6.1 Five-Year Financial Summary and Statement of Comprehensive Income

6.1.1. Condensed Balance Sheet

6.1.1.1 Condensed Balance Sheet — IFRSs (Consolidated)

Unit：NT$ Million

Item \ Year		2012~2014.3.31 Financial Summary		
		2012.12.31	2013.12.31	2014.3.31
Cash & cash equivalents, Due from the CBC and other banks		27,802	26,549	29,425
Financial assets at fair value through profit or loss		1,459	1,590	2,229
Available-for-sale financial assets－net		19,191	19,250	20,159
Derivative financial assets for hedging		0	0	0
Bills and bonds purchased under agreements to resell		4,968	3,461	8,118
Accounts receivable－net		931	758	902
Current income tax assets		31	20	20
Assets held for sale－net		0	0	0
Discounts and loans－net		162,044	178,261	169,862
Held-to-Maturity financial assets		0	0	758
Equity method's investments－net		0	0	0
Restricted assets		0	0	0
Other financial assets－net		1,624	1,566	1,557
Property and equipment－net		2,758	2,744	2,783
Investment property－net		0	0	0
Intangible assets－net		50	41	38
Deferred income tax assets－net		142	134	134
Other assets－net		58	59	91
Total assets		221,058	234,433	236,076
Due to CBC and other banks		11,936	15,025	12,801
Funds borrowed from CBC & banks		0	0	0
Financial liabilities at fair value through profit or loss		1	6	5
Derivative financial liabilities for hedging		0	0	0
Bills and bonds sold under agreements to repurchase		69	68	68
Accounts payable		3,957	2,747	2,270
Current income tax liabilities		7	10	21
Liabilities directly related to assets held for sale		0	0	0
Deposits and remittances		189,455	198,689	201,654
Bonds payable		4,000	6,000	7,200
Liabilities of preferred stocks		0	0	0
Other financial liabilities		152	139	131
Provisions		756	855	866
Deferred income tax liabilities		0	0	0
Other liabilities		181	145	149
Total liabilities	Before distribution	210,514	223,684	225,165
	After distribution	210,528	—	—
Equity Attributable to Shareholders of the Parent				
Ordinary share		7,069	7,210	7,210
Capital surplus		2,018	2,017	2,017
Retained earnings	Before distribution	1,354	1,608	1,743
	After distribution	1,340	—	—
Other equity		103	(86)	(59)
Treasury Stock		0	0	0
Non-controlling interests		0	0	0
Total equity	Before distribution	10,544	10,749	10,911
	After distribution	10,530	—	—

Note：1. The financial information listed above has been audited by the CPAs Shu-Man Tsai and Ling-Wen Huang.

2. Auditors' opinion: Unqualified opinion for FY 2012 and 2013.

3. The financial information listed above has been reviewed by the CPAs Shu-Man Tsai and Ling-Wen Huang for Q1 2014.

6.1.1.2 Condensed Balance Sheet — IFRSs (Individual)

Unit：NT$ Million

Item \ Year		2012~2014.3.31 Financial Summary		
		2012.12.31	2013.12.31	2014.3.31
Cash & cash equivalents, Due from the CBC and other banks		27,802	26,549	29,425
Financial assets at fair value through profit or loss		1,459	1,591	2,229
Available-for-sale financial assets－net		19,191	19,250	20,159
Derivative financial assets for hedging		0	0	0
Bills and bonds purchased under agreements to resell		4,968	3,461	8,118
Accounts receivable－net		943	769	913
Current income tax assets		31	20	20
Assets held for sale－net		0	0	0
Discounts and loans－net		162,044	178,261	169,862
Held-to-Maturity financial assets		0	0	758
Equity method's investments－net		79	59	73
Restricted assets		0	0	0
Other financial assets－net		1,624	1,566	1,557
Property and equipment－net		2,758	2,744	2,783
Investment property－net		0	0	0
Intangible assets－net		50	41	38
Deferred income tax assets－net		142	134	134
Other assets－net		55	57	89
Total assets		221,146	234,502	236,158
Due to CBC and other banks		11,936	15,025	12,801
Funds borrowed from CBC & banks		0	0	0
Financial liabilities at fair value through profit or loss		1	6	5
Derivative financial liabilities for hedging		0	0	0
Bills and bonds sold under agreements to repurchase		69	68	68
Accounts payable		3,954	2,744	2,267
Current income tax liabilities		1	6	14
Liabilities directly related to assets held for sale		0	0	0
Deposits and remittances		189,552	198,765	201,746
Bonds payable		4,000	6,000	7,200
Liabilities of preferred stocks		0	0	0
Other financial liabilities		152	139	131
Provisions		756	855	866
Deferred income tax liabilities		0	0	0
Other liabilities		181	145	149
Total liabilities	Before distribution	210,602	223,753	225,247
	After distribution	210,616	—	—
Equity Attributable to Shareholders of the Parent				
Ordinary share		7,069	7,210	7,210
Capital surplus		2,018	2,017	2,017
Retained earnings	Before distribution	1,354	1,608	1,743
	After distribution	1,340	—	—
Other equity		103	(86)	(59)
Treasury Stock		0	0	0
Non-controlling interests		0	0	0
Total equity	Before distribution	10,544	10,749	10,911
	After distribution	10,530	—	—

Note：1. The financial information listed above has been audited by the CPAs Shu-Man Tsai and Ling-Wen Huang.

