Cash cards	41,369	5,355,574	0.77%	293,710	709.98%	50,903	7,093,610	0.72%	563,332	1,106.68%
	Credit loans (Note e)	134,282	30,272,952	0.44%	685,415	510.43%	138,428	24,353,656	0.57%	812,068	586.64%
	Others (Note f)	Secured	109,082	121,425,861	0.09%	1,045,712	958.65%	81,868	100,184,200	0.08%	563,272
Unsecured		22,935	1,409,250	1.63%	162,546	708.72%	33,374	1,866,118	1.79%	216,726	649.39%
Subtotal		1,418,763	678,084,043	0.21%	8,464,889	596.64%	1,061,990	655,292,774	0.16%	6,922,471	651.84%
Credit card		84,977	33,763,179	0.25%	399,805	470.49%	83,048	33,906,314	0.24%	453,258	545.78%
Accounts receivable factoring with no recourse (Note g)		-	34,989,989	-	172,418	-	-	45,896,107	-	261,903	-

Note a: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Nonperforming loans ratio = Nonperforming loans ÷ Loans
Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Nonperforming loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within three months.

Exempted from report as nonperforming loans and receivables

Item	June 30, 2013		June 30, 2012	
	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
Business Type				
Amounts negotiated in accordance with the agreement (Note a)	\$ 3,284,179	\$ 1,018,746	\$ 4,533,460	\$ 1,421,241
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,839,984	1,371,618	1,973,421	1,355,868
Total	5,124,163	2,390,364	6,506,881	2,777,109

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

3) Concentration of credit risk

Year Rank (Note a)	June 30, 2013			June 30, 2012		
	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Group (liquid crystal panel and components manufacturing industry)	\$ 13,756,808	20.10%	A Group (liquid crystal panel and components manufacturing industry)	\$ 13,198,657	20.56%
2	B Group (other financial intermediary not elsewhere classified industry)	8,942,908	13.06%	K Group (liquid crystal panel and components manufacturing industry)	7,270,751	11.33%
3	C Group (other financial intermediary not elsewhere classified industry)	7,967,555	11.64%	L Group (cotton, wood spinning industry)	7,166,629	11.17%
4	D Group (liquid crystal panel and components manufacturing industry)	6,063,208	8.86%	B Group (other financial intermediary not elsewhere classified industry)	6,729,438	10.48%
5	E Group (other financial intermediary not elsewhere classified industry)	5,874,320	8.58%	M Group (man-made fibers manufacturing industry)	6,687,096	10.42%
6	F Group (computer peripheral equipment manufacturing industry)	5,424,187	7.92%	E Group (other financial intermediary not elsewhere classified industry)	6,662,000	10.38%
7	G Group (other financial intermediary not elsewhere classified industry)	5,287,430	7.72%	N Group (wholesale of other specialized wholesale not elsewhere classified)	6,023,431	9.38%
8	H Group (man-made fibers manufacturing industry)	5,170,388	7.55%	H Group (man-made fibers manufacturing industry)	5,281,699	8.23%
9	I Group (monitor and terminals manufacturing industry)	5,073,103	7.41%	J Co. (print circuit board manufacturing industry)	4,750,704	7.40%
10	J Group (semi-conductor packaging and testing industry)	4,714,597	6.89%	O Group (computer manufacturing industry)	4,738,245	7.38%

Note a: Sorted by the balance of loans on June 30, 2013 and 2012, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

4) Interest rate sensitivity

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 746,137,973	\$ 23,183,958	\$ 61,441,439	\$ 129,969,058	\$ 960,732,428
Interest-sensitive liabilities	421,930,471	142,147,559	143,841,293	233,269,357	941,188,680
Interest sensitivity gap	324,207,502	(118,963,601)	(82,399,854)	(103,300,299)	19,543,748
Net equity					68,446,208
Ratio of interest-sensitive assets to liabilities					102.08%
Ratio of interest sensitivity gap to net equity					28.55%

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 668,630,992	\$ 29,667,302	\$ 44,065,393	\$ 114,214,647	\$ 856,578,334
Interest-sensitive liabilities	417,069,455	119,483,861	98,359,916	210,812,701	845,725,933
Interest sensitivity gap	251,561,537	(89,816,559)	(54,294,523)	(96,598,054)	10,852,401
Net equity					62,411,606
Ratio of interest-sensitive assets to liabilities					101.28%
Ratio of interest sensitivity gap to net equity					17.39%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	June 30, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 6,654,541	\$ 1,292,412	\$ 947,142	\$ 1,368,597	\$ 10,262,692
Interest-sensitive liabilities	6,265,318	3,238,422	903,998	386,625	10,794,363
Interest sensitivity gap	389,223	(1,946,010)	43,144	981,972	(531,671)
Net equity					32,509
Ratio of interest-sensitive assets to liabilities					95.07%
Ratio of interest sensitivity gap to net equity					(1635.46%)

(In Thousands of U.S. Dollars)

Item	June 30, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 4,193,630	\$ 1,386,261	\$ 478,352	\$ 1,436,284	\$ 7,494,527
Interest-sensitive liabilities	4,431,075	2,826,848	726,637	338,998	8,323,558
Interest sensitivity gap	(237,445)	(1,440,587)	(248,285)	1,097,286	(829,031)
Net equity					16,635
Ratio of interest-sensitive assets to liabilities					90.04%
Ratio of interest sensitivity gap to net equity					(4,983.65%)

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2013					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 1,028,922,593	\$ 134,571,143	\$ 162,558,707	\$ 158,339,581	\$ 41,243,047	\$ 97,086,715	\$ 435,123,400
Major maturity cash outflow	1,113,539,898	51,948,166	115,906,295	214,518,858	201,062,794	199,972,928	330,130,857
Gap	(84,617,305)	82,622,977	46,652,412	(56,179,277)	(159,819,747)	(102,886,213)	104,992,543

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2012					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 923,170,788	\$ 120,471,391	\$ 150,042,793	\$ 133,456,315	\$ 48,288,593	\$ 76,606,592	\$ 394,305,104
Major maturity cash outflow	1,008,069,061	60,998,057	112,193,081	194,409,020	184,627,647	154,719,785	301,121,471
Gap	(84,898,273)	59,473,334	37,849,712	(60,952,705)	(136,339,054)	(78,113,193)	93,183,633

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	June 30, 2013				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 16,917,714	\$ 6,150,401	\$ 4,511,727	\$ 1,808,154	\$ 1,933,357	\$ 2,514,075
Major maturity cash outflow	16,824,065	5,083,139	4,121,746	3,623,643	1,933,758	2,061,779
Gap	93,649	1,067,262	389,981	(1,815,489)	(401)	452,296

(In Thousands of U.S. Dollars)

	Total	June 30, 2012				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 12,029,123	\$ 3,971,292	\$ 3,971,328	\$ 1,498,568	\$ 913,953	\$ 1,673,982
Major maturity cash outflow	11,945,080	3,979,383	3,256,543	2,860,962	1,158,956	689,236
Gap	84,043	(8,091)	714,785	(1,362,394)	(245,003)	984,746

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

6) Capital adequacy

Item		Period	June 30, 2013
Self-owned capital	Common equity Tier I		\$ 62,990,038
	Other Tier I capital		1,202,598
	Tier II capital		24,225,829
	Self-owned capital		88,418,465
Risk-weighted assets	Credit risk	Standardized approach	688,278,927
		IRB	-
		Securitization	507,358
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	39,101,650
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	28,659,825
		Internal model approach	-
Total		756,547,760	
Capital adequacy ratio		11.69%	
Common equity Tier I to risk-weighted assets ratio		8.33%	
Tier I capital to risk-weighted assets ratio		8.48%	
Leverage ratio		4.20%	

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on November 26, 2012 and January 4, 2007 (Ref. No. Jin-Guan-Yin 10110007010 and 09610000025).

Note 2: Formula:

- a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
- c. Capital adequacy = Self-owned capital/Risk-weighted assets
- d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital/Risk-weighted assets
- e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital)/Risk-weighted assets
- f. Leverage ratio = Tier I capital/Adjusted average assets

Item		Period	December 31, 2012	June 30, 2012
Self-owned capital	Tier I capital		\$ 62,993,938	\$ 56,976,303
	Tier II capital		35,502,812	24,278,511
	Tier III capital		-	-
	Self-owned capital		98,496,750	81,254,814
Risk-weighted assets	Credit risk	Standardized approach	679,515,233	654,099,036
		IRB	-	-
		Securitization	725,766	840,477
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	39,101,650	36,814,913
		Advanced internal-rating based approach	-	-
	Market price risk	Standardized approach	27,255,700	26,237,375
		Internal model approach	-	-
	Total		746,598,349	717,991,801
Capital adequacy ratio			13.19%	11.32%
Tier I capital to risk-weighted assets ratio			8.44%	7.94%
Tier II capital to risk-weighted assets ratio			4.75%	3.38%
Tier III capital to risk-weighted assets ratio			-	-
Common stock equity to total assets ratio			4.37%	4.55%
Leverage ratio			6.08%	5.62%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on June 30, 2009 and January 4, 2007 (Ref. No. Jin-Guan-Yin 0981003110 and 09610000025).

Note 2: Formula:

- a. Self-owned capital = Tier I capital + Tier II capital + Tier III capital
- b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
- c. Capital Adequacy = Self-owned capital/Risk-weighted assets
- d. Tier I capital to risk-weighted assets ratio = Tier I capital/Risk-weighted assets
- e. Tier II capital to risk-weighted assets ratio = Tier II capital/Risk-weighted assets
- f. Tier III capital to risk-weighted assets ratio = Tier III capital/Risk-weighted assets
- g. Common stock equity to total assets ratio = Common stock equity/Total assets
- h. Leverage ratio = Tier I capital/Adjusted average assets

7) Securities department balance sheet: Table 4.

Securities department statements of income: Table 5.

Chang Hwa Bank

a. Balance sheet

	June 30	
	2013	2012
Assets		
Cash and cash equivalents	\$ 41,370,828	\$ 38,648,818
Due from the Central Bank and call loans to banks	106,501,686	82,423,593
Financial assets at FVTPL, net	51,170,561	28,974,428
Derivative financial assets for hedging, net	82,629	128,524
Receivables, net	20,749,984	20,603,492
Current tax assets	657,175	467,143
Loans, net	1,153,777,877	1,117,209,557
Available-for-sale financial assets, net	40,367,504	63,234,650
Held-to-maturity financial assets, net	186,465,381	191,628,748
Investments accounted for using equity method, net	392,949	287,954
Other financial assets, net	23,332,752	8,916,202
Property and equipment, net	24,052,239	24,399,202
Investment property, net	10,822,260	10,827,146
Intangible assets, net	78,119	62,255
Deferred tax assets	3,727,256	5,025,668
Other assets	<u>2,355,585</u>	<u>1,835,319</u>
	<u>\$ 1,665,904,785</u>	<u>\$ 1,594,672,699</u>
Liabilities		
Due to the Central Bank and banks	\$ 122,014,083	\$ 120,273,230
Financial liabilities at FVTPL	3,010,974	1,949,271
Securities sold under repurchase agreements	5,955,455	8,253,443
Payables	35,046,037	34,742,402
Current tax liabilities	187,874	-
Deposits and remittances	1,335,042,768	1,276,403,705
Bonds payable	43,308,743	38,475,347
Other financial liabilities	1,099,408	1,586,640
Reserve for liabilities	3,557,524	3,400,651
Deferred tax liabilities	6,205,424	6,261,728
Other liabilities	<u>1,885,960</u>	<u>2,009,163</u>
	<u>1,557,314,250</u>	<u>1,493,355,580</u>
Equity		
Capital stock	77,490,592	72,421,114
Retained earnings	31,354,282	29,121,562
Other equities	<u>(254,339)</u>	<u>(225,557)</u>
	<u>108,590,535</u>	<u>101,317,119</u>
	<u>\$ 1,665,904,785</u>	<u>\$ 1,594,672,699</u>

b. Statement of comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Interest income	\$ 13,367,888	\$ 13,225,394
Interest expense	<u>(4,964,619)</u>	<u>(5,156,293)</u>
Net interest income	8,403,269	8,069,101
Net income under than net interest income	<u>3,471,882</u>	<u>3,284,265</u>
Net revenue and gains	11,875,151	11,353,366
Bad debt expenses and guarantee liability provisions	421,797	1,173,520
Operating expenses	<u>(6,677,673)</u>	<u>(6,691,486)</u>
Income before income tax	5,619,275	5,835,400
Income tax expense	<u>(894,822)</u>	<u>(910,514)</u>
Net income	4,724,453	4,924,886
Other comprehensive income	<u>(299,653)</u>	<u>422,814</u>
Total comprehensive income	<u>\$ 4,424,800</u>	<u>\$ 5,347,700</u>
Basic earnings per share (dollar)	<u>\$0.61</u>	<u>\$0.64</u>
Diluted earnings per share (dollar)	<u>\$0.61</u>	<u>\$0.63</u>

c. Key financial and business highlights

1) Profitability

Item	June 30, 2013	June 30, 2012
Return on total assets	Pretax	0.34%
	After tax	0.29%
Return on net equity	Pretax	5.26%
	After tax	4.43%
Profit margin	39.78%	43.38%

Note a: Return on total assets =
$$\frac{\text{Income before (after) tax}}{\text{Average assets}}$$

Note b: Return on net equity =
$$\frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

Note c: Profit margin =
$$\frac{\text{Income after tax}}{\text{Net revenue and gains}}$$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

2) Asset quality

Business Type		Item	June 30, 2013				June 30, 2012				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses
Corporate finance	Secured	\$ 3,057,596	\$ 331,746,219	0.92%	\$ 8,366,500	273.63%	\$ 2,181,389	\$ 325,805,898	0.67%	\$ 6,660,941	305.35%
	Unsecured	285,736	432,680,555	0.07%	3,018,137	1,056.27%	728,975	412,186,237	0.18%	3,634,489	498.58%
Consumer finance	Mortgage loans (Note d)	918,159	289,774,953	0.32%	1,680,712	183.05%	1,201,033	288,542,450	0.42%	1,972,663	164.25%
	Cash cards (Note h)	-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)	8,347	1,653,008	0.50%	27,555	330.12%	2,428	1,863,463	0.13%	10,640	438.22%
	Others (Note f)	406,557	109,923,944	0.37%	718,394	176.70%	395,685	99,593,121	0.40%	626,190	158.25%
	Unsecured	17,370	1,843,768	0.94%	33,272	191.55%	91,518	2,285,003	4.01%	161,692	176.68%
Total		4,693,765	1,167,622,447	0.40%	13,844,570	294.96%	4,601,028	1,130,276,172	0.41%	13,066,615	283.99%
Credit card		1,637	1,179,640	0.14%	12,485	762.68%	1,361	1,992,838	0.07%	5,109	375.39%
Accounts receivable factoring with no recourse (Note g)		-	8,935,855	-	79,531	-	-	8,340,046	-	60,980	-

Note a: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005. (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Nonperforming loans ratio = Nonperforming loans ÷ Loans
 Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans

Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Nonperforming loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within three months.

