6.1 Five-Year Financial Summary and Statement of Comprehensive Income

6.1.1. Condensed Balance Sheet

6.1.1.1 Condensed Balance Sheet—ROC GAAP

Unit：NT$ Million

Item \ Year		Five-Year Financial Summary				
		2008.12.31	2009.12.31	2010.12.31	2011.12.31	2012.12.31
Cash & cash equivalents, Due from CBC and lent to banks		20,261	25,035	28,890	26,975	27,802
Financial assets at fair value through income statement		1,900	2,127	1,104	1,616	1,460
Bills and bonds purchased under resale agreements		9,703	3,895	2,791	5,878	4,967
Available-for-sale financial assets－net		2,644	3,822	5,094	11,748	19,137
Discounts & loans－net		136,927	138,261	162,194	166,216	162,044
Accounts receivable－net		784	790	989	981	974
Held-to-Maturity financial assets－net		4,227	5,396	7,695	5,567	0
Equity method's investments－net		45	45	55	63	79
Property and equipment cost		2,346	2,285	2,237	2,202	2,135
Intangible assets－net		58	70	59	63	50
Other financial assets－net		4,037	3,622	3,048	1,831	1,724
Other assets－net		765	809	748	769	749
Total assets		183,697	186,157	214,904	223,909	221,121
Due to CBC & banks		10,862	10,548	12,606	11,512	11,936
Deposits & remittances		158,664	157,922	185,167	193,944	189,552
Financial liabilities at fair value through income statement		20	2	15	4	1
Bills and bonds sold under repurchase agreements		293	214	141	103	69
Funds borrowed from CBC & banks, financial bonds payable		1,000	4,000	4,000	4,000	4,000
Liabilities of preferred stocks		0	0	0	0	0
Pension payable		202	221	253	305	354
Other financial liabilities		300	285	207	195	152
Other liabilities		2,900	3,531	2,956	3,.482	4,151
Total liabilities	Before distribution	174,341	176,723	205,345	213,545	210,215
	After distribution	174,341	176,723	205,355	213,545	—
Capital		5,258	5,258	5,258	7,069	7,069
Capital reserve		2,543	2,543	2,543	2,018	2,018
Retained earnings	Before distribution	1,582	1,658	1,785	1,278	1,664
	After distribution	1,582	1,658	1,775	1,278	—
Unrealized gain and loss on financial instruments		(27)	(25)	(27)	(2)	154
Cumulative Translation Adjustment		0	0	0	0	0
Other shareholders' equity		0	0	0	1	1
Total shareholders' equity	Before distribution	9,356	9,434	9,559	10,364	10,906
	After distribution	9,356	9,434	9,549	10,364	—

Note：1. The financial information listed above has been audited by the CPA Shu-Man Tsai and Ling-Wen Huang.
2. Auditors' opinion: Unqualified opinion for FY 2012.

6.1.1.2 Condensed Balance Sheet — IFRSs

Unit：NT$ Million

Item \ Year		2013.3.31
Cash & cash equivalents, Due from CBC and lent to banks		26,607
Financial assets at fair value through income statement		1,024
Available-for-sale financial assets		18,952
Derivative financial assets for hedging		0
Bills and bonds purchased under resale agreements		2,855
Accounts receivable-net		1,132
Income tax assets - current period		35
Assets held for sale-net		0
Discounts & loans-net		164,242
Held-to-Maturity financial assets-net		0
Equity method’ s investments-net		0
Restricted assets		0
Other financial assets-net		1,616
Property, plant and equipment-net		2,753
Investment property-net		0
Intangible assets-net		49
Deferred income tax assets-net		128
Other assets-net		79
Total assets		219,472
Due to CBC & banks		14,165
Funds borrowed from CBC & banks		0
Financial liabilities at fair value through income statement		3
Derivative financial liabilities for hedging		0
Bills and bonds sold under repurchase agreements		68
Accounts Payable-net		3,681
Income tax liabilities- current period		12
Liabilities directly related to assets held for sale		0
Deposits & remittances		185,837
Bonds payable		4,000
Liabilities of preferred stocks		0
Other financial liabilities		150
Liability reserve		762
Deferred income tax liabilities		0
Other liabilities		200
Total liabilities	Before distribution	208,878
	After distribution	—
Profit and loss attributable to the parent company		
Capital		7,069
Capital reserve		2,018
Retained earnings	Before distribution	1,465
	After distribution	—
Other equity		42
Treasury Stock		0
Non-controlling interests		0
Total equity	Before distribution	10,594
	After distribution	—

Note：CPAs Shuman Tsai and Ling-wen Huang reviewed the information in the financial statement for the first quarter of 2013. .