2. Auditors' opinion: Unqualified opinion for FY 2012 and 2013.

3. The financial information listed above has been reviewed by the CPAs Shu-Man Tsai and Ling-Wen Huang for Q1 2014.

6.1.1.3 Condensed Balance Sheet—ROC GAAP (Consolidated)

Unit：NT$ Million

Item \ Year		2009~2012 Financial Summary			
		2009.12.31	2010.12.31	2011.12.31	2012.12.31
Cash & cash equivalents, Due from the CBC and other banks		25,035	28,890	26,975	27,802
Financial assets at fair value through income statement		2,127	1,104	1,616	1,460
Bills and bonds purchased under agreements to resell		3,895	2,791	5,878	4,967
Available-for-sale financial assets－net		3,822	5,094	11,748	19,137
Discounts and loans－net		138,261	162,194	166,216	162,044
Accounts receivable－net		790	977	971	962
Held-to-Maturity financial assets－net		5,396	7,695	5,567	0
Equity method's investments－net		0	0	0	0
Property and equipment cost		2,285	2,237	2,203	2,136
Intangible assets－net		70	59	63	50
Other financial assets－net		3,622	3,048	1,831	1,724
Other assets－net		809	748	771	751
Total assets		186,111	214,836	223,838	221,033
Due to CBC and other banks		10,548	12,606	11,512	11,936
Deposits and remittances		157,866	185,092	193,866	189,455
Financial liabilities at fair value through income statement		2	15	4	1
Bills and bonds sold under agreements to repurchase		214	141	103	69
Funds borrowed from CBC & banks, financial bonds payable		4,000	4,000	4,000	4,000
Liabilities of preferred stocks		0	0	0	0
Pension payable		221	253	305	354
Other financial liabilities		285	207	195	152
Other liabilities		3,541	2,963	3,489	4,160
Total liabilities	Before distribution	176,677	205,277	213,474	210,127
	After distribution	176,677	205,287	213,474	210,141
Ordinary share		5,258	5,258	7,069	7,069
Capital reserve		2,543	2,543	2,018	2,018
Retained earnings	Before distribution	1,658	1,785	1,278	1,664
	After distribution	1,658	1,775	1,278	1,650
Unrealized gain and loss on financial instruments		(24)	(26)	(3)	154
Cumulative Translation Adjustment		0	0	0	0
Other shareholders' equity		(1)	(1)	1	1
Total shareholders' equity	Before distribution	9,434	9,559	10,364	10,906
	After distribution	9,434	9,549	10,364	10,892

Note：The financial information listed above audited by the bank's independent auditors.

6.1.1.4 Condensed Balance Sheet—ROC GAAP (Individual)

Unit：NT$ Million

Item \ Year		2009~2012 Financial Summary			
		2009.12.31	2010.12.31	2011.12.31	2012.12.31
Cash & cash equivalents, Due from the CBC and other banks		25,035	28,890	26,975	27,802
Financial assets at fair value through income statement		2,127	1,104	1,616	1,460
Bills and bonds purchased under agreements to resell		3,895	2,791	5,878	4,967
Available-for-sale financial assets－net		3,822	5,094	11,748	19,137
Discounts and loans－net		138,261	162,194	166,216	162,044
Accounts receivable－net		790	989	981	974
Held-to-Maturity financial assets－net		5,396	7,695	5,567	0
Equity method's investments－net		45	55	63	79
Property and equipment cost		2,285	2,237	2,202	2,135
Intangible assets－net		70	59	63	50
Other financial assets－net		3,622	3,048	1,831	1,724
Other assets－net		809	748	769	749
Total assets		186,157	214,904	223,909	221,121
Due to CBC and other banks		10,548	12,606	11,512	11,936
Deposits and remittances		157,922	185,167	193,944	189,552
Financial liabilities at fair value through income statement		2	15	4	1
Bills and bonds sold under agreements to repurchase		214	141	103	69
Funds borrowed from CBC & banks, financial bonds payable		4,000	4,000	4,000	4,000
Liabilities of preferred stocks		0	0	0	0
Pension payable		221	253	305	354
Other financial liabilities		285	207	195	152
Other liabilities		3,531	2,956	3,482	4,151
Total liabilities	Before distribution	176,723	205,345	213,545	210,215
	After distribution	176,723	205,355	213,545	210,229
Ordinary share		5,258	5,258	7,069	7,069
Capital reserve		2,543	2,543	2,018	2,018
Retained earnings	Before distribution	1,658	1,785	1,278	1,664
	After distribution	1,658	1,775	1,278	1,650
Unrealized gain and loss on financial instruments		(25)	(27)	(2)	154
Cumulative Translation Adjustment		0	0	0	0
Other shareholders' equity		0	0	1	1
Total shareholders' equity	Before distribution	9,434	9,559	10,364	10,906
	After distribution	9,434	9,549	10,364	10,892

Note：The financial information listed above audited by the bank's independent auditors.