Note h: Chang Hwa Bank does not engage in cash card business.

Business Type		Item	June 30, 2013		June 30, 2012	
			Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note i)		\$ 605	\$ 5,831	\$ 836	\$ 6,082	
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note j)		8,975	7,294	9,268	6,038	
Total		9,580	13,125	10,104	12,120	

Note i: Negotiated loans and accounts receivable performed in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note j: Loans and receivable transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

3) Concentration of credit risk

Year	June 30, 2013			June 30, 2012		
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Co. (railway transportation industry)	\$ 34,689,720	34.24%	A Co. (railway transportation industry)	\$ 34,838,735	32.08%
2	B Group (manufacture of other chemical products)	29,281,657	28.90%	B Group (manufacture of other chemical products)	31,010,786	28.56%
3	C Group (air transportation industry)	17,751,765	17.52%	D Group (liquid crystal panel and components manufacturing industry)	15,222,943	14.02%
4	D Group (liquid crystal panel and components manufacturing industry)	12,910,181	12.74%	C Group (air transportation industry)	13,143,745	12.10%
5	E Group (building construction industry)	9,565,973	9.44%	G Group (liquid crystal panel and components manufacturing industry)	9,522,724	8.77%
6	F Group (iron and steel smelting industry)	8,589,927	8.48%	H Group (iron and steel smelting industry)	7,343,147	6.76%
7	G Group (liquid crystal panel and components manufacturing industry)	7,817,010	7.72%	I Group (ocean freight industry)	6,212,977	5.72%
8	H Group (iron and steel smelting industry)	7,296,299	7.20%	K Group (manufacture of audio and video equipment)	6,151,136	5.66%
9	I Group (ocean freight industry)	6,674,708	6.59%	L Group (synthetic resin and plastic industry)	5,602,153	5.16%
10	J Group (computer manufacturing industry)	6,310,850	6.23%	M Group (manufacture of metal die)	5,526,359	5.09%

Note a: Sorted by the balance of loans on June 30, 2013 and 2012, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance and guarantee.

Note d: Ratio of loans to net equity = Loans ÷ Net equity (the head office's net equity of domestic banks or the local branches' net equity of foreign banks)

4) Interest rate sensitivity

(In Thousands of New Taiwan Dollars)

Item	June 30, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,171,699,680	\$ 27,045,814	\$ 1,054,906	\$ 87,674,464	\$ 1,287,474,864
Interest-sensitive liabilities	368,536,311	679,660,448	77,835,341	34,594,966	1,160,627,066
Interest sensitivity gap	803,163,369	(652,614,634)	(76,780,435)	53,079,498	126,847,798
Net equity					101,771,852
Ratio of interest-sensitive assets to liabilities					110.93%
Ratio of interest sensitivity gap to net equity					124.64%

(In Thousands of New Taiwan Dollars)

Item	June 30, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,073,622,551	\$ 61,489,132	\$ 21,123,786	\$ 98,173,603	\$ 1,254,409,072
Interest-sensitive liabilities	393,643,757	628,204,755	67,191,738	32,476,137	1,121,516,387
Interest sensitivity gap	679,978,794	(566,715,623)	(46,067,952)	65,697,466	132,892,685
Net equity					96,734,323
Ratio of interest-sensitive assets to liabilities					111.85%
Ratio of interest sensitivity gap to net equity					137.38%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	June 30, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 7,284,500	\$ 992,410	\$ 72,657	\$ 48,594	\$ 8,398,161
Interest-sensitive liabilities	8,573,063	392,182	354,231	-	9,319,476
Interest sensitivity gap	(1,288,563)	600,228	(281,574)	48,594	(921,315)
Net equity					61,786
Ratio of interest-sensitive assets to liabilities					90.11%
Ratio of interest sensitivity gap to net equity					(1,491.14%)

(In Thousands of U.S. Dollars)

Item	June 30, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 6,011,398	\$ 1,078,498	\$ 83,574	\$ 49,180	\$ 7,222,650
Interest-sensitive liabilities	7,548,901	378,339	354,991	-	8,282,231
Interest sensitivity gap	(1,537,503)	700,159	(271,417)	49,180	(1,059,581)
Net equity					123,053
Ratio of interest-sensitive assets to liabilities					87.21%
Ratio of interest sensitivity gap to net equity					(861.08%)

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2013				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 1,470,400,026	\$ 379,563,167	\$ 165,302,415	\$ 101,169,376	\$ 114,602,062	\$ 709,763,006
Major maturity cash outflow	1,586,144,441	236,040,459	214,009,846	180,956,783	280,740,519	674,396,834
Gap	(115,744,415)	143,522,708	(48,707,431)	(79,787,407)	(166,138,457)	35,366,172

(In Thousands of New Taiwan Dollars)

	Total	June 30, 2012				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 1,463,267,092	\$ 281,487,622	\$ 211,961,387	\$ 116,248,747	\$ 117,375,597	\$ 736,193,739
Major maturity cash outflow	1,589,879,873	221,517,508	228,953,846	227,622,360	291,475,808	620,310,351
Gap	(126,612,781)	59,970,114	(16,992,459)	(111,373,613)	(174,100,211)	115,883,388

Note: The above data included only accounts denominated in New Taiwan dollars of Chang Hwa Bank and its branches.

(In Thousands of U.S. Dollars)

	Total	June 30, 2013				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 13,938,213	\$ 4,680,342	\$ 3,360,895	\$ 1,550,007	\$ 864,975	\$ 3,481,994
Major maturity cash outflow	15,603,148	5,997,857	2,489,072	1,660,645	1,675,185	3,780,389
Gap	(1,664,935)	(1,317,515)	871,823	(110,638)	(810,210)	(298,395)

(In Thousands of U.S. Dollars)

	Total	June 30, 2012				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	\$ 12,706,530	\$ 3,706,404	\$ 3,135,163	\$ 2,380,459	\$ 830,846	\$ 2,653,658
Major maturity cash outflow	14,655,556	5,177,672	3,072,818	1,218,519	1,525,246	3,661,301
Gap	(1,949,026)	(1,471,268)	62,345	1,161,940	(694,400)	(1,007,643)

Note: The above data included only accounts denominated in U.S. dollars of the head office, domestic branches and OBU.

6) Capital adequacy

Item		Period	June 30, 2013
Self-owned capital	Common equity Tier I capital		\$ 92,530,100
	Other Tier I capital		3,386,373
	Tier II capital		29,720,761
	Self-owned capital		125,637,234
Risk-weighted assets	Credit risk	Standardized approach	1,049,217,635
		IRB	-
		Real estate securitization	68,194
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	37,383,713
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	15,985,950
		Internal model approach	-
Total		1,102,655,492	
Capital adequacy ratio			11.39%
Common equity Tier I capital to risk weighted assets ratio			8.39%
Tier I capital to risk weighted assets ratio			8.70%
Gearing ratio			3.53%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on January 4, 2007 (Ref. No. Jin-Guan-Yin 0961000025) and on November 26, 2012 (Ref. No. Jin-Guan-Yin 10110007010).

Note 2: Capital adequacy should be disclosed current and same period for the years ended December 31.

Note 3: Formula:

- a. Self-owned capital = Common equity Tier I capital + Other Tier I capital + Tier II capital
- b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk Capital + Market price risk Capital) × 12.5
- c. Capital Adequacy = Self-owned capital ÷ Risk-weighted assets
- d. Common equity Tier I capital to risk weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets
- e. Tier I capital to risk weighted assets ratio = (Common equity Tier I capital + Other Tier I capital) ÷ Risk-weighted assets
- f. Gearing ratio = Tier I capital ÷ Average-assets adjusted

Note 4: Not applicable for review.

Item		Period	December 31, 2012	June 30, 2012
Self-owned capital	Tier I capital		\$ 94,358,061	\$ 90,860,047
	Tier II capital		28,273,128	32,020,316
	Tier III capital		-	-
	Self-owned capital		122,631,189	122,880,363
Risk-weighted assets	Credit risk	Standardized approach	1,021,263,260	1,005,346,005
		IRB	-	-
		Real estate securitization	249,337	262,039
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	35,279,000	35,279,000
		Advanced internal-rating based approach	-	-
	Market price risk	Standardized approach	7,331,175	8,138,925
		Internal model approach	-	-
	Total		1,064,122,772	1,049,025,969
	Capital adequacy ratio		11.52%	11.71%
Tier I capital to risk weighted assets ratio		8.87%	8.66%	
Tier II capital to risk weighted assets ratio		2.66%	3.05%	
Tier III capital to risk weighted assets ratio		-	-	
Common stock equity to total assets ratio		4.50%	4.26%	
Gearing ratio		5.91%	5.84%	

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on January 4, 2007 (Ref. No. Jin-Guan-Yin 09610000025) and on June 30, 2009 (Ref. No. Jin-Guan-Yin 09810003110).

Note 2: Formula:

- a. Self-owned capital = Tier I capital + Tier II capital + Tier III capital
- b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk Capital + Market price risk Capital) × 12.5
- c. Capital Adequacy = Self-owned capital ÷ Risk-weighted assets
- d. Tier I capital to risk weighted assets ratio = Tier I capital ÷ Risk-weighted assets
- e. Tier II capital to risk weighted assets ratio = Tier II capital ÷ Risk-weighted assets
- f. Tier III capital to risk weighted assets ratio = Tier III capital ÷ Risk-weighted assets
- g. Common stock equity to total assets ratio = Common stock equity ÷ Total assets
- h. Gearing ratio = Tier I capital ÷ Average-assets adjusted

7) Securities department balance sheet: Table 6.

Securities department statements of income: Table 7.

Taishin Securities B

a. Balance sheet

	June 30	
	2013	2012
Assets		
Current assets	\$ 2,555,924	\$ 2,268,948
Financial asset measured at cost - noncurrent	6,470	6,470
Property and equipment	35,280	37,459
Intangible assets	26,878	23,718
Deferred tax assets	4,494	9,822
Other noncurrent assets	<u>237,974</u>	<u>235,507</u>
	<u>\$ 2,867,020</u>	<u>\$ 2,581,924</u>
Liabilities		
Current liabilities	\$ 562,789	\$ 282,437
Other noncurrent liabilities	<u>22,151</u>	<u>17,207</u>
	<u>584,940</u>	<u>299,644</u>
Equity		
Capital stock	2,280,000	2,280,000
Capital surplus	73,009	92,446
Retained earnings	<u>(70,929)</u>	<u>(90,166)</u>
	<u>2,282,080</u>	<u>2,282,280</u>
	<u>\$ 2,867,020</u>	<u>\$ 2,581,924</u>

b. Statement of comprehensive income

	For the Six Months Ended	
	June 30	
	2013	2012
Revenue	\$ 167,792	\$ 183,153
Expense	(202,607)	(209,318)
Non-operating income	4,270	3,018
Non-operating expense	<u>(10)</u>	<u>(3)</u>
Loss before income tax	(30,555)	(23,150)
Income tax (expense) benefit	<u>(219)</u>	<u>4,053</u>
Net income	<u>(30,774)</u>	<u>(19,097)</u>
Total comprehensive income	<u>\$ (30,774)</u>	<u>\$ (19,097)</u>
Basic earnings per share (dollar)	<u>\$(0.13)</u>	<u>\$(0.08)</u>

c. Key financial and business highlights

1) Profitability

Item		June 30, 2013	June 30, 2012
Return on total assets	Pretax	(1.11%)	(0.90%)
	After tax	(1.12%)	(0.75%)
Return on net equity	Pretax	(1.33%)	(1.01%)
	After tax	(1.34%)	(0.83%)
Profit margin		(17.89%)	(10.26%)

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

d. Capital adequacy

Item	June 30	
	2013	2012
Eligible capital		
Tier I capital	\$ 2,282,080	\$ 2,350,169
Tier I capital - Minus assets	150,253	157,378
Tier II capital - Minus assets in excess of Tier II capital	<u>123,374</u>	<u>133,660</u>
Tier I capital, net	<u>2,008,453</u>	<u>2,059,131</u>
Tier II capital	-	-
Tier II capital - Minus assets	-	-
Tier II capital, net	-	-
Tier III capital	-	-
Total net of eligible capital	<u>\$ 2,008,453</u>	<u>\$ 2,059,131</u>
Equivalent amount of operating risk		
Equivalent amount of credit risk	\$ 34,003	\$ 16,746
Equivalent amount of operation risk	52,074	29,871
Equivalent amount of market risk	<u>225,988</u>	<u>310,228</u>
	<u>\$ 312,065</u>	<u>\$ 356,845</u>
Capital adequacy ratio	644.00%	577.00%

- Capital adequacy ratio = Net of eligible capital ÷ Equivalent amount of operating risk
- Net of eligible capital = Tier I capital + Tier II capital + Tier III capital - Minus assets
- Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operation risk

1) Net of eligible capital

a) Tier I capital

	June 30			
	2013		2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Common stock	\$ 2,280,000	100	\$ 2,280,000	97
Capital surplus	73,009	3	87,013	4
Retained earnings	(40,154)	(2)	-	-
Income for the six months ended June 30	<u>(30,775)</u>	<u>(1)</u>	<u>(16,844)</u>	<u>(1)</u>
	<u>\$ 2,282,080</u>	<u>100</u>	<u>\$ 2,350,169</u>	<u>100</u>

b) Tier II: None

c) Tier III: None

d) Minus assets

	June 30			
	2013		2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Intangible assets	\$ 26,878	10	\$ 23,718	8
Prepayments	5,268	2	4,009	1
Domestic unlisted stocks	3,470	1	3,470	1
Investment in a finance-related enterprise	-	-	13,421	5
Operating guarantee deposits	190,000	69	190,000	65
Settlements funds	27,451	10	24,948	9
Refundable deposits	12,517	5	9,211	3
Deferred expenses	3,548	1	5,164	2
Deferred tax assets	4,495	2	8,388	3
Accounts receivable - related party	<u>-</u>	<u>-</u>	<u>8,708</u>	<u>3</u>
	<u>\$ 273,627</u>	<u>100</u>	<u>\$ 291,037</u>	<u>100</u>

2) Equivalent amount of operating risk

a) Equivalent amount of market risk

	June 30			
	2013		2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Interest rate risks	\$ 61,129	27	\$ 39,841	13
Equity security risks	164,859	73	270,349	87
Exchange rate risks	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>
	<u>\$ 225,988</u>	<u>100</u>	<u>\$ 310,229</u>	<u>100</u>

b) Equivalent amount of credit risk

	June 30			
	2013		2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Client's position and credit transactions	\$ 31,120	92	\$ 13,149	79
Repurchase agreements transactions	61	-	105	-
In-balance-sheet transactions	<u>2,822</u>	<u>8</u>	<u>3,492</u>	<u>21</u>
	<u>\$ 34,003</u>	<u>100</u>	<u>\$ 16,746</u>	<u>100</u>

c) Equivalent amount of operation risk

	June 30			
	2013		2012	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Operation risk	<u>\$ 52,074</u>	<u>100</u>	<u>\$ 29,871</u>	<u>100</u>