6.1.2. Condensed Statements of Income

6.1.2.1 Condensed Statements of Income — ROC GAAP

Unit：NT$ Million

Item \ Year	Five-Year Financial Summary				
	2008.1.1－2008.12.31	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 revenue	2,081	1,340	1,789	1,988	2,103
Net non-interest revenue	(645)	629	554	330	881
Credit loss expenses	622	217	308	899	579
Operating expenses	1,801	1,709	1,829	1,848	1,986
Income before tax－operating department	(987)	43	206	(429)	419
Income after tax－operating department	(977)	76	127	(433)	386
Non-operating department income－after income tax	0	0	0	0	0
Special income－after income tax	0	0	0	0	0
Cumulative effect of changes on accounting principles－after income tax	0	0	0	0	0
Net income	(977)	76	127	(433)	386
Earnings per share (NT$)	(1.86)	0.15	0.24	(0.71)	0.55

Note：1. The financial information listed above has been audited by the CPA Shu-Man Tsai and Ling-Wen Huang.
2. Auditors' opinion：Unqualified opinion for FY 2012.

6.1.2.2 Condensed Statements of Comprehensive Income — IFRSs

Unit：NT$ Million

Item Year	2013.1.1－2013.3.31
Interest revenue	970
Less: Interest expenses	447
Net interest revenue	523
Net non-interest revenue	177
Net revenue	700
Reserve for losses on guarantees and credit loss.	60
Operating expenses	507
Income before tax－operating department	133
Income tax (expense) benefit	(22)
Net income－operating department	111
Net income－non-operating department	0
Net income (loss)	111
Other comprehensive income (net income after tax) - current period	(61)
Total of comprehensive income- current period	50
Net income attributable to the parent company	111
Net income attributable to non-controlling interests	0
Net income of all the comprehensive income attributable to the parent company	50
Total of comprehensive income attributable to non-controlling interests	0
Earnings per share (NT$)	0.16

Note： CPAs Shuman Tsai and Ling-wen Huang reviewed the information in the financial statement for the first quarter of 2013.

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis

6.2.1.1. Financial Analysis — ROC GAAP

Amount Unit：NT$ Million

Item	Year	Financial Analysis in The Past Five Years				
		2008	2009	2010	2011	2012
Operating Ability	Loans to deposits ratio (%)	86.03	87.23	87.35	85.91	85.79
	Ratio of NPL (%)	1.87	1.98	0.99	1.04	0.85
	Interest expenses to average deposit balances (%)	1.78	0.87	0.61	0.79	0.88
	Interest income to average loan balances (%)	3.41	1.90	1.72	1.92	2.08
	Total assets turnover ratio (times)	0.01	0.01	0.01	0.01	0.01
	Operating revenue per employee	1.53	1.98	2.56	2.47	3.17
	Earnings per employee	(1.04)	0.08	0.14	(0.46)	0.41
Profitability	Return on tier 1 capital (%)	(10.71)	0.50	2.42	(4.73)	4.26
	Return on total assets (%)	(0.57)	0.04	0.06	(0.20)	0.17
	Return on shareholders' equity	(9.88)	0.81	1.34	(4.35)	3.63
	Net profit margin (%)	(68.04)	4.19	5.43	(18.69)	12.94
	Earnings per share (NT$)	(1.86)	0.15	0.24	(0.71)	0.55
Financial Structure	Liabilities to total assets ratio (%)	94.89	94.92	95.54	95.37	95.06
	Fixed assets to stockholders' equity ratio (%)	25.08	24.22	23.40	21.25	19.58
Growth Rate	Asset growth rate (%)	17.14	1.34	15.44	4.19	(1.25)
	Earnings growth rate (%)	(500.55)	104.32	382.28	(308.55)	197.78
Cash Flow	Cash flow ratio (%)	28.58	4.66	6.36	6.37	11.04
	Cash flow adequacy ratio (%)	1,019.36	849.98	1,231.87	1,407.94	3,892.46
	Cash flow satisfied ratio (%)	12.95	21.26	3.23	10.66	Exp.2
Liquidity reserve ratio (%)		16.78	17.04	13.97	15.25	16.79
Total secured loans to related parties		777	757	862	1,394	981
Total secured loans to related parties as a percentage of total loans (%)		0.53	0.51	0.51	0.80	0.57
Operating Scale	Asset market share (%)	0.47	0.55	0.60	0.59	0.56
	Equity market share (%)	0.55	0.46	0.44	0.45	0.43
	Deposit market share (%)	0.53	0.50	0.68	0.68	0.64
	Loan market share (%)	0.60	0.60	0.78	0.73	0.69
Explain: 1.Analyses of financial ratio change in the last two years : The increase in the ratio about profitability in 2012, caused by decrease of bad debt expense and impairment of foreign currency investments. 2. Net Cash inflows from investing activities.						