6.1.2. Condensed Statements of Income

6.1.2.1 Condensed Statements of Comprehensive Income — IFRSs (Consolidated)

Unit：NT$ Million

Item \ Year	2012~2014.3.31 Financial Summary		
	2012.1.1~ 2012.12.31	2013.1.1~ 2013.12.31	2014.1.1~ 2014.3.31
Interest income	3,990	4,159	1,091
Less: Interest expenses	(1,884)	(1,890)	(499)
Net interest income	2,106	2,269	592
Net Revenues Other Than Interest	602	668	179
Net revenue	2,708	2,937	771
Allowance for credit loss and loss on guarantees	(261)	(401)	(94)
Operating expenses	(2,009)	(2,057)	(521)
Income before tax－operating department	438	479	156
Income tax (expense) benefit	20	(60)	(21)
Net income－operating department	458	419	135
Net income－non-operating department	0	0	0
Net income (loss)	458	419	135
Other comprehensive income for the period(net of income tax)	142	(212)	27
Total comprehensive income for the period	600	207	162
Net income attributable to: Shareholders of the parent	458	419	135
Net income attributable to: Minority interest	0	0	0
Total comprehensive income for the period attributable to: Shareholders of the parent	600	207	162
Total comprehensive income for the period attributable to: Minority interest	0	0	0
Earnings per share	0.64	0.58	0.19

Note：1. The financial information listed above has been audited by the CPAs Shu-Man Tsai and Ling-Wen Huang.

2. Auditors' opinion: Unqualified opinion for FY 2012 and 2013.

3. The financial information listed above has been reviewed by the CPAs Shu-Man Tsai and Ling-Wen Huang for Q1 2014.

6.1.2.2 Condensed Statements of Comprehensive Income — IFRSs (Individual)

Unit：NT$ Million

Item \ Year	2012~2014.3.31 Financial Summary		
	2012.1.1~ 2012.12.31	2013.1.1~ 2013.12.31	2014.1.1~ 2014.3.31
Interest income	3,990	4,159	1,091
Less: Interest expenses	(1,884)	(1,890)	(499)
Net interest income	2,106	2,269	592
Net Revenues Other Than Interest	581	645	172
Net revenue	2,687	2,914	764
Allowance for credit loss and loss on guarantees	(261)	(401)	(94)
Operating expenses	(1,998)	(2,043)	(517)
Income before tax－operating department	428	470	153
Income tax (expense) benefit	30	(51)	(18)
Net income－operating department	458	419	135
Net income－non-operating department	0	0	0
Net income (loss)	458	419	135
Other comprehensive income for the period(net of income tax)	142	(212)	27
Total comprehensive income for The period	600	207	162
Earnings per share	0.64	0.58	0.19

Note：1. The financial information listed above has been audited by the CPAs Shu-Man Tsai and Ling-Wen Huang.

2. Auditors' opinion: Unqualified opinion for FY 2012 and 2013.

3. The financial information listed above has been reviewed by the CPAs Shu-Man Tsai and Ling-Wen Huang for Q1 2014.

6.1.2.3 Condensed Statements of Income — ROC GAAP (Consolidated)

Unit：NT$ Million

Item \ Year	2009~2012 Financial Summary			
	2009.1.1~ 2009.12.31	2010.1.1~ 2010.12.31	2011.1.1~ 2011.12.31	2012.1.1~ 2012.12.31
Net interest income	1,340	1,789	1,989	2,104
Net Revenues Other Than Interest	640	562	343	901
Credit loss expenses	(217)	(308)	(899)	(579)
Operating expenses	(1,712)	(1,831)	(1,854)	(1,997)
Income before tax－operating department	51	212	(421)	429
Income after tax－operating department	76	127	(433)	386
Non-operating department income(net of income tax)	0	0	0	0
Special income(net of income tax)	0	0	0	0
Cumulative effect of changes on accounting principles (net of income tax)	0	0	0	0
Net income (loss)	76	127	(433)	386
Earnings per share (NT$)	0.15	0.22	(0.71)	0.55

Note：The financial information listed above audited by the bank's independent auditors.

6.1.2.4 Condensed Statements of Income — ROC GAAP (Individual)

Unit：NT$ Million

Item \ Year	2009~2012 Financial Summary			
	2009.1.1~ 2009.12.31	2010.1.1~ 2010.12.31	2011.1.1~ 2011.12.31	2012.1.1~ 2012.12.31
Net interest income	1,340	1,789	1,988	2,103
Net Revenues Other Than Interest	629	554	330	881
Credit loss expenses	(217)	(308)	(899)	(579)
Operating expenses	(1,709)	(1,829)	(1,848)	(1,986)
Income before tax－operating department	43	206	(429)	419
Income after tax－operating department	76	127	(433)	386
Non-operating department income(net of income tax)	0	0	0	0
Special income(net of income tax)	0	0	0	0
Cumulative effect of changes on accounting principles (net of income tax)	0	0	0	0
Net income (loss)	76	127	(433)	386
Earnings per share (NT$)	0.15	0.22	(0.71)	0.55

Note：The financial information listed above audited by the bank's independent auditors.