Taishin AMC

a. Balance sheet

	June 30	
	2013	2012
Assets		
Current assets	\$ 681,005	\$ 876,759
Investments accounted for using equity method	124,357	126,492
Property and equipment	184,706	187,109
Investment property	641,039	422,374
Deferred tax assets	63,145	61,711
Other noncurrent assets	<u>190,560</u>	<u>190,558</u>
	<u>\$ 1,884,812</u>	<u>\$ 1,865,003</u>
Liabilities		
Current liabilities	\$ 203,944	\$ 204,935
Other noncurrent liabilities	<u>4,248</u>	<u>2,920</u>
	<u>208,192</u>	<u>207,855</u>
Equity		
Capital stock	1,445,000	1,445,000
Capital reserve	2,828	2,128
Retained earnings	<u>228,792</u>	<u>210,020</u>
	<u>1,676,620</u>	<u>1,657,148</u>
	<u>\$ 1,884,812</u>	<u>\$ 1,865,003</u>

b. Statement of comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Operating revenue	\$ 156,054	\$ 170,355
Operating cost and expenses	<u>(87,380)</u>	<u>(124,563)</u>
Operating income	68,674	45,792
Non-operating income	18,132	9,723
Non-operating expense	<u>(24,344)</u>	<u>(1,919)</u>
Income before income tax	62,462	53,596
Income tax expense	<u>(13,728)</u>	<u>(7,691)</u>
Net income	<u>48,734</u>	<u>45,905</u>
Total comprehensive income	<u>\$ 48,734</u>	<u>\$ 45,905</u>
Basic earnings per share (dollar)	<u>\$0.34</u>	<u>\$0.32</u>

c. Profitability

Item		June 30, 2013	June 30, 2012
Return on total assets	Pretax	3.21%	2.65%
	After tax	2.50%	2.27%
Return on net equity	Pretax	3.61%	3.26%
	After tax	2.82%	2.79%
Profit margin		27.98%	25.49%

Note a: Return on total assets =
$$\frac{\text{Income before (after) tax}}{\text{Average assets}}$$

Note b: Return on net equity =
$$\frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

Note c: Profit margin =
$$\frac{\text{Income after tax}}{\text{Operating income} + \text{Nonoperating income}}$$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

Taishin Marketing

Taishin Marketing was dissolved on April 30, 2013, and the procedures of dissolution and liquidation had started and in progress.

Taishin Venture Capital

a. Balance sheet

	June 30	
	2013	2012
Assets		
Current assets	\$ 104,781	\$ 991,800
Financial asset measured at cost	766,519	452,962
Available-for-sale financial assets	11,619	14,709
Investments accounted for using equity method	1,213,639	670,263
Property and equipment	106	110
Other noncurrent assets	<u>439</u>	<u>439</u>
	<u>\$ 2,097,103</u>	<u>\$ 2,130,283</u>
Liabilities		
Current liabilities	\$ 1,347	\$ 1,194
Current tax liabilities	<u>1,096</u>	<u>-</u>
	<u>2,443</u>	<u>1,194</u>
Equity		
Capital stock	2,219,035	2,219,035
Capital surplus	541	370
Retained earnings	(150,117)	(76,136)
Other equity	<u>25,201</u>	<u>(14,180)</u>
	<u>2,094,660</u>	<u>2,129,089</u>
	<u>\$ 2,097,103</u>	<u>\$ 2,130,283</u>

b. Statement of comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Revenue	\$ 46,170	\$ 12,872
Expenses	<u>(94,226)</u>	<u>(71,335)</u>
Loss before income tax	(48,056)	(58,463)
Income tax expense	<u>(1,112)</u>	<u>-</u>
Net loss	(49,168)	(58,463)
Other comprehensive income	<u>58,530</u>	<u>(14,179)</u>
Total comprehensive income	<u>\$ 9,362</u>	<u>\$ (72,642)</u>
Basic loss per share (dollar)	<u>\$(0.22)</u>	<u>\$(0.26)</u>

c. Profitability

Item	June 30, 2013	June 30, 2012
Return on total assets	Pretax	(2.30%)
	After tax	(3.13%)
Return on net equity	Pretax	(2.30%)
	After tax	(3.13%)
Profit margin	(106.49%)	(454.19%)

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Operating income} + \text{Nonoperating income}}$$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

Taishin Securities Investment Trust

a. Balance sheet

	June 30	
	2013	2012
Assets		
Current assets	\$ 339,872	\$ 334,083
Property and equipment	6,881	8,484
Intangible assets	445,061	454,846
Deferred tax assets	213	8,765
Other noncurrent assets	<u>80,267</u>	<u>56,793</u>
	<u>\$ 872,294</u>	<u>\$ 862,971</u>
Liabilities		
Current liabilities	\$ 41,887	\$ 35,444
Other noncurrent liabilities	<u>18,481</u>	<u>34,917</u>
	<u>60,368</u>	<u>70,361</u>
Equity		
Capital stock	754,545	754,545
Capital surplus	46,809	46,541
Retained earnings	<u>10,572</u>	<u>(8,476)</u>
	<u>811,926</u>	<u>792,610</u>
	<u>\$ 872,294</u>	<u>\$ 862,971</u>

b. Statement of comprehensive income

	For the Six Months Ended	
	June 30	
	2013	2012
Operating revenue	\$ 147,456	\$ 137,166
Operating cost and expenses	<u>(137,669)</u>	<u>(122,594)</u>
Operating income	9,787	14,572
Non-operating income	2,231	4,616
Non-operating expense	<u>(1,684)</u>	<u>(33)</u>
Income before income tax	10,334	19,155
Income tax expenses	<u>(2,666)</u>	<u>(3,560)</u>
Net income	<u>7,668</u>	<u>15,595</u>
Total comprehensive income	<u>\$ 7,668</u>	<u>\$ 15,595</u>
Basic earnings per share (dollar)	<u>\$0.10</u>	<u>\$0.21</u>

c. Profitability

Item		June 30, 2013	June 30, 2012
Return on total assets	Pretax	1.19%	2.24%
	After tax	0.88%	1.83%
Return on net equity	Pretax	1.27%	2.44%
	After tax	0.94%	1.99%
Profit margin		5.12%	11.00%

Note a: Return on total assets =
$$\frac{\text{Income before (after) tax}}{\text{Average assets}}$$

Note b: Return on net equity =
$$\frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

Note c: Profit margin =
$$\frac{\text{Income after tax}}{\text{Operating income} + \text{Nonoperating income}}$$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

Taishin Securities Investment Advisory

a. Balance sheet

	<u>June 30</u>	
	2013	2012
Assets		
Current assets	\$ 303,958	\$ 263,391
Property and equipment	1,498	1,191
Deferred tax assets	6,239	8,607
Other noncurrent assets	<u>51,833</u>	<u>76,832</u>
	<u>\$ 363,528</u>	<u>\$ 350,021</u>
Liabilities		
Current liabilities	\$ 11,708	\$ 12,619
Deferred tax liabilities	-	2
Other noncurrent liabilities	<u>2,954</u>	<u>2,601</u>
	<u>14,662</u>	<u>15,222</u>
Equity		
Capital stock	300,000	300,000
Capital surplus	54,449	54,348
Retained earnings	<u>(5,583)</u>	<u>(19,549)</u>
	<u>348,866</u>	<u>334,799</u>
	<u>\$ 363,528</u>	<u>\$ 350,021</u>

b. Statement of comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Operating revenue	\$ 48,934	\$ 46,540
Operating cost and expenses	<u>(42,521)</u>	<u>(38,943)</u>
Operating income	6,413	7,597
Non-operating income	2,239	2,281
Non-operating expense	<u>(123)</u>	<u>(124)</u>
Income before income tax	8,529	9,754
Income tax expense	<u>(1,457)</u>	<u>(1,632)</u>
Net income	<u>7,072</u>	<u>8,122</u>
Total comprehensive income	<u>\$ 7,072</u>	<u>\$ 8,122</u>
Basic earnings per share (dollar)	<u>\$0.24</u>	<u>\$0.27</u>

c. Profitability

Item	June 30, 2013	June 30, 2012
Return on total assets	Pretax	2.37%
	After tax	1.96%
Return on net equity	Pretax	2.47%
	After tax	2.05%
Profit margin	13.82%	16.64%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

Taishin Holdings Insurance Brokers

a. Balance sheet

	June 30	
	2013	2012
Assets		
Current assets	\$ 842,730	\$ 757,125
Property and equipment	4,271	6,204
Intangible assets	5,425	7,187
Deferred tax assets	787	602
Other noncurrent assets	<u>4,709</u>	<u>5,345</u>
	<u>\$ 857,922</u>	<u>\$ 776,463</u>

(Continued)

	June 30	
	2013	2012
Liabilities		
Current liabilities	\$ 340,160	\$ 353,294
Other noncurrent liabilities	<u>4,630</u>	<u>3,375</u>
	<u>344,790</u>	<u>356,669</u>
Equity		
Capital stock	30,000	30,000
Retained earnings	<u>483,132</u>	<u>389,794</u>
	<u>513,132</u>	<u>419,794</u>
	<u>\$ 857,922</u>	<u>\$ 776,463</u>

(Concluded)

b. Statement of comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Operating revenue	\$ 1,743,104	\$ 1,555,125
Operating cost	(1,182,681)	(1,026,946)
Operating expenses	<u>(90,446)</u>	<u>(85,142)</u>
Operating income	469,977	443,037
Nonoperating income	<u>946</u>	<u>363</u>
Income before income tax	470,923	443,400
Income tax expenses	<u>(80,060)</u>	<u>(75,350)</u>
Net income	<u>390,863</u>	<u>368,050</u>
Total comprehensive income	<u>\$ 390,863</u>	<u>\$ 368,050</u>
Basic earnings per share (dollar)	<u>\$130.29</u>	<u>\$122.68</u>
Diluted earnings per share (dollar)	<u>\$130.28</u>	<u>\$121.72</u>

c. Profitability

Item		June 30, 2013	June 30, 2012
Return on total assets	Pretax	49.79%	71.52%
	After tax	41.32%	59.37%
Return on net equity	Pretax	73.74%	128.19%
	After tax	61.21%	106.41%
Profit margin		22.41%	23.66%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to June 30 of 2013 and 2012.

55. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

Taishin Bank

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30					
	2013			2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
AUD	\$ 76,596	27.90	\$ 2,136,691	\$ 98,183	30.40	\$ 2,984,415
RMB	1,017,728	4.91	4,994,942	1,274,506	4.70	5,990,839
EUR	48,252	39.31	1,896,680	32,125	37.57	1,206,905
HKD	1,552,459	3.88	6,028,462	982,373	3.86	3,787,076
JPY	16,333,307	0.30	4,979,094	21,734,712	0.38	8,160,580
USD	4,418,857	30.12	133,095,983	4,482,271	29.90	134,019,903
Non-monetary items						
AUD	298,485	27.90	8,326,423	358,113	30.40	10,885,333
RMB	5,655,238	4.91	27,755,540	413,533	4.70	1,943,821
EUR	151,726	39.31	5,964,071	111,578	37.57	4,191,923
HKD	68,846	3.88	267,341	400,347	3.86	1,543,349
JPY	42,164,567	0.30	12,853,573	7,802,557	0.38	2,929,572
USD	5,586,549	30.12	168,266,866	3,877,391	29.90	115,933,999
ZAR	5,674,313	3.03	17,164,843	1,538,560	3.60	5,531,861
<u>Financial liabilities</u>						
Monetary items						
AUD	356,151	27.90	9,935,061	431,872	30.40	13,127,320
RMB	2,106,305	4.91	10,337,607	873,942	4.70	4,107,983
EUR	121,597	39.31	4,779,749	160,464	37.57	6,028,539
HKD	1,036,612	3.88	4,025,342	889,767	3.86	3,430,079
JPY	8,804,216	0.30	2,683,904	5,682,919	0.38	2,133,726
USD	4,802,165	30.12	144,641,214	5,305,418	29.90	158,631,992
ZAR	5,112,708	3.03	15,465,982	1,532,220	3.60	5,509,065
Non-monetary items						
RMB	4,546,804	4.91	22,315,420	758,309	4.70	3,564,446
EUR	87,055	39.31	3,421,951	26,331	37.57	989,246
HKD	527,365	3.88	2,047,847	557,367	3.86	2,148,668
JPY	50,160,656	0.30	15,291,125	21,508,536	0.38	8,075,659
USD	5,299,244	30.12	159,613,222	2,991,600	29.90	89,448,847
ZAR	572,332	3.03	1,731,310	3,113	3.60	11,193

Chang Hwa Bank

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30					
	2013			2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 4,597,721	29.9800	\$ 137,839,676	\$ 3,917,076	29.9150	\$ 117,179,329
GBP	34,120	45.7500	1,560,990	37,640	46.4900	1,749,884
AUD	527,277	27.6950	14,602,937	748,847	30.0650	22,514,085
HKD	855,040	3.8640	3,303,875	460,263	3.8560	1,774,774
CAD	131,174	28.5800	3,748,953	6,966	28.9700	201,805
JPY	52,580,943	0.3039	15,979,349	73,653,158	0.3774	27,796,702
EUR	308,637	39.1200	12,073,879	306,413	37.2600	11,416,948
NZD	97,052	23.3200	2,263,253	111,821	23.5600	2,634,503
RMB	4,824,465	4.8790	23,538,565	188,986	4.7026	888,726
<u>Financial liabilities</u>						
Monetary items						
USD	5,517,107	29.9800	165,402,868	5,151,944	29.9150	154,120,405
GBP	44,928	45.7500	2,055,456	68,612	46.4900	3,189,772
AUD	545,378	27.6950	15,104,244	879,545	30.0650	26,443,520
HKD	670,970	3.8640	2,592,628	507,835	3.8560	1,958,212
CAD	162,729	28.5800	4,650,795	29,412	28.9700	852,066
ZAR	1,681,893	3.0200	5,079,317	1,310,275	3.5600	4,664,579
JPY	47,502,990	0.3039	14,436,159	66,536,500	0.3774	25,110,875
EUR	363,839	39.1200	14,233,382	410,112	37.2600	15,280,773
NZD	227,221	23.3200	5,298,794	270,927	23.5600	6,383,040
RMB	2,629,692	4.8790	12,830,267	174,248	4.7026	819,419

56. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions are summarized as follows:

No.	Item	Explanation
1	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None
2	Acquisition or disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
3	Discounts of service charges for related parties amounting to at least \$5 million	None
4	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	Table 9
5	Sales of NPL from subsidiaries	None
6	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
7	Other transactions that may have significant impact on the decision made by the financial statement users	None

b. Information on Taishin Financial Holding's investees:

No.	Item	Explanation
1	Names, locations and related information of investees	Table 1
2	Financings provided	Note
3	Endorsements/guarantees provided	Note
4	Marketable securities held	Table 2 (Note)
5	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	Table 3 (Note)
6	Acquisition or disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
7	Discounts of service charges for related parties amounting to at least \$5 million	None
8	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	None
9	Sales of NPL from subsidiaries	None
10	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Security	None
11	Other transactions that may have significant impact on the decision made by the financial statement users	None
12	Derivative transactions of investees	Notes 9 and 47

Note: None, or not required to disclose No. 2, 3 and 5 if the investee is a bank, insurance or security company.

c. Information of investment in Mainland China, significant commitments and contingencies, significant losses and subsequent events is summarized as follows:

No.	Item	Explanation
1	Information of investment in Mainland China	Table 8
2	Significant commitments and contingencies	Note 50
3	Significant losses	None
4	Subsequent events	None

d. According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, a company should disclose business relationships and material transactions in consolidation. Please refer to Table 9.