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 :

A. Operating Efficiency

(1) Loans to deposits ratio = Total loans / Total deposits

(2) Ratio of NPL = Total non-performing loans / Total loans

(3) Interest expenses to average deposit balances = Total interest expenses / Annual average deposit balances
(4) Interest Income to average loan balances = Total interest income / Annual average loan balances
(5) Total assets turnover ratio = Net revenue / total assets
(6) Operating revenue per employee (note 7)= Net revenue / Total number of employees
(7) Earnings per employee = Net income / Total number of employees

B. Profitability
(1) Return on Tier 1 capital= Income before tax / Average total Tier 1 capital
(2) Return on total assets = Net income / Average total assets
(3) Return on equity = Net income / Average net shareholder equity
(4) Net profit margin = Net income / Net revenue
(5) Earnings per share =(Net income –Preferred stock dividends) / Weighted average outstanding shares (note 5)

C. Financial Structure
(1) Liabilities to assets ratio= Total liabilities / Total assets
(2) Fixed assets to stockholders' equity ratio=Total fixed assets / Net stockholders' equity

D. Growth Rate
(1) Asset growth rate = (Current total asset – Last year's total asset) / Last year's total asset
(2) Earnings growth rate = (Current earnings before tax – Last year's earnings before tax) / Last year's earnings before tax

E. Cash Flows (note 8)
(1) 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)
(2) Cash flow adequacy ratio = Cash flows from operating activities in the last 5 Years /（Capital expenditure ＋cash dividends）in the last 5 Years
(3) Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities

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

G. Operating Scale
(1) Asset market share = Total assets / Total assets of financial institutes which can operate deposits and loans business(note 6)
(2) Equity market share = Total equities / Total equities of financial institutes which can operate deposits and loans business
(3) Deposit market share = Total deposits / Total deposits of financial institutes which can operate deposits and loans business
(4) 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:
A. Using weighted average shares of common stocks as the basis, instead of issued shares in end of year.
B. Any capital increases or treasury stocks trading shall consider its circulation period in calculating weighted average shares.
C. 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.
D. 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.
E. 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:
   A. Operational net cash flow represent the operational net cash inflow in the statement of cash flow.
   B. Capital expenditures stand for the cash outflow of annual capital investment.
   C. Cash dividend include dividend from common stocks and preferred stock.
   D. Gross amount of fixed asset equal to the total amount of fixed asset before the deduction of accumulated depreciation.

