



Mega International Commercial Bank

Annual Report 2012

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Notice

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

MEGA FINANCIAL GROUP

MEGA INTERNATIONAL COMMERCIAL BANK

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Contents

2 *Message to Shareholders*

Operation Results of 2012
Business Plan of 2013
Long-Term Development Strategies
Major Regulatory Changes and Influences
Credit Rating

5 *Bank Profile*

Historical Overview

6 *Corporate Governance Report*

Organization Chart
Directors, Supervisors & Top Management
Execution of Corporate Governance

12 *Capital Overview*

Capital & Shares
Other Fund-Raising Activities
Capital Allocation Plan

14 *Overview of Business Operations*

Business Activities
Taiwanese Banking Industry & Market Overview
Human Resources Profile
Social Responsibility

17 *Financial Information*

Condensed Balance Sheets
Condensed Statements of Income
Major Financial Analysis

19 *Report of Independent Accountants*

82 *Service Network*

Head Office
Domestic Branches
Overseas Branches & Representative Offices
Subsidiaries



光豐國際商業銀行

ATM 24小時
免費機場送機服務
出國最便利

The global economic recovery continued in 2012, but was weaker than expected as some uncertainties lingered. In spite of challenges including the sluggish private consumption and heightened ongoing decline of investment and foreign trade, Mega ICBC's performance amazed the market. We produced a total amount of pretax income around NT\$22.6 billion, with a pretax earnings per share of NT\$3.27, representing a 27% increase compared to the year of 2011.

With an incontestable expertise in the international banking business supported by a well-established clientele, Mega ICBC maintains the leading position in the domestic banking industry. According to *the Banker*, July 2012, the Bank is ranked the second largest bank in Taiwan, in terms of tier-1 capital. Moreover, not only was Mega ICBC selected as one of Top 300 Asian Banks by *Yazhou Zhoukan*, but also won the honors of "Taiwan Banking and Finance Best Practice Awards of 2012" in the field of the Best Electronic Banking from Taiwan Academy of Banking and Finance.

Because profitability is constrained by the intensifying competition in Taiwan's banking industry, Mega ICBC decides to recess its plan to set up new domestic branches, but expands global reach to keep up with the growth pace of Taiwanese corporates. We keep searching potential business centers to build up a denser service network, especially in the Asia-Pacific region.

Our promise to secure the competitive edge and continue being the top bank is never changed. To accomplish the vision, your continued interest and support is as important as our everlasting effort.

Operation Results of 2012

I. Global & Domestic Economic Dynamics

1. Economic Growth

The global economy presented a divergence between weak performance in advanced economies and solid performance in emerging and developing economies, while European sovereign debt crisis continued to pose the most significant threats. Growth in most advanced economies was held back because of fiscal consolidation, high unemployment and balance sheet adjustments; emerging markets, such as emerging Asia, by contrast, were in a more favorable position. In the beginning of 2013, the global economic outlook is gradually improving but a number of uncertainties remains. According to International Monetary Fund, global growth rate is forecasted to be around 3.3% in 2013, barely changed from the previous year's 3.2%.

As for Taiwan, in 2012 as a whole, real GDP rose by only 1.26%, marking the slowest rate since 2009. Though still vulnerable, the brighter economic outlook for Taiwan's main trading partners, including the U.S., mainland China, Japan and ASEAN countries, is positive to Taiwan's export sector. For the internal sector, businesses and consumers are showing signs of rising confidence; nevertheless, the stagnation of real wages and the reduced public budget may subdue private consumption. Overall, Taiwan's economy is expected to get better with forecast of GDP growth has been revised to 2.4% in the latest estimation from the Directorate-General of Budget, Accounting and Statistics (DGBAS).

2. Financial Market

With no excess demand pressures in the major advanced economies, and quite under-controlled price level in emerging market and developing economies, global inflation has fallen to 2% in 2012 from 2.7% in 2011, and it is projected to stay around this level in 2013.

In 2012, the Central Bank of China (Taiwan) maintained its key interest rate, discount rate, unchanged at 1.875%. The average interbank overnight call-loan rate was 0.425%, 8.1 basis points higher than that of previous year. Despite a few countries has announced an interest rate cut in the first quarter of 2013, it is likely that the Central Bank will keep the discount rate unchanged to stabilize the consumer price and maintain the stability of financial market. Moreover, what impact it may have on the interest rate of NT dollar that the launch of RMB business in local bank branches (known as "DBU RMB business") is worth noting.

The NT dollar exchange rate is determined by market forces; only when irregular factors lead to excess volatility, the Central Bank may step in to maintain an orderly market. The NT dollar kept a stable rate and settled to NT\$29.136 to one US dollar at the yearend, up from NT\$30.29 at the yearend of 2011.

II. Operating Results in 2012

Units: millions in NTD, except as indicated

Item \ Year	2012	2011	Change (%)
Deposits (Note 1)	1,611,683	1,520,738	5.98
Loans	1,497,498 (Note 3)	1,398,950	7.04
Corporate Financing	1,208,624	1,125,006	7.43
Consumers Financing (Note 2)	288,874	273,944	5.45
Foreign Exchange Business (millions in USD)	767,763	761,823	0.78
Securities Purchased	226,832	233,580	-2.89
Long-term Equity Investments	27,617	28,281	-2.35
Trust Assets	289,494	256,508	12.86
Credit Card Loans	1,593	1,743	-8.60

Note 1: including transfer deposits from China Post Co.

Note 2: excluding credit card loans

Note 3: with amount of non-performing loans NT\$3,563 million, NPL ratio 0.17%, and coverage ratio 641.18%

III. Budget Implementation

2012 Pretax Income (Thousands in NT dollars)	2012 Pretax Income Budget (Thousands in NT dollars)	Budget achievement rate (%)
22,573,398	16,330,233	138.23

Business Plan of 2013

I. Business Plan

- Extend the overseas network, focusing on Asia-Pacific and the Great China.
- Adjust income structure, grasp the movement of major corporate customers' cash flow, expand interest spread, increase fee income.
- Reinforce corporate banking business, and Expand wealth management business.
- Enhance electronic banking platform service functionality to increase transaction volume.
- Intensify risk and crisis management framework to ensure fully legal compliance.
- Maximize group synergy by cross-selling with other subsidiaries of Mega Financial Holding Company.

II. Business Objectives

Addressing current economic and financial developments, the Bank has set up the following business targets based on our competitive advantages for the year of 2013: total deposits of NT\$1,688,600 million, total loans of NT\$1,570,400 million, and foreign exchange business of US\$779,200 million.

Long-Term Development Strategies

- Evaluate business opportunities in China and emerging Asia to come up with the blueprint of future service outposts by setting up branches, equity participating, or merger and acquisition.
- Make use of the Bank's franchise of corporate banking to create new business opportunities, as the cross-strait business heats up and global economic recovers.
- Strengthen consumer banking business by providing value-added services and customer-oriented products.
- Encourage information-sharing between foreign and domestic branches to consolidate the Bank's niche of international business.

Major Regulatory Changes and Influences

- The Financial Ombudsman Institution (FOI) formally commenced operation on January 2012, with the remit of conducting fair and rational appraisal of financial service disputes between consumers and providers of banking, insurance, securities, futures, and other financial services. In the future, if a dispute arises in respect of the purchase of a financial product, the consumer can opt for quick settlement by the FOI.
- The Financial Supervisory Commission (FSC) issues "The calculation methods for a Taiwan bank's aggregate amount of credit, investment and interbank loan and deposit on Mainland Area" for better measuring and controlling domestic banks' credit exposure to China.
- The FSC allows domestic public companies to issue RMB-denominated straight corporate bonds overseas. Also, since the offshore banking units (OBUs) of domestic banks have built up strong RMB business operations, they are advised to invest in such bonds to improve their capital efficiency and support the development of domestic companies.
- On September 2012, the Executive Yuan announces the "Spark Sustainable Growth for Taiwan's Financial Sector" as part of its economic stimulus plan, focusing particularly on fostering a favorable environment for the development of financial services with cross-strait features, building a Taiwan-centric wealth management platform for residents in Taiwan, allowing OBUs of domestic banks to open RMB savings accounts on behalf of peer institutions, expanding the scope of RMB business of domestic banks, promoting a tax system that will stimulates financial activities, and so on.

Credit Rating

As of May, 2013

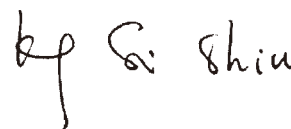
Credit Rating Institute	Credit Rating		Outlook	Publication Date (Year/Month)	Note
	Long-term	Short-term			
Moody's	A1	P-1	Stable	2013/02	Bank Financial Strength Rating: C-
S&P	A	A-1	Stable	2012/10	-
Fitch Ratings	A-	F2	Stable	2013/02	Viability Rating: a-

Yeou-Tsair Tsai



Chairman

Kuang-Si Shiu



President

Historical Overview

Mega International Commercial Bank Co., Ltd. (Mega ICBC) has come into being as a result of the merger of The International Commercial Bank of China and Chiao Tung Bank, effective on August 21, 2006. Both banks have been proud of their longtime histories of outstanding track records in our country.

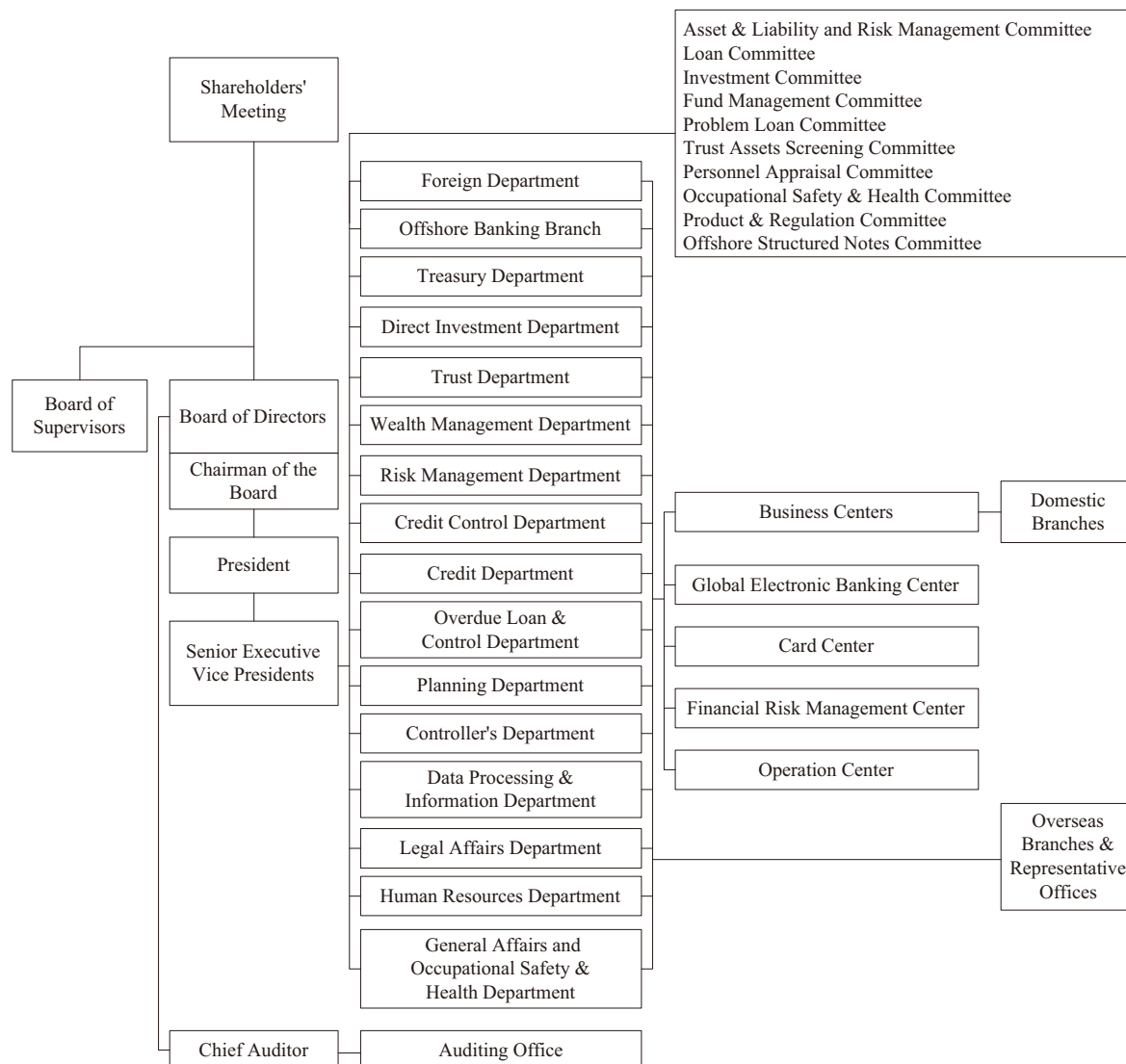
In 1971, The Bank of China was privatized to become The International Commercial Bank of China Co., Ltd. (ICBC), whose origin dates back to the Ta Ching Bank and its predecessor, the Hupu Bank (the bank under the finance arm of the imperial court in the Ching Dynasty.) The Bank of China had been entrusted with the mission to serve as an agent of the Treasury and a note-issuing bank before the establishment of the Central Bank of China in 1928. The Bank of China was designated as a licensed specialized bank for international trade and foreign exchange thereafter. Taking advantage of its specialization in foreign exchange, worldwide network of outlets and correspondence banks, superb bank assets, and excellent business performance, ICBC has become a top-notch bank in the Republic of China.

Set up five years before the founding of the Republic of China, Chiao Tung Bank Co., Ltd. (CTB) had also been delegated to act as an agent of the government coffer and a note-issuing bank in concert with the Bank of China at the outset of the Republic. Transforming from a licensed bank for industries in 1928, an industrial bank in 1975, and a development bank in 1979, CTB turned from a state-controlled bank into a privately-owned one in 1999. It has engaged in loan extensions for medium- and long-term development, innovation and guidance investment (equity investment), and venture capital ever since. For years, CTB has made significant contributions to the improvement of industrial structure and the promotion of the upgrading of industry by assisting in the development of strategic and vital industries in line with the economic policy and the economic development plan of the government.

CTB and International Securities Company formed the CTB Financial Holding Company in 2002. Late on, Chung Hsing Bills Finance Corporation and Barits International Securities Company came under the financial umbrella. On December 31, 2002, Chung Kuo Insurance Company and ICBC joined forces with the Company to form a conglomerate named Mega Financial Holding Company.

With a view to enlarging the business scale and increasing the market share, ICBC and CTB formally merged into one bank under the name of Mega International Commercial Bank Co., Ltd. on August 21, 2006. By the end of 2012, the Bank has 107 branches at home, and 21 branches and 3 representative offices abroad. Together with the network are wholly-owned bank subsidiaries in Thailand and Canada, along with their branches, bringing the number of overseas outposts to 33 in total. It has manpower 5,308 and an aggregate paid-in capital of NT\$71 billion.

Organization Chart



Directors, Supervisors & Top Management

I. Board of Directors and Supervisors

As of December 31, 2012

Title	Name	Position / Occupation
Chairman of the Board	Yeou-Tsair Tsai	Chairman of the Board Mega Financial Holding Company and Mega ICBC
Managing Director & President	Kuang-Si Shiu	President Mega Financial Holding Company and Mega ICBC
Managing Director	Jen-Hui Hsu	Professor Department of Public Policy and Management, Shih Hsin University
Managing Director	Meei-Yeh Wei	Senior Executive Vice President Mega ICBC
Independent Managing Director	Chan-Sheng Chen	Director Sunny Real Estate Management Co., Ltd.
Independent Director	Kai Ma	
Independent Director	Chyan-Long Jan	Dean School of Business, Soochow University
Director	Yuan-Chung Lee	
Director	Ching-Long Lin	President Ching-Long CPAs
Director	Chen-Chia Lee	Chairman Maywufa Biopharmaceutical Ent. Group
Director	Chin-Lan Chiang Hsiao	Resident Supervisor World-League for Freedom and Democracy
Director	Chao-Hsien Lai	Senior Executive Vice President Mega ICBC
Director	Hung-Wen Chien	Chairman Mega Securities Co., Ltd.
Director	Ying-Wei Peng	Executive Secretary Petitions and Appeals Committee, Ministry of Finance, ROC
Director	Chiu-Fa Tsai	Assistant Vice President Mega ICBC
Resident Supervisor	Jing-Twen Chen	Professor and Dean College of Finance, Takming University of Science and Technology
Supervisor	Yung-Ming Chen	Chief Auditor Mega Financial Holding Company
Supervisor	Tsung-Chih Hsu	Deputy Chief Auditor Mega Financial Holding Company
Supervisor	Chii-Bang Wang	President Mega Bills Finance Co., Ltd.
Supervisor	Jui-Ying Tsai	Vice President Treasury Department, Mega Financial Holding Company

II. Professional Qualifications and Independence Analysis of Directors and Supervisors

As of December 31, 2012

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of other public companies in which the individual is concurrently serving as an Independent Director
	Instructor or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the bank in a public or private Junior College, College, or University	Judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist, who has passed a national examination and been awarded a certificate in a profession necessary for the business of the bank	Have work experience in the areas of commerce, law, finance, accounting, or otherwise necessary for the business needs of the bank	1	2	3	4	5	6	7	8	9	10	
Yeou-Tsair Tsai			✓	✓		✓	✓			✓	✓	✓		0
Kuang-Si Shiu			✓			✓	✓			✓	✓	✓		0
Jen-Hui Hsu	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Meei-Yeh Wei			✓			✓	✓	✓		✓	✓	✓		0
Chan-Sheng Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Kai Ma			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chyan-Long Jan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2
Yuan-Chung Lee			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Ching-Long Lin		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chen-Chia Lee			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chin-Lan Chiang Hsiao			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chao-Hsien Lai			✓			✓	✓	✓		✓	✓	✓		0
Hung-Wen Chien			✓	✓		✓	✓			✓	✓	✓		0
Ying-Wei Peng			✓	✓		✓	✓			✓	✓	✓		0
Chiu-Fa Tsai			✓			✓	✓	✓	✓	✓	✓	✓		0
Jing-Twen Chen	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Yung-Ming Chen			✓			✓	✓			✓	✓	✓		0
Tsung-Chih Hsu			✓			✓	✓			✓	✓	✓		0
Chii-Bang Wang			✓			✓	✓	✓		✓	✓	✓		0
Jui-Ying Tsai			✓			✓	✓			✓	✓	✓		0

Note: Check ("✓") the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

III. Major Shareholders of the Institutional Shareholders

As of December 31, 2012

Name of the Institutional Shareholders	Top 10 Shareholders (Percentage of Shares Ownership)
Mega Financial Holding Co., Ltd.	Ministry of Finance, R.O.C. (9.98%)
	National Development Fund, Executive Yuan, R.O.C. (6.11%)
	Bank of Taiwan Trust Account (4.66%)
	Chunghwa Post Co., Ltd. (2.73%)
	Bank of Taiwan Co., Ltd. (2.51%)
	Fubon Life Insurance Co., Ltd. (1.66%)
	Pou Chen Corporation (1.43%)
	Vanguard Emerging Markets Stock Index Fund (1.33%)
	Nan Shan Life Insurance Co., Ltd. (1.07%)
	Fidelity Funds (1.02%)

IV. Policies for Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such a recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year.