57. SEGMENT INFORMATION

a. General information

The report of Taishin Financial Holding and subsidiaries is the same as the report for internal use of policy makers. Main policy makers distribute the resources to the operation department and evaluate its efficiency. Taishin Financial Holding's main policy makers are the board of directors.

Interdepartmental transactions are normal transactions. Taishin Financial Holding consolidates all its subsidiaries and writes off interdepartmental transaction gains and losses. The subsidiaries evaluate their own operation efficiency.

The board of directors, the main policy maker, reviews company operation result, distributes resources and evaluates operation efficiency.

Financial information of departments:

	For the Six Months Ended June 30, 2013					
	Taishin Bank (Consolidated)	Chang Hwa Bank (Consolidated)	Others	Total	Adjustments and Eliminations	Total
Net interest income (expense)	\$ 7,018,841	\$ 8,404,510	\$ (138,200)	\$ 15,285,151	\$ -	\$ 15,285,151
Net income other than net interest income	<u>9,137,942</u>	<u>3,549,188</u>	<u>969,556</u>	<u>13,656,686</u>	<u>(68,579)</u>	<u>13,588,107</u>
Net revenue and gains	16,156,783	11,953,698	831,356	28,941,837	(68,579)	28,873,258
Reversed allowance for bad debts expenses and guarantee liability provisions	404,251	421,797	22,225	848,273	-	848,273
Operating expenses	<u>(7,482,310)</u>	<u>(6,715,508)</u>	<u>(841,585)</u>	<u>(15,039,403)</u>	<u>44,464</u>	<u>(14,994,939)</u>
Income before income tax	9,078,724	5,659,987	11,996	14,750,707	(24,115)	14,726,592
Income tax expense	<u>(1,258,487)</u>	<u>(935,534)</u>	<u>(640,409)</u>	<u>(2,834,430)</u>	<u>-</u>	<u>(2,834,430)</u>
Net income (loss)	<u>\$ 7,820,237</u>	<u>\$ 4,724,453</u>	<u>\$ (628,413)</u>	<u>\$ 11,916,277</u>	<u>\$ (24,115)</u>	<u>\$ 11,892,162</u>
Total assets	<u>\$ 1,054,312,727</u>	<u>\$ 1,665,176,394</u>	<u>\$ 142,903,493</u>	<u>\$ 2,862,392,614</u>	<u>\$ (107,306,723)</u>	<u>\$ 2,755,085,891</u>
Total liabilities	<u>\$ 985,618,789</u>	<u>\$ 1,556,585,859</u>	<u>\$ 30,461,982</u>	<u>\$ 2,572,666,630</u>	<u>\$ (6,257,084)</u>	<u>\$ 2,566,409,546</u>

	For the Six Months Ended June 30, 2012					
	Taishin Bank (Consolidated)	Chang Hwa Bank (Consolidated)	Others	Total	Adjustments and Eliminations	Total
Net interest income (expense)	\$ 6,724,125	\$ 8,070,249	\$ (282,813)	\$ 14,511,561	\$ -	\$ 14,511,561
Net income other than net interest income	<u>5,704,576</u>	<u>3,356,191</u>	<u>974,933</u>	<u>10,035,700</u>	<u>(73,966)</u>	<u>9,961,734</u>
Net revenue and gains	12,428,701	11,426,440	692,120	24,547,261	(73,966)	24,473,295
Reversed allowance for bad debts expenses and guarantee liability provisions	521,873	1,173,520	(48,146)	1,647,247	-	1,647,247
Operating expenses	<u>(7,234,442)</u>	<u>(6,735,024)</u>	<u>(753,247)</u>	<u>(14,722,713)</u>	<u>33,963</u>	<u>(14,688,750)</u>
Income before income tax	5,716,132	5,864,936	(109,273)	11,471,795	(40,003)	11,431,792
Income tax expense	<u>(905,591)</u>	<u>(940,050)</u>	<u>(84,076)</u>	<u>(1,929,717)</u>	<u>-</u>	<u>(1,929,717)</u>
Net income	<u>\$ 4,810,541</u>	<u>\$ 4,924,886</u>	<u>\$ (193,349)</u>	<u>\$ 9,542,078</u>	<u>\$ (40,003)</u>	<u>\$ 9,502,075</u>
Total assets	<u>\$ 1,040,594,811</u>	<u>\$ 1,594,073,183</u>	<u>\$ 164,298,629</u>	<u>\$ 2,798,966,623</u>	<u>\$ (135,195,766)</u>	<u>\$ 2,663,770,857</u>
Total liabilities	<u>\$ 976,151,302</u>	<u>\$ 1,492,756,064</u>	<u>\$ 47,527,766</u>	<u>\$ 2,516,435,132</u>	<u>\$ (42,016,247)</u>	<u>\$ 2,474,418,885</u>

b. Financial information by region

The operating income of Taishin Financial Holding and subsidiaries' overseas departments is not over 10% of consolidated operating income. In addition, their assets are not over 10% of consolidated total assets either. Thus, no financial information by region is required.

c. Information of foreign sales

The revenue from foreign sales made by the domestic departments of Taishin Financial Holding and subsidiaries to individuals is not over 10% of consolidated total operating income.

d. Information of important customers

Taishin Financial Holding and subsidiaries do not have important customers contributing revenue more than 10% of consolidated operating income.

58. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation of financial information under IFRSs

The Group's consolidated financial statements for the six months ended June 30, 2013 not only follows the significant accounting policies stated in Note 5 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Exemptions under IFRS 1

Please refer to Note 57 to the consolidated financial statements as of March 31, 2013 for other related information on exemptions under IFRS 1.

c. Effects of transition to IFRSs

The effects of the transition to IFRSs on the Group's consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows. Please refer to Note 57 to the consolidated financial statements as of March 31, 2013 for other related information.

1) The reconciliation of consolidated balance sheet as of June 30, 2012

ROC GAAP	Change to IFRSs		IFRSs		Notes	
	Item	Amount	Difference in Recognition and Measurement	Difference in Presentation		Amount
Cash and cash equivalents	\$ 50,831,141	\$ -	\$ (966,732)	\$ 49,864,409	Cash and cash equivalents	a)
Due from Central Bank and call loans to banks	108,963,840	-	-	108,963,840	Due from the Central Bank and call loans to banks	
Financial assets at fair value through profit or loss	72,825,380	(244,761)	-	72,580,619	Financial asset at fair value through profit or loss	b), p)
Available-for-sale financial assets, net	256,408,544	3,146,538	-	259,555,082	Available-for-sale financial assets, net	b), q)
				128,524	Derivative financial assets for hedging	o)
Bonds and securities purchased under resell agreements	834,502	-	-	834,502	Securities purchased under resell agreements	
Receivables, net	108,689,006	1,057,093	(2,037,910)	107,708,189	Receivables, net	b), c), f), s)
				1,870,729	Current tax assets	c)
Loans, net	1,764,967,382	-	-	1,764,967,382	Loans, net	
Held-to-maturity financial assets, net	193,599,036	141,078	-	193,740,114	Held-to-maturity financial assets, net	b)
Investments accounted for by the equity method, net	281,860	133,038	-	414,898	Investments accounted for using equity method, net	r), t)
Other financial assets, net	13,245,666	(1,298,027)	1,416,855	13,364,494	Other financial assets, net	a), o), p), q), s)
		3,005,296	8,357,685	11,362,981	Investment property, net	e)
Property and equipment, net	41,846,026	-	280,490	42,126,516	Property and equipment, net	e)
Goodwill and intangible assets	21,821,243	-	-	21,821,243	Intangible assets, net	
		531,780	10,116,725	10,648,505	Deferred tax assets	c), i), j), k)
Other assets, net	22,415,154	(27,671)	(18,568,653)	3,818,830	Other assets, net	c), e), f), i)
Total	2,656,728,780	6,444,364	597,713	2,663,770,857	Total	
Due to banks and Central Bank	179,544,111	-	-	179,544,111	Due to the Central Bank and banks	
Financial liabilities at fair value through profit or loss	10,765,401	-	-	10,765,401	Financial liabilities at fair value through profit or loss	
Bonds and securities sold under repurchase agreements	56,591,095	-	-	56,591,095	Securities sold under repurchase agreements	
Commercial paper payable, net					Commercial paper issued, net	
Payables	58,196,063	1,179,791	(2,525,218)	56,850,636	Payables	b), c), f), g), k)
				2,141,957	Current tax liabilities	c)
Deposits and remittances	2,035,558,700	-	-	2,035,558,700	Deposits and remittances	
Bonds payable	104,125,347	-	-	104,125,347	Bonds payable	
Other borrowings	110,319	-	-	110,319	Other borrowings	
Reserve for operations and liabilities	822,249	2,953,528	322,430	4,098,207	Reserve for liabilities	h), i), j)
Other financial liabilities	13,808,039	-	-	13,808,039	Other financial liabilities	
		255,769	6,511,990	6,767,759	Deferred tax liabilities	c), q)
Other liabilities	9,910,760	-	(5,853,446)	4,057,314	Other liabilities	c), g), h)
Total	2,469,432,084	4,389,088	597,713	2,474,418,885	Total	
<u>Taishin Financial Holding stockholders' equity</u>					<u>Equity attributable to owners of parent</u>	
Capital stock					Capital stock	
Common stock	63,250,473	-	-	63,250,473	Common stock	
Preferred stock	11,912,963	-	-	11,912,963	Preferred stock	
Stock dividends to be distributed	5,664,000	-	-	5,664,000	Stock dividends to be distributed	
Capital surplus					Capital surplus	
Additional paid-in capital in excess of par	17,005,072	-	-	17,005,072	Additional paid-in capital in excess of par	
Other capital surplus	2,254,901	102,222	-	2,357,123	Other capital surplus	l)
Retained earnings	8,830,567	358,478	-	9,189,045	Retained earnings	b), d), e), i), j), k), l), m), p), r), t)
Other items of stockholders' equity					Other equity	
Unrealized revaluation increment	579,640	(579,640)	-	-		d)
Cumulative translation adjustments	(44,114)	23,269	-	(20,845)	Exchange differences on translation of foreign financial statements	m)
Unrealized gains or losses on financial instruments	156,885	1,466,764	-	1,623,649	Unrealized gains (losses) on available-for-sale financial assets	q)

(Continued)

ROC GAAP		Change to IFRSs		IFRSs		Notes
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
Total Taishin Financial Holding stockholders' equity	\$ 109,610,387	\$ 1,371,093	\$ -	\$ 110,981,480	Total equity attributable to owners of parent	
Minority interests	77,686,309	684,183	-	78,370,492	Non-controlling interest	e), i), j), k), q)
Total stockholders' equity	187,296,696	2,055,276	-	189,351,972	Total equity	
Total	2,656,728,780	6,444,364	597,713	2,663,770,857	Total	

(Concluded)

2) The reconciliation of consolidated income statement for the three months ended June 30, 2012

ROC GAAP		Change to IFRSs		IFRSs		Notes
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
Interest income	\$ 12,171,248	\$ -	\$ (117,818)	\$ 12,053,430	Interest income	n)
Interest expenses	(4,993,753)	-	211,125	(4,782,628)	Interest expenses	j)
Net interest income	7,177,495	-	93,307	7,270,802	Net interest income	
Net income other than interest income					Net income other than net interest income	
Fee and commission income, net	3,005,938	-	(6,216)	2,999,722	Net service fee and commissions income	g)
Gain on financial assets and liabilities at fair value through profit or loss	546,914	(41,213)	117,818	623,519	Gains on financial assets and liabilities at fair value through profit or loss	n), p)
			45,811	45,811	Gain (loss) on investment property	e)
Realized gain on available-for-sale financial assets	79,742	(42)	-	79,700	Realized gain on available-for-sale financial assets	b)
Foreign exchange gain, net	309,201	-	-	309,201	Foreign exchange gain	
Loss on assets impairment	(86,816)	-	-	(86,816)	Impairment loss on asset	
Investment loss recognized under the equity method	5,683	104	-	5,787	Share of profit (loss) of associates and joint ventures accounted for using equity method	t)
Gain on disposal of investments accounted for by the equity method	295,043	133,325	-	428,368	Gain on disposal of investments accounted for using equity method	r)
Other non-interest net income and loss	886,909	(1,205)	(45,811)	839,893	Net other non-interest income	e), p)
Gross income	12,220,109	90,969	204,909	12,515,987	Net revenue and gains	
Reversed allowance for loan losses	859,515	-	-	859,515	Reversed allowance for bad debts expenses and guarantee liability provisions	
Operating expenses					Operating expenses	
Personnel expenses	(4,609,590)	(1,242)	(211,125)	(4,821,957)	Employee benefits expenses	i), j), l)
Depreciation and amortization	(400,790)	-	-	(400,790)	Depreciation and amortization expenses	
Others	(2,304,299)	-	6,216	(2,298,083)	Other general and administrative expenses	g)
Income before income tax	5,764,945	89,727	-	5,854,672	Income before income tax	
Estimated income tax expense	(1,100,231)	674	-	(1,099,557)	Income tax expense	i)
Consolidated net income	<u>\$ 4,664,714</u>	<u>90,401</u>		<u>4,755,115</u>	Net income	
				43,041	Other comprehensive income	
				160,572	Exchange differences on translation of foreign financial statements	
				(21,826)	Unrealized gains (losses) on available-for-sale financial assets	
				181,787	Income tax relating to the components of other comprehensive income	
				<u>181,787</u>	Other comprehensive income, net of tax	
				<u>\$ 4,936,902</u>	Total comprehensive income	
Attributable to					Net income attributable to:	
Taishin Financial Holding's stockholders	\$ 2,634,659	\$ 90,400		\$ 2,725,059	Owners of parent	
Minority interests	<u>2,030,055</u>	<u>1</u>		<u>2,030,056</u>	Non-controlling interests	
	<u>\$ 4,664,714</u>	<u>\$ 90,401</u>		<u>\$ 4,755,115</u>	Total comprehensive income attributable to:	
				\$ 2,922,376	Owners of parent	
				<u>2,014,526</u>	Non-controlling interests	
				<u>\$ 4,936,902</u>		

3) The reconciliation of consolidated income statement for the six months ended June 30, 2012