6.2.1.2 Financial Analysis— IFRSs

Amount Unit：NT$ Million

Item \ Year		2013.3.31
Operating Ability	Loans to deposits ratio (%)	86.73
	Ratio of NPL (%)	0.81
	Interest expenses to average deposit balances (%)	0.85
	Interest income to average loan balances (%)	2.07
	Total assets turnover ratio (times)	0.003
	Operating revenue per employee	0.74
	Earnings per employee	0.12
Profitability	Return on tier 1 capital (%)	1.33
	Return on total assets (%)	0.05
	Return on equity	1.05
	Net profit margin (%)	15.82
	Earnings per share (NT$)	0.16
Financial Structure	Liabilities to assets ratio (%)	95.16
	Property, plant, and equipment as a percentage of equity (%)	25.98
Growth Rate	Asset growth rate (%)	—
	Earnings growth rate (%)	—
Cash Flow	Cash flow ratio (%)	—
	Cash flow adequacy ratio (%)	—
	Cash flow satisfied ratio (%)	—
Liquidity Reserve Ratio (%)		15.94
Total Secured Loans to Related Parties		981
Total Secured Loans to Related Parties as a Percentage of Total Loans (%)		0.57
Operating Scale	Asset market share (%)	0.55
	Equity market share (%)	0.41
	Deposit market share (%)	0.62
	Loan market share (%)	0.69

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

Note：2. The aforementioned ratios are calculated as follows:

A. Operating Efficiency
(1) Loans to deposits ratio = Total loans / Total deposits
(2) Ratio of NPL = Total non-performing loans / Total loans
(3) Interest expenses to average deposit balances = Total expenses of deposit interests / Annual average deposit balances
(4) Interest Income to average loan balances = Total expenses of loan interests / Annual average loan balances
(5) Total assets turnover ratio = Net revenue / Average total assets
(6) Operating revenue per employee (note 6)= Net revenue / Total number of employees
(7) Earnings per employee = Net income / Total number of employees

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

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

D. Growth Rate
(1) Asset growth rate = (Current total asset – Last year's total asset) / Last year's total asset
(2) Earnings growth rate = (Current earnings before tax – Last year's earnings before tax) / Last year's earnings before tax

E. Cash Flows (note 7)
(1) 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)
(2) Cash flow adequacy ratio = Cash flows from operating activities in the last 5 Years /（Capital expenditure ＋cash dividends）in the last 5 Years
(3) Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities

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

G. Operating Scale
(1) Asset market share = Total assets / Total assets of financial institutes which can operate deposits and loans business (note 5)
(2) Equity market share = Total equities / Total equities of financial institutes which can operate deposits and loans business
(3) Deposit market share = Total deposits / Total deposits of financial institutes which can operate deposits and loans business
(4) 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:
A. Using weighted average shares of common stocks as the basis, instead of issued shares in end of year.
B. Any capital increases or treasury stocks trading shall consider its circulation period in calculating weighted average shares.
C. 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.
D. 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.
E. 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:
A. Operational net cash flow represent the operational net cash inflow in the statement of cash flow.
B. Capital expenditures stand for the cash outflow of annual capital investment.
C. Cash dividend include dividend from common stocks and preferred stock.
D. Gross amount of property, plant, and equipment equal to the total amount of property, plant, and equipment before the deduction of accumulated depreciation.