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis

6.2.1.1 Financial Analysis— IFRSs (Consolidated)

Unit：NT$ Million

Item \ Year		2012~2014.3.31 Financial Summary		
		2012.1.1~ 2012.12.31	2013.1.1~ 2013.12.31	2014.1.1~ 2014.3.31
Operating Ability	Loans to deposits ratio (%)	85.79	89.97	84.54
	Ratio of NPL (%)	0.85	0.60	0.68
	Interest expenses to average deposit balances (%)	0.88	0.85	0.83
	Interest income to average loan balances (%)	2.08	2.15	2.21
	Total assets turnover ratio (times)	0.01	0.01	0.003
	Operating revenue per employee	2.86	3.06	0.81
	Earnings per employee	0.48	0.44	0.14
Profitability	Return on tier 1 capital (%)	—	4.75	—
	Return on total assets (%)	0.21	0.18	0.06
	Return on equity	4.47	3.94	1.24
	Net profit margin (%)	16.92	14.27	17.48
	Earnings per share (NT$)	0.64	0.58	0.19
Financial Structure	Liabilities to assets ratio (%)	95.23	95.41	95.38
	Property, plant, and equipment as a percentage of equity (%)	26.16	25.53	25.51
Growth Rate	Asset growth rate (%)	—	6.05	—
	Earnings growth rate (%)	—	9.31	—
Cash Flow	Cash flow ratio (%)	Explanation	Explanation	52.59
	Cash flow adequacy ratio (%)	—	—	—
	Cash flow satisfied ratio (%)	Explanation	Explanation	9,388.84
Liquidity Reserve Ratio (%)		16.79	15.90	18.32
Total Secured Loans to Related Parties		1,063	1,069	930
Total Secured Loans to Related Parties as a Percentage of Total Loans (%)		0.62	0.58	0.53
Operating Scale	Asset market share (%)	0.56	0.54	0.53
	Equity market share (%)	0.43	0.39	0.39
	Deposit market share (%)	0.64	0.63	0.63
	Loan market share (%)	0.69	0.72	0.67

Explanation: Cash flow from operating activities was a net outflow.

Note: 1. The financial information listed above audited by the bank's independent auditors, Please refer to page 81 Note 1.

2. The aforementioned ratios are calculated as follows: Please refer to page 81 Note 2.

6.2.1.2 Financial Analysis— IFRSs (Individual)

Unit：NT$ Million

Item \ Year		2012~2014.3.31 Financial Summary		
		2012.1.1~ 2012.12.31	2013.1.1~ 2013.12.31	2014.1.1~ 2014.3.31
Operating Ability	Loans to deposits ratio (%)	85.79	89.97	84.54
	Ratio of NPL (%)	0.85	0.60	0.68
	Interest expenses to average deposit balances (%)	0.88	0.85	0.83
	Interest income to average loan balances (%)	2.08	2.15	2.21
	Total assets turnover ratio (times)	0.01	0.01	0.003
	Operating revenue per employee	2.85	3.06	0.81
	Earnings per employee	0.49	0.44	0.14
Profitability	Return on tier 1 capital (%)	4.35	4.67	—
	Return on total assets (%)	0.21	0.18	0.06
	Return on equity	4.47	3.94	1.24
	Net profit margin (%)	17.06	14.38	17.64
	Earnings per share (NT$)	0.64	0.58	0.19
Financial Structure	Liabilities to assets ratio (%)	95.23	95.42	95.38
	Property, plant, and equipment as a percentage of equity (%)	26.15	25.52	25.51
Growth Rate	Asset growth rate (%)	(1.22)	6.04	—
	Earnings growth rate (%)	—	9.76	—
Cash Flow	Cash flow ratio (%)	Explanation	Explanation	52.60
	Cash flow adequacy ratio (%)	—	—	—
	Cash flow satisfied ratio (%)	Explanation	Explanation	9,388.35
Liquidity Reserve Ratio (%)		16.79	15.90	18.32
Total Secured Loans to Related Parties		1,063	1,069	930
Total Secured Loans to Related Parties as a Percentage of Total Loans (%)		0.62	0.58	0.53
Operating Scale	Asset market share (%)	0.56	0.54	0.53
	Equity market share (%)	0.43	0.39	0.39
	Deposit market share (%)	0.64	0.63	0.63
	Loan market share (%)	0.69	0.72	0.67

Explanation：Cash flow from operating activities was a net outflow.

Note：1. The financial information listed 2012 department of the original visa in accordance with ROC GAAP data, change data re-prepared by CPA in accordance with IFRS, 2013 data for the CPA and Q1 2014 by CPA., excluding the information of operating scale.

2. The aforementioned ratios are calculated as follows：

(1) Operating Efficiency.

A. Loans to deposits ratio = Total loans / Total deposits.

B. Ratio of NPL = Total non-performing loans / Total loans.

C. Interest expenses to average deposit balances = Total expenses of deposit interests / Annual average deposit balances.

D. Interest Income to average loan balances = Total expenses of loan interests / Annual average loan balances.

E Total assets turnover ratio = Net revenue / Average total assets.

F. Operating revenue per employee (note 6)= Net revenue / Total number of employees.
G. Earnings per employee = Net income / Total number of employees.

(2) Profitability.
A. Return on Tier 1 capital= Income before tax / Average net Tier 1 capital.
B. Return on total assets = Net income / Average total assets.
C. Return on equity = Net income / Average total equity.
D. Net profit margin = Net income / Net revenue.
E. Earnings per share =(Profit and loss attributable to the parent company–Preferred stock dividends)/ Weighted average outstanding shares (note 4).

(3) Financial Structure.
A. Liabilities to assets ratio= Total liabilities / Total assets.
B. Property, plant, and equipment as a percentage of equity＝Property, plant, and equipment / Net equity.

(4) Growth Rate.
A. Asset growth rate = (Current total asset – Last year's total asset) / Last year's total asset.
B. Earnings growth rate = (Current earnings before tax – Last year's earnings before tax) / Last year's earnings before tax.

(5) Cash Flows (note 7).
A. Cash flow ratio = Cash flows from operating activities / (Due to banks and drafts＋commercial bills payable＋financial liabilities at fair value through income statement＋bills and bonds sold under repurchase agreements＋accounts payable in 1 year).
B. Cash flow adequacy ratio = Cash flows from operating activities in the last 5 Years /（Capital expenditure ＋cash dividends）in the last 5 Years.
C. Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities.