ROC GAAP	Change to IFRSs		IFRSs		Notes	
	Item	Amount	Difference in Recognition and Measurement	Difference in Presentation		Amount
Interest income	\$ 24,280,625	\$ -	\$ (231,512)	\$ 24,049,113	Interest income	n)
Interest expenses	(9,960,268)	-	422,716	(9,537,552)	Interest expenses	j)
Net interest income	14,320,357	-	191,204	14,511,561	Net interest income	
Net income other than interest income					Net income other than net interest income	
Fee and commission income, net	5,823,698	-	(7,112)	5,816,586	Net service fee and commissions income	g)
Gain on financial assets and liabilities at fair value through profit or loss	2,404,177	8,545	231,512	2,644,234	Gains on financial assets and liabilities at fair value through profit or loss	n), p)
		-	90,395	90,395	Gain (loss) on investment property	e)
Realized gain on available-for-sale financial assets	116,628	-	-	116,628	Realized gain on available-for-sale financial assets	
Foreign exchange loss, net	(193,334)	-	-	(193,334)	Foreign exchange loss	
Loss on assets impairment	(86,816)	-	-	(86,816)	Impairment loss on asset	
Investment loss recognized under the equity method	(7,709)	92	-	(7,617)	Share of profit (loss) of associates and joint ventures accounted for using equity method	t)
Gain on disposal of investments accounted for by the equity method	295,043	133,325	-	428,368	Gain on disposal of investments accounted for using equity method	r)
Other non-interest net income and loss	1,246,363	(2,678)	(90,395)	1,153,290	Net other non-interest income	e), p)
Gross income	23,918,407	139,284	415,604	24,473,295	Net revenue and gains	
Reversed allowance for loan losses	1,647,247	-	-	1,647,247	Reversed allowance for bad debts expenses and guarantee liability provisions	
Operating expenses					Operating expenses	
Personnel expenses	(8,949,248)	(2,569)	(422,716)	(9,374,533)	Employee benefits expenses	i), j), l)
Depreciation and amortization	(806,567)	-	-	(806,567)	Depreciation and amortization expenses	
Others	(4,514,762)	-	7,112	(4,507,650)	Other general and administrative expenses	g)
Income before income tax	11,295,077	136,715	-	11,431,792	Income before income tax	
Estimated income tax expense	(1,931,107)	1,390	-	(1,929,717)	Income tax expense	i)
Consolidated net income	<u>\$ 9,363,970</u>	<u>138,105</u>	-	<u>9,502,075</u>	Net income	
				(35,851)	Other comprehensive income	
				1,080,725	Exchange differences on translation of foreign financial statements	
				(64,434)	Unrealized gains (losses) on available-for-sale financial assets	
				980,440	Income tax relating to the components of other comprehensive income	
				<u>10,482,515</u>	Comprehensive income, net of tax	
				<u>10,482,515</u>	Total comprehensive income	
Attributable to					Net income attributable to:	
Taishin Financial Holding's stockholders	\$ 5,596,160	\$ 138,102		\$ 5,734,262	Owners of parent	
Minority interests	<u>3,767,810</u>	<u>3</u>		<u>3,767,813</u>	Non-controlling interests	
	<u>\$ 9,363,970</u>	<u>\$ 138,105</u>		<u>\$ 9,502,075</u>		
					Total comprehensive income attributable to:	
				\$ 6,388,340	Owners of parent	
				<u>4,094,175</u>	Non-controlling interests	
				<u>10,482,515</u>		

4) Reconciliation of equity as of June 30, 2012

	June 30, 2012
Equity under ROC GAAP	\$ 187,296,696
Adjustments:	
Investment property	3,005,296
Employee benefits - defined benefit plan	(1,518,743)
Employee's high-yield savings account	(960,140)
Employee's bonus for complete attendance in work	(143,850)
Stock traded in the emerging stock market	(54,681)
Financial instrument designation	1,594,356
Accounting for a parent's loss of control over a subsidiary	133,325
Associates adjustments	<u>(287)</u>
Equity under the FSC-recognized IFRSs	<u>\$ 189,351,972</u>

5) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

a) Cash and cash equivalents

According to FSC-recognized IAS No. 7 "Statement of Cash Flows", the Group reclassified demand deposits that require over 90 days prior notice of withdrawal to other financial assets.

As of June 30, 2012, cash and cash equivalents decreased by \$966,732 thousand while other financial assets increased by \$966,732 thousand.

b) Regular way purchase or sale of a financial asset

According to FSC-recognized IAS No. 39 "Financial Instruments: Recognition and Measurement", the Group adopted trade date accounting for all regular way purchase or sale of all financial assets.

As of June 30, 2012, held-to-maturity financial assets - net increased by \$141,078 thousand; financial assets at FVTPL - net decreased by \$655,729 thousand; available-for-sale financial assets - net increased by \$464,035 thousand, and payables and receivables increased by \$1,066,417 thousand and 1,057,093 thousand, respectively. In addition, for the three months ended June 30, 2012, the realized gain or loss of available-for-sale financial assets decreased by \$42 thousand.

c) Income taxes

According to FSC-recognized IAS No. 12 "Income Taxes" and FSC-recognized SIC Interpretation No. 21 "Income Taxes - Recovery of Revalued Non-Depreciable Assets", the Group reclassified accrued land value increment tax payable, a taxable temporary difference, to deferred tax liabilities.

According to FSC-recognized IAS No. 1 "Presentation of Financial Statements", the Group presented deferred tax assets and deferred tax liabilities separately in balance sheet.

According to FSC-recognized IAS No. 12 "Income Taxes", deferred income tax assets and deferred tax liabilities cannot be offset with each other; thus, they are presented at gross amounts.

As of June 30, 2012, receivables decreased by \$1,847,552 thousand; current tax assets increased by \$1,870,729 thousand; deferred tax assets increased by \$10,116,725 thousand; other assets decreased by \$9,838,155 thousand; payables decreased by \$2,153,729 thousand, current tax liabilities increased by \$2,141,957 thousand; deferred income tax liabilities increased by \$6,511,990 thousand; and other liabilities decreased by \$6,198,471 thousand.

d) Revaluation increment of property and equipment

Parts of land, buildings and investment properties were revalued in accordance with generally accepted accounting principles in the ROC at or before the date of transition to IFRSs. The Group used the revalued amount as the cost of the assets at the date of transition to IFRSs.

As of June 30, 2012, retained earnings all increased by \$579,640 thousand; other equity decreased by \$579,640 thousand.

e) Investment property

The Group reclassified fixed assets and other assets that conformed to the definition of investment properties as investment properties based on the FSC-recognized IAS 40 "Investment Property." Thus, the Group also reclassified income related to investment properties as gains or losses on investment properties based on Rule 17 of the "Regulations Governing the Preparation of Financial Statements by Financial Holding Companies." In addition, since sufficient evidence showed that certain investment properties were continuously in lease status that could generate medium- and long-term steady cash flows, the Group elected to measure those investment properties at the date of transition to IFRSs at fair value and used that fair value as deemed cost at the date of transition to IFRSs and increased retained earnings.

As of June 30, 2012, investment properties increased by \$11,362,981 thousand; property and equipment increased by \$280,490 thousand; other assets decreased by \$8,638,175 thousand; non-controlling interest all increased by \$2,521,177 thousand and retained earnings all increased by \$484,119 thousand. For the three months ended June 30, 2012 and the six months ended June 30, 2012, the gain or loss on investment properties increased by \$45,811 thousand and \$90,395 thousand and net other non-interest income and loss decreased by \$45,811 thousand and \$90,395 thousand, respectively.

f) Client's position - debit or credit

Under FSC-recognized IAS No. 39 "Financial Instruments: Recognition and Measurement", client's position - debit or credit is not qualified for asset and liability offsetting. The Group reclassified client's position according to nature of transaction.

As of June 30, 2012, receivables increased by \$388,289 thousand; other assets decreased by \$92,323 thousand; payables increased by \$295,966 thousand.

g) Customer loyalty programmes

The Group retrospectively applied FSC-recognized IFRIC 13 "Customer Loyalty Programmes" and adjusted bonus points accordingly.

As of June 30, 2012, payables decreased by \$667,455 thousand while other liabilities increased by \$667,455 thousand.

In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the net service fee and commission income - net decreased by \$6,216 thousand and \$7,112 thousand and other general and administrative expenses decreased by \$6,216 thousand and \$7,112 thousand, respectively.

h) Reserve for liabilities

The Group classified accrued pension liability under provisions in accordance with FSC-recognized IAS 1 “Presentation of Financial Statements”.

As of June 30, 2012, reserve for liabilities increased by \$322,430 thousand while other liabilities decreased by \$322,430 thousand. The amount of total liabilities did not change due to the reclassification.

i) Employee benefits - defined benefit plan

The Group elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRSs in accordance with FSC-recognized IFRS 1 and elected to recognize actuarial gains and losses as other comprehensive income which closes to retained earnings in the statement of changes in equity after the transition in accordance with FSC-recognized IAS 19. The recognized other comprehensive income can not be reclassified to income and expense in subsequent periods.

The Group retrospectively applied the requirements of FSC-recognized IAS 19 “Employee Benefits” and adjusted unrecognized transition obligation and pension liability to related accounts.

As of June 30, 2012, other assets decreased by \$27,671 thousand; deferred tax assets increased by \$305,660 thousand; reserve for liabilities increased by \$1,796,732 thousand; retained earnings decreased by \$406,306 thousand and non-controlling interests decreased by \$1,112,437 thousand.

In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the employee benefits expenses decreased by \$911 thousand and \$1,821 thousand while income tax expense decreased by \$674 thousand and \$1,390 thousand, respectively.

j) Employee’s high-yield savings account

Under FSC-recognized IAS 19 “Employee Benefits” and Regulations Governing the Preparation of Financial Reports by Public Banks, the Group adjusted the post-employment abnormal interests because the high-yield savings interest rate exceeded market interest rate when the employee retired.

The nature of high-yield savings account is employee benefits; therefore, the Group classified the abnormal interests to employee benefits expense.

As of June 30, 2012, reserve for liabilities increased by \$1,156,796 thousand; deferred tax assets increased by \$196,656 thousand; retained earnings decreased by \$219,026 thousand and non-controlling interests decreased by \$741,114 thousand.

In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the employee benefits expenses increased by \$211,125 thousand and \$422,716 thousand, interest expenses decreased by \$211,125 thousand and \$422,716 thousand.

k) Employee’s bonus for complete attendance in work

The Group adjusted cumulative paid annual leave under FSC-recognized IAS 19 “Employee Benefits”.

As of June 30, 2012, payables increased by \$173,314 thousand; deferred tax assets increased by \$29,464 thousand; retained earnings decreased by \$32,815 thousand and non-controlling interests decreased by \$111,035 thousand.

l) Share-based payment

Electing the requirements of share-based payment under FSC-recognized IFRS 1, the Group retrospectively applied FSC-recognized IFRS 2 “Employee Benefits”.

As of June 30, 2012, other capital surplus increased by \$102,222 thousand and retained earnings decreased by \$102,222 thousand.

In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the employee benefits expenses increased by \$2,153 thousand and \$4,390 thousand, respectively.

m) Cumulative translation differences

The Group elected the exemption of cumulative translation differences under FSC-recognized IFRS 1; thus, cumulative translation differences are deemed zero at the date of transition to IFRSs.

As of June 30, 2012, other equity all increased by \$23,269 thousand and retained earnings all decreased by \$23,269 thousand.

n) Interest revenue and expense on financial instruments at fair value through profit or loss

Under the requirements of the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies Article 17 and Regulations Governing the Preparation of Financial Reports by Public Banks Article 13, the Group reclassified interest income and expense on financial instruments at fair value through profit or loss into gain (loss) on financial assets and liabilities at fair value through profit or loss.

For the three months ended June 30, 2012 and the six months ended June 30, 2012, the gain or loss on the financial assets and liabilities at FVTPL increased by \$117,818 thousand and \$231,512 thousand and interest income decreased by \$117,818 thousand and \$231,512 thousand.

o) Derivative financial assets for hedging

Under the requirements of the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies Article 14 and Regulations Governing the Preparation of Financial Reports by Public Banks Article 10, the Group presented hedging derivative financial assets on the balance sheet separately.

As of June 30, 2012, derivative financial assets for hedging increased by \$128,524 thousand and other financial assets decreased by \$128,524 thousand. The amount of total assets did not change due to the reclassification.

p) Stocks traded in the emerging stock market

The definition of financial assets carried at cost has changed after the date of transition; therefore, a portion of financial assets carried at cost before the transition date is measured by fair value after the transition.

As of June 30, 2012, financial assets at FVTPL assets increased by \$410,968 thousand; other financial assets decreased by \$465,649 thousand and retained earnings decreased by \$54,681 thousand.

In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the gains or losses on financial assets and liabilities at FVTPL decreased by \$41,213 thousand and increased \$8,545 thousand while net other non-interest income and loss decreased by \$1,205 thousand and \$2,678 thousand, respectively.

q) Financial instrument designation

Under FSC-recognized IFRS 1, the Group reclassified other financial assets to available-for-sale financial assets.

As of June 30, 2012, available-for-sale financial assets increased by \$2,682,503 thousand; other financial assets decreased by \$832,378 thousand; deferred tax liabilities increased by \$255,769 thousand; other equity increased by \$1,466,764 thousand and non-controlling interests increased by \$127,592 thousand.

r) Accounting for a parent's loss of control over a subsidiary

On the loss of control over a subsidiary, any investment retained in the former subsidiary at the date when control is lost was regarded as the fair value on initial recognition of a financial asset. The resulting difference between the fair value of investment retained in the former subsidiary, the proceeds from disposal of investment and the carrying value of investment at the date when control is lost is recognized as a gain or loss in profit or loss attributable to the parent.

As of June 30, 2012, investments accounted for using equity method and retained earnings both increased by \$133,325 thousand. In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the gain on disposal of investments accounted for using equity method increased by \$133,325 thousand.

s) Purchase credit receivable

According to Regulations Governing the Preparation of Financial Statements by Financial Holding Companies Article 14, the Group reclassified purchase credit receivable to other financial assets.

As of June 30, 2012, receivables decreased by \$578,647 thousand, while other financial assets increased by \$578,647 thousand. The amount of total assets did not change due to the reclassification.

t) Adjustments of associates

The Group recognized its share of the associates' adjustments in employee benefits (mainly from adjustments of items i) and k)) by using equity method.