6.2.2 Capital Adequacy

6.2.2.1 Capital Adequacy—ROC GAAP

Amount Unit：NT$ Million

Item \ Year			Capital adequacy ratio in the Past Five Years				
			2008	2009	2010	2011	2012
Capital	Tier 1 capital	Common stocks	5,258	5,258	5,258	7,069	7,069
		Perpetual non-cumulative preferred stock	0	0	0	0	0
		Non-cumulative subordinated debentures without maturity dates	0	0	0	0	0
		Capital in advance	0	0	0	0	0
		Capital surplus (Apart from fixed asset appreciation surplus)	2,542	2,542	2,542	2,018	2,018
		Legal earnings reserve	2,446	1,582	1,605	1,643	1,278
		Special earnings reserve	112	0	25	42	0
		Accumulated earnings	(977)	76	156	(407)	386
		Minor equity	0	0	0	0	0
		Other stockholder's equity	(62)	(30)	(61)	(37)	(20)
		Less：goodwill	0	0	0	0	0
		Less：unamortized loss on sale of bad credit	0	0	0	0	0
		Less：capital deduct item	712	959	1,027	715	681
		Total tier 1 capital	8,607	8,469	8,498	9,614	10,050
	Tier 2 capital	Perpetual cumulative preferred stock	0	0	0	0	0
		Cumulative subordinated debentures without maturity dates	0	0	0	0	0
		Fixed asset appreciation surplus	0	0	0	0	0
		45% of the unrealized income from financial assets in available-for-sale	16	6	15	16	78
		Convertible bonds	0	0	0	0	0
		Business reserve and provision for credit loss	498	121	235	779	828
		Long term subordinate bonds	1,000	3,800	3,600	2,800	2,000
		Non-perpetual preferred stock	0	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	0
		Less：capital deduct item	712	959	1,027	715	681
		Total tier 2 capital	802	2,968	2,823	2,880	2,225
	Tier 3 capital	Short term subordinate bonds	0	0	0	0	0
		Non-perpetual preferred stock	0	0	0	0	0
		Total tier 3 capital	0	0	0	0	0
	Capital		9,410	11,436	11,322	12,494	12,275
Risk weighted assets	Credit risks	Standardised approach	98,980	99,788	112,516	119,355	120,795
		Internal rating based approach (IRB)	0	0	0	0	0
		Asset securitization	1,964	1,650	870	613	594
	Operational risks	Basic indicator approach (BIA)	4,492	4,190	4,190	4,048	4,606
		Standardised approach / Optional Standardised approach	0	0	0	0	0
		Advanced approach	0	0	0	0	0
	Market risks	Standardised approach	2,827	1,742	2,910	3,064	3,876
		Internal model approach	0	0	0	0	0
	Risk weighted assets		108,263	107,369	120,486	127,080	129,871
Capital adequacy ratio （%）			8.69	10.65	9.40	9.83	9.45
Tier 1 capital as a percentage of risk weighted assets （%）			7.95	7.89	7.05	7.57	7.74
Tier 2 capital as a percentage of risk weighted assets （%）			0.74	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	0.00
Common stock's equities as a percentage of total assets （%）			2.86	2.82	2.45	3.16	3.20

Analyses of capital adequacy ratio change in the last two years：

1. The Bank issued 7-year subordinated financial bonds in 2007 and 2009, amount of NT$ 1 billion and NT$ 3 billion respectively. The amount which could be included in Tier 2 capital has decreased both NT$ 0.8 billion respectively in 2011 and 2012 due to approaching maturity.
2. The Bank's capital was increased NT$1.2 billion by cash on Oct. 2011.

Note：1. The financial information listed above audited by our 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