(6) Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided.

(7) Operating Scale.
A. Asset market share = Total assets / Total assets of financial institutes which can operate deposits and loans business (note 5).
B. Equity market share = Total equities / Total equities of financial institutes which can operate deposits and loans business.
C. Deposit market share = Total deposits / Total deposits of financial institutes which can operate deposits and loans business.
D. Loan market share = Total loans / Total loans of financial institutes which can operate deposits and loans business.

3. Total liabilities are net of reserves for losses on guarantees, and accidental loss.
4. The calculation formula for EPS mentioned above shall meet the following requirements during measurements：
(1) Using weighted average shares of common stocks as the basis, instead of issued shares in end of year.
(2) Any capital increases or treasury stocks trading shall consider its circulation period in calculating weighted average shares.
(3) Any surplus being transferred into capital increase or additional paid-in capital being transferred to capital increase, the calculation of semi-annual and annual EPS shall be adjusted according to capital increase ratio without considering the issuance period of such capital increase.
(4) If the preferred stocks are non-convertible cumulative preferred stock, its dividend of current year (whether is distribution is executed or not) shall be deducted from net income or increase the net loss.
(5) If the preferred stocks are non-cumulative, its dividend shall be deducted from net income; if there was net loss, the adjustment is not needed.
5. All financial institutions that can provide deposit and loan services including local banks, branches of foreign banks in Taiwan, credit unions, credit departments of fishermen's associations and farmers associations, and trust investment companies.
6. Amount of income equals the sum of interest income and non-interest income.
7. When measuring cash flow analysis, the following requirements shall be met：
(1) Operational net cash flow represent the operational net cash inflow in the statement of cash flow.
(2) Capital expenditures stand for the cash outflow of annual capital investment.
(3) Cash dividend include dividend from common stocks and preferred stock.
(4) Gross amount of property, plant, and equipment equal to the total amount of property, plant, and equipment before the deduction of accumulated depreciation.

6.2.1.3 Financial Analysis — ROC GAAP

Unit：NT$ Million

Item \ Year		2009~2012 Financial Summary			
		2009	2010	2011	2012
Operating Ability	Loans to deposits ratio (%)	87.23	87.35	85.91	85.79
	Ratio of NPL (%)	1.98	0.99	1.04	0.85
	Interest expenses to average deposit balances (%)	0.87	0.61	0.79	0.88
	Interest income to average loan balances (%)	1.90	1.72	1.92	2.08
	Total assets turnover ratio (times)	0.01	0.01	0.01	0.01
	Operating revenue per employee	1.98	2.56	2.47	3.17
	Earnings per employee	0.08	0.14	(0.46)	0.41
Profitability	Return on tier 1 capital (%)	0.50	2.42	(4.73)	4.26
	Return on total assets (%)	0.04	0.06	(0.20)	0.17
	Return on shareholders' equity	0.81	1.34	(4.35)	3.63
	Net profit margin (%)	4.19	5.43	(18.69)	12.94
	Earnings per share (NT$)	0.15	0.24	(0.71)	0.55
Financial Structure	Liabilities to total assets ratio (%)	94.92	95.54	95.37	95.06
	Fixed assets to stockholders' equity ratio (%)	24.22	23.40	21.25	19.58
Growth Rate	Asset growth rate (%)	1.34	15.44	4.19	(1.25)
	Earnings growth rate (%)	104.32	382.28	(308.55)	197.78
Cash Flow	Cash flow ratio (%)	4.66	6.36	6.37	11.04
	Cash flow adequacy ratio (%)	849.98	1,231.87	1,407.94	3,892.46
	Cash flow satisfied ratio (%)	21.26	3.23	10.66	Explanation
Liquidity reserve ratio (%)		17.04	13.97	15.25	16.79
Total secured loans to related parties		757	862	1,394	981
Total secured loans to related parties as a percentage of total loans (%)		0.51	0.51	0.80	0.57
Operating Scale	Asset market share (%)	0.55	0.60	0.59	0.56
	Equity market share (%)	0.46	0.44	0.45	0.43
	Deposit market share (%)	0.50	0.68	0.68	0.64
	Loan market share (%)	0.60	0.78	0.73	0.69

Explanation：Cash flow from operating activities was a net outflow.

Note：1. The financial information listed above audited by our independent auditors, excluding the information of operating scale.

2. The aforementioned ratios are calculated as follows：

(1) Operating Efficiency.

A. Loans to deposits ratio = Total loans / Total deposits.

B. Ratio of NPL = Total non-performing loans / Total loans.

C. Interest expenses to average deposit balances = Total interest expenses / Annual average deposit balances.

D. Interest Income to average loan balances = Total interest income / Annual average loan balances.

E. Total assets turnover ratio = Net revenue / total assets.

F. Operating revenue per employee (note 6)= Net revenue / Total number of employees.

G. Earnings per employee = Net income / Total number of employees.

(2) Profitability.

A. Return on Tier 1 capital= Income before tax / Average total Tier 1 capital .

B. Return on total assets = Net income / Average total assets.

C. Return on equity = Net income / Average net shareholder equity.

D. Net profit margin = Net income / Net revenue.

E. Earnings per share =(Net income –Preferred stock dividends) / Weighted average outstanding shares (note 4).

(3) Financial Structure.