As of June 30, 2012, investments accounted for using equity method decreased by \$287 thousand and retained earnings decreased by \$287 thousand. In addition, for the three months ended June 30, 2012 and the six months ended June 30, 2012, the investment gain recognized under the equity method increased by \$104 thousand and \$92 thousand, respectively.

e. Others

Refer to Note 57 to the consolidated financial statements as of March 31, 2013, for related information.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEE'S NAMES, LOCATIONS, ETC.
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note	
							Current Shares		Imputed Shares (Note)	Total		
										Total Shares		Ownership Interest (%)
<u>Financial business</u> Taishin Bank	86519539	B1, 1F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Commercial bank business, trust, and bills discounting	100.00%	\$ 68,414,761	\$ 7,834,178		4,915,752,571		4,915,752,571	100.00%	Investments accounted for using equity method
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Taichung, Taiwan	Commercial bank business, trust, and offshore banking unit	22.55%	44,602,577	1,065,184	Common share	1,653,023,633	Common share	1,653,023,633	22.83%	"
Taishin Securities B	23534956	2F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Multiple securities and future transaction assistant	100.00%	2,338,786	(37,663)		228,000,000		228,000,000	100.00%	"
Taishin AMC	80341022	2F-3, No. 9, Dehuei St., Zhongshan district, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	100.00%	1,676,620	48,734		144,500,000		144,500,000	100.00%	"
Taishin Securities Investment Trust	27326178	13F, No. 96, Jianguo N. Rd., Sec. 1, Zhong Shan District, Taipei, Taiwan	Investment trust	100.00%	811,926	7,668		75,454,545		75,454,545	100.00%	"
Taishin Securities Investment Advisory	23285289	16F, No. 118, Ren-Ai Rd., Sec. 4, Taipei, Taiwan	Investment trust, advisory, and publication	92.00%	320,950	6,505		27,599,513		27,599,513	92.00%	"
Taishin Holdings Insurance Brokers	29030974	11F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Property insurance manager, life insurance manager	100.00%	513,132	390,863		3,000,000		3,000,000	100.00%	"
<u>Nonfinancial business</u> Taishin Marketing	16764946	2F-4, No. 9, Dehuei St., Taipei, Taiwan	Investment and enterprise operating consultant and agency	100.00%	3,752	(9)		100,000		100,000	100.00%	"
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Taipei, Taiwan	Investment start-up	100.00%	2,094,660	(49,168)		221,903,495		221,903,495	100.00%	"
<u>Nonfinancial business</u> Metro Consulting Service Ltd.	27974096	6F-2, No. 3-1, Yuancyu St. Nangang Dist., Taipei, Taiwan	Consultancy, information service and human resource dispatch	4.40%	2,200	-		520,000		520,000	10.40%	Financial assets carried at cost

Note: Imputed shares are considered if equity securities such as convertible bond, warrant, etc., or derivative contract such as stock options, are converted to shares.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2013

(In Thousands of New Taiwan Dollars; in Thousands of U.S. Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares/Units/ Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin Real Estate	<u>Stock</u> Metro Consulting Service Ltd.	Taishin Real Estate is the supervisor of the Metro Consulting Service.	Financial assets carried at cost	300,000.00	\$ 3,000	6.00	\$ -	
Taishin Insurance Agency	<u>Stock</u> Taishin Insurance Broker	Parent and subsidiary	Investment accounted for using equity method	6,000,000.00	75,671	100.00	-	
	Chi-Long Technology Co., Ltd.	None	Financial assets carried at cost	950,000.00	4,275	4.13	-	
Taishin Dah An Leasing	<u>Stock</u> Yuan Tai Forex Brokerage Co., Ltd.	Taishin Dah An Leasing is the director of Yuan Tai Forex Brokerage.	Financial assets carried at cost - noncurrent	600,000.00	6,000	5.00	-	
	Bon-Li International Technology Co., Ltd.	None	"	125,000.00	-	1.50	-	Go out of business
	<u>Beneficiary certificates</u> Shin Kong Chi-Shin Fund	Issued by Shin Kong Securities Investment Trust	Financial assets at FVTPL - current	1,114,173.02	16,831	-	16,831	
	Taishin Ta-Chong Money Market Fund	Issued by Taishin Securities Investment Trust	"	1,015,302.10	14,047	-	14,047	
Taishin Venture Capital	<u>Stock</u> Darfon Electronics Corp.	Its independent director is Taishin Financial Holding's independent director	Available-for-sale financial assets - noncurrent	242,550.00	5,639	0.08	5,639	
	BAFO Technologies Corp.	None	"	650,000.00	5,980	3.48	5,980	
	Taishin Financial Leasing (China)	Parent and subsidiary	Investment accounted for using equity method	-	607,024	100.00	-	
	Taishin Financial Leasing (Tianjin)	"	"	-	597,833	100.00	-	
	Youn Shin Artistic Co., Ltd.	Equity-method investee	"	1,000,000.00	8,782	25.00	-	
	First Bio Venture Capital Corporation	None	Financial assets carried at cost	907,200.00	3,602	7.50	-	
	CC Media Co., Ltd.	"	"	400,000.00	164	0.48	-	
	Double Edge Entertainment Co., Ltd.	Its corporate director is Chang Hwa Bank's corporate supervisor	"	1,163,361.00	3,095	5.95	-	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares/Units/ Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin AMC	Century Development Corp.	Its supervisor is Taishin Venture Capital	Financial assets carried at cost	7,206,059.00	\$ 85,156	3.03	\$ -	
	Han-Shin Venture Capital Co., Ltd.	Its corporate director is Taishin Bank	"	391,020.00	890	1.25	-	
	Kwan-Hwa Venture Capital Corp.	Its corporate director is Taishin Venture Capital	"	3,200,000.00	27,840	5.56	-	
	Hwei-Yang Venture Capital Investment Co., Ltd.	None	"	3,000,000.00	30,000	1.54	-	
	Chi-Ting Venture Capital Investment Co., Ltd.	None	"	3,000,000.00	30,000	1.30	-	
	Chung-Yang Special Return Venture Capital Co., Ltd.	Its corporate director is Taishin Venture Capital	"	15,488,000.00	104,699	7.06	-	
	United Investment Fund	None	"	1,300,000.00	9,232	18.57	-	
	Cyberheart Inc.	"	"	12,500.00	79	0.05	-	
	Cyberheart Inc. A-1	"	"	285,958.00	1,659	-	-	Preferred stock
	Solar PV Corp.	"	"	1,665,000.00	8,503	1.09	-	
	OME Technology Co., Ltd.	"	"	1,457,152.00	25,767	2.30	-	
	Innostar Technology Corporation	"	"	1,077,000.00	34,464	2.20	-	
	Winking Entertainment Ltd. B-2	"	"	709,178.00	29,626	-	-	Preferred stock
	PayEasy Digital Integration Co., Ltd.	"	"	2,172,500.00	21,725	5.00	-	
	Diamond Biotech Investment Corp.	Its director is the director of Taishin Venture Capital	"	35,000,000.00	350,000	8.75	-	
	Microbio Co., Ltd.	None	Financial assets at FVTPL - current	1,643,179.00	53,403	0.50	53,403	
	Primax Electronics Ltd.	"	"	1,000,000.00	25,550	0.23	25,550	
	<u>Beneficiary certificates</u>							
	Yuanta Wan Tai Money Market Fund	None	Financial assets at FVTPL - current	457,466	6,754	-	6,754	
	<u>Beneficiary certificates</u>							
	Taishin Latin America Fund	Issued by Taishin Securities Investment Trust	Financial assets at FVTPL - current	1,000,000.00	7,280	-	7,280	
	Taishin Emerging Europe Fund	"	"	1,000,000.00	7,700	-	7,700	
	Taishin Ta-Chong Money Market Fund	"	"	5,077,136.20	70,244	-	70,244	
<u>Stock</u>								
Linkou Golf Country Club	None	Financial assets carried at cost	3.00	1,800	0.30	-		
Dah Chung Bills	"	"	2,200,000.00	28,886	0.51	-		
PayEasy Digital	"	"	2,172,500.00	21,725	5.00	-		
Diamond Biotech Investment Corp.	"	"	10,000,000.00	100,000	2.50	-		
Taishin Real Estate	Equity-method investee	Investment accounted for using equity method	8,000,000.00	124,357	40.00	-		

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEE'S ACCUMULATED PURCHASES AND SALES OF SPECIFIC MARKETABLE SECURITIES OVER NT\$300 MILLION OR 10% OF OUTSTANDING CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2013

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

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period		Purchases		Sales			End of the Period		
					Shares (Units)	Amount	Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Value	Disposal Gain (Loss)	Shares (Units)	Amount
Taishin Real Estate	Taishin 1699 Money Market Fund	Financial assets at FVTPL	Taishin Securities Investment Trust	The parent company is Taishin Financial Holding	81,145.42	\$ 1,060	-	\$ -	81,145.42	\$ 1,066	\$ 1,060	\$ 6	-	\$ -
Taishin Venture Capital	Diamond Biotech Investment Stock	Financial assets carried at cost	Diamond Biotech Investment	Its director is the director of Taishin Venture Capital	-	-	35,000	350,000	-	-	-	-	35,000	350,000

TABLE 4

TAISHIN INTERNATIONAL BANK CO., LTD.
SECURITIES DEPARTMENT

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Financial assets at fair value through profit or loss - current	\$ 2,701,013	7	\$ 5,258,289	14	\$ 3,022,865	9	\$ 3,112,492	12
Other current assets	<u>1,089,182</u>	<u>3</u>	<u>386,852</u>	<u>1</u>	<u>1,229,259</u>	<u>4</u>	<u>553,139</u>	<u>2</u>
Total current assets	<u>3,790,195</u>	<u>10</u>	<u>5,645,141</u>	<u>15</u>	<u>4,252,124</u>	<u>13</u>	<u>3,665,631</u>	<u>14</u>
NONCURRENT ASSETS								
Financial assets at fair value through profit or loss - noncurrent	16,722	-	6,647	-	9,413	-	8,070	-
Available-for-sale financial assets - noncurrent, net	33,819,305	90	30,922,024	85	29,677,514	87	21,853,368	86
Refundable deposits	<u>22,317</u>	<u>-</u>	<u>21,170</u>	<u>-</u>	<u>21,170</u>	<u>-</u>	<u>20,700</u>	<u>-</u>
Total noncurrent assets	<u>33,858,344</u>	<u>90</u>	<u>30,949,841</u>	<u>85</u>	<u>29,708,097</u>	<u>87</u>	<u>21,882,138</u>	<u>86</u>
TOTAL	<u>\$ 37,648,539</u>	<u>100</u>	<u>\$ 36,594,982</u>	<u>100</u>	<u>\$ 33,960,221</u>	<u>100</u>	<u>\$ 25,547,769</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Financial liabilities at fair value through profit or loss - current	\$ 97,836	-	\$ -	-	\$ -	-	\$ -	-
Securities sold under repurchase agreements	13,461,205	36	27,687,389	76	23,315,810	69	19,271,497	75
Other current liabilities	<u>1,429,025</u>	<u>4</u>	<u>37,094</u>	<u>-</u>	<u>416,597</u>	<u>1</u>	<u>211,607</u>	<u>1</u>
Total current liabilities	<u>14,988,066</u>	<u>40</u>	<u>27,724,483</u>	<u>76</u>	<u>23,732,407</u>	<u>70</u>	<u>19,483,104</u>	<u>76</u>
TRANSACTIONS BETWEEN HOME OFFICE AND BRANCHES	<u>21,694,858</u>	<u>57</u>	<u>7,483,672</u>	<u>20</u>	<u>8,981,401</u>	<u>26</u>	<u>4,953,919</u>	<u>20</u>
Total liabilities	<u>36,682,924</u>	<u>97</u>	<u>35,208,155</u>	<u>96</u>	<u>32,713,808</u>	<u>96</u>	<u>24,437,023</u>	<u>96</u>
EQUITY								
Appropriated working capital	800,000	2	800,000	2	800,000	3	800,000	3
Retained earnings								
Special reserve	189,340	1	189,340	-	189,340	1	189,340	1
Unappropriated earnings	69,361	-	262,042	1	142,585	-	51,777	-
Unrealized gains (losses) on available-for-sale financial asset	<u>(93,086)</u>	<u>-</u>	<u>135,445</u>	<u>1</u>	<u>114,488</u>	<u>-</u>	<u>69,629</u>	<u>-</u>
Total equity	<u>965,615</u>	<u>3</u>	<u>1,386,827</u>	<u>4</u>	<u>1,246,413</u>	<u>4</u>	<u>1,110,746</u>	<u>4</u>
TOTAL	<u>\$ 37,648,539</u>	<u>100</u>	<u>\$ 36,594,982</u>	<u>100</u>	<u>\$ 33,960,221</u>	<u>100</u>	<u>\$ 25,547,769</u>	<u>100</u>

TABLE 5

**TAISHIN INTERNATIONAL BANK CO., LTD.
SECURITIES DEPARTMENT**

**STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars)**

	2013		2012	
	Amount	%	Amount	%
REVENUES AND GAINS				
Gain (loss) on sale of securities held for operations - dealing	\$ (29,495)	(17)	\$ 23,889	9
Interest income	216,903	122	200,900	81
Gain on valuation of securities held for operations - dealing	3,647	2	14,044	6
Gain (loss) on financial derivatives	<u>(12,945)</u>	<u>(7)</u>	<u>9,033</u>	<u>4</u>
Total revenues and gains	<u>178,110</u>	<u>100</u>	<u>247,866</u>	<u>100</u>
EXPENSES AND LOSSES				
Interest expense	(100,903)	(57)	(95,765)	(39)
Employee benefit expense	(2,809)	(1)	(3,710)	(2)
Other operating expenses	<u>(5,036)</u>	<u>(3)</u>	<u>(5,806)</u>	<u>(2)</u>
Total expenses and losses	<u>(108,748)</u>	<u>(61)</u>	<u>(105,281)</u>	<u>(43)</u>
INCOME BEFORE INCOME TAX	69,362	39	142,585	57
INCOME TAX EXPENSE	<u>(16,186)</u>	<u>(9)</u>	<u>(17,791)</u>	<u>(7)</u>
NET INCOME	<u>\$ 53,176</u>	<u>30</u>	<u>\$ 124,794</u>	<u>50</u>