Amount Unit：NT$ Million

Item \ Year			Capital adequacy ratio in the Past Five Years (consolidated)				
			2008	2009	2010	2011	2012
Capital	Tier 1 capital	Common stocks	5,258	5,258	5,258	7,069	7,069
		Perpetual non-cumulative preferred stock	0	0	0	0	0
		Non-cumulative subordinated debentures without maturity dates	0	0	0	0	0
		Capital in advance	0	0	0	0	0
		Capital surplus (Apart from fixed asset appreciation surplus)	2,542	2,542	2,542	2,018	2,018
		Legal earnings reserve	2,446	1,582	1,605	1,643	1,278
		Special earnings reserve	112	0	25	42	0
		Accumulated earnings	(977)	76	156	(407)	386
		Minor equity	0	0	0	0	0
		Other stockholder's equity	(62)	(30)	(61)	(37)	(20)
		Less：goodwill	0	0	0	0	0
		Less：unamortized loss on sale of bad credit	0	0	0	0	0
		Less：capital deduct item	689	937	999	683	642
		Total tier 1 capital	8,630	8,491	8,526	9,645	10,090
	Tier 2 capital	Perpetual cumulative preferred stock	0	0	0	0	0
		Cumulative subordinated debentures without maturity dates	0	0	0	0	0
		Fixed asset appreciation surplus	0	0	0	0	0
		45% of the unrealized income from financial assets in available-for-sale	16	6	15	16	79
		Convertible bonds	0	0	0	0	0
		Business reserve and provision for credit loss	498	121	235	779	828
		Long term subordinate bonds	1,000	3,800	3,600	2,800	2,000
		Non-perpetual preferred stock	0	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	0
		Less：capital deduct item	689	937	999	683	642
		Total tier 2 capital	825	2,990	2,851	2,911	2,265
	Tier 3 capital	Short term subordinate bonds	0	0	0	0	0
		Non-perpetual preferred stock	0	0	0	0	0
		Total tier 3 capital	0	0	0	0	0
	Capital		9,455	11,482	11,377	12,557	12,354
Risk weighted assets	Credit risks	Standardised approach	98,979	99,759	112,503	119,345	120,786
		Internal rating based approach (IRB)	0	0	0	0	0
		Asset securitization	1,964	1,650	870	613	594
	Operational risks	Basic indicator approach (BIA)	4,511	4,209	4,209	4,068	4,632
		Standardised approach / Optional Standardised approach	0	0	0	0	0
		Advanced approach	0	0	0	0	0
	Market risks	Standardised approach	2,827	1,742	2,910	3,064	3,876
		Internal model approach	0	0	0	0	0
	Risk weighted assets		108,281	107,360	120,492	127,090	129,889
Capital adequacy ratio （%）			8.73	10.69	9.44	9.88	9.51
Tier 1 capital as a percentage of risk weighted assets （%）			7.97	7.91	7.08	7.59	7.77
Tier 2 capital as a percentage of risk weighted assets （%）			0.76	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	0.00
Common stock's equities as a percentage of total assets （%）			2.86	2.83	2.45	3.16	3.20

Analyses of capital adequacy ratio change in the last two years：

1. The Bank issued 7-year subordinated financial bonds in 2007 and 2009, amount of NT$ 1 billion and NT$ 3 billion respectively. The amount which could be included in Tier 2 capital has decreased both NT$ 0.8 billion respectively in 2011 and 2012 due to approaching maturity.
2. The Bank's capital was increased NT$1.2 billion by cash on Oct. 2011.

Note：1. The financial information listed above audited by our 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

6.2.2.2 Capital Adequacy— IFRSs

Amount Unit：NT$ Thousand

Item \ year			2013. 3.31
Capital	Common stock interests		9,766,788
	Additional tier 1 capital of non-common stock interests		0
	Tier 2 capital		1,623,898
	Capital		11,390,686
Risk weighted assets	Credit risks	Standardised approach	124,173,114
		Internal rating based approach (IRB)	—
		Asset securitization	2,323,544
	Operational risks	Basic indicator approach (BIA)	4,605,539
		Standardised approach / Optional Standardised approach	—
		Advanced approach	—
	Market risks	Standardised approach	4,333,318
		Internal model approach	—
	Risk weighted assets		135,435,515
Capital adequacy ratio （%）			8.41
Tier 1 capital as a percentage of risk weighted assets （%）			7.21
Common stock interests as a percentage of risk weighted assets （%）			7.21
Leverage ratio （%）			4.01

Note：1. The information listed above not reviewed by our independent auditors.

2. 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

6.3 Supervisors' Report in the Most Recent Years

Supervisors' Report for Bank of Kaohsiung

Mar.29, 2013

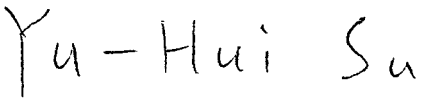
The Board of Directors have compiled and submitted to us the Bank's 2012 Financial Statements, Consolidated Financial Statements and Report of Independent Auditors which are audited by the CPA Shu-Man Tsai and Ling-Wen Huang ,who are members of Crowe Horwath (TW) CPAs, We have completed our examinations 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

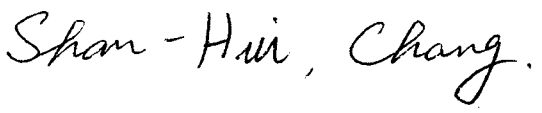
Regular Shareholders' Meeting of the Bank of Kaohsiung

Supervisors:

Yu-Hui Su



Shan-Hui Chang



Tsai Yung Yu

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