A. Liabilities to assets ratio= Total liabilities / Total assets.

B. Fixed assets to stockholders' equity ratio=Total fixed assets / Net stockholders' equity.

(4) Growth Rate.

A. Asset growth rate = (Current total asset – Last year's total asset) / Last year's total asset.

B. Earnings growth rate = (Current earnings before tax – Last year's earnings before tax) / Last year's earnings before tax.

(5) Cash Flows (note 7).

A. Cash flow ratio = Cash flows from operating activities / (Due to banks and drafts＋commercial bills payable＋financial liabilities at fair value through income statement＋bills and bonds sold under repurchase agreements＋accounts payable in 1 year).

B. Cash flow adequacy ratio = Cash flows from operating activities in the last 5 Years / （Capital expenditure ＋cash dividends）in the last 5 Years.

C. Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities.

(6) Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided.

(7) Operating Scale.

A. Asset market share = Total assets / Total assets of financial institutes which can operate deposits and loans business(note 5).

B. Equity market share = Total equities / Total equities of financial institutes which can operate deposits and loans business.

C. Deposit market share = Total deposits / Total deposits of financial institutes which can operate deposits and loans business.

D. Loan market share = Total loans / Total loans of financial institutes which can operate deposits and loans business.

3. Total liabilities are net of reserves for losses on guarantees, losses on security trades, losses on breach of contracts, and accidental loss.

4. The calculation formula for EPS mentioned above shall meet the following requirements during measurements：

(1) Using weighted average shares of common stocks as the basis, instead of issued shares in end of year.

(2) Any capital increases or treasury stocks trading shall consider its circulation period in calculating weighted average shares.

(3) Any surplus being transferred into capital increase or additional paid-in capital being transferred to capital increase, the calculation of semi-annual and annual EPS shall be adjusted according to capital increase ratio without considering the issuance period of such capital increase.

(4) If the preferred stocks are non-convertible cumulative preferred stock, its dividend of current year (whether is distribution is executed or not) shall be deducted from net income or increase the net loss.

(5) If the preferred stocks are non-cumulative, its dividend shall be deducted from net income; if there was net loss, the adjustment is not needed.

5. All financial institutions that can provide deposit and loan services including local banks, branches of foreign banks in Taiwan, credit unions, credit departments of fishermen's associations and farmers associations, and trust investment companies.

6. Amount of income equals the sum of interest income and non-interest income.

7. When measuring cash flow analysis, the following requirements shall be met：

(1) Operational net cash flow represent the operational net cash inflow in the statement of cash flow.

(2) Capital expenditures stand for the cash outflow of annual capital investment.

(3) Cash dividend include dividend from common stocks and preferred stock.

(4) Gross amount of fixed asset equal to the total amount of fixed asset before the deduction of accumulated depreciation.

6.2.2 Capital Adequacy

6.2.2.1 Capital Adequacy— IFRSs (Consolidated)

Unit：NT$ Thousand

Item \ year			2013~2014.3.31 Capital adequacy	
			2013	2014.3.31
Capital	Common stock interests		10,100,154	10,221,478
	Additional tier 1 capital of non-common stock interests		0	0
	Tier 2 capital		3,665,056	4,324,323
	Capital		13,765,210	14,545,801
Risk weighted assets	Credit risks	Standardised approach	137,615,003	136,996,732
		Internal rating based approach (IRB)	—	—
		Asset securitization	1,772,752	1,688,450
	Operational risks	Basic indicator approach (BIA)	4,941,919	4,907,761
		Standardised approach / Optional Standardised approach	—	—
		Advanced approach	—	—
	Market risks	Standardised approach	3,177,928	4,304,988
		Internal model approach	—	—
	Risk weighted assets		147,507,602	147,897,931
Capital adequacy ratio(%)			9.33%	9.84%
Tier 1 capital as a percentage of risk weighted assets (%)			6.85%	6.91%
Common stock interests as a percentage of risk weighted assets (%)			6.85%	6.91%
Leverage ratio (%)			3.21%	3.24%

Note：1. The financial information listed above has been audited by the CPAs Shu-Man Tsai and Ling-Wen Huang.

2. Auditors' opinion: Unqualified opinion for FY 2012 and 2013.

3. The financial information listed above has been reviewed by the CPAs Shu-Man Tsai and Ling-Wen Huang for Q1 2014.

4. The aforementioned ratios are calculated as follows

(1) Capital base = Common stock interests+ Additional tier 1 capital of non-common stock interests + Tier 2 capital

(2) Risk weighted assets = Credit risk weighted assets + (Operational risks + Market risks) Capital appropriation ×12.5

(3) Capital adequacy ratio = Capital base / Risk weighted assets

(4) Tier 1 capital as a percentage of risk weighted assets = (Common stock interests+ Additional tier 1 capital of non-common stock interests) / Risk weighted assets

(5) Common stock's equities as a percentage of the risk assets = Common stock's equities / total of weighted risk assets