TABLE 6

CHANG HWA COMMERCIAL BANK, LTD.
SECURITIES DEPARTMENT

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Financial assets at fair value through profit or loss - current	\$ 11,714,951	43	\$ 2,496,045	11	\$ 3,013,758	12	\$ 2,937,290	10
Available-for-sale financial assets - current	13,578,311	50	20,523,688	86	22,338,928	85	24,658,891	87
Margin loan receivables	293,424	1	283,321	1	251,965	1	320,257	1
Receivables, net	1,748,806	6	476,740	2	533,897	2	444,369	2
Current tax assets	8,332	-	37,667	-	16,593	-	16,765	-
Total current assets	<u>27,343,824</u>	<u>100</u>	<u>23,817,461</u>	<u>100</u>	<u>26,155,141</u>	<u>100</u>	<u>28,377,572</u>	<u>100</u>
NONCURRENT ASSETS								
Equipment, net	2,357	-	2,718	-	3,044	-	3,009	-
Other noncurrent assets	31,797	-	32,430	-	32,430	-	40,376	-
Total noncurrent assets	<u>34,154</u>	<u>-</u>	<u>35,148</u>	<u>-</u>	<u>35,474</u>	<u>-</u>	<u>43,385</u>	<u>-</u>
TOTAL	<u>\$ 27,377,978</u>	<u>100</u>	<u>\$ 23,852,609</u>	<u>100</u>	<u>\$ 26,190,615</u>	<u>100</u>	<u>\$ 28,420,957</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Bonds sold under repurchase agreements	\$ 2,588,757	9	\$ 2,900,301	12	\$ 2,794,338	11	\$ 3,600,106	13
Deposits received from securities borrowers	328	-	1,847	-	-	-	1,453	-
Deposit payable for securities financing	363	-	2,024	-	-	-	1,606	-
Payables	1,571,192	6	335,203	2	291,432	1	225,503	1
Total current liabilities	<u>4,160,640</u>	<u>15</u>	<u>3,239,375</u>	<u>14</u>	<u>3,085,770</u>	<u>12</u>	<u>3,828,668</u>	<u>14</u>
NONCURRENT LIABILITIES								
Other noncurrent liabilities	21,437,195	79	18,415,383	77	20,993,045	80	22,471,709	79
Total liabilities	<u>25,597,835</u>	<u>94</u>	<u>21,654,758</u>	<u>91</u>	<u>24,078,815</u>	<u>92</u>	<u>26,300,377</u>	<u>93</u>
EQUITY								
Appropriated working capital	2,000,000	7	2,000,000	8	2,000,000	8	2,000,000	7
Retained earnings								
Unappropriated earnings	(104,932)	-	197,746	1	80,072	-	159,789	-
Unrealized gains (losses) on available-for-sale financial assets	(114,925)	(1)	105	-	31,728	-	(39,209)	-
Total equity	<u>1,780,143</u>	<u>6</u>	<u>2,197,851</u>	<u>9</u>	<u>2,111,800</u>	<u>8</u>	<u>2,120,580</u>	<u>7</u>
TOTAL	<u>\$ 27,377,978</u>	<u>100</u>	<u>\$ 23,852,609</u>	<u>100</u>	<u>\$ 26,190,615</u>	<u>100</u>	<u>\$ 28,420,957</u>	<u>100</u>

TABLE 7

**CHANG HWA COMMERCIAL BANK, LTD.
SECURITIES DEPARTMENT**

**STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars)**

	2013		2012	
	Amount	%	Amount	%
REVENUES AND GAINS				
Brokerage revenue	\$ 23,133	16	\$ 27,309	12
Revenue from underwriting business	41	-	43	-
Gain on sale of securities held for operations	-	-	55,877	24
Interest income	119,221	84	147,599	64
Futures commission revenue	111	-	144	-
Nonoperating income	<u>102</u>	<u>-</u>	<u>160</u>	<u>-</u>
Total revenues and gains	<u>142,608</u>	<u>100</u>	<u>231,132</u>	<u>100</u>
EXPENSES AND LOSSES				
Brokerage handling fee	(1,283)	(1)	(1,418)	(1)
Dealing handling fee	(182)	-	(152)	-
Loss on sale of securities held for operations	(117,903)	(83)	-	-
Interest expense	(7,235)	(5)	(9,941)	(4)
Unrealized loss on valuation of securities held for operations	(16,215)	(12)	(9,789)	(4)
Employee benefits expense	(18,746)	(13)	(20,996)	(9)
Depreciation and amortization	(361)	-	(360)	-
Other operating expense	(6,812)	(5)	(7,065)	(3)
Nonoperating expenses	<u>(72,825)</u>	<u>(51)</u>	<u>(94,378)</u>	<u>(41)</u>
Total expenses and losses	<u>(241,562)</u>	<u>(170)</u>	<u>(144,099)</u>	<u>(62)</u>
INCOME BEFORE INCOME TAX	(98,954)	(70)	87,033	38
INCOME TAX EXPENSE	<u>(5,978)</u>	<u>(4)</u>	<u>(6,961)</u>	<u>(3)</u>
NET INCOME	<u>\$ (104,932)</u>	<u>(74)</u>	<u>\$ 80,072</u>	<u>35</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2013

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

Investor	Investee	Main Businesses and Products of Investee	Total Amount of Paid-in Capital of Investee (US\$ in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013 (US\$ in Thousand)	Investment Flows (US\$ in Thousand)		Accumulated Outflow of Investment from Taiwan as of June 30, 2013 (US\$ in Thousand)	Percentage of Ownership	Equity in the Earnings (Losses)	Carrying Value as of June 30, 2013	Accumulated Inward Remittance of Earnings as of June 30, 2013
						Outflow	Inflow					
Chang Hwa Bank	Chang Hwa Commercial Bank, Ltd. Kunshan Branch	Banking	\$ 4,618,293 (US\$ 155,174)	Note 1.e.	\$ 2,202,168 (US\$ 74,650)	\$ 2,416,125 (US\$ 80,524)	\$ -	\$ 4,618,293 (US\$ 155,174)	-	\$ -	\$ -	\$ -
Taishin Venture Capital	Taishin Financial Leasing (China)	Financial leasing	591,240 (US\$ 20,000)	Note 1.d.	591,240 (US\$ 20,000)	-	-	591,240 (US\$ 20,000)	100%	23,078 Note 2.b.1)	607,024	-
	Taishin Financial Leasing (Tianjin)	Financial leasing	600,828 (US\$ 20,000)	Note 1.d.	600,828 (US\$ 20,000)	-	-	600,828 (US\$ 20,000)	100%	408 Note 2.b.1)	597,833	-

Investor	Accumulated Investment in Mainland China as of June 30, 2013 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand) (Note 2)
Chang Hwa Bank	\$ 4,618,293 (US\$ 155,174)	\$ 4,766,850 (US\$ 159,001)	\$ 14,351,693
Taishin Venture Capital	1,192,068 (US\$ 40,000)	1,192,068 (US\$ 40,000)	10,253,337

Note 1: The five methods of investment are as follows:

- Investment in Mainland China by remittance through a third area.
- Investment in Mainland China through establishment of new enterprise in a third area.
- Investment in Mainland China through reinvestment in existing enterprise in a third area.
- Direct investment in Mainland China.
- Others.

Note 2: Equity in the profits (losses):

- If the entity is still in preparation stage and there is no equity in profits (losses), the condition should be noted.

(Continued)

b. The basis of recognizing equity in profits (losses) is categorized in the following three types and each entity should be noted according to its condition.

- 1) Financial statement audited (reviewed) by international accounting firms that cooperate with accounting firms in ROC.
- 2) Financial statements audited (reviewed) by Taiwan parent company's CPA.
- 3) Others.

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION
FOR THE SIX MONTHS ENDED JUNE 30, 2013

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

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
				Account	Amount	Terms	
1	Taishin Bank	Taishin AMC	3	Deposits and remittances	\$ 127,829	Under arm's length terms	0.00%
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	290,739	Under arm's length terms	0.01%
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	300,696	Under arm's length terms	0.01%
0	Taishin Financial Holding	Taishin Bank	1	Accounts receivable, net	733,051	Under arm's length terms	0.03%
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Accounts receivable, net	239,733	Under arm's length terms	0.01%
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Deposits and remittances	556,731	Under arm's length terms	0.02%
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Fee income	1,149,670	Under arm's length terms	3.98%
0	Taishin Financial Holding	Chang Hwa Bank	1	Accounts receivable, net	163,282	Under arm's length terms	0.01%
0	Taishin Financial Holding	Taishin Bank	1	Cash and cash equivalents	3,690,259	Under arm's length terms	0.13%

Note a: Business between the parent and subsidiaries is numbered as follows:

1. Parent: 0
2. Subsidiaries are numbered from 1 in order

Note b: Relationship between the main party and the counterparty is numbered as follows:

1. Parent to subsidiary
2. Subsidiary to parent
3. and 4. One subsidiary to another subsidiary

Note c: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Financial Instrument Item	Summary	Face Value/Unit	Cost	Fair Value
Investment in bills	Commercial paper	\$ 45,582,400	\$ 45,523,814	\$ 45,521,690
	Negotiable certificate of deposits - banks	4,739,300	4,743,870	4,742,677
	Others	1,303	1,302	1,302
		<u>50,323,003</u>	<u>50,268,986</u>	<u>50,265,669</u>
Domestic listed stocks		<u>4,136</u>	<u>145,035</u>	<u>140,206</u>
Domestic OTC stocks		<u>1,907</u>	<u>67,436</u>	<u>90,472</u>
Mutual funds		<u>25,207</u>	<u>449,630</u>	<u>457,160</u>
Government bonds	Treasury Bond 101-1	6,600,000	6,633,554	6,616,995
	Treasury Bond 100-6	4,200,000	4,358,077	4,351,347
	Treasury Bond 102-2	2,300,000	2,285,884	2,287,215
	Treasury Bond 101-6	448,000	470,811	466,259
	Others	<u>355,200</u>	<u>351,107</u>	<u>348,593</u>
	<u>13,903,200</u>	<u>14,099,433</u>	<u>14,070,409</u>	
Convertible bonds	Acer II	976,000	976,031	977,464
	Asia Cement Corporation 16EEB	753,000	753,000	742,887
	ACERSTO 08/10/15	737,940	737,940	740,655
	SOLRAMO 07/22/16	602,400	602,400	561,461
	HONHAIO 10/12/13	451,800	451,800	450,345
	AGV Products III	411,900	412,108	413,960
	1102 Asia Cement Corporation ECB	301,200	301,200	309,106
	AUOPT 0 10/13/15	301,200	301,200	300,149
	TPKHOLO 04/20/14	301,200	301,200	296,375
	Epistar 16ECB	301,200	301,200	295,052
	Others	<u>1,647,200</u>	<u>1,666,954</u>	<u>1,755,727</u>
	<u>6,785,040</u>	<u>6,805,033</u>	<u>6,843,181</u>	
Corporate bonds		<u>219,898</u>	<u>219,898</u>	<u>220,156</u>

(Continued)

Financial Instrument Item	Summary	Face Value/Unit	Cost	Fair Value
Trading securities - dealing	Domestic listed stocks	<u>\$ 1,023</u>	<u>\$ 80,362</u>	<u>\$ 88,450</u>
Trading securities - dealing	Domestic OTC stocks	<u>243</u>	<u>14,119</u>	<u>16,459</u>
Trading securities - dealing	Convertible bonds	<u>3,263</u>	<u>338,279</u>	<u>329,916</u>
Trading securities - dealing	Domestic Emerging Stock	<u>9,465</u>	<u>247,019</u>	<u>244,865</u>
Trading securities - underwriting	Domestic OTC stocks	<u>96</u>	<u>3,840</u>	<u>3,283</u>
Trading securities - underwriting	Convertible bonds	<u>3,120</u>	<u>312,121</u>	<u>321,044</u>
Trading securities - underwriting	Others	<u>150</u>	<u>15,000</u>	<u>15,000</u>
Derivative financial instrument	Currency swaps	-	-	3,595,448
	Interest rate swaps	-	-	4,343,195
	Currency options	-	-	2,893,594
	Forward exchange contracts	-	-	1,750,307
	Cross-currency swaps	-	-	920,728
	Buying foreign-exchange options premium	-	-	1,004,192
	Equity-linked swaps	-	-	1,156,250
	Others	<u>-</u>	<u>-</u>	<u>143,524</u>
		<u>-</u>	<u>-</u>	<u>15,807,238</u>
Financial assets designated as at fair value through profit or loss	Interest-rate combination instruments	<u>-</u>	<u>1,766,258</u>	<u>1,766,919</u>
		<u>\$ 71,279,751</u>	<u>\$ 74,832,449</u>	<u>\$ 90,680,427</u>

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**SECURITIES PURCHASED UNDER RESELL AGREEMENTS****JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Item	Face Value	Amount
Treasury Bond 102-3	\$ 1,575,000	\$ 1,750,000
Treasury Bond 100-6	1,159,300	1,288,111
Treasury Bond 102-1	670,300	744,716
Treasury Bond 95-3	594,000	660,000
Treasury Bond 97-4	496,700	551,889
Treasury Bond 99-5	414,000	460,000
Treasury Bond 94-4	315,000	350,000
Others	<u>1,059,700</u>	<u>1,132,152</u>
	<u>\$ 6,284,000</u>	<u>\$ 6,936,868</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

AVAILABLE-FOR-SALE FINANCIAL ASSETS

JUNE 30, 2013

(In Thousands of New Taiwan Dollars)

Item	Summary	Face Value	Amount	Accumulated Impairment	Adjustment	Fair Value	Note
Investment in bills	Negotiable certificates of deposit - Central Bank	\$ 126,935,000	\$ 126,935,000	\$ -	\$ (36,680)	\$ 126,898,320	
	Others	653,726	708,659	-	3,873	712,532	
		<u>127,588,726</u>	<u>127,643,659</u>	<u>-</u>	<u>(32,807)</u>	<u>127,610,852</u>	
Domestic and overseas stocks	Taiwan Cement Corp.	59,600	2,074,491	-	124,749	2,199,240	
	MasterLink Securities Corp.	60,047	665,710	-	(50,148)	615,562	
	Asia Pacific Telecom Corp.	30,000	165,000	-	247,500	412,500	
	Waterland FHC	26,149	383,333	-	(121,848)	261,485	
	Others	39,290	1,281,460	(16,168)	(99,641)	1,165,651	
		<u>215,086</u>	<u>4,569,994</u>	<u>(16,168)</u>	<u>100,612</u>	<u>4,654,438</u>	
Beneficiary's securities and asset backed securities	Government National Mortgage Association	1,322,733	1,365,849	-	1,866	1,367,715	
	Others	2,965,527	1,168,163	-	(1,630)	1,166,533	
		<u>4,288,260</u>	<u>2,534,012</u>	<u>-</u>	<u>236</u>	<u>2,534,248</u>	
Beneficiary certificates		<u>19,035</u>	<u>209,998</u>	<u>-</u>	<u>(6,815)</u>	<u>203,183</u>	
Government bonds	Treasury Bond 101-9	12,400,000	12,352,036	-	(256,153)	12,095,883	
	Treasury Bond 100-6	8,000,000	8,250,520	-	23,779	8,274,299	
	Treasury Bond 101-1	6,070,000	6,103,351	-	(17,735)	6,085,616	
	Treasury Bond 101-6	3,950,000	4,116,291	-	(5,303)	4,110,988	
	Treasury Bond 102-1	3,500,000	3,472,068	-	(112,585)	3,359,483	
	Treasury Bond 98-1	1,350,000	1,349,606	-	2,071	1,351,677	
	Hong Kong Exchange Fund	1,261,042	1,262,757	-	1,592	1,264,349	
	Treasury Bond 93-4	861,000	868,728	-	2,180	870,908	
	Treasury Bond 88-2	600,000	740,434	-	(1,888)	738,546	
	China Government Bond	674,640	679,306	-	(14,919)	664,387	
	Treasury Bond 89 II-1	500,000	654,405	-	(610)	653,795	
	Treasury Bond 99-6	600,000	613,918	-	1,374	615,292	
	Treasury Bond 94-7	600,000	608,814	-	4,062	612,876	
	Treasury Bond 98-4	600,000	607,071	-	1,258	608,329	
	Treasury Bond 90-3	550,000	601,338	-	3,755	605,093	
	Treasury Bond 90-7	502,000	542,730	-	1,339	544,069	
	Treasury Bond 96-3	500,000	515,276	-	1,359	516,635	
	98 Kaohsiung City Government bond II	500,000	492,028	-	3,272	495,300	
	99 Kaohsiung City Government bond II	500,000	487,471	-	3,289	490,760	
	Treasury Bond 93-8	450,000	457,738	-	2,756	460,494	
Treasury Bond 90-6	400,000	433,642	-	1,241	434,883		