Execution of Corporate Governance

I. Attendance Record

A total of thirty eight meetings of the Board of Directors were held in 2012. Attendance of directors and supervisors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)
Chairman	Yeou-Tsair Tsai	37	1	97.40
Managing Director & President	Kuang-Si Shiu	36	2	94.70
Managing Director	Ming-Chung Tseng	5	1	83.30
Managing Director	Meei-Yeh Wei	35	3	92.10
Managing Director	Jen-Hui Hsu	13	2	86.70
Independent Managing Director	Chan-Sheng Chen	37	1	97.40
Independent Director	Liang-Chi Chien	2	3	40.00
Independent Director	Chyan-Long Jan	8	0	100.00
Independent Director	Kai Ma	3	0	100.00
Director	Yuan-Chung Lee	7	1	87.50
Director	Chen-Chia Lee	5	3	62.50
Director	Fu-Hsiung Hu	5	0	100.00
Director	Hung-Wen Chien	8	0	100.00
Director	Chao-Hsien Lai	8	0	100.00
Director	Chin-Lan Chiang Hsiao	8	0	100.00
Director	Chia-Pang Chiu	5	0	100.00
Director	I-Kan Chiu	3	0	100.00
Director	Yuan-Cheng Tsai	2	0	100.00
Director	Ching-Long Lin	3	0	100.00
Director	Ying-Wei Peng	3	0	100.00
Director	Chiu-Fa Tsai	3	0	100.00
Resident Supervisor	Chu-Wei Tseng	2	0	100.00
Resident Supervisor	Jing-Twen Chen	15	0	100.00
Supervisor	Jui-Yun Lin	12	0	100.00
Supervisor	Yung-Ming Chen	13	0	100.00
Supervisor	Tsung-Chih Hsu	8	0	100.00
Supervisor	Chii-Bang Wang	6	0	100.00
Supervisor	Jui-Ying Tsai	4	0	100.00

- Note: 1. The Bank's directors and supervisors are appointed by the Mega Financial Holding Company.
2. None of the independent directors has a dissenting opinion or qualified opinion on the resolutions.
3. The Bank doesn't set up an auditing committee.
4. The attendance rate is calculated as the ratio of the number of Board of Directors meetings attended to the number held during the term in office.
5. The Board of Directors has performed its duties in compliance with the related laws and regulations.

II. Corporate Governance Execution and Deviations from “Corporate Governance Best-Practice Principles for Banks” and reasons

Item	Execution	Deviations from the Principles and Reasons
A. Ownership Structure and Shareholders’ Equity 1. Handling of shareholders’ suggestions and disputes 2. Major shareholders of controlling stake in the bank 3. Risk assessment and firewalls established against the operations with the affiliates	<ul style="list-style-type: none">• All suggestions and disputes are handled according to policies and procedures.• Mega Financial Holding Company is the Bank’s sole shareholder.• The Bank’s staffs, assets and management are independent of its affiliates, and follow the authority’s regulations.	None
B. Organization and Responsibilities of the Board of Directors 1. Independent director(s) 2. Evaluating the independence of the CPAs periodically	<ul style="list-style-type: none">• Mega Financial Holding Company designates 3 independent directors in the Bank’s Board of Directors, one of which is independent managing director.• The independence of the CPAs is evaluated while being employed.	
C. Communications with Interested Parties	<ul style="list-style-type: none">• The Bank updates the list of interested parties semiannually, and when positions alter.• The Bank processes customer claim and support through direct customer service line.• An internal discussion forum is provided for all staffs, accessible at any time.	
D. Disclosure of Information 1. Setting up a corporate website to disclose information regarding the bank’s financials, business and governance status 2. Other information disclosure channels	<ul style="list-style-type: none">• The Bank maintains an official website (https://www.megabank.com.tw) in both Chinese and English version; on which latest information, including credit ratings, annual report, and corporate governance are available.• Ms. Meei-Yeh Wei, SEVP, is appointed as the Bank’s spokesperson.• Investor conference is held by Mega Financial Holding Company, the sole shareholder of the Bank.	
E. Nomination, Remuneration or other Functional Committees: None.		
F. Description of the Bank’s Corporate Governance: All are disclosed as above.		
G. If the Company has implemented a self corporate governance evaluation or has authorized any other professional organization to conduct such an evaluation, the evaluation results, major deficiencies or suggestions, and improvements are stated as follows: None.		

Capital Overview

Capital & Shares

I. Source of Capital Stock

Unit: NT dollar; share

Year/Month	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark
		Shares	Amount (NTD)	Shares	Amount (NTD)	Source of Capital
2002/12	10	3,726,100,000	37,261,000,000	3,726,100,000	37,261,000,000	Public offering
2006/08	10	2,684,887,838	26,848,878,380	2,684,887,838	26,848,878,380	Issuance of new shares for merger
2011/10	10	389,012,162	3,890,121,620	389,012,162	3,890,121,620	Transference of unappropriated earnings
2012/09	10	300,000,000	3,000,000,000	300,000,000	3,000,000,000	Issuance of common stock (Private placement)

II. Type of Stock

Unit: share

Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total Shares	
Ordinary Share	7,100,000,000	0	7,100,000,000	Public offering

Note: Shares have been stopped listed since the Bank joined Mega Financial Holding Company on December 31, 2002.

III. Structure of Shareholders

As of December 31, 2012

	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders			1			1
Shareholding (shares)			7,100,000,000			7,100,000,000
Percentage (%)			100.00			100.00

Note: 100% shares are held by Mega Financial Holding Company.

IV. List of Major Shareholders

As of December 31, 2012

Shareholder's Name	Shareholdings	
	Shares	Percentage
Mega Financial Holding Co., Ltd.	7,100,000,000	100.00%

Other Fund-Raising Activities

I. Issuance of preferred shares, global depository receipts, and employee share subscription warrants: None.

II. Mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies: None.

Capital Allocation Plan

The Bank completed the issuance of 7-year-subordinated debt in the amount of NT\$1.3 billion on May 18, 2012 (approved by FSC on September 13, 2011). No further plan was submitted for permission in 2012.



Business Activities

I. Business Scope: Commercial banking, including a wide range of services indicated as following:

1. Domestic Branches

- ◆ Deposits
- ◆ Loans & Guarantees
- ◆ Documentary Credits
- ◆ Remittance & Bill Purchase
- ◆ Offshore Banking
- ◆ Trust Business
- ◆ Foreign Exchange Trading
- ◆ Safety Boxes Services
- ◆ Consumer Banking
- ◆ U Card, VISA Card, MasterCard, JCB Card
- ◆ Consignment Securities
- ◆ Agency Services
- ◆ Money Market Securities
- ◆ Agency for selling gold, silver, gold/silver coins, Gold Deposit Account
- ◆ Electronic Banking
- ◆ Investment Banking

2. Overseas Branches

- ◆ Deposits
- ◆ Loans & Guarantees
- ◆ Documentary Credits
- ◆ Remittance & Bill Purchase
- ◆ Foreign Exchange Trading
- ◆ Loans Backed by the Overseas Chinese Credit Guarantee Fund
- ◆ Trading Consulting Services
- ◆ Warehousing Services

II. Distribution of Net Operating Income

As of December 31, 2012

Item	Amount (thousands in NT dollars)	As percentage of Net Operating Income (%)
NET INTEREST INCOME	27,535,926	63.84
NON-INTEREST INCOME	15,597,402	36.16
Fee Income – net	6,618,410	15.34
Gains/Losses on Financial Assets and Liabilities at Fair Value through Profit or Loss	2,040,090	4.73
Realized Gain on Available-for-Sale Financial Assets	1,288,352	2.99
Investment Income Recognized by the Equity Method	488,349	1.13
Foreign Exchange Gain – net	2,325,755	5.39
Loss on Asset Impairment	-483,955	-1.12
Gains/Losses on Disposal of Properties	2,021	0.00
Gain on Financial Assets Carried at Cost	780,303	1.81
Gain on Sale of Non-Performing Loans	1,480,426	3.43
Other Non-interest Income	1,057,651	2.45
NET OPERATING INCOME	43,133,328	100.00

Taiwanese Banking Industry & Market Overview

In 2012, domestic banks reported a record high of pretax profits exceeding NT\$240.2 billion. Non-performing loan ratio of domestic banks stood at 0.40% at the year-end, drop from the previous year's 0.43%, while coverage ratio rose from 251.83% to 274% at the same period. This suggests that domestic banks may be able to cope with the losses resulting from bad loans better, if any.

Due to the sluggish economy, domestic banks' total loans lifted marginally 2.79% in 2012 from the year before. By sectors, lending to individuals and private enterprises increased 3.6% to NT\$18,080 billion, while lending to government agencies was NT\$1,599 billion, an increase of 4.0% compared to the year of 2011; however, lending to government enterprises was NT\$693.9 billion, a decrease of 15.8% from the year before. Among consumer loans, house-purchasing loans stood at NT\$5,417 billion, 2.7% more than that of the previous year, and loans for construction surged 6.5% to NT\$1,457 billion, a significant down from previous year's 10.5%.

More and more Taiwanese banks' open branches in mainland and are granted to conduct RMB business, which enables domestic banks compete in a new category of business. Related business volume is expected to grow significantly in the coming years.

I. Positive Factors

- The optimistic atmosphere of economic recovery and cross-strait trade and investment is in favor of loan business.
- A memorandum of understanding on cooperation in currency settlement across the Taiwan Strait signed in 2012 will boost foreign exchange business.

II. Negative Factors

- Although interest rate spread stops shrinking, it seems less possible to rebound significantly since the competition is still fierce, so the profit of domestic banks is not much fueled.

III. Winning Strategies

- Examining current loan pricing strategy and participating international syndication loan to further boost profits from loan business.
- Reviewing geographical distribution of branches to relocate some units to emerging business regions to bring into prominence.
- Intensifying risk management and crisis management framework.

IV. Mega ICBC's Niche

- Mega ICBC is irreplaceable in terms of foreign remittances, and it enjoys competitive edge in foreign exchange business. For example, the Bank's New York Branch is the only Taiwanese bank that simultaneously participates in CHIPS, Fedwire, and ACH as a member bank.
- Mega ICBC can raise funds relatively cheap on the international market because of its superb asset quality and the best credit ratings of domestic banks.
- Mega ICBC is selected to be the sole US dollar clearing and settlement bank in Taiwan.
- RMB business
 - ✓ Mega ICBC has signed cash settlement agreement with Bank of China's Hong Kong branch in July 2010, to supply Chinese RMB banknotes to other Taiwanese local banks.
 - ✓ Mega ICBC was the first to be licensed on August 25, 2011 for its OBU to conduct RMB businesses, the first among its domestic peers.
 - ✓ Mega ICBC maintains the highest RMB deposit balance among domestic banks, since the debut of DBU RMB business in February 2012.
 - ✓ Mega ICBC will begin to sell RMB traveler's check issued by American Express in July 2013, as the first and only one in Taiwan's banking industry.

Human Resources Profile

		As of December 31,	
		2012	2011
Number of Employees	Domestic	4,828	4,795
	Overseas	480	469
	Total	5,308	5,264
Average Age		42.56	42.18
Average Years of Services		16.68	16.35
Education	Ph.D.	2	3
	Master's Degree	974	920
	Bachelor's Degree	4,016	4,022
	Senior High School	283	285
	Below Senior High School	33	34

Social Responsibility

The International Commercial Bank of China Cultural and Educational Foundation was founded in 1992 by the International Commercial Bank of China Co., Ltd. (Note: The corporate name was changed into Mega International Commercial Bank Co., Ltd. after merger with Chiao Tung Bank on August 21, 2006.) The Foundation is dedicated to the service of the social vulnerable and disadvantaged groups, as well as promotion of cultural and educational events.

In 2012, Mega ICBC was award by Ministry of the Interior, Executive Yuan, R.O.C. for enthusiasts in public matter, and by Taipei City Government for the effort on conserving energy to reduce carbon emission, seperately.

Condensed Balance Sheets

Unit: Thousands in NT dollars

Item	As of December 31,		
	2012	2011	2010
Cash and Cash Equivalents, and Due from the Central Bank and Call Loans to Banks – net	453,438,625	493,365,069	386,481,267
Financial Assets at Fair Value through Profit or Loss	40,771,174	41,766,764	34,961,402
Securities Purchased under Resale Agreements	4,428,875	349,562	895,012
Available-for-Sale Financial Assets – net	131,104,245	71,167,598	83,199,684
Bills Discounted and Loans – net	1,484,215,395	1,443,255,804	1,319,719,641
Receivables – net	102,111,558	81,343,007	109,403,855
Held-to-Maturity Financial Assets – net	158,447,725	130,183,210	216,526,320
Investments Accounted for by the Equity Method – net	9,232,274	9,214,207	9,302,766
Properties and Equipment – net	14,676,321	13,322,226	13,165,572
Other Financial Assets – net	17,095,712	17,915,815	17,970,339
Other Assets – net	9,762,235	7,341,571	5,646,383
Total Assets	2,425,284,139	2,309,224,833	2,197,272,241
Due to the Central Bank and Commercial Banks	334,740,953	362,573,923	316,221,722
Deposits and Remittances	1,706,419,598	1,577,120,139	1,547,309,354
Financial Liabilities at Fair Value through Profit or Loss	14,132,990	20,361,058	27,759,086
Securities Sold under Repurchase Agreements	17,364,464	7,339,481	4,285,605
Borrowed Funds and Financial Bonds Payable	104,448,901	114,473,400	73,368,641
Accrued Pension Liabilities	2,729,560	1,543,327	1,354,976
Other Financial Liabilities	9,788,365	12,613,856	7,355,420
Payables and Other Liabilities	55,546,920	50,199,151	61,869,519
Total Liabilities	2,245,171,751	2,146,224,335	2,039,524,323
Capital Stock	71,000,000	68,000,000	64,109,878
Capital Reserve	37,261,028	33,070,028	33,070,028
Retained Earnings	69,237,662	59,220,190	54,710,620
Unrealized Gains or Losses on Available-for-Sale Financial Assets	(214,773)	(1,110,065)	2,576,792
Cumulative Translation Adjustments	698,872	1,613,537	960,655
Capital Surplus from Land Revaluation Increment and Fixed Assets Revaluation	2,129,599	2,206,808	2,319,945
Total Shareholders' Equity	180,112,388	163,000,498	157,747,918

Condensed Statements of Income

Unit: Thousands in NT dollars

Item	2012	2011	2010
Net Interest Income	27,535,926	24,662,404	21,132,556
Net Non-Interest Income	15,597,402	12,348,846	10,094,765
Net Operating Income	43,133,328	37,011,250	31,227,321
Provision for Loan Losses	4,354,634	3,397,965	1,927,657
Operating Expenses	16,205,296	16,143,464	15,848,325
Income Before Income Tax	22,573,398	17,469,821	13,451,339
Net Income	19,333,472	15,007,858	11,171,687

Major Financial Analysis

Item		2012	2011	2010
Financial Structure	Total Liabilities to Total Assets (%)	92.42	92.85	92.75
	Fixed Assets to Total Shareholders' Equity (%)	8.15	8.17	8.35
Solvency	Liquidity Reserve Ratio (%)	20.57	15.42	23.80
Operating Performance Analysis	Loans to Deposits Ratio (%)	88.80	93.03	86.70
	NPL Ratio (%)	0.17	0.24	0.34
	Total Assets Turnover (Number of Times)	0.02	0.02	0.01
	Average Profit per Employee (Thousands in NT dollars)	3,642	2,851	2,220
Profitability Analysis	Return on Tier 1 Capital (%)	14.21	11.95	9.47
	ROA (%)	0.82	0.67	0.51
	ROE (%)	11.27	9.36	7.12
	Pre-tax Income to Capital Stock (%)	31.79	25.69	20.98
	Net Income to Net Operating Income (%)	44.82	40.55	35.78
	Earnings per Share (NT dollars)	2.80	2.21	1.64
	Cash Dividends per Share (NT dollars)	1.45	1.37	1.04
	Shareholders' Equity per Share Before Appropriation (NT dollars)	25.37	23.97	24.61
Capital Adequacy Ratio (%)		11.77	11.56	11.26

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Mega International Commercial Bank Co., Ltd.

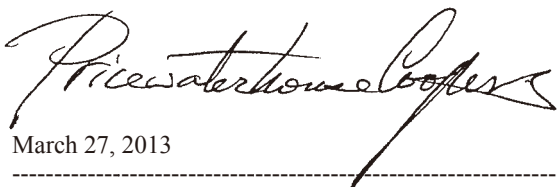
We have audited the accompanying balance sheets of Mega International Commercial Bank Co., Ltd. (the “Bank”) as of December 31, 2011 and 2012 and the related statements of income, of changes in stockholders’ equity and of cash flows for the years then ended. These financial statements are the responsibility of the Bank’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mega International Commercial Bank Co., Ltd. as of December 31, 2011 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with the “Regulations Governing the Preparation of Financial Reports by Public Banks” and generally accepted accounting principles in the Republic of China.

The Bank had prepared the consolidated financial statements, not presented herein, as of and for the years ended December 31, 2011 and 2012, on which we have issued an unqualified opinion thereon.

The Bank’s financial statements as of and for the year ended December 31, 2012 expressed in US dollars were translated from the New Taiwan dollar financial statements using the exchange rate of US\$1:NT\$29.035 at December 31, 2012 solely for the convenience of the readers. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.


March 27, 2013

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2011 AND 2012

(EXPRESSED IN THOUSANDS OF DOLLARS)

ASSETS	NOTES	December 31, 2011	December 31, 2012	
		NT\$	NT\$	US\$
				(Unaudited - Note II)
CASH AND CASH EQUIVALENTS	IV 1 and V	\$ 312,094,483	\$ 304,353,338	\$ 10,482,292
DUE FROM THE CENTRAL BANK AND CALL LOANS				
TO BANKS - NET	IV 2 and V	181,270,586	149,085,287	5,134,675
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	IV 3 and VI	41,766,764	40,771,174	1,404,208
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	V 2	349,562	4,428,875	152,536
RECEIVABLES - NET	IV 4 and 6	81,343,007	102,111,558	3,516,844
BILLS DISCOUNTED AND LOANS - NET	IV 5 - 6 and V	1,443,255,804	1,484,215,395	51,118,147
AVAILABLE-FOR-SALE FINANCIAL ASSETS - NET	IV 7 and VI	71,167,598	131,104,245	4,515,386
HELD-TO-MATURITY FINANCIAL ASSETS - NET	IV 8 and VI	130,183,210	158,447,725	5,457,128
INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD - NET	IV 9	9,214,207	9,232,274	317,970
OTHER FINANCIAL ASSETS - NET	IV 10	17,915,815	17,095,712	588,797
PROPERTIES AND EQUIPMENT - NET				
Land		5,640,590	5,638,363	194,192
Revaluation increment - land	IV 23	2,293,734	3,807,497	131,135
Buildings and improvements		10,101,087	10,197,836	351,225
Revaluation increment - buildings	IV 23	37,015	37,015	1,275
Computers and peripheral equipment		3,183,962	3,251,061	111,970
Transportation and communication equipment		172,993	159,664	5,499
Miscellaneous equipment		1,384,142	1,385,894	47,732
Total costs		22,813,523	24,477,330	843,028
Accumulated depreciation		(8,998,539)	(9,338,064)	(321,614)
Accumulated impairment		(492,758)	(462,945)	(15,944)
Properties and Equipment - net		13,322,226	14,676,321	505,470
OTHER ASSETS - NET	IV 11	7,341,571	9,762,235	336,223
TOTAL ASSETS		<u>\$ 2,309,224,833</u>	<u>\$ 2,425,284,139</u>	<u>\$ 83,529,676</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
DUE TO THE CENTRAL BANK AND COMMERCIAL BANKS	IV 12 and V	\$ 362,573,923	\$ 334,740,953	\$ 11,528,878
BORROWED FUNDS	IV 13	71,873,400	60,548,901	2,085,376
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	IV 14	20,361,058	14,132,990	486,757
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	IV 3, 7 and 8	7,339,481	17,364,464	598,053
PAYABLES	IV 15 and V	37,873,288	40,868,947	1,407,575
DEPOSITS AND REMITTANCES	IV 16 and V	1,577,120,139	1,706,419,598	58,771,125
FINANCIAL BONDS PAYABLE	IV 17	42,600,000	43,900,000	1,511,968
ACCRUED PENSION LIABILITIES	IV 18	1,543,327	2,729,560	94,009
OTHER FINANCIAL LIABILITIES	IV 19	12,613,856	9,788,365	337,123
OTHER LIABILITIES	IV 20 and 23	12,325,863	14,677,973	505,527
TOTAL LIABILITIES		<u>2,146,224,335</u>	<u>2,245,171,751</u>	<u>77,326,391</u>
STOCKHOLDERS' EQUITY				
STOCK				
Capital stock	IV 21	68,000,000	71,000,000	2,445,324
Capital reserve		33,070,028	37,261,028	1,283,314
RETAINED EARNINGS				
Legal reserve	IV 22	42,539,125	47,041,482	1,620,165
Special reserve	IV 22	1,658,829	2,829,015	97,435
Unappropriated earnings	IV 22	15,022,236	19,367,165	667,028
EQUITY ADJUSTMENTS				
Unrealized revaluation increment				
Capital surplus from land revaluation	IV 23	2,169,793	3,287,502	113,225
Capital surplus from fixed asset revaluations	IV 23	37,015	37,015	1,275
Cumulative translation adjustments		1,613,537	698,872	24,070
Unrealized gains or losses on available-for-sale financial assets		(1,110,065)	(214,773)	(7,397)
Net loss on unrecognized pension costs		-	(1,194,918)	(41,154)
TOTAL STOCKHOLDERS' EQUITY		<u>163,000,498</u>	<u>180,112,388</u>	<u>6,203,285</u>
COMMITMENTS AND CONTINGENT LIABILITIES	VII			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 2,309,224,833</u>	<u>\$ 2,425,284,139</u>	<u>\$ 83,529,676</u>

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

		For theYears Ended December 31,		
		2011	2012	
	NOTES	NT\$	NT\$	US\$
			(Unaudited - Note II)	
INTEREST REVENUE	V	\$ 36,178,301	\$ 40,593,302	\$ 1,398,082
INTEREST EXPENSES	V	(11,515,897)	(13,057,376)	(449,712)
NET INTEREST INCOME		<u>24,662,404</u>	<u>27,535,926</u>	<u>948,370</u>
NON-INTEREST INCOME				
FEE INCOME - NET	IV 24 and V	6,105,673	6,618,410	227,946
GAINS / (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		(179,329)	2,040,090	70,263
REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS		895,664	1,288,352	44,372
INVESTMENT INCOME RECOGNIZED BY THE EQUITY METHOD	IV 9	213,606	488,349	16,819
FOREIGN EXCHANGE GAIN - NET		1,509,094	2,325,755	80,102
LOSS ON ASSET IMPAIRMENT	IV 10 and 25	(88,829)	(483,955)	(16,668)
GAINS / (LOSSES) ON DISPOSAL OF PROPERTIES		1,006,072	2,021	69
GAIN ON FINANCIAL ASSETS CARRIED AT COST		733,582	780,303	26,875
GAIN ON SALE OF NON-PERFORMING LOANS	V and XI	1,404,085	1,480,426	50,988
OTHERS	V	<u>749,228</u>	<u>1,057,651</u>	<u>36,427</u>
NET OPERATING INCOME		37,011,250	43,133,328	1,485,563
PROVISION FOR LOAN LOSSES	IV 6 、10 and 20	(3,397,965)	(4,354,634)	(149,979)
OPERATING EXPENSES				
STAFF EXPENSES	IV 26	(10,606,184)	(10,705,258)	(368,702)
DEPRECIATION AND AMORTIZATION	IV 26	(614,818)	(588,176)	(20,257)
OTHER GENERAL AND ADMINISTRATIVE EXPENSES	V	(4,922,462)	(4,911,862)	(169,170)
INCOME BEFORE INCOME TAX		17,469,821	22,573,398	777,455
INCOME TAX	IV 27	(2,461,963)	(3,239,926)	(111,587)
NET INCOME		<u>\$ 15,007,858</u>	<u>\$ 19,333,472</u>	<u>\$ 665,868</u>
EARNINGS PER SHARE AFTER TAX (In Dollars)	IV 28			
NET INCOME		\$ 2.21	\$ 2.80	

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Retained Earnings				Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve			Unappropriated Earnings	on Available-For-Sale Financial Assets	Total
(New Taiwan Dollars)									
Balance, January 1, 2011	\$ 64,109,878	\$ 33,070,028	\$ 39,187,618	\$ 1,552,112	\$ 13,970,890	\$ 2,319,945	\$ 960,655	\$ 2,576,792	\$ 157,747,918
Appropriation of 2010 earnings									
Legal reserve	-	-	3,351,507	- (3,351,507)	-	-	-	-	-
Special reserve	-	-	-	26,875 (26,875)	-	-	-	-	-
Cash dividends	-	-	-	- (6,688,008)	-	-	-	- (6,688,008)	-
Stock dividends	3,890,122	-	-	- (3,890,122)	-	-	-	-	-
Net income for the year ended December 31, 2011	-	-	-	-	15,007,858	-	-	-	15,007,858
Trading loss reserve transferred to special reserve	-	-	-	79,842	-	-	-	-	79,842
Land and asset revaluation increment	-	-	-	-	- (113,137)	-	-	- (113,137)	-
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	3,686,857) (3,686,857)
Changes in cumulative translation adjustments	-	-	-	-	-	-	652,882	-	652,882
Balance, December 31, 2011	\$ 68,000,000	\$ 33,070,028	\$ 42,539,125	\$ 1,658,829	\$ 15,022,236	\$ 2,206,808	\$ 1,613,537	\$ 1,110,065)	\$ 163,000,498

(Continued)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Capital			Retained Earnings			Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Available-For-Sale Financial Assets	Net loss on	
	Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	unrecognized pension cost				Total	
(New Taiwan Dollars)											
Balance, January 1, 2012	\$ 68,000,000	\$ 33,070,028	\$ 42,539,125	\$ 1,658,829	\$ 15,022,236	\$ 2,206,808	\$ 1,613,537	\$ 1,110,065	\$ -	\$ -	\$ 163,000,498
Appropriation of 2011 earnings											
Legal reserve	-	-	4,502,357	- (4,502,357)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,170,186 (1,170,186)	-	-	-	-	-	-	-
Cash dividends	-	-	-	- (9,316,000)	-	-	-	-	-	- (9,316,000)	-
Net income for the year ended December 31, 2012	-	-	-	-	19,333,472	-	-	-	-	-	19,333,472
Issuance of common stock	3,000,000	4,191,000	-	-	-	-	-	-	-	-	7,191,000
Land and asset revaluation increment	-	-	-	-	-	1,117,709	-	-	-	-	1,117,709
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	895,292	-	-	895,292
Changes in cumulative translation adjustments	-	-	-	-	-	-	(914,665)	-	-	- (914,665)	-
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	(1,194,918)	(1,194,918)	-
Balance, December 31, 2012	\$ 71,000,000	\$ 37,261,028	\$ 47,041,482	\$ 2,829,015	\$ 19,367,165	\$ 3,324,517	\$ 698,872	\$ 214,773	\$ 1,194,918	\$ 1,194,918	\$ 180,112,388
(US Dollars)(Unaudited-Note II)											
Balance, January 1, 2012	\$ 2,342,001	\$ 1,138,971	\$ 1,465,098	\$ 57,132	\$ 517,384	\$ 76,005	\$ 55,572	\$ 38,232	-	\$ -	\$ 5,613,931
Appropriation of 2011 earnings											
Legal reserve	-	-	155,067	- (155,067)	-	-	-	-	-	-	-
Special reserve	-	-	-	40,303 (40,303)	-	-	-	-	-	-	-
Cash dividends	-	-	-	- (320,854)	-	-	-	-	-	- (320,854)	-
Net income for the year ended December 31, 2012	-	-	-	-	665,868	-	-	-	-	-	665,868
Issuance of common stock	103,323	144,343	-	-	-	-	-	-	-	-	247,666
Land and asset revaluation increment	-	-	-	-	-	38,495	-	-	-	-	38,495
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	30,835	-	-	30,835
Changes in cumulative translation adjustments	-	-	-	-	-	-	(31,502)	-	-	- (31,502)	-
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	(41,154)	(41,154)	-
Balance, December 31, 2012	\$ 2,445,324	\$ 1,283,314	\$ 1,620,165	\$ 97,435	\$ 667,028	\$ 114,500	\$ 24,070	\$ 7,397	\$ 41,154	\$ 41,154	\$ 6,203,285

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the Years Ended December 31,		
	2011	2012	
	NT\$	NT\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES:			(Unaudited - Note II)
Net income	\$ 15,007,858	\$ 19,333,472	\$ 665,868
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on asset impairment	88,829	483,955	16,668
Gain from equity investments recognized by the equity method	(213,606)	(488,349)	(16,819)
Cash dividends and remuneration of directors and supervisors received from investments accounted for by the equity method	154,230	352,115	12,127
Gain on disposal of properties and equipment	(1,006,072)	(2,021)	(70)
Provisions for loan losses	3,397,965	4,354,634	149,979
Depreciation and amortization	614,818	588,176	20,257
(Gain) loss on impairment of properties and equipment	(509)	139	5
Gain on disposal of foreclosed properties	-	(6,319)	(218)
(Increase) decrease in operating assets			
(Increase) decrease in financial assets at fair value through profit or loss	(6,805,362)	995,590	34,289
Decrease (increase) in securities purchased under resale agreements	545,450	(4,079,313)	(140,496)
Decrease (increase) in receivables	28,228,137	(21,443,460)	(738,538)
(Increase) decrease in other financial assets	(160,382)	846,008	29,138
Net change in deferred income tax assets / liabilities	(23,132)	(287,186)	(9,891)
(Decrease) increase in operating liabilities			
Decrease in financial liabilities at fair value through profit or loss	(7,398,028)	(6,228,068)	(214,502)
Increase in securities sold under repurchase agreements	3,053,876	10,024,983	345,272
(Decrease) increase in payables	(14,226,039)	2,994,723	103,142
Increase (decrease) in accrued pension liabilities	188,351	(493,126)	(16,984)
Increase (decrease) in other financial liabilities	5,258,436	(2,825,491)	(97,313)
Increase in other liabilities	2,610,335	96,570	3,326
Net cash provided by operating activities	29,315,155	4,217,032	145,240
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in due from the Central Bank and call loans to banks	(56,098,207)	32,185,299	1,108,500
Decrease (increase) in available-for-sale financial assets	8,241,710	(59,090,538)	(2,035,148)
Increase in bills discounted and loans	(127,228,279)	(43,633,448)	(1,502,788)
Decrease (increase) in held-to-maturity financial assets	86,343,110	(28,264,515)	(973,464)
Additions to properties and equipment	(595,417)	(410,144)	(14,126)
Proceeds from disposal of properties and equipment	1,129,140	2,320	80
Increase in other assets	(1,569,841)	(1,634,249)	(56,285)
Net cash used in investing activities	(89,777,784)	(100,845,275)	(3,473,231)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in due to the Central Bank and commercial banks	46,352,201	(27,832,970)	(958,601)
Increase in deposits and remittances	29,810,785	129,299,459	4,453,227
Increase (decrease) in borrowed funds	33,304,759	(11,324,499)	(390,029)
Increase in financial bonds payable	7,800,000	1,300,000	44,773
(decrease) Increase in deposits received	(202)	405,551	13,968
Payments of cash dividends and bonus	(6,688,008)	(9,316,000)	(320,854)
Proceeds from issuance of common stock	-	7,191,000	247,667
Net cash provided by financing activities	110,579,535	89,722,541	3,090,151
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	668,689	(835,443)	(28,774)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,785,595	(7,741,145)	(266,614)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	261,308,888	312,094,483	10,748,906
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 312,094,483	\$ 304,353,338	\$ 10,482,292
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest expense paid	\$ 11,145,276	\$ 12,967,285	\$ 446,609
Income tax paid	\$ 1,152,279	\$ 3,348,624	\$ 115,331
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Payable - financial bonds within 1 year of maturity	\$ -	\$ -	\$ -

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2012

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

I. ORGANIZATION AND OPERATIONS

Mega International Commercial Bank Co., Ltd. (the "Bank"; formerly The International Commercial Bank of China Co., Ltd.) was reorganized on December 17, 1971 in accordance with the "Law for International Commercial Bank of China" as announced by the President of the Republic of China (R.O.C.) (which was then abolished in December, 2005) and other related regulations. On December 31, 2002, the Bank became an unlisted wholly owned subsidiary of Mega Financial Holding Co. Ltd., through a share swap transaction. With the view to enlarging business scale and increasing market share, the Bank entered into a merger agreement with Chiao Tung Bank Co., Ltd. On August 21, 2006, the effective date of the merger, the Bank was later renamed Mega International Commercial Bank Co., Ltd.

The Bank engages in the following operations: (a) commercial banking operations authorized by the R.O.C. Banking Law; (b) foreign exchange and related operations; (c) import and export financing and guarantees; (d) financial operations related to international trade; (e) trust operations; (f) investment services on consignments by clients; (g) loan information services, including mid-term to long-term development loan and guarantee operations; (h) venture capital activities; and (i) other related operations approved by the R.O.C. government.

The Bank's business and operations are widely managed by the head office. The Bank expands its network by opening branches at key locations in both domestic and foreign markets. As of December 31, 2012, the Bank had 107 domestic branches, 21 foreign branches, and 3 foreign representative offices.

The Trust Department of the Bank is primarily responsible for planning, management and operation of trust investment businesses regulated by the R.O.C. Banking Law.

As of December 31, 2011 and 2012, the Bank had 5,264 and 5,308 employees, respectively.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis for preparation of financial statements

The accompanying financial statements include the accounts of the head office, domestic branches, foreign branches and foreign representative offices. All inter-branch and inter-office transactions and balances have been eliminated when the financial statements were prepared.

2. Foreign-currency transactions and translation for the financial statements of foreign branches and representative offices

- (1) The Bank maintains its accounts at the currencies in which transactions are denominated. Foreign currency income and expenses are converted into New Taiwan Dollars (NT dollars or NT\$) at the prevailing exchange rates at the end of each month. Foreign-currency denominated monetary financial assets or liabilities and other foreign-currency denominated assets or liabilities regulated by the Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement" and No. 36 "Financial Instruments : Disclosure and Presentation" are translated into NT dollars at the prevailing exchange rates at the end of each month. The resulting translation differences are recognized as gain or loss in the current period. However, for translation gains or losses associated with cash flow hedges, foreign net investment hedges and equity investments accounted for by the equity method, cumulative translation adjustments under stockholders' equity is recognized.
- (2) Non-monetary financial assets or liabilities regulated by SFAS No. 34 and No. 36 and measured at fair value in foreign currency are translated using the prevailing rates at the end of each month. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.
- (3) The foreign-currency denominated financial statements of foreign branches and the representative offices are translated into NT dollars at the following exchange rates: 1) assets and liabilities – at the spot exchange rates prevailing at the balance sheet date, 2) head office account – except for the retained earnings which is carried forward from last year's balance, the remaining balances are stated at historical rates, 3) dividends – at the prevailing rates when the dividends are declared, and 4) income and expenses – at the weighted-average rate for the period. The cumulative translation adjustments are included in the stockholders' equity account. When a foreign operation is disposed of or sold, the cumulative translation adjustment is charged to current income.

3. Use of estimates

In preparing the financial statements in conformity with generally accepted accounting principles in the R.O.C., the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues, costs of revenues, and expenses during the reporting period. Therefore, actual results could differ from those estimates.

4. Financial assets or liabilities at fair value through profit or loss

- (1) Financial assets or liabilities at fair value through profit or loss include financial assets or liabilities held for trading and financial assets or liabilities designated as at fair value through profit or loss at inception. On subsequent measurement, these investments are reassessed at fair value and changes in fair value are recognized in current income or losses. Financial assets or liabilities designated at fair value through profit or loss are to eliminate or decrease inconsistency for an accounting measurement, which are initially recognized at fair value through profit or loss and recognized unrealized profit or loss in the current period. Non-derivatives or financial assets originally designated as at fair value through profit or loss at initial recognition, if their main purposes are no longer for sale in the short-term in subsequent periods, are subject to be reclassified as other types of financial assets in accordance with the revised Paragraph No. 104 of SFAS No. 34.
- (2) The Bank enters into various derivative contracts, including forward currency contracts, cross-currency swaps, options and interest rate swaps. Such derivative financial instruments are initially recognized at fair value on the date when a derivative contract is entered into and subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are taken directly to income if a derivative instrument in a fair value hedge is terminated or the hedge designation removed for the period.

5. Available-for-sale financial assets

- (1) Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair values are recognized as adjustments in equity except for impairment loss and translation gain or loss associated with foreign-currency denominated monetary assets. When the investment is derecognized, the cumulative gain or loss which had been recognized directly in equity is transferred to profit or loss in the statement of income.
- (2) The impairment loss is accounted for when there is objective evidence that an available-for-sale financial asset is impaired. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are recognized in equity. Reversals of impairment losses on debt instruments are recognized as income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in income.

6. Held-to-maturity financial assets

- (1) Held-to-maturity financial assets are subsequently remeasured at amortized cost calculated using the effective interest method. Gains or losses are recognized at the time of derecognition, impairment or amortization.
- (2) The impairment loss is accounted for when there is objective evidence that a held-to-maturity investment is impaired. If the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized, reversals of impairment losses are recognized as income to the extent that the carrying value of the asset does not exceed its amortized cost without recognizing impairment loss at the reversal date.

7. Hedge accounting

When fair value hedges, cash flow hedges and net investment hedges in foreign operations meet the criteria for hedge accounting, net method is adopted for recognition of gain or loss arising from changes in fair values of all hedge instruments and hedged items. Related accounting methods are as follows:

- (1) Fair value hedges: When a derivative financial instrument is used as the underlying hedging instrument, fair value is applied for valuation. When a non-derivative financial instrument is used for hedging, any gain or loss arising from change in exchange rates is charged to current income. The carrying amount of the hedged item is adjusted for gains or losses attributable to the risk being hedged.
- (2) Cash flow hedges: The effective portion of the gain or loss on the hedging instrument is recognized directly in equity. When it is determined that the expected hedged transaction will result in financial assets or financial liabilities, amounts initially recorded in equity are transferred to income in the period in which profit or loss is affected by the related assets or liabilities.
- (3) Net investment hedge in foreign operations: Gains or losses generated from hedge instruments are recognized as adjustments in equity which are then transferred to profit or loss for the period upon disposal of foreign operations.

8. Financial assets carried at cost

- (1) Investments in non-publicly traded stocks, emerging stocks and mutual funds where the Bank does not exercise significant influence are carried at their original cost calculated by the acquisition cost plus the aggregate par value of any stock dividends received before 1984.
- (2) The impairment loss is accounted for when there is objective evidence that a financial asset carried at cost is impaired. Such impairment losses cannot be reversed.

9. Investments in debt securities with no active market

Unquoted debt securities with fixed or determinable collections are classified as investments in debt securities with no active market and subsequently remeasured at cost under the effective interest method. Gains or losses are recognized at the time of derecognition, impairment or amortization.

10. Financial asset securitization

- (1) Under the “Financial Assets Securitization Act”, the Bank securitized part of its enterprise loans and transferred those loans to the special purpose trustee in return for the issuance of the related beneficiary certificates. Having surrendered the control of contractual rights on the loans and transferred to a special purpose trustee, the Bank derecognized all the enterprise loans and recorded gain or loss accordingly. In accordance with the Explanatory Letter (96) Ji-Mi-Zi No.0000000304, subordinated beneficiary certificates retained for the originator means the originator still holds the retained interests of the subordinated beneficiary securities. The retained interests of the subordinated beneficiary securities may be unable to recover most of the original investment cost due to the reasons other than obligor’s credit deterioration (such as effects of risk associated with beneficiary securities). Under this case, it should be reclassified as available-for-sale financial assets or financial assets at fair value through profit or loss. Except for subordinated beneficiary certificates retained for credit enhancement which was reclassified as other financial assets instead.
- (2) The gain or loss on the sale of the loans is the difference between the proceeds and carrying amount of the loans. The aforementioned carrying amount of the loans should be allocated in proportion to the fair values of the part retained and the part sold on the date of sale. Since quotes are not available for loans and retained interests, the Bank estimates fair value at the present value of expected cash flows, using management’s key assumptions on credit losses and discount rates commensurate to the risks involved.
- (3) Interest income is recognized with respect to subordinated beneficiary securities when the Trustee pays the interest.

11. Bills discounted and loans

- (1) Bills discounted and loans are recorded on the basis of outstanding principal amounts. Any unsettled bills discounted and loans upon maturity are to be reclassified to non-accrual loans along with the associated amount of accrued interest previously recorded within six months from the date of the maturity. In addition, interest receivable should no longer be accrued.
- (2) Non-accrual loans transferred from loans should be recorded under “bills discounted and loans.” For other non-accrual loans transferred from accounts other than loans, such as guarantees, acceptances and receivables on factoring should be recorded under “other financial assets”.
- (3) Allowances for probable losses are provided for due from call loans to bank, receivables, bills discounted and loans based on a review of its collectability on the balance sheet date. In accordance with “The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans, Non-accrual Loans, and Bad Debts”, reserves set aside for probable loan losses are based on the estimation of potential unrecoverable exposures, net of collateral. A significant degree of management discretion is used in the estimation process, which includes the assessment of the borrower’s ability to pay and of the value of the underlying collateral.
- (4) Starting from January 1, 2011, in accordance with the revised SFAS No. 34, whether objective evidence exists in the Bank’s assessment on the balance of loans and receivables (including overdue receivables and interest receivables) on balance sheet date indicates impairment losses on material individual financial assets, and impairment losses generated individually or as a group from non-material individual financial assets. An impairment loss is recognized when there is an objective evidence of impairment. The impairment amount is the difference between the financial assets’ book value and the estimated future cash flow discounted using the original effective interest rate. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amounts do not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years.
- (5) The Bank has written off the unrecoverable loans after the approval of the Board of Directors.

12. Bonds purchased/sold under resale/repurchase agreements

Bonds sold/purchased with a commitment to repurchase/resell them at predetermined prices are treated as financing transactions. The accounting methods applied are as follows:

- (1) Upon the sale of bonds and bills subject to a repurchase agreement, bonds and bills sold under repurchase agreement is credited and the difference between the cost and the repurchase price is treated as interest expense.
- (2) Upon the purchase of bonds and bills subject to a resale agreement, bonds and bills purchased under resale agreements is debited and the difference between the cost and the resell price is treated as interest revenue.

13. Impairment of non-financial assets

The Bank assesses impairment for all assets within the scope of SFAS No. 35 “Impairment of Assets” if impairment indicators are found. Accordingly, the Bank compares the carrying amount with the recoverable amount of the assets or the cash-generating unit and writes down the carrying amount to the recoverable amount where applicable. Recoverable amount is defined as the higher of net fair value or value in use. For recognized impairment loss, the Bank assesses, at each balance sheet date, whether there is any evidence indicating that the impairment may no longer exist or may have decreased. If such evidence is found, the Bank re-estimates the recoverable amount of the asset. If the recoverable amount increases, the Bank reverses the recognized impairment loss to the extent of the carrying amount as if no impairment loss had been recognized with respect to such asset. Impairment loss on goodwill shall no longer be reversed.

14. Investments accounted for by the equity method

- (1) Investments with voting rights of at least 20% of the common stock and which hold significant influence over the investee are accounted for by the equity method. These investments are initially recorded at cost and adjusted thereafter for the

post-acquisition change in the Bank's share of the investee's net assets. The Bank will continue to recognize its equity in the net loss of an investee notwithstanding that it will result in a negative investment carrying amount (with this negative amount shown as liability) if the Bank had guaranteed the investee's debt or the Bank had obligated to provide financial support or the loss is temporary.

- (2) Cash dividends received are accounted for as reductions in the carrying amount of the investments. Stock dividends received are accounted for by the increase in the number of shares held by the Bank without any impact to the carrying amount of the investments and net income.
- (3) If an investee's capital reserve increases due to property revaluation, the Bank will recognize the proportional increase in the carrying amount of the investment and the gain will be included in the capital reserve in the stockholders' equity. The difference between the investment cost and the equity in the book value of the net assets of the investees (except the portion pertaining to the difference between the fair value and the book value of land) when a stock is acquired or when the equity method is first adopted, is amortized over 5 to 10 years. However, the difference attributable to goodwill is no longer amortized beginning on January 1, 2006, but is reviewed for potential impairment on an annual basis.
- (4) The Bank is required to include the accounts of all subsidiaries, which are more than 50%-owned and controlled, in its consolidated financial statements. Consolidated financial statements are not required to be prepared for the first and third quarters.

15. Valuation and depreciation of properties and equipment

- (1) Except for land, all properties and equipments are depreciated on a straight-line basis according to their value after revaluation increment. Major improvements and renewals are capitalized as cost, and repairs and maintenance are expensed as incurred. Relevant promulgated principles should be applied if impairment has been found. Upon sale or disposal of properties and equipment, the related cost, revaluation increment, accumulated depreciation and accumulated impairment loss are written-off from the books, and any gain or loss is credited or charged to non-interest income.
- (2) When an impairment loss on a specified asset is identified, the related depreciation is recalculated based on the adjusted value over the estimated useful lives. The residual value of a property or equipment that is still in use at the end of the original estimated useful life is depreciated using the straight-line method over its revised estimated useful life.

16. Foreclosed properties

Foreclosed properties are stated at the lower of cost or net realizable value on the balance sheet date.

17. Financial liabilities

On subsequent measurement, the Bank re-measures and states all financial liabilities at amortized cost. However, financial liabilities at fair value through profit and loss and derivative financial liabilities for hedging are both measured at fair value.

18. Reserve for operations

Reserve for operations is mainly provided for guarantee liabilities and trading losses. Reserve for guarantee liabilities is recognized based on the realizability of the balance pertaining to customers' customs duties, commodity tax and contract performance obligations, etc.

19. Pension plans

- (1) The Bank has pension plans for all regular employees under the relevant domestic and foreign government regulations. The Bank makes monthly contributions to a pension fund, which is administered by the workers' fund administration committee, at amounts up to 15% of the employees' salaries for domestic employees. The pension fund is deposited in the Bank of Taiwan under the name of the committee. In addition, the Bank makes contributions and payments for foreign employees under the relevant foreign government regulations.
- (2) The Labor Pension Act of R.O.C. ("the Act"), which adopts a defined contribution scheme, takes effect from July 1, 2005. In accordance with the Act, employees of the Bank may choose to be covered by either the Act, and maintain their seniority before the enforcement of the Act, or the pension plan of the Bank. For employees subject to the Act, the Bank shall make monthly contributions to the employees' individual pension accounts based on 6% of the employees' monthly wages.
- (3) Pension costs under the defined benefit pension plan are based on actuarial calculations, with the unrecognized net transitional obligation being amortized over 15 to 22 years.

20. Income tax

- (1) Income tax represents income tax paid and payable for the current period and the movement in the deferred tax assets and liabilities during the period. Deferred taxes are recognized for tax effects of temporary differences and unused tax credits. A valuation allowance is provided for deferred tax assets that are not certain to be realized. Adjustments of prior years' income taxes are recognized in the current period. Adjustment of deferred tax liability or asset for enacted change in tax rate measured by the balance sheet date is recognized as tax benefit or expense in the statement of income for the period.
- (2) Income taxes on undistributed earnings are charged at a 10% rate and recorded as expense in the year in which shareholders approve the retention of the earnings.
- (3) The R.O.C. government enacted the "Income Basic Tax Act" effective January 1, 2006. Under this Act, income tax payable shall be equal to or the higher of the regular income tax or basic income tax.

- (4) Since 2003, Mega Financial Holdings Co., Ltd. adopted the linked tax system for income tax filings with its qualified subsidiaries, including the Bank. As a result of the calculation, the appropriation of income tax is accounted for as other payables.

21. Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such a recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year.

22. Recognition of revenue, service fees and expenses

- (1) Interest income for loans is recognized on an accrual basis except for loans classified as non-accrual loans. The accrual of income from non-accrual loans is discontinued and subsequent interest receipts are credited to income upon collection. In accordance to the regulations established by the Ministry of Finance, interest income arising from emergency loans and renewal of agreements is recorded as deferred revenue and subsequently recognized as income upon interest receipts.
- (2) Except for interest income arising from loans, commission income and other income are recognized on an accrual basis.
- (3) Expenses are recognized on an accrual basis.

23. Contingent losses

At the balance sheet date, if an asset is considered to be impaired or liability has been incurred, such loss is recorded as contingent losses for the current year where the amount of loss can be reasonably estimated. When the amount of the loss cannot be reasonably estimated or when it is probable that loss has been incurred, the obligation is disclosed as a contingent liability in the notes to the financial statements.

24. Operating segments

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

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

III. CHANGES IN ACCOUNTING POLICIES

1. Loans and accounts receivable

Starting from January 1, 2011, the Bank adopted the revised SFAS No. 34 "Financial Instruments: Recognition and Measurement", which indicates that impairment losses (bad debts) of various creditors' rights, i.e. loans, receivables, notes receivable and other receivables shall be recognized when objective evidence of impairment exists. This change in accounting treatment had no significant impact on the net income and earnings per share for the year ended December 31, 2011.

2. Operating segments

Starting from January 1, 2011, the Bank adopted the newly issued SFAS No. 41 "Operating Segments" to replace SFAS No. 20 "Segment Reporting". At initial adoption, the Bank restated the segment information of the previous period pursuant to the accounting standard. This change in accounting principle had no significant impact on the net income and earnings per share for the year ended December 31, 2011.

IV. DETAILS OF SIGNIFICANT ACCOUNT BALANCES

1. CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Cash on hand	\$ 13,965,905	\$ 13,339,497	\$ 459,428
Revolving funds	4,846	4,891	169
Checks for clearing	1,007,618	838,773	28,888
Due from commercial banks	297,116,114	290,170,177	9,993,807
Total	<u>\$ 312,094,483</u>	<u>\$ 304,353,338</u>	<u>\$ 10,482,292</u>

2. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Import/export loans from banks	\$ 80,243,433	\$ 13,042,150	\$ 449,187
Call loans to banks	44,573,183	52,843,237	1,819,984
Participate in interbank financing with risk	-	24,749,186	852,392
Due from the Central Bank:			
Reserve for deposits-category A	19,326,520	20,360,016	701,223
Reserve for deposits-category B	31,243,615	31,919,840	1,099,357
Reserve for deposits-foreign currency	330,950	470,583	16,208
Due from Central Bank – general deposits	5,552,885	5,700,275	196,324
Total	<u>\$ 181,270,586</u>	<u>\$ 149,085,287</u>	<u>\$ 5,134,675</u>

As required by relevant laws, the reserves for deposits are calculated at prescribed rates on the average balances of various deposit accounts. The reserve for deposits - category A and foreign currency deposits accounts are non-interest bearing and call on demand. Reserve for deposits - category B earns interest but its use is restricted under relevant regulations.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
<u>Financial assets held for trading:</u>			
Stocks	\$ 4,746,211	\$ 2,824,324	\$ 97,273
Derivative financial instruments	1,838,745	1,249,396	43,031
<u>Financial assets designated by the Bank at fair value through profit or loss:</u>			
Corporate bonds	23,396,815	26,170,745	901,352
Government bonds	790,899	602,582	20,754
Financial bonds	7,513,845	7,175,694	247,139
Derivative financial instruments	3,480,249	2,748,433	94,659
Total	<u>\$ 41,766,764</u>	<u>\$ 40,771,174</u>	<u>\$ 1,404,208</u>

- (1) As of December 31, 2011 and 2012, the abovementioned financial assets measured at fair value through profit or loss amounted to NT\$2,542,848 thousand and NT\$0 thousand, and were pledged to other parties as collateral for business reserves and guarantees.
- (2) As of December 31, 2011 and 2012, financial assets at fair value through profit or loss were sold under repurchase agreements with selling price of NT\$2,339,038 thousand and NT\$869,040 thousand, respectively. Such repurchase agreements were posted to the "securities sold under repurchase agreements" account on the Bank's balance sheet.
- (3) The trading items and contract information of derivatives are as follows:

	December 31, 2011		December 31, 2012			
	NT\$		NT\$		US\$(Unaudited)	
	Notional Amount	Credit Risk	Notional Amount	Credit Risk	Notional Amount	Credit Risk
Non-hedging derivative financial instruments						
Forward exchange contracts	\$ 78,113,470	\$ 837,463	\$ 92,695,915	\$ 506,761	\$ 3,192,558	\$ 17,453
Interest rate swap contracts	108,790,239	2,233,340	106,298,236	1,976,665	3,661,038	68,079
Cross-currency swap contracts	17,957,654	62,187	25,805,288	72,911	888,765	2,511
Assets swap contracts	13,331,909	718,938	15,025,844	627,645	517,508	21,617
Options	30,513,705	502,564	28,865,848	333,972	994,174	11,502
Credit default swap	12,108,800	736	10,346,331	83,950	356,340	2,891
Currency swap	461,291,505	963,766	484,847,630	395,925	16,698,730	13,636

4. RECEIVABLES – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Accounts receivable	\$ 68,940,350	\$ 88,017,150	\$ 3,031,416
Earned revenue receivable	561,108	633,823	21,830
Accrued interest	3,440,120	3,466,954	119,406
Acceptances receivable	10,398,395	12,230,852	421,245
Other receivables	207,643	201,480	6,939
Total	83,547,616	104,550,259	3,600,836
Less: allowance for probable losses	(2,204,609)	(2,438,701)	(83,992)
Net	<u>\$ 81,343,007</u>	<u>\$ 102,111,558</u>	<u>\$ 3,516,844</u>

5. BILLS DISCOUNTED AND LOANS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Inward/outward documentary bills	\$ 16,919,551	\$ 16,245,662	\$ 559,520
Discounts	48,251	39,968	1,376
Overdrafts	87,362	146,622	5,050
Short-term loans	266,232,906	268,993,013	9,264,440
Secured overdrafts	1,184,495	629,236	21,672
Short-term secured loans	141,628,147	136,272,899	4,693,401
Medium-term loans	318,205,541	335,613,459	11,558,927
Medium-term secured loans	288,856,838	299,142,058	10,302,809
Long-term loans	53,368,295	45,182,189	1,556,128
Long-term secured loans	369,447,777	396,142,327	13,643,614
Non-accrual loans	2,669,895	1,868,159	64,342
Total	1,458,649,058	1,500,275,592	51,671,279
Less: allowance for probable losses	(15,393,254)	(16,060,197)	(553,132)
Net	<u>\$ 1,443,255,804</u>	<u>\$ 1,484,215,395</u>	<u>\$ 51,118,147</u>

- (1) For the years ended December 31, 2011 and 2012, the Bank had not written-off bills discounted and loans without initiating any legal proceedings to collect such bills discounted and loans.
- (2) As of December 31, 2011 and 2012, all balances of bills discounted and loans for which interest revenue was no longer accrued amounted to NT\$2,669,895 thousand and NT\$1,868,159 thousand, respectively. The unrecognized interest revenue on the above bills discounted and loans amounted to NT\$74,036 thousand and NT\$92,817 thousand for the years ended December 31, 2011 and 2012, respectively.

6. MOVEMENTS IN ALLOWANCE FOR CREDIT LOSSES

Starting from January 1, 2011, the Bank adopted the revised SFAS No. 34 “Financial Instruments: Recognition and Measurement”, which indicates that impairment losses (bad debts) of various creditors’ rights, i.e. loans, receivables, notes receivable and other receivables shall be recognized when objective evidence of impairment exists. Movements in allowance for credit losses for the years ended December 31, 2011 and 2012, were as follows:

Loans:

		December 31, 2012			
		NT\$		US\$(Unaudited)	
Item		Loans	Allowance for credit losses	Loans	Allowance for credit losses
With existing objective evidence of individual impairment	Individual assessment	\$ 15,918,749	\$ 6,510,791	\$ 548,261	\$ 224,239
	Group assessment	394	3	13	-
Without existing objective evidence of individual impairment	Group assessment	1,484,356,449	9,549,403	51,123,005	328,893
Total		<u>\$ 1,500,275,592</u>	<u>\$ 16,060,197</u>	<u>\$ 51,671,279</u>	<u>\$ 553,132</u>

Receivables:

		December 31, 2012			
		NT\$		US\$(Unaudited)	
Item		Loans	Allowance for credit losses	Loans	Allowance for credit losses
With existing objective evidence of individual impairment	Individual assessment	\$ 1,281,540	\$ 1,266,100	\$ 44,138	\$ 43,606
	Group assessment	434,578	57,357	14,967	1,975
Without existing objective evidence of individual impairment	Group assessment	102,834,141	1,115,244	3,541,730	38,410
Total		<u>\$ 104,550,259</u>	<u>\$ 2,438,701</u>	<u>\$ 3,600,835</u>	<u>\$ 83,992</u>

		December 31, 2011	
		NT\$	
	Item	Loans	Allowance for credit losses
With existing objective evidence of individual impairment	Individual assessment	\$ 21,584,657	\$ 7,892,891
	Group assessment	325	3
Without existing objective evidence of individual impairment	Group assessment	1,437,064,076	7,500,360
Total		<u>\$ 1,458,649,058</u>	<u>\$ 15,393,254</u>

		December 31, 2011	
		NT\$	
	Item	Loans	Allowance for credit losses
With existing objective evidence of individual impairment	Individual assessment	\$ 1,761,324	\$ 1,727,830
	Group assessment	487,945	44,496
Without existing objective evidence of individual impairment	Group assessment	81,298,347	432,283
Total		<u>\$ 83,547,616</u>	<u>\$ 2,204,609</u>

Movements in allowance for credit losses- Loans:

	For the year ended December 31, 2011	For the year ended December 31, 2012	
	(NT\$)	(NT\$)	(US\$)(Unaudited)
Beginning balance	\$ 10,406,792	\$ 15,393,254	\$ 530,162
Provisions (reversal)	3,240,982	2,419,782	83,340
Write-off-net	(1,275,939)	(4,017,844)	(138,379)
Recovery of written-off credits	3,308,612	2,482,564	85,502
Effects of exchange rate changes and others	(287,193)	(217,559)	(7,493)
Ending Balance	<u>\$ 15,393,254</u>	<u>\$ 16,060,197</u>	<u>\$ 553,132</u>

Movements in allowance for credit losses- Receivables:

	For the year ended December 31, 2011	For the year ended December 31, 2012	
	(NT\$)	(NT\$)	(US\$)(Unaudited)
Beginning balance	\$ 2,585,075	\$ 2,204,609	\$ 75,929
Provisions (reversal)	(449,890)	690,382	23,777
Write-off-net	(68,780)	(660,315)	(22,742)
Recovery of written-off credits	171,000	193,174	6,653
Effects of exchange rate changes and others	(32,796)	10,851	374
Ending Balance	<u>\$ 2,204,609</u>	<u>\$ 2,438,701</u>	<u>\$ 83,991</u>

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Stocks	\$ 7,229,138	\$ 7,118,273	\$ 245,162
Commercial papers	6,176,759	49,572,351	1,707,331
Government bonds	10,195,069	8,595,313	296,033
Corporate bonds	14,302,460	19,812,154	682,354
Beneficiary certificates	300,000	515,690	17,761
Beneficiary securities	4,347,170	4,087,511	140,779
Financial bonds	27,999,301	40,857,721	1,407,188
Certificates of deposit	617,701	545,232	18,778
Total	<u>\$ 71,167,598</u>	<u>\$ 131,104,245</u>	<u>\$ 4,515,386</u>

- (1) As of December 31, 2011 and 2012, the aforementioned available-for-sale financial assets amounted to NT\$16,798,381 thousand and NT\$19,015,688 thousand, respectively, and were pledged to other parties as collateral of business reserves and guarantees.

- (2) As of December 31, 2011 and 2012, available-for-sale financial assets were sold under repurchase agreements with selling price of NT\$4,203,879 thousand and NT\$16,495,424 thousand, respectively. Such repurchase agreements were posted to the "securities sold under repurchase agreements" account on the Bank's balance sheet.
- (3) The Bank reclassified stocks listed on TSE or OTC, beneficiary certificates and bonds originally classified as at fair value through profit or loss to available-for-sale financial assets amounting to NT\$6,540,913 thousand for the period from July 1 to December 31, 2008 in accordance with the revised Paragraph 104 of the Statement of Financial Accounting Standards No. 34. Relevant information was as follows:
- A. Fair value information regarding the reclassified assets that have not been derecognized from the balance sheet as of December 31, 2011 and 2012 were as follows:

	December 31, 2011	December 31, 2012	
	Fair value	Fair value	
	NT\$	NT\$	US\$(Unaudited)
Bonds	\$ 368,253	\$ 137,086	\$ 4,721

- B. Movements on fair value of the reclassified assets for the years ended December 31, 2011 and 2012 were as follows:

	For the year ended December 31, 2011	
	Recognized in profit and loss	Recognized as adjustments in equity
	NT\$	NT\$
Bonds	\$ -	\$ 7,060

	For the year ended December 31, 2012			
	Recognized in profit and loss		Recognized as adjustments in equity	
	NT\$	US\$(Unaudited)	NT\$	US\$(Unaudited)
Bonds	\$ -	\$ -	\$ 22,438	\$ 773

- C. If the above reclassified assets were not reclassified as available-for-sale financial assets for the period from July 1 to December 31, 2008, the fair value of the reclassified assets would be as follows:

	NT\$	US\$(Unaudited)
July 1 ~ December 31, 2008	(\$ 240,751)	(\$ 8,292)
January 1 ~ December 31, 2009	(33,631)	(1,158)
January 1 ~ December 31, 2010	13,019	448
January 1 ~ December 31, 2011	7,060	243
January 1 ~ December 31, 2012	22,438	773
Total	(\$ 231,865)	(\$ 7,986)

8. HELD-TO-MATURITY FINANCIAL ASSETS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Government bonds	\$ 1,034,009	\$ 2,751,486	\$ 94,765
Central Bank's certificates of deposits	118,200,000	141,300,000	4,866,540
Financial bonds	10,892,493	12,528,175	431,485
Corporate bonds	56,708	1,868,064	64,338
Total	\$ 130,183,210	\$ 158,447,725	\$ 5,457,128

- (1) As of December 31, 2011 and 2012, the aforementioned held-to-maturity financial assets amounting to NT\$16,462,288 thousand and NT\$15,672,000 thousand, respectively, were pledged to other parties as collateral of business reserves and guarantees.
- (2) As of December 31, 2011 and 2012, held-to-maturity financial assets were sold under repurchase agreements with selling price of NT\$796,564 thousand and NT\$0 thousand, respectively. Such repurchase agreements were posted to the "securities sold under repurchase agreements" account in the balance sheet.

9. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD – NET

Investee Companies	December 31, 2011		December 31, 2012			
	Book value	% of	Book value		% of	
	NT\$	ownership	NT\$	US\$(Unaudited)	Ownership	
Mega International Commercial Bank Public Co., Ltd. (Thailand)	\$ 4,856,743	100.00	\$ 5,034,665	\$ 173,400	100.00	
Mega International Commercial Bank (Canada)	1,031,335	100.00	1,067,781	36,776	100.00	
Cathay Investment & Development Corporation (Bahamas)	292,508	100.00	50,089	1,725	100.00	
Mega Management & Consulting Co., Ltd.	55,578	100.00	62,541	2,154	100.00	
Cathay Investment & Warehousing Ltd.	96,414	100.00	89,749	3,091	100.00	
Ramlett Finance Holdings Inc.	-	100.00	-	-	100.00	
Yung-Shing Industries Co.	834,947	99.56	819,245	28,216	99.56	
China Products Trading Company	37,047	68.27	34,460	1,187	68.27	
Cathy Insurance Company, INC.	-	30.37	-	-	-	
United Venture Capital Corp.	26,081	25.31	32,832	1,131	25.31	
China Insurance Co., (Siam) Ltd.	31,942	25.25	14,067	484	25.25	
Mega 1 Venture Capital Co., Ltd.	161,509	25.00	162,985	5,613	25.00	
IP Fundseven Ltd.	226,248	25.00	168,495	5,803	25.00	
An Fang Co., Ltd.	11,803	25.00	11,930	411	25.00	
Taiwan Bills Finance Co., Ltd.	1,390,834	24.55	1,406,164	48,430	24.55	
Everstrong Iron Steel & Foundry & Mfg Corp.	39,509	22.22	42,262	1,455	22.22	
China Real Estate Management Co., Ltd.	121,709	20.00	235,009	8,094	20.00	
Total	<u>\$ 9,214,207</u>		<u>\$ 9,232,274</u>	<u>\$ 317,970</u>		

- (1) Part of equity investments accounted for under equity method and investment income and losses for the years ended December 31, 2011 and 2012, are recognized based on unaudited financial statements of the same period. Gains on investment recognized for the years ended December 31, 2011 and 2012 were \$44,814 thousand and \$137,961 thousand and amounted to approximately 0.26% and 0.61% of the Bank's net profit before tax, respectively; therefore, the amounts were not significant.
- (2) As of December 31, 2011 and 2012, the aforementioned equity investments accounted for under the equity method were not pledged as collateral of business reserves and guarantees.
- (3) Investee companies in which the Bank holds more than 50% of ownership have been included in the preparation of the consolidated financial statements except for CTB Financial Management & Consulting Co., Ltd., Cathay Investment & Warehousing Ltd., Ramlett Finance and China Products Trading Company wherein no significant impact were expected.

10. OTHER FINANCIAL ASSETS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Financial assets carried at cost:			
Stocks	\$ 14,844,460	\$ 14,543,241	\$ 500,887
Debt investment with no active market	4,000,000	4,000,000	137,765
Remittance purchased	83,953	24,335	838
Non-accrual loans transferred from overdue receivables	670,751	292,304	10,067
Total	19,599,164	18,859,880	649,557
Less: Accumulated impairment – Financial assets carried at cost	(1,274,492)	(1,587,806)	(54,686)
Less: Allowance for bad debts – Remittance purchased and Non-accrual loans transferred from overdue receivables	(408,857)	(176,362)	(6,074)
Net	<u>\$ 17,915,815</u>	<u>\$ 17,095,712</u>	<u>\$ 588,797</u>

- (1) For the years ended December 31, 2011 and 2012, the amounts of impairment loss recognized due to investees operating at a loss over an extended period of time were NT\$257,083 thousand and NT\$480,294 thousand, respectively. The bad debt expenses (reversal) accrued in relation to remittance purchased and non-accrual loans transferred from overdue accounts for years ended December 31, 2011 and 2012 amounted to (NT\$68,159) thousand and (NT\$213,895) thousand, respectively.
- (2) As of December 31, 2011 and 2012, the aforementioned financial assets were not pledged as collateral of business reserves and guarantees.

11. OTHER ASSETS – NET

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Prepayment	\$ 127,284	\$ 93,124	\$ 3,207
Other prepaid expenses	2,847,168	5,925,938	204,096
Deferred pension costs	393,604	484,739	16,695
Deferred income tax – net	1,012,025	1,299,211	44,747
Refundable deposits	1,132,317	400,366	13,789
Temporary payments	785,211	559,398	19,266
Foreclosed property	28,489	-	-
Accumulated – net impairment	779,545	781,955	26,932
Others	235,928	217,504	7,491
Net	<u>\$ 7,341,571</u>	<u>\$ 9,762,235</u>	<u>\$ 336,223</u>

12. DUE TO THE CENTRAL BANK AND COMMERCIAL BANKS

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Due to Central Bank	\$ 288,768,234	\$ 267,563,448	\$ 9,215,204
Transfer deposits from China Post Co.	3,824,875	4,459,521	153,591
Overdrafts from other banks	180,887	2,516,663	86,677
Call loan from other banks	61,331,256	35,923,279	1,237,241
Short-term borrowings	8,468,671	24,278,042	836,165
Total	<u>\$ 362,573,923</u>	<u>\$ 334,740,953</u>	<u>\$ 11,528,878</u>

13. BORROWED FUNDS

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Refinancing to borrow funds from			
Central Bank	\$ 8,988,504	\$ 7,712,106	\$ 265,614
Other funds borrowed from Central Bank	62,884,896	52,836,795	1,819,762
Total	<u>\$ 71,873,400</u>	<u>\$ 60,548,901</u>	<u>\$ 2,085,376</u>

14. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Financial liabilities held for trading:			
Derivative financial instruments	\$ 1,879,566	\$ 1,243,208	\$ 42,817
Financial liabilities designated at fair value through profit or loss:			
Financial bonds	13,606,240	7,469,567	257,261
Derivative financial instruments	4,875,252	5,420,215	186,679
Total	<u>\$ 20,361,058</u>	<u>\$ 14,132,990</u>	<u>\$ 486,757</u>

15. PAYABLES

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Accounts payable	\$ 9,462,475	\$ 9,398,797	\$ 323,706
Bankers' acceptances	10,618,035	12,297,005	423,523
Accrued interests	2,274,250	2,364,340	81,431
Dividends and bonus payable	5,679,263	5,679,263	195,601
Income tax payable	3,200,468	3,836,011	132,117
Accrued expense	3,979,735	4,038,849	139,103
Collections payable for customers	896,329	1,234,485	42,517
Other payables	1,236,934	1,182,726	40,734
Other payables– parent company account (Note)	525,799	837,471	28,843
Total	<u>\$ 37,873,288</u>	<u>\$ 40,868,947</u>	<u>\$ 1,407,575</u>

(Note) Please refer to Notes IV 27 and V.

16. DEPOSITS AND REMITTANCES

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Checking deposits	\$ 31,279,919	\$ 30,883,337	\$ 1,063,659
Demand deposits	449,645,567	483,896,315	16,665,966
Time deposits	562,094,854	628,568,036	21,648,632
Negotiable certificates of deposit	1,410,000	1,710,800	58,922
Demand savings deposits	320,079,847	332,067,276	11,436,793
Time savings deposits	203,411,896	212,409,664	7,315,642
Remittances	9,198,056	16,884,170	581,511
Total	<u>\$ 1,577,120,139</u>	<u>\$ 1,706,419,598</u>	<u>\$ 58,771,125</u>

17. FINANCIAL BONDS PAYABLE

			December 31, 2011		December 31, 2012		
			NT\$		NT\$		US\$(Unaudited)
Subordinated bonds			\$ 42,600,000		\$ 43,900,000		\$ 1,511,968

				December 31, 2011		December 31, 2012		
Name of bond	Issuing period	Interest rate %	Total issued amount	NT\$	NT\$	US\$ (Unaudited)	Remark	
96-1 Development Financial bond	2007.09.27~2014.09.27	Floating rate	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 172,206	Interest is paid yearly. The principal is repaid at maturity.	
96-3 Development Financial bond	2007.12.28~2014.12.28	2.99	300,000	300,000	300,000	10,332	Interest is paid yearly. The principal is repaid at maturity.	
96-4 Development Financial bond	2007.12.28~2014.12.28	Floating rate	400,000	400,000	400,000	13,776	Interest is paid yearly. The principal is repaid at maturity.	
97-4 Development Financial bond	2008.06.26~2015.06.26	Floating rate	6,000,000	6,000,000	6,000,000	206,647	Interest is paid yearly. The principal is repaid at maturity.	
97-8 Development Financial bond	2008.09.29~2015.09.29	3.00	1,600,000	1,600,000	1,600,000	55,106	Interest is paid yearly. The principal is repaid at maturity.	
97-9 Development Financial bond	2008.12.23~2015.12.23	3.00	6,400,000	6,400,000	6,400,000	220,424	Interest is paid yearly. The principal is repaid at maturity.	
99-1 Development Financial bond	2010.12.24~2017.12.24	1.53	10,300,000	10,300,000	10,300,000	354,744	Interest is paid yearly. The principal is repaid at maturity.	
100-1 Development Financial bond	2011.04.15~2018.04.15	1.65	4,700,000	4,700,000	4,700,000	161,874	Interest is paid yearly. The principal is repaid at maturity.	
100-2 Development Financial bond	2011.11.24~2018.11.24	1.62	7,900,000	7,900,000	7,900,000	272,085	Interest is paid yearly. The principal is repaid at maturity.	
101-1 Development Financial bond	2012.05.18~2019.05.18	1.48	1,300,000	-	1,300,000	44,774	Interest is paid yearly. The principal is repaid at maturity.	
Total				\$ 42,600,000	\$ 43,900,000	\$ 1,511,968		

18. ACCRUED PENSION LIABILITIES

- (1) Net pension cost comprises the following:

	For the year ended December 31, 2011		For the year ended December 31, 2012	
	NT\$		NT\$	US\$(Unaudited)
Service cost	\$ 605,546		\$ 483,616	\$ 16,656
Interest cost	267,683		271,749	9,359
Expected return on plan assets	(173,427)		(212,835)	(7,330)
Amortization	239,873		58,242	2,006
Net pension cost	\$ 939,675		\$ 600,772	\$ 20,691

- (2) Funded status of the pension plan and reconciliation of accrual pension liabilities are as follows:

	December 31, 2011		December 31, 2012	
	NT\$		NT\$	US\$(Unaudited)
Benefit obligation				
Vested benefit obligation	(\$ 8,806,350)		(\$ 9,862,498)	(\$ 339,676)
Non-vested benefit obligation	(2,136,311)		(2,467,806)	(84,994)
Accumulated benefit obligation	(10,942,661)		(12,330,304)	(424,670)
Effect of future salary increments	(1,362,361)		(1,559,422)	(53,709)
Projected benefit obligation	(12,305,022)		(13,889,726)	(478,379)
Fair value of plan assets	9,399,334		9,600,744	330,661
Funded status	(2,905,688)		(4,288,982)	(147,718)
Unrecognized net transition obligation	131,554		109,876	3,784
Unrecognized service cost in prior year	411,427		374,863	12,911
Non-amortization of gain or loss on plan assets	1,212,984		2,754,340	94,863
Unfunded accrued pension liability	(393,604)		(1,679,657)	(57,849)
Accrued pension liabilities	(\$ 1,543,327)		(\$ 2,729,560)	(\$ 94,009)

- (3) Actuarial assumptions are as follows:

	For the year ended December 31, 2011	For the year ended December 31, 2012
Discount rate	2.25%	1.35%
Rate of compensation increase in salaries	1.25%	1.25%
Expected rate of return on plan assets	2.25%	1.35%

- (4) Effective July 1, 2005, the Bank established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Employees have the option to be covered under the New Plan. Under the New Plan, the Bank contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are portable when the employment is terminated. The pension costs under the defined contribution pension plan for the years ended December 31, 2011 and 2012 were NT\$77,261 thousand and NT\$82,215 thousand, respectively.

19. OTHER FINANCIAL LIABILITIES

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Structured deposit	\$ 9,976,851	\$ 7,764,231	\$ 267,409
Appropriated for loans	2,636,999	2,024,132	69,714
Reserve for loans	6	2	-
Total	<u>\$ 12,613,856</u>	<u>\$ 9,788,365</u>	<u>\$ 337,123</u>

20. OTHER LIABILITIES

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Deposits received	\$ 2,830,864	\$ 3,236,415	\$ 111,466
Reserve for losses on guarantees	2,119,653	3,573,656	123,081
Temporary credits	4,234,432	4,049,711	139,477
Others	3,140,914	3,818,191	131,503
Total	<u>\$ 12,325,863</u>	<u>\$ 14,677,973</u>	<u>\$ 505,527</u>

For the years ended December 31, 2011 and 2012, the doubtful loan expenses for the provision of reserve for guarantees amounted to NT\$619,486 thousand and NT\$1,458,365 thousand, respectively.

21. CAPITAL STOCK

- (1) In order to meet the demand for operational development and capital structure adjustment, the Board of Directors resolved on behalf of stockholders that the Company transfer unappropriated earnings amounting to NT\$3,890,122 thousand to increase capital, which equals 389,012 thousand shares with a par value of \$10 New Taiwan dollars; the capital increase had been applied to competent authorities and was effective on August 4, 2011. The effective date is September 7, 2011, and the issued stock after capital increase amounts to NT\$68,000,000 thousand, which equals to 6,800,000 thousand shares with a par value of \$10 New Taiwan dollars per share.
- (2) The Board of Directors decided to proceed with a cash capital increase amounting to NT\$3,000,000 through the issuance of 300,000 thousand common stocks. Mega Holdings, the parent company, intended to buy all capital stocks at NT\$23.97 per share. The authorized and paid-in capital were both NT\$71,000,000 thousand after the capital increase. The capital increase was authorized by the Financial Supervisory Commission R. O. C. Capitalization date was on September 5, 2012. Total issued common stocks after the cash capital increase amounted to NT\$ 71,000,000 thousand, with 7,100,000 thousand shares issued and outstanding at par value of \$10 New Taiwan dollar per share.
- (3) As of December 31, 2011 and 2012, the authorized and paid-in capital stock was NT\$68,000,000 thousand and NT\$71,000,000 thousand, respectively, and issued capital stock was NT\$6,800,000 thousand and NT\$7,100,000 thousand, respectively, with par value of \$10 New Taiwan dollars per share for both years.

22. RETAINED EARNINGS AND DIVIDEND POLICIES

- (1) The current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating loss, and the remaining amount should then be set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. 2.4% of the remaining earnings (including reversible special reserve) are then distributed as bonuses to employees, and the remaining earnings plus prior year's accumulated unappropriated earnings are subject to the Board of Directors' proposal for a distribution plan and approval by the stockholders at the Ordinary Stockholders' Meeting; under the plan, cash dividends shall account for no less than 50% of total dividends, while the remainder are in the form of stock dividends. Bonus to employees and dividends to stockholders are distributed in the form of cash. Distribution of bonus to employees should be resolved by the Board of Directors.
- (2) The legal reserve is to be used exclusively to offset any deficit or to increase capital by issuing new shares or distribute cash dividends according to original shareholders in proportion to the number of shares being held by each of them and is not to be used for any other purposes. For the legal reserve to be used for issuing new shares or distributing cash dividends, only the portion of the legal reserve exceeding 25% of paid-in capital may be capitalized or released.
- (3) In compliance with the Explanatory Letter Jin-Guan-Jen (1) No. 0950000507 of the former of FSC, Executive Yuan, effective from 2007, except for appropriating legal reserve according to the law, if the current year-end contra accounts in the stockholders' equity have negative/debit balances, public companies are required to appropriate a special reserve equaling such negative / debit balances before distributing the undistributed earnings. Such appropriation of the special reserve should be subject to the following restriction in accordance with Article 41-1 of the Securities and Exchange Act. (a) If the amounts of

the contra accounts in the stockholders' equity result from the current year, the amount of the special reserve to be set aside should not exceed the current net income after income taxes plus the accumulated undistributed earnings of the prior years. (b) If the amounts of the contra accounts in the stockholders' equity result from the prior years, the amount of the special reserve to be set aside should not exceed the accumulated undistributed earnings of the prior years less those undistributed earnings that have been set aside in the above (a). In the subsequent years, if there is a reversal of special reserve due to reduction in the negative / debit balances of the contra accounts in the stockholders' equity, the portion of the reversal of the special reserve can be used for earnings distribution.

- (4) In pursuant of Jin-Guan-Zheng-Zi No.09900738571 of the former Financial Supervisory Commission, trading loss reserve that have been set aside by securities firms shall be transferred as special reserve starting from January 13, 2011. The special reserve shall not be used other than for covering the losses of the company, or when the special reserve reaches 50% of the amount of paid-in capital, half of it may be used for capitalization. Special reserve transferred based on the above regulation amounted to NT\$79,842 thousand for the year 2011.
- (5) Under the Integrated Income Tax System, which took effect on January 1, 1998, R.O.C. resident shareholders are allowed a tax credit for the income tax paid by the Bank on earnings generated since 1998.

Under the Financial Supervisory Commission regulations, when appropriating the current year's net income, the Bank should set aside a special reserve, which is equal to the debit balance of cumulative translation adjustments and unrealized loss resulting from the decline in value of financial instruments. A portion of this reserve is reversed to unappropriated earnings when the debit balances of the foregoing accounts decrease.

Unappropriated retained earnings information:

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
1998 and onward	\$ 15,022,236	\$ 19,367,165	\$ 667,028

- (6) The appropriations and distributions for 2010 and 2011 approved by the Bank's Board of Directors on the stockholders' behalf on May 11, 2011 and 2012, respectively, were as follows:

	2010	2011	
	NT\$	NT\$	US\$(Unaudited)
Legal reserve	\$ 3,351,506	\$ 4,502,357	\$ 155,066
Special reserve	26,876	1,170,186	40,303
Cash dividends (NT\$1.04 and NT\$1.37 per share)	6,688,008	9,316,000	320,854
Stock dividends (NT\$0.61 and NT\$0 share)	3,890,122	-	-
Total	\$ 13,956,512	\$ 14,988,543	\$ 516,223

Information on the appropriation of the Company's earnings as approved by the Board of Directors and during the shareholders' meeting is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. The Company's 2011 actual earnings distributions were as mentioned above, bonuses to employees and remunerations to supervisors and directors in 2011 approved by the Board of Directors. The NT\$1,013 thousand difference between the employees bonus resolved by the stockholders' meeting during 2011 and the recognized amount in the financial statement of 2011 reflects distribution of prior year's earnings, in which has been adjusted in the profit and loss of 2012.

- (7) The Bank recognized the estimated costs of NT\$215,749 thousand and NT\$346,400 thousand for employees' bonuses for the years ended December 31, 2011 and 2012 which, after taking net income and legal reserve into account, is based on the ratio stipulated in the Company's Articles of Incorporation.
- (8) Earnings distribution for the year ended December 31, 2012 with the approval of the Board of Directors on March 22, 2013 was as follows:

	2012		
	NT\$	NT\$	US\$(Unaudited)
Legal reserve	\$ 5,800,041	\$ 199,760	
Special reserve	44,435	1,531	
Cash dividends (NT\$1.45 per share)	10,295,000	354,572	
Total	\$ 16,139,476	\$ 555,863	

23. UNREALIZED REVALUATION INCREMENT

The Bank made revaluations of its assets in accordance with the relevant laws and regulations. As of December 31, 2011 and 2012, the balance of the revaluation increment of land and other fixed assets amounted to NT\$2,330,749 thousand and NT\$3,844,512 thousand, respectively, and were recorded under "properties and equipment". As of December 31, 2011 and 2012, the balance of the reserve for land valuation increment tax amounted to NT\$657,314 thousand and NT\$1,053,300 thousand, respectively, and were recorded under "other liabilities".

24. FEE INCOME – NET

	For the years ended December 31,		
	2011	2012	
	NT\$	NT\$	US\$(Unaudited)
Service fee income	\$ 6,764,518	\$ 7,286,093	\$ 250,942
Service fee charges	(658,845)	(667,683)	(22,996)
Net service fee income	\$ 6,105,673	\$ 6,618,410	\$ 227,946

25. ASSET IMPAIRMENT LOSSES

	For the years ended December 31,		
	2011	2012	
	NT\$	NT\$	US\$(Unaudited)
Available-for-sale-financial assets	\$ 86,831	\$ 49,183	\$ 1,694
Financial assets carried at cost	257,083	480,294	16,542
Fixed assets	(272,353)	(29,813)	(1,027)
Non-operating property	17,268	(15,709)	(541)
Total	<u>\$ 88,829</u>	<u>\$ 483,955</u>	<u>\$ 16,668</u>

26. STAFF EXPENSES, DEPRECIATION AND AMORTIZATION

The following is a summary of the components of staff expenses, depreciation and amortization for the years ended December 31, 2011 and 2012:

	For the years ended December 31,		
	2011	2012	
	NT\$	NT\$	US\$(Unaudited)
Staff expenses			
Payroll expense	\$ 8,600,636	\$ 8,976,121	\$ 309,148
Staff insurance	486,497	505,261	17,402
Pension	1,032,073	726,658	25,027
Other staff expenses	486,978	497,218	17,125
	<u>\$ 10,606,184</u>	<u>\$ 10,705,258</u>	<u>\$ 368,702</u>
Depreciation	<u>\$ 608,912</u>	<u>\$ 584,241</u>	<u>\$ 20,122</u>
Amortization	<u>\$ 5,906</u>	<u>\$ 3,935</u>	<u>\$ 135</u>

27. INCOME TAX

- (1) The reconciliation of income tax expense and income tax payable is as follows:

	For the years ended December 31,		
	2011	2012	
	NT\$	NT\$	US\$(Unaudited)
Income tax at the statutory tax rate	\$ 2,969,870	\$ 3,837,478	\$ 132,167
Tax effect of permanent differences	(1,118,336)	(1,831,995)	(63,096)
Effect of loss reserves transferred to special reserves	2,219	-	-
Income tax of overseas branches	390,662	794,269	27,356
Net change in deferred income tax assets	23,132	287,186	9,891
Prepaid and withholding taxes	(1,009,892)	(1,239,055)	(42,675)
10% income tax levied on unappropriated earnings	1,438	1,932	67
Income tax payable—current period	<u>\$ 1,259,093</u>	<u>\$ 1,849,815</u>	<u>\$ 63,710</u>

	For the years ended December 31,		
	2011	2012	
	NT\$	NT\$	US\$(Unaudited)
Income tax payable – current period	\$ 1,259,093	\$ 1,849,815	\$ 63,710
Deferred income tax benefit	(23,132)	(287,186)	(9,891)
Income tax payable attributed to foreign branches and adjustments of prior years income taxes	216,110	438,242	15,094
Prepaid and withholding taxes	1,009,892	1,239,055	42,674
Income tax expense	<u>\$ 2,461,963</u>	<u>\$ 3,239,926</u>	<u>\$ 111,587</u>

- (2) As of December 31, 2012, the income tax returns of the Bank through 2006 have been examined by the Tax Authorities. In connection with such examinations, the Bank disagreed with the assessment and has filed an appeal to the Tax Authorities in connection with the 2004 and 2005 income tax returns.

- (3) Deferred income taxes as of December 31, 2011 and 2012 consisted of deferred income tax assets - net (shown as part of other assets), as follows:

	December 31, 2011		December 31, 2012			
	NT\$		NT\$		US\$(Unaudited)	
A. Total deferred income tax assets	\$	1,785,090	\$	1,921,920	\$ 66,193	
B. Total deferred income tax liabilities	(773,065)	(622,709)	(21,447)
C. Temporary differences resulting in deferred income tax assets:						
Provision for employees' pension liabilities	\$	1,073,336	\$	1,107,882	\$ 38,157	
Unrealized loss on investments		3,988,264		3,594,325	123,793	
Bad debt expense in excess of the amount determined by tax regulations		3,005,045		3,650,181	125,717	
Others		739,829		1,757,000	60,513	
D. Temporary differences resulting in deferred income tax liabilities:						
Unrealized foreign exchange gains	(1,061,074)	(965,473)	(33,252)
Cumulative equity in net income of foreign investees	(2,150,299)	(2,440,458)	(84,052)
Unrealized gain on derivative financial instruments	(1,124,815)	(229,427)	(7,902)
E. Deferred income tax assets	\$	1,497,101	\$	1,718,596	\$ 59,190	
Deferred income tax assets attributed to foreign branches		287,989		203,324	7,003	
Deferred income tax liabilities	(737,152)	(618,011)	(21,285)
Deferred income tax liabilities attributed to foreign branches	(35,913)	(4,698)	(162)
Deferred income tax assets (liabilities), net		1,012,025		1,299,211	44,746	
Allowance for deferred income tax assets		-		-	-	
Net change in deferred income tax assets	\$	1,012,025	\$	1,299,211	\$ 44,746	

- (4) The information on the implementation of the integrated income tax system as of December 31, 2011 and 2012 is as follows:

	December 31, 2011	December 31, 2012	
	NT\$	NT\$	US\$(Unaudited)
Balances of the imputed tax	\$ 278,063	\$ 1,289	\$ 44

A. The estimated creditable tax ratio for distributing 2012 earnings was 0.01%.

B. The actual tax ratio for distributing 2011 cash and stock dividend earnings were 2.87%, respectively.

- (5) The Bank adopted the linked tax system for income tax filings with the parent company, Mega Financial Holding Co., Ltd., and other qualified subsidiaries in 2003. As a result, any amounts payable to the parent company is posted to the miscellaneous – parent company account under payables.

28. EARNINGS PER SHARE

- (1) Earnings per share:

	For the years ended December 31,			
	2011		2012	
Weighted-average shares outstanding (shares in thousands)	6,800,000		6,896,721	

	For the years ended December 31,					
	2011		2012			
	NT\$		NT\$		US\$(Unaudited)	
	Pre-tax	After tax	Pre-tax	After tax	Pre-tax	After tax
Net income	\$17,469,821	\$15,007,858	\$22,573,398	\$19,333,472	\$ 777,455	\$ 665,868
Earnings per share (in dollars)						
Net income	\$ 2.57	\$ 2.21	\$ 3.27	\$ 2.80		

V. RELATED PARTY TRANSACTIONS

1. NAMES OF THE RELATED PARTIES AND THEIR RELATIONSHIP WITH THE BANK

<u>Names of related parties</u>	<u>Short name of related parties</u>	<u>Relationship with the Bank</u>
Mega Financial Holdings Co., Ltd.	Mega Financial Holdings	The Parent company
Mega Bills Finance Co., Ltd.	Mega Bills	Jointly controlled by Mega Financial Holdings
Mega Securities Co., Ltd.	Mega Securities	Jointly controlled by Mega Financial Holdings
Mega Investment Trust Co., Ltd.	Mega Investment Trust	Jointly controlled by Mega Financial Holdings
Chung Kuo Insurance Co., Ltd.	Chung Kuo Insurance	Jointly controlled by Mega Financial Holdings
Mega Asset Management Co., Ltd.	Mega Asset	Jointly controlled by Mega Financial Holdings
Mega CTB Venture Capital Co., Ltd.	Mega Venture	Jointly controlled by Mega Financial Holdings
Mega Life Insurance Agency Co., Ltd.	Mega Life Insurance Agency	Jointly controlled by Mega Financial Holdings
Mega International Investment Service Corp.	Mega International Investment Service	Jointly controlled by Mega Financial Holdings
Mega Futures Co., Ltd.	Mega Futures	Jointly controlled by Mega Financial Holdings
Chunghwa Post Corporation Limited	Chunghwa Post	Director of Mega Financial Holdings
Bank of Taiwan Corp.	Bank of Taiwan	Director of Mega Financial Holdings
Waterland Financial Holdings	Waterland Financial Holdings	Supervisor of Waterland Financial Holdings
International Bills Finance Corporation (IBF)	International Bills Finance	Supervisor of Waterland Financial Holdings
Yung-Shing Industries Co.	Yung-Shing	Subsidiary of the Bank
China Products Trading Company	China Products	Subsidiary of the Bank
Mega Management & Consulting Co., Ltd.	Mega Financial Management & Consulting	Subsidiary of the Bank
Mega International Commercial Bank (Canada)	Mega ICBC (Canada)	Subsidiary of the Bank
Cathay Investment & Development Corporation (Bahamas)	Cathay Investment (Bahamas)	Subsidiary of the Bank
Mega International Commercial Bank Public Co., Ltd. (Thailand)	Mega ICBC (Thailand)	Subsidiary of the Bank
Cathay Investment & Warehousing Ltd. (Panama)	Cathay Investment & Warehousing (Panama)	Subsidiary of the Bank
Win Card Co., Ltd.	Win Card	Indirect subsidiary of the Bank
ICBC Assets Management & Consulting Co., Ltd.	ICBC Consulting	Indirect subsidiary of the Bank
Mega 1 Venture Capital Co., Ltd.	Mega 1 Venture	Equity investees
United Venture Capital Corp.	United Venture	Equity investees
Everstrong Iron Steel & Foundry & Mfg Corp.	Everstrong Iron Steel	Equity investees
IP Fundseven Ltd.	IP Fundseven	Equity investees
China Real Estate Management Co., Ltd.	China Real Estate	Equity investees
Taiwan Finance Co., Ltd.	Taiwan Finance	Equity investees
An Fang Co., Ltd.	An Fang	Equity investees
Ramlett Finance Holding Inc.	Ramlett	Equity investees
China Insurance (Siam) Co., Ltd.	China Insurance (Siam)	Equity investees
Others		Certain directors, supervisors, managers and relatives of the Bank's Chairman and General Manager

(Blank below)

2. MAJOR TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(1) Due from and due to banks

	Balance as of December 31,			Highest Outstanding Balance			For the years ended December 31,					
	2012			2012			Interest Rate (%)					
	2011	2012	NT\$	US\$(Unaudited)	2011	2012	2011	2012	2011 NT\$	2012 NT\$	2012 US\$ (Unaudited)	
<u>Due from banks</u>												
Mega ICBC (Canada)	\$ 216,945	\$ 180,953	\$ 6,232	\$ 12,956	\$ 376,166	\$ 12,956	0.25%-1.18%	0.00%-1.22%	\$ 1,453	\$ 1,076	\$ 37	
Mega Bills	1,000,000	5,900,000	203,203	371,965	10,800,000	371,965	0.43%-0.83%	0.45%-0.81%	9,873	18,319	631	
Bank of Taiwan	21,603	10,778	371	171,697	4,985,221	171,697	0.27%-0.32%	0.28%-0.29%	424	51	2	
Mega ICBC (Thailand)	527,430	181,393	6,247	28,274	820,949	28,274	0.00%-1.05%	0.00%-1.05%	1,064	747	26	
<u>International Bills</u>												
Finance	-	720,000	24,798	34,441	1,000,000	34,441	0.55%-0.82%	0.50%-0.65%	971	2,780	96	
Chunghwa Post	-	-	-	-	-	-	0.25%-0.32%	-	281	-	-	
<u>Due to banks</u>												
Chunghwa Post	\$ 3,824,875	\$ 4,459,521	\$ 153,591	\$ 180,129	\$ 5,230,044	\$ 180,129	0.01%-1.52%	0.01%-1.52%	\$ 61,708	\$ 58,988	\$ 2,032	
Mega ICBC (Canada)	208,735	43,804	1,509	9,648	280,120	9,648	0.05%	0.00%-0.05%	(132)	(18)	(1)	
Mega ICBC (Thailand)	482,062	217,525	7,492	129,427	3,757,909	129,427	0.07%-0.25%	0.00%-0.15%	(652)	(437)	(15)	
Bank of Taiwan	-	1,451,750	50,000	200,027	5,807,778	200,027	0.26%-5.13%	0.35%-0.43%	(18,130)	(1,148)	(40)	

(2) Loans and deposits

Counterparty	Balance as of December 31,			Total interest income (expense) for the years ended December 31,					Interest Rate (%)	
	For the years ended December 31,			For the years ended December 31,					2012	
	2011	2012	NT\$	US\$(Unaudited)	% of Total	NT\$	US\$(Unaudited)	% of Total	2011	2012
Deposits	\$ 57,811,572	\$ 65,729,448	3.67%	2,263,801	3.85%	(\$ 452,899)	3.93%	(\$ 603,801)	4.62%	0.00%~13.00%
Loans	130,152,081	117,102,498	9.02%	4,033,150	7.89%	1,559,274	4.31%	1,607,962	3.96%	0.00%~4.85%
										0.00%~5.46%

The interest rates shown above are similar to, or approximate, those offered to third parties. But the interest rates for savings deposits of Bank managers within the prescribed amounts are the same as for savings deposits of employees.

In compliance with the Banking Law, except for consumer loans and government loans, credit extended by the Bank to any related party are fully secured, and the terms of credit extended to related parties are similar to those for third parties.

The Bank presents its transactions or account balances with related parties, in the aggregate, except for those which the amount represents over 10% of the account balance.

(3) Lease agreements

The related parties had leased office spaces from the Bank as summarized below:

	Related Party	Lease Period	Lease Payment Method	For the years ended December 31		
				2011	2012	US\$(Unaudited)
				Rental Revenue NT\$	Rental Revenue NT\$	Rental Revenue
Mega Securities		2009.11-2013.10	Monthly	\$ 21,752	\$ 21,987	\$ 757
Mega Bills		2010.01-2013.12	Monthly	34,412	34,412	1,185
Chung Kuo Insurance		2009.05-2016.07	Quarterly/Semiannual	2,425	2,376	82
Mega Asset		2011.01-2013.12	Monthly	6,399	6,398	220
Mega Investment Trust		2007.08-2013.12	Monthly	11,038	10,621	366
Yung-Shing		2006.10-2015.09	Quarterly	2,767	2,767	95
Win Card		2008.01-2015.01	Quarterly	7,012	6,107	210
Others		2006.08-2014.07	Monthly/Quarterly	2,933	2,874	99

The Bank had made lease agreements with the related parties as summarized below:

	Related Party	Lease Period	Lease Payment Method	For the years ended December 31,		
				2011	2012	US\$(Unaudited)
				Rental Expense NT\$	Rental Expense NT\$	Rental Expense
Mega Securities		Note	Note	\$ 6,844	\$ 7,805	\$ 269
Mega Bills		2011.01-2012.12	Monthly	90,945	90,904	3,131
Chung Kuo Insurance		2007.12-2017.07	Monthly/Annually	22,308	22,191	764
Yung-Shing		1994.12-2014.11	Annually	6,288	6,288	217
Others		2012.06-2015.05	Monthly	1,764	1,302	45

Note: The Bank sets up offices for collection / payment of securities trading for customers in all operating bases of Mega Securities. There are neither formal contracts nor actual lease terms. The rental fees are paid according to a certain percentage of deposit balance of each operating base.

(4) Securities purchased under resale agreements

	For the year ended December 31, 2012		
	Total	Ending Balance	Interest Revenue
	\$	\$	\$
Mega Securities	113,440,153	2,441,735	5,805
	For the year ended December 31, 2011		
	Total	Ending Balance	Interest Revenue
	\$	\$	\$
Mega Securities	19,141,417	100,000	686
Mega Bills	289,705	-	21
	19,431,122	100,000	707

(5) Miscellaneous payables – parent company account

	December 31, 2011		December 31, 2012	
	NT\$	% of Total	NT\$	% of Total
Mega Financial Holdings	\$ 525,799	1.39	\$ 837,471	2.05
				US\$(Unaudited)
				\$ 28,843

The parent company's accounts payable to Mega Financial Holding Co., Ltd. is the estimated income tax payable as a result of adopting the linked tax system for income tax filings starting from the year 2003.

(6) Other revenues

	For the years ended December 31, 2011		2012	
	NT\$	% of Total	NT\$	% of Total
Mega Life Insurance Agency (Note 1)	\$ 407,010	54.32	\$ 718,472	67.93
Mega Investment Trust (Note 2)	23,931	3.19	18,127	1.71
Chung Kuo Insurance (Note 1)	10,340	1.38	7,284	0.69
	\$ 441,281	58.89	\$ 743,883	70.33
				\$ 25,620

Note 1: The above amount represents service fee revenues earned from acting as an agent for Mega Life Insurance Agency and Chung Kuo Insurance.

Note 2: The above amount represents service fee of sale funds revenues earned from Mega Investment Trust.

(7) Insurance expense

	For the years ended December 31, 2011		2012	
	NT\$	% of Total	NT\$	% of Total
Chung Kuo Insurance	\$ 47,920	0.97	\$ 43,923	0.89
				US\$(Unaudited)
				\$ 1,513

(8) The Bank's processes of printing documents and labor outsourcing have been outsourced to Yung-Shing Industries Co. Under this arrangement, the Bank paid operating expenses and labor outsourcing of NT\$14,850 thousand and NT\$104,262 thousand (US\$3,591 thousand) for the years ended December 31, 2011 and 2012, respectively.

(9) Starting from January, 2001, certain processes of the Bank's credit card operations have been outsourced to Win Card Co., Ltd. Under this arrangement, the Bank paid operating expenses of NT\$160,543 thousand and NT\$155,550 (US\$5,357 thousand) thousand for the years ended December 31, 2011 and 2012, respectively.

(10) Loans

Types	Number of accounts or names of related party	December 31, 2012				(Expressed in thousands of NTD dollars)	
		Highest balance	Ending balance	Default status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans for employees	12	\$ 8,107	\$ 6,479	V	-	None	None
Home mortgage loans	58	474,521	399,386	V	-	Real estate	None
Other loans	1	285,000	210,000	V	-	Real estate	None

Types	Number of accounts or names of related party	December 31, 2011				(Expressed in thousands of NTD dollars)	
		Highest balance	Ending balance	Default status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans for employees	14	\$ 9,492	\$ 6,467	V	-	None	None
Home mortgage loans	49	407,656	302,191	V	-	Real estate	None
Other loans	1	339,810	287,000	V	-	Real estate	None

(11) Financial guarantees for related parties: None.

(12) Related party transactions of derivative financial instruments: None.

(13) Disposal of non-performing loans for related party:

The Bank put on an auction on May 8, 2012 for the non-performing loans, and signed a contract amounting to \$828,511 thousand with Mega Asset on May 15, 2012. As of December 31, 2012, all receivables have been collected. The following table shows the details of non-performing loans:

				(NT\$)	
Loan component			Loan amount	Carrying amount	Sale price amortization (Note)
Corporate	Secured		\$ 644,179	\$ -	\$ 592,697
	Unsecured		250,375	-	235,814
Individual	Secured	Mortgage loan	-	-	
		Auto loan	-	-	
		Others	-	-	
	Unsecured	Credit card	-	-	
		Cash card	-	-	
		Micro credit loan	-	-	
		Others	-	-	
Total			\$ 894,554	\$ -	\$ 828,511

Note: The sale price of \$828,511 thousand has not been deducted the \$1,911 thousand service fee paid to Taiwan Financial Asset Service Corporation.

(14) Information on remunerations to the Bank's directors, supervisors, general managers and vice general manager:

For the years ended December 31,			
2011		2012	
	NT\$	NT\$	US\$(Unaudited)
Salaries	\$ 29,805	\$ 30,084	\$ 1,036
Bonus	15,525	15,277	526
Business expenses	9,617	8,681	299
Earnings distribution	1,055	1,074	37
	<u>\$ 56,002</u>	<u>\$ 55,116</u>	<u>\$ 1,898</u>

A. Salaries represent salary, extra pay for duty, pension and severance pay.

B. Bonus represent bonuses and rewards.

C. Business expenses represent transportation expense, extraneous charges, subsidies, housing benefits and vehicles provided.

D. Earnings distribution represents estimated remunerations to be paid to supervisors and directors and bonuses to be paid to employees in 2012.

E. Please refer to the Bank's Annual Report for relevant information.

VI. PLEDGED ASSETS

Please refer to Notes IV 2, 3, 7 and 8.

VII. COMMITMENTS AND CONTINGENT LIABILITIES

1. As of December 31, 2011 and 2012, the Bank had the following commitments and contingent liabilities not reflected in the above mentioned financial statements:

December 31,			
2011		2012	
	NT\$	NT\$	US\$(Unaudited)
Irrevocable loan commitments	\$ 117,235,746	\$ 12,784,476	\$ 440,313
Securities sold under repurchase agreement	7,344,251	17,402,875	599,376
Securities purchased under resale agreement	349,810	4,430,450	152,590
Credit card line commitments	48,633,007	48,524,062	1,671,227
Guarantees issued	249,871,601	243,398,486	8,382,934
Guarantees to be issued	20,500	20,500	706
Letters of credit	84,249,715	73,102,818	2,517,748
Customers' securities under custody	168,590,517	162,693,100	5,603,344
Properties under custody	2,583,822	3,146,649	108,374
Guarantee effects	78,075,366	77,968,471	2,685,327
Collections for customers	128,989,150	118,454,464	4,079,713
Agency loans payable	3,295,483	2,718,707	93,636
Travelers' checks consigned-in	1,910,045	2,030,376	69,929
Payables on gold coins consigned-in	468	455	16
Payables on consignments-in	3,122	2,853	98
Agent for government bonds	124,991,200	128,021,800	4,409,223
Short-dated securities under custody	53,279,185	42,262,342	1,455,565
Investments for customers	265,016	265,016	9,128
Trust liability	438,442,953	461,313,402	15,888,183
Certified notes paid	9,018,776	7,751,073	266,956
Risk tolerance amount	-	2,445,515	84,226
Total	<u>\$ 1,517,149,733</u>	<u>\$ 1,408,737,890</u>	<u>\$ 48,518,612</u>

2. For premises occupied by its branches, the Bank has renewable lease agreements expiring on various dates up to 2023. Rentals are payable monthly, quarterly or semiannually. Refundable deposits on these leases totaled NT\$131,532 thousand (shown as other assets). Rentals for the next five years are as follows:

Year	NT\$	US\$(Unaudited)
2013	\$ 413,436	\$ 14,239
2014	306,650	10,562
2015	243,554	8,388
2016	109,346	3,766
2017 and after	64,875	2,234
Total	<u>\$ 1,137,861</u>	<u>\$ 39,189</u>

VIII. SIGNIFICANT DISASTER LOSS

None.

IX. SIGNIFICANT SUBSEQUENT EVENT

None.

X. OTHERS

1. INFORMATION ON FINANCIAL INSTRUMENTS

(1) Fair Value of Financial Instruments

	December 31, 2011		December 31, 2012			
	NT\$		NT\$		US\$(Unaudited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivative financial instruments						
Assets						
Cash and cash equivalents	\$ 312,094,483	\$ 312,094,483	\$ 304,353,338	\$ 304,353,338	\$ 10,482,292	\$ 10,482,292
Due from the Central Bank and call loans to banks	181,270,586	181,270,586	149,085,287	149,085,287	5,134,675	5,134,675
Financial assets held for trading						
Stocks	4,746,211	4,746,211	2,824,324	2,824,324	97,273	97,273
Financial assets designated at fair value through profit or loss						
Corporate bonds	23,396,815	23,396,815	26,170,745	26,170,745	901,352	901,352
Governments bonds	790,899	790,899	602,582	602,582	20,754	20,754
Financial bonds	7,513,845	7,513,845	7,175,694	7,175,694	247,139	247,139
Securities purchased under resale agreements	349,562	349,562	4,428,875	4,428,875	152,536	152,536
Receivables—net	81,343,007	81,343,007	102,111,558	102,111,558	3,516,844	3,516,844
Bills discounted and loans—net	1,443,255,804	1,443,255,804	1,484,215,395	1,484,215,395	51,118,147	51,118,147
Available-for-sale financial assets						
Stocks	7,229,138	7,229,138	7,118,273	7,118,273	245,162	245,162
Commercial papers	6,176,759	6,176,759	49,572,351	49,572,351	1,707,331	1,707,331
Governments bonds	10,195,069	10,195,069	8,595,313	8,595,313	296,033	296,033
Corporate bonds	14,302,460	14,302,460	19,812,154	19,812,154	682,354	682,354
Beneficiary certificates	300,000	300,000	515,690	515,690	17,761	17,761
Beneficiary securities	4,347,170	4,347,170	4,087,511	4,087,511	140,779	140,779
Financial bonds	27,999,301	27,999,301	40,857,721	40,857,721	1,407,188	1,407,188
Certificate of deposits	617,701	617,701	545,232	545,232	18,778	18,778
Held-to-maturity financial assets	130,183,210	130,183,210	158,447,725	158,447,725	5,457,128	5,457,128
Other financial assets	17,915,815	17,915,815	17,095,712	17,095,712	588,797	588,797
Liabilities						
Due to the Central Bank and other bank	\$ 362,573,923	\$ 362,573,923	\$ 334,740,953	\$ 334,740,953	\$ 11,528,878	\$ 11,528,878
Funds borrowed from the Central Bank and other banks	71,873,400	71,873,400	60,548,901	60,548,901	2,085,376	2,085,376
Financial liabilities at fair value through profit or loss						
Financial bonds	13,606,240	13,606,240	7,469,567	7,469,567	257,261	257,261
Securities sold under repurchase agreements	7,339,481	7,339,481	17,364,464	17,364,464	598,053	598,053
Payables	37,873,288	37,873,288	40,868,947	40,868,947	1,407,575	1,407,575
Deposits and remittances	1,577,120,139	1,577,120,139	1,706,419,598	1,706,419,598	58,771,125	58,771,125
Financial bonds payable	42,600,000	42,600,000	43,900,000	43,900,000	1,511,968	1,511,968
Other financial liabilities	12,613,856	12,613,856	9,788,365	9,788,365	337,123	337,123

Non-hedging derivative financial instruments	December 31, 2011		December 31, 2012			
	NT\$		NT\$		US\$(Unaudited)	
	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
Assets						
Forward exchange contracts	\$ 837,463	\$ 837,463	\$ 506,761	\$ 506,761	\$ 17,453	\$ 17,453
Interest rate swap contracts	2,233,340	2,233,340	1,976,665	1,976,665	68,079	68,079
Cross-currency swap contracts	62,187	62,187	72,911	72,911	2,511	2,511
Assets swap contracts	718,938	718,938	627,645	627,645	21,617	21,617
Options	502,564	502,564	333,972	333,972	11,502	11,502
Credit default swap	736	736	83,950	83,950	2,891	2,891
Currency swap	963,766	963,766	395,925	395,925	13,636	13,636
Liabilities						
Forward exchange contracts	\$ 434,174	\$ 434,174	622,501	622,501	21,440	21,440
Interest rate swap contracts	2,553,155	2,553,155	2,408,594	2,408,594	82,955	82,955
Cross-currency swap contracts	549,756	549,756	390,152	390,152	13,437	13,437
Assets swap contracts	378,195	378,195	923,624	923,624	31,811	31,811
Options	1,868,438	1,868,438	2,195,241	2,195,241	75,607	75,607
Credit default swap	591,916	591,916	13,715	13,715	472	472
Currency swap	379,184	379,184	109,596	109,596	3,775	3,775

(2) The methods and assumptions used to estimate the fair value of financial instruments are as follows:

- A. The carrying values of cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, due to the Central Bank and other banks, securities sold under repurchased agreements, payables, deposits and remittances, borrowed funds, and other financial liabilities approximate their fair values because of the short maturity of these instruments.
- B. The methods adopted to estimate the financial and available-for-sale assets at fair value through profit or loss are summarized below:
 - a. On initial recognition, financial assets are measured at fair value. The market price represents the fair value when an active market quote is available; Valuation methods or counterparty quotes should be adopted in an inactive market. The Bank measures fair value mainly based on the market closing prices, interest and exchange rate provided by the Reuters Market Data System, and partly with the information from Bloomberg, GreTai Securities Market and counterparty quotes to keep valuation basis consistent.
 - b. New Taiwan Dollar Government Bonds: adopting the yield/price published by the GreTai Securities Market.
 - c. New Taiwan Dollar corporate bonds, financial bonds, government bonds, bond beneficiary certificates and designated bank debentures issued by the Bank: discounting future cash flows with credit curves of the OTC to estimate the current value.
 - d. New Taiwan Dollar short-term transactions instruments and bills beneficiary certificates: discounting future cash flows with the fixing rate for commercial papers from the Reuters (page 6165) at 11 a.m. to estimate the current value.
 - e. Foreign currency securities: Bloomberg, counterparty quotes.
 - f. Stocks, negotiable bonds: closing prices.
 - g. Funds: fund net value.
 - h. Financial Derivatives:
 - 1) Forward, currency swap, forward rate agreement, interest rate swap and cross currency swap: discounted cash flow method.
 - 2) Options: mainly use Black-Scholes Model for estimation.
 - 3) Some structured derivatives use BGM Model for estimation.
 - 4) Some foreign currency derivatives use Bloomberg or counterparty quotes for estimation.
- C. Among held-to-maturity financial assets and other financial assets, current value of quoted equity securities is based on the closing price of the date of balance sheet, and that of bonds is based on the closing or reference prices of the date of balance sheet. Appropriate valuation methods should be adopted in an inactive market.
- D. Bills discounted and loans, securities sold under repurchase agreements, deposits and bonds issued are financial assets and liabilities with mainly floating interests. Thus, their carrying values are deemed to be equivalent to their fair values.
- E. Since financial assets carried at cost are composed of unlisted stocks or those not actively traded in the market with no significant influences, they are measured at cost in compliance with the statements of financial accounting standards. Some fair values of financial and non-financial instruments have not been included in the above summary, so those fair values do not represent the total value of the Bank.

- (3) The fair values of the Bank's financial assets and liabilities determined by quoted market prices and pricing models are as follows:

	December 31,					
	2011			2012		
	Quoted market prices	Amount determined by a valuation technique	Quoted market prices		Amount determined by a valuation technique	
	NT\$	NT\$	NT\$	US\$(Unaudited)	NT\$	US\$(Unaudited)
Non-derivative financial instruments						
Assets						
Financial assets held for trading						
Stocks	\$ 4,746,211	\$ -	\$ 2,824,324	\$ 97,273	\$ -	\$ -
Financial assets designated at fair value through profit or loss						
Corporate bonds	795,286	22,601,529	748,097	25,765	25,422,648	875,586
Government bonds	639,198	151,701	602,582	20,754	-	-
Financial bonds	3,024,628	4,489,217	3,373,840	116,199	3,801,854	130,940
Securities purchased under resale agreements	-	349,562	-	-	4,428,875	152,536
Available-for-sale financial assets						
Stocks	7,229,138	-	7,118,273	245,162	-	-
Commercial papers	5,249,005	927,754	5,144,292	177,176	44,428,059	1,530,155
Government bonds	1,979,784	8,215,285	541,039	18,634	8,054,274	277,399
Corporate bonds	583,320	13,719,140	1,335,066	45,981	18,477,088	636,373
Beneficiary certificates	300,000	-	515,690	17,761	-	-
Beneficiary securities	-	4,347,170	-	-	4,087,511	140,779
Financial bonds	11,874,882	16,124,419	12,723,687	438,219	28,134,034	968,970
Certificate of deposits	-	617,701	-	-	545,232	18,778
Receivables – net	-	81,343,007	-	-	102,111,558	3,516,844
Bills discounted and loans – net	-	1,443,255,804	-	-	1,484,215,395	51,118,147
Held-to-maturity financial assets	-	130,183,210	-	-	158,447,725	5,457,128
Other financial assets	-	17,915,815	-	-	17,095,712	588,797
Non-derivative financial instruments						
Liabilities						
Due to the Central Banks and other banks	\$ -	\$ 362,573,923	\$ -	\$ -	\$ 334,740,953	\$ 11,528,877
Funds borrowed from the Central banks and other banks	-	71,873,400	-	-	60,548,901	2,085,376
Financial liabilities designated at fair value through profit or loss						
Financial bonds	-	13,606,240	-	-	7,469,567	257,261
Securities sold under repurchase agreements	-	7,339,481	-	-	17,364,464	598,053
Payables	-	37,873,288	-	-	40,868,947	1,407,575
Deposits and remittances	-	1,577,120,139	-	-	1,706,419,598	58,771,124
Financial bonds payable	-	42,600,000	-	-	43,900,000	1,511,968
Other financial liabilities	-	12,613,856	-	-	9,788,365	337,123
Non-hedging derivative financial instruments						
Financial assets held for trading	\$ -	\$ 1,838,745	\$ -	\$ -	\$ 1,249,396	\$ 43,031
Financial assets designated at fair value through profit or loss	-	3,480,249	-	-	2,748,433	94,659
Financial liabilities held for trading	-	1,879,566	-	-	1,243,208	42,818
Financial liabilities designated at fair value through profit or loss	-	4,875,252	-	-	5,420,215	186,679

- (4) Net gain determined by a valuation technique arising from derivative financial instruments at fair value through profit or loss for the years ended December 31, 2011 and 2012 amounted to NT\$290,467 thousand and NT\$577,764 thousand (US\$19,899 thousand), respectively.
- (5) The interest income arising from other than financial assets at fair value through profit or loss for the years ended December 31, 2011 and 2012 amounted to NT\$35,520,698 thousand and NT\$39,806,277 thousand (US\$1,370,976 thousand), respectively.
- (6) The adjustment in equity arising from available-for-sale financial assets for the years ended December 31, 2011 and 2012 amounted to debit NT\$3,686,857 thousand and credit NT\$895,292 thousand (US\$30,835 thousand), respectively.

2. INFORMATION OF FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

A. Information of fair value hierarchy of financial instruments

	December 31, 2012			
	Total	Level 1	Level 2	Level 3
(NT\$)				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Investment in stock	\$ 2,824,324	\$ 2,824,324	\$ -	\$ -
Assets designated to be measured at fair value at initial recognition	33,949,021	4,724,519	29,224,502	-
Available-for-sale financial assets				
Investment in stock	7,118,273	7,118,273	-	-
Investment in bonds	69,265,188	14,599,792	54,665,396	-
Others	54,720,784	5,659,982	49,060,802	-
Other financial assets				
Debt investments with no active market	4,000,000	-	4,000,000	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(7,469,567)	-	(7,469,567)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	3,997,829	-	3,369,445	628,384
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(6,663,423)	-	(5,739,060)	(924,363)
Total	\$ 161,742,429	\$ 34,926,890	\$ 127,111,518	(\$ 295,979)
(USD\$) (Unaudited)				
	December 31, 2012			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Investment in stock	\$ 97,273	\$ 97,273	\$ -	\$ -
Assets designated to be measured at fair value at initial recognition	1,169,245	162,718	1,006,527	-
Available-for-sale financial assets				
Investment in stock	245,162	245,162	-	-
Investment in bonds	2,385,575	502,834	1,882,741	-
Others	1,884,649	194,937	1,689,712	-
Other financial