(6) Leverage ratio= Net Amount of Tier 1 Capital / Total Exposure amount

6.2.2.2 Capital Adequacy— IFRSs (Individual)

Unit：NT$ Thousand

Item \ year			2013~2014.3.31 Capital adequacy	
			2013	2014.3.31
Capital	Common stock interests		10,070,584	10,221,478
	Additional tier 1 capital of non-common stock interests		0	0
	Tier 2 capital		3,635,375	4,324,323
	Capital		13,705,959	14,545,801
Risk weighted assets	Credit risks	Standardised approach	137,624,108	136,996,732
		Internal rating based approach (IRB)	—	—
		Asset securitization	1,772,752	1,688,450
	Operational risks	Basic indicator approach (BIA)	4,907,761	4,907,761
		Standardised approach / Optional Standardised approach	—	—
		Advanced approach	—	—
	Market risks	Standardised approach	3,177,928	4,304,988
		Internal model approach	—	—
	Risk weighted assets		147,482,548	147,897,931
Capital adequacy ratio(%)			9.29%	9.84%
Tier 1 capital as a percentage of risk weighted assets (%)			6.83%	6.91%
Common stock interests as a percentage of risk weighted assets (%)			6.83%	6.91%
Leverage ratio (%)			3.21%	3.24%

Note：1. The financial information listed above has been audited by the CPAs Shu-Man Tsai and Ling-Wen Huang.

2. Auditors' opinion: Unqualified opinion for FY 2012 and 2013.

3. The financial information listed above has been reviewed by the CPAs Shu-Man Tsai and Ling-Wen Huang for Q1 2014.

4. The aforementioned ratios are calculated as follows

(1) Capital base = Common stock interests+ Additional tier 1 capital of non-common stock interests + Tier 2 capital

(2) Risk weighted assets = Credit risk weighted assets + (Operational risks + Market risks) Capital appropriation ×12.5

(3) Capital adequacy ratio = Capital base / Risk weighted assets

(4) Tier 1 capital as a percentage of risk weighted assets = (Common stock interests+ Additional tier 1 capital of non-common stock interests) / Risk weighted assets

(5) Common stock's equities as a percentage of the risk assets = Common stock's equities / total of weighted risk assets

(6) Leverage ratio= Net Amount of Tier 1 Capital / Total Exposure amount

6.2.2.3 Capital Adequacy—ROC GAAP (Consolidated)

Unit：NT$ Million

Item \ Year			2009~2012 Capital adequacy ratio			
			2009	2010	2011	2012
Capital	Tier 1 capital	Common stocks	5,258	5,258	7,069	7,069
		Perpetual non-cumulative preferred stock	0	0	0	0
		Non-cumulative subordinated debentures without maturity dates	0	0	0	0
		Capital in advance	0	0	0	0
		Capital surplus (Apart from fixed asset appreciation surplus)	2,542	2,542	2,018	2,018
		Legal earnings reserve	1,582	1,605	1,643	1,278
		Special earnings reserve	0	25	42	0
		Accumulated earnings	76	156	(407)	386
		Minor equity	0	0	0	0
		Other stockholder's equity	(30)	(61)	(37)	(20)
		Less：goodwill	0	0	0	0
		Less：unamortized loss on sale of bad credit	0	0	0	0
		Less：capital deduct item	937	999	683	642
		Total tier 1 capital	8,491	8,526	9,645	10,090
	Tier 2 capital	Perpetual cumulative preferred stock	0	0	0	0
		Cumulative subordinated debentures without maturity dates	0	0	0	0
		Fixed asset appreciation surplus	0	0	0	0
		45% of the unrealized income from financial assets in available-for-sale	6	15	16	79
		Convertible bonds	0	0	0	0
		Business reserve and provision for credit loss	121	235	779	828
		Long term subordinate bonds	3,800	3,600	2,800	2,000
		Non-perpetual preferred stock	0	0	0	0
		Total of perpetual non-cumulative preferred stock and non-cumulative subordinated debentures amounting to more than 15% of the tier 1 capital	0	0	0	0
		Less：capital deduct item	937	999	683	642
		Total tier 2 capital	2,990	2,851	2,911	2,265
	Tier 3 capital	Short term subordinate bonds	0	0	0	0
		Non-perpetual preferred stock	0	0	0	0
		Total tier 3 capital	0	0	0	0
	Capital		11,482	11,377	12,557	12,354
Risk weighted assets	Credit risks	Standardised approach	99,759	112,503	119,345	120,786
		Internal rating based approach (IRB)	0	0	0	0
		Asset securitization	1,650	870	613	594
	Operational risks	Basic indicator approach (BIA)	4,209	4,209	4,068	4,632
		Standardised approach / Optional Standardised approach	0	0	0	0
		Advanced approach	0	0	0	0
	Market risks	Standardised approach	1,742	2,910	3,064	3,876
		Internal model approach	0	0	0	0
	Risk weighted assets		107,360	120,492	127,090	129,889
Capital adequacy ratio （%）			10.69	9.44	9.88	9.51
Tier 1 capital as a percentage of risk weighted assets （%）			7.91	7.08	7.59	7.77
Tier 2 capital as a percentage of risk weighted assets （%）			2.79	2.36	2.29	1.74
Tier 3 capital as a percentage of risk weighted assets （%）			0.00	0.00	0.00	0.00
Common stock's equities as a percentage of total assets （%）			2.83	2.45	3.16	3.20

Note：1. The financial information listed above audited by the bank's independent auditors.

2. The aforementioned ratios are calculated as follows:

(1) Capital base = Tier 1 capital + Tier 2 capital + Tier 3 capital

(2) Risk weighted assets = Credit risk weighted assets + (Operational risks + Market risks) Capital appropriation ×12.5

(3) Capital adequacy ratio = Capital base / Risk weighted assets

(4) Tier 1 capital as a percentage of risk weighted assets = Tier 1 capital / Risk weighted assets

(5) Tier 2 capital as a percentage of risk weighted assets = Tier 2 capital / Risk weighted assets

(6) Tier 3 capital as a percentage of risk weighted assets = Tier 3 capital / Risk weighted assets

(7) Common stock's equities as a percentage of total assets = Common stock's equities / Total assets

6.2.2.4 Capital Adequacy—ROC GAAP (Individual)

Unit：NT$ Million

Item \ Year			2009~2012 Capital adequacy ratio			
			2009	2010	2011	2012
Capital	Tier 1 capital	Common stocks	5,258	5,258	7,069	7,069
		Perpetual non-cumulative preferred stock	0	0	0	0
		Non-cumulative subordinated debentures without maturity dates	0	0	0	0
		Capital in advance	0	0	0	0
		Capital surplus (Apart from fixed asset appreciation surplus)	2,542	2,542	2,018	2,018
		Legal earnings reserve	1,582	1,605	1,643	1,278
		Special earnings reserve	0	25	42	0
		Accumulated earnings	76	156	(407)	386
		Minor equity	0	0	0	0
		Other stockholder's equity	(30)	(61)	(37)	(20)
		Less：goodwill	0	0	0	0
		Less：unamortized loss on sale of bad credit	0	0	0	0
		Less：capital deduct item	959	1,027	715	681
		Total tier 1 capital	8,469	8,498	9,614	10,050
	Tier 2 capital	Perpetual cumulative preferred stock	0	0	0	0
		Cumulative subordinated debentures without maturity dates	0	0	0	0
		Fixed asset appreciation surplus	0	0	0	0
		45% of the unrealized income from financial assets in available-for-sale	6	15	16	78
		Convertible bonds	0	0	0	0
		Business reserve and provision for credit loss	121	235	779	828
		Long term subordinate bonds	3,800	3,600	2,800	2,000
		Non-perpetual preferred stock	0	0	0	0
		Total of perpetual non-cumulative preferred stock and non-cumulative subordinated debentures amounting to more than 15% of the tier 1 capital	0	0	0	0
		Less：capital deduct item	959	1,027	715	681
		Total tier 2 capital	2,968	2,823	2,880	2,225
	Tier 3 capital	Short term subordinate bonds	0	0	0	0
		Non-perpetual preferred stock	0	0	0	0
		Total tier 3 capital	0	0	0	0
	Capital		11,436	11,322	12,494	12,275
Risk weighted assets	Credit risks	Standardised approach	99,788	112,516	119,355	120,795
		Internal rating based approach (IRB)	0	0	0	0
		Asset securitization	1,650	870	613	594
	Operational risks	Basic indicator approach (BIA)	4,190	4,190	4,048	4,606
		Standardised approach / Optional Standardised approach	0	0	0	0
		Advanced approach	0	0	0	0
	Market risks	Standardised approach	1,742	2,910	3,064	3,876
		Internal model approach	0	0	0	0
	Risk weighted assets		107,369	120,486	127,080	129,871
Capital adequacy ratio （%）			10.65	9.40	9.83	9.45
Tier 1 capital as a percentage of risk weighted assets （%）			7.89	7.05	7.57	7.74
Tier 2 capital as a percentage of risk weighted assets （%）			2.76	2.35	2.27	1.71
Tier 3 capital as a percentage of risk weighted assets （%）			0.00	0.00	0.00	0.00
Common stock's equities as a percentage of total assets （%）			2.82	2.45	3.16	3.20

Note：1. The financial information listed above audited by the bank's independent auditors.

2. The aforementioned ratios are calculated as follows:

(1) Capital base = Tier 1 capital + Tier 2 capital + Tier 3 capital

(2) Risk weighted assets = Credit risk weighted assets + (Operational risks + Market risks) Capital appropriation ×12.5

(3) Capital adequacy ratio = Capital base / Risk weighted assets

(4) Tier 1 capital as a percentage of risk weighted assets = Tier 1 capital / Risk weighted assets

(5) Tier 2 capital as a percentage of risk weighted assets = Tier 2 capital / Risk weighted assets

(6) Tier 3 capital as a percentage of risk weighted assets = Tier 3 capital / Risk weighted assets

(7) Common stock's equities as a percentage of total assets = Common stock's equities / Total assets

6.3 Supervisors' Report in the Most Recent Years

Supervisors' Report for Bank of Kaohsiung

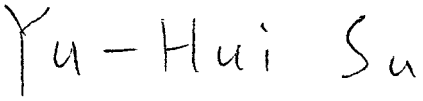
Mar.28, 2014

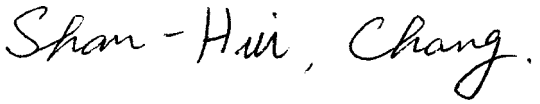
The Board of Directors have compiled and submitted to the Bank's 2013 Financial Statements (including the consolidated and individual financial statements), and Report of Independent Auditors which are audited by the CPA Shu-Man Tsai and Ling-Wen Huang, who are members of Crowe Horwath (TW) CPAs, We have completed our examinations and found them to meet the requirements of applicable laws and regulations. This report is hereby prepared in according to Article 219 of the Company Law and submitted for your approval.

Regard to

Regular Shareholders' Meeting of the Bank of Kaohsiung

Supervisors:

Yu-Hui Su 

Shan-Hui Chang 

Yung-Yu Tsai

(The content of the report is in conformity with the audit report)