(Continued)

Item	Summary	Face Value	Amount	Accumulated Impairment	Adjustment	Fair Value	Note
	Treasury Bond 95-3	\$ 400,000	\$ 408,063	\$ -	\$ 1,767	\$ 409,830	
	Treasury Bond 92-10	400,000	403,532	-	275	403,807	
	Treasury Bond 100-1	400,000	400,144	-	1,759	401,903	
	Treasury Bond 94-4	350,000	357,054	-	3,028	360,082	
	Treasury Bond 98-3	350,000	356,547	-	374	356,921	
	93 Taipei City Development Bond II	300,000	306,226	-	1,410	307,636	
	Others	1,796,180	1,805,034	-	21,014	1,826,048	
		<u>48,364,862</u>	<u>49,246,128</u>	<u>-</u>	<u>(326,239)</u>	<u>48,919,889</u>	
Corporate bonds	01 FPCC 2A	850,000	850,579	-	1,032	851,611	
	00 Hon Hai 1	800,000	803,072	-	3,751	806,823	
	02 Taipower 1C	800,000	799,262	-	1,836	801,098	
	00 TSMC 1A	750,000	752,089	-	4,488	756,577	
	02 UMC 1A	750,000	750,024	-	995	751,019	
	CitiGroup Inc.	543,535	561,226	-	359	561,585	
	00 Taipower 5A	500,000	501,388	-	1,337	502,725	
	01 TSMC 1A	500,000	501,128	-	1,329	502,457	
	02 Taipower 1A	500,000	499,528	-	937	500,465	
	HKMTGC 3.5 08/14	451,800	458,218	-	4,477	462,695	
	Export-Import Bk Korea	426,815	440,706	-	2,657	443,363	
	95 Taipower 1B	400,000	408,744	-	1,008	409,752	
	00 Yuan Ding 1	400,000	400,295	-	1,944	402,239	
	01 FPC 1A	400,000	400,262	-	(944)	399,318	
	99 CPC Corp. 1B	400,000	399,054	-	2,624	401,678	
	MTRC 4.75 01/14	361,440	367,550	-	1,218	368,768	
	00 Taipower 2B	350,000	354,652	-	122	354,774	
	99 Hon Hai 1	350,000	350,918	-	1,690	352,608	
	Brave Rise Investments Ltd	343,555	343,555	-	-	343,555	
	PSASP 5.9 06/16	274,544	309,293	-	262	309,555	
	01 UMC 1A	300,000	301,062	-	738	301,800	
	01 CPC Corp. 1B	300,000	301,756	-	(747)	301,009	
	Others	9,628,298	9,698,275	-	9,614	9,707,889	
		<u>20,379,987</u>	<u>20,552,636</u>	<u>-</u>	<u>40,727</u>	<u>20,593,363</u>	
Bank debentures	Morgan Stanley	1,041,598	1,033,486	-	12	1,033,498	
	Rabobank Nederland Au	927,782	928,344	-	4,225	932,569	
	Societe Generale	796,305	796,305	-	1,465	797,770	
	Eib 8 10/21/13	792,038	798,229	-	(1,114)	797,115	
	Goldman Sachs Group Inc	1,211,992	1,211,235	-	10,749	1,221,984	
	Bnp Paribas Australia	581,595	581,595	-	676	582,271	
	Bank Of America Corp	552,767	551,183	-	(2,343)	548,840	
	Common Wealth Bank Of Australia	521,926	524,763	-	4,781	529,544	
	National Australia Bank	523,095	522,982	-	2,352	525,334	
	Jpmorgan Chase & Co	514,960	514,157	-	2,334	516,491	
	Sdbc Float 12/15	451,800	451,519	-	3,333	454,852	
	Icbcas Float 16	429,593	430,034	-	(2,834)	427,200	
	Westpac Banking Corp	415,425	415,425	-	5,259	420,684	
	Citnat 7.25 05/14	391,560	408,011	-	3,468	411,479	

(Continued)

Item	Summary	Face Value	Amount	Accumulated Impairment	Adjustment	Fair Value	Note
	Standard Chartered Plc	\$ 389,740	\$ 389,103	\$ -	\$ 1,523	\$ 390,626	
	Kdb Float 12/15	362,643	362,836	-	(158)	362,678	
	Barclays Bank Plc/Aust	332,340	332,340	-	2,853	335,193	
	Kofcor Float 17	334,748	334,748	-	(2,347)	332,401	
	Woori Bank	328,726	324,568	-	(3,340)	321,228	
	Raiffeisen Bank Intl	324,195	324,256	-	(271)	323,985	
	Credit Agricole London	306,930	306,905	-	549	307,454	
	Others	<u>11,884,857</u>	<u>12,095,598</u>	<u>-</u>	<u>39,561</u>	<u>12,135,159</u>	
		<u>23,416,615</u>	<u>23,637,622</u>	<u>-</u>	<u>70,733</u>	<u>23,708,355</u>	
		<u>\$ 224,272,571</u>	<u>\$ 228,394,049</u>	<u>\$ (16,168)</u>	<u>\$ (153,553)</u>	<u>\$ 228,224,328</u>	

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

HELD-TO-MATURITY FINANCIAL ASSETS

JUNE 30, 2013

(In Thousands of New Taiwan Dollars)

Item	Summary	Face Value	Interest Rate (%)	Unamortized Premium (Discount)	Book Value	Note
Investment in bills	Negotiable certificates of deposit - Central Bank	\$ 173,300,000	0.87-1.05	\$ -	\$ 173,300,000	
	Treasury Bill	500,000	0.0063	(1,570)	498,430	
	Others	343,880		(23)	343,857	
		<u>174,143,880</u>		<u>(1,593)</u>	<u>174,142,287</u>	
Corporate bonds	98 CPC 1A	700,000	0.012	(786)	699,214	
	02 UMC 1A	600,000	0.0135	(555)	599,445	
	97 CSC 2A	500,000	0.0208	1,485	501,485	
	00 Nanya 2	500,000	0.0135	1,383	501,383	
	00 FPCC 1	500,000	0.014	(570)	499,430	
	01 FCFC 2A	500,000	0.0123	(963)	499,037	
	02 Uni-President. 1	500,000	0.0122	(1,132)	498,868	
	00 TSMC 1A	400,000	0.014	(259)	399,741	
	01 UMC 1A	400,000	0.0143	(306)	399,694	
	00 Evaair 2B	300,000	0.0144	1,285	301,285	
	01 FPCC 2A	300,000	0.0135	1,248	301,248	
	00 FPC 2	300,000	0.0135	946	300,946	
	Others	1,760,275		1,496	1,761,771	
		<u>7,260,275</u>		<u>3,272</u>	<u>7,263,547</u>	
Bank debentures	00 HSBC 1D	500,000	0.0137	-	500,000	
	01 The Export-Import Bank of R.O.C. 2	500,000	0.0125	-	500,000	
	01 HSBC 1A	500,000	0.0125	-	500,000	
	02 HSBC 1A	500,000	0.0123	-	500,000	
	Bank Of America Corporation	301,200	0.07375	4,969	306,169	
	Wells Fargo Na	451,800	0.0375	(114)	451,686	
	Lloyds Tsb Bank Plc	411,750	3M Libor+1.2%	(155)	411,595	
	Royal Bank Of Scotland	301,200	0.04875	1,090	302,290	
	Others	3,548,181		13,229	3,561,410	
		<u>7,014,131</u>		<u>19,019</u>	<u>7,033,150</u>	
	<u>\$ 188,418,286</u>		<u>\$ 20,698</u>	<u>\$ 188,438,984</u>		

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

SIX MONTHS ENDED JUNE 30, 2013

(In Thousands of New Taiwan Dollars, Except Unit Price)

Name	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Equity	
	Shares	Amounts	Shares	Amounts	Shares	Amounts	Shares	Ownership Interest (%)	Amounts	Unit Price	Total
Unlisted shares											
Taishin Dah An Leasing	20,000,000	\$ 171,378	-	\$ 2,000	-	\$ (3,992)	20,000,000	100.00	\$ 169,386	\$ 8.47	\$ 169,386
An-Hsin Real-Estate	3,900,000	70,908	-	12,763	-	(18,605)	3,900,000	30.00	65,066	16.68	65,066
Youn Shin Artistic	1,000,000	8,856	-	-	-	(73)	1,000,000	25.00	8,783	8.78	8,783
		<u>\$ 251,142</u>		<u>\$ 14,763</u>		<u>\$ (22,670)</u>			<u>\$ 243,235</u>		<u>\$ 243,235</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**OTHER FINANCIAL ASSETS, NET****JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Items	Amount
Financial assets carried at cost	
Taiwan Power Co., Ltd.	\$ 2,279,704
Taiwan Asset Management Corp.	2,137,471
Dah Chung Bills	942,527
Taiwan Sugar Corporation	524,615
Kai Fa International Investment	500,000
Diamond Biotech Investment	450,000
Others	<u>1,273,757</u>
	<u>8,108,074</u>
Debt investments without active market	
Class A Convertible Preferred Stock of Taiwan	
High Speed Rail Corp.	1,600,000
98 Cathay Holdings 1	800,000
Brave Rise Investments Ltd.	487,900
Others	<u>1,218,572</u>
	<u>4,106,472</u>
Other miscellaneous financial assets	
Time deposit with original maturity more than 3	
months	14,937,842
Others	<u>516,404</u>
	<u>15,454,246</u>
	<u>\$ 27,668,792</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGE IN PROPERTY AND EQUIPMENT

SIX MONTHS ENDED JUNE 30, 2013

(In Thousands of New Taiwan Dollars)

Please refer to Note 20 for information relating to change in property and equipment.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CHANGES IN ACCUMULATED DEPRECIATION

SIX MONTHS ENDED JUNE 30, 2013

(In Thousands of New Taiwan Dollars)

Please refer to Note 20 for information relating to changes in accumulated depreciation.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**SECURITIES SOLD UNDER REPURCHASE AGREEMENTS****JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Item	Face Value	Amount
Commercial paper		
Issued by - Chunghwa Telecom Co., Ltd.	\$ 2,397,000	\$ 2,393,309
Issued by - Taiwan Stock Exchange	730,000	729,349
Issued by - Hotai Motor Co., Ltd.	610,000	608,927
Issued by - Taipei Fubon Bank	600,000	599,631
Issued by - Taipower	600,000	596,923
Issued by - HSBC Pension 98	550,000	549,635
Issued by - Taiwan Business Bank	500,000	499,702
Issued by - CPC Corporation Taiwan	500,000	497,863
Issued by - Cathay Financial Holdings	420,000	419,112
Issued by - Radium Life Tech.	350,000	349,800
Issued by - National Health Insurance Administration	350,000	349,107
Issued by - Chang Gung Hospital	336,400	336,253
Others	<u>4,501,600</u>	<u>4,483,691</u>
	<u>12,445,000</u>	<u>12,413,302</u>
Government bonds		
Treasury Bond 100-6	3,390,500	3,693,796
Treasury Bond 101-6	1,027,000	1,065,279
Treasury Bond 98-1	594,000	645,860
Treasury Bond 93-4	449,500	484,861
Treasury Bond 101-1	436,100	483,084
98 Kaohsiung City Government bond II	446,600	451,159
Treasury Bond 99-6	400,000	440,000
Treasury Bond 100-1	400,000	432,860
Treasury Bond 95-3	350,000	385,000
Treasury Bond 94-7	350,000	383,461
Others	<u>2,098,242</u>	<u>2,163,410</u>
	<u>9,941,942</u>	<u>10,628,770</u>
Bank debentures		
WFC 3.75 10/01/14	451,800	440,342
CITNAT 7.25 05/14	391,560	385,996
BAC 7 3/8 05/15/14	301,200	305,704
Others	<u>2,560,577</u>	<u>2,501,760</u>
	<u>3,705,137</u>	<u>3,633,802</u>

(Continued)

Item	Face Value	Amount
Corporate bonds		
00 Hon Hai 1	\$ 800,000	\$ 800,000
02 UMC 1A	550,000	550,995
01 FPCC. 2A	489,000	490,300
95 Taipower 1B	400,000	400,064
01 FPC 1A	400,000	400,000
00 Yuan Ding 1	300,000	300,402
Others	<u>2,881,890</u>	<u>2,884,911</u>
	<u>5,820,890</u>	<u>5,826,672</u>
Beneficiary certificates		
GNR 20 April 2010	903,600	417,162
GNR 2010/133 FD	451,800	304,212
Others	<u>1,406,842</u>	<u>528,606</u>
	<u>2,762,242</u>	<u>1,249,980</u>
Certificate of deposit	<u>121,000</u>	<u>121,262</u>
	<u>\$ 34,796,211</u>	<u>\$ 33,873,788</u>

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

**DETAILED SCHEDULE OF GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR
VALUE THROUGH PROFIT OR LOSS
SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars)**

Please refer Note 36 for information relating to detailed schedule of gain (loss) on financial assets and liabilities at fair value through profit or loss.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF FOREIGN EXCHANGE GAIN (LOSS)****SIX MONTHS ENDED JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Items	Amount
Spot	\$ 43,305
Forward	(3,473,939)
Margin	136,742
Self-owned capital	42,980
Others	<u>46,511</u>
	<u>\$ (3,204,401)</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF NET OTHER NON-INTEREST INCOME (LOSS)****SIX MONTHS ENDED JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Items	Amount
Revenue excluding interest	
Dividend revenue	\$ 199,034
Leasing revenue	63,675
Loans management revenue	142,059
Realized gains through disposal of financial assets carried at cost	1,711
Gain on hedge derivatives	21,915
Other revenue	<u>281,387</u>
	<u>709,781</u>
Expense excluding interest	
Loans manage cost	(18,850)
Lease payments	(20,946)
Other expenses	<u>(24,939)</u>
	<u>(64,735)</u>
	<u>\$ 645,046</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**DETAILED SCHEDULE OF OPERATING EXPENSES****SIX MONTHS ENDED JUNE 30, 2013****(In Thousands of New Taiwan Dollars)**

Items	Amount
Employee benefits expenses	\$ 9,531,650
Depreciation	590,638
Amortization	152,680
Leases	678,659
Stationeries	56,159
Postage and remittance fee	328,513
Advertisement fee	314,815
Insurance	352,135
Tax and levies	960,157
Allowance for entertainment	83,666
Donation	283,069
Labor service fee	514,887
Freight	16,950
Others	<u>1,130,961</u>
	<u>\$ 14,994,939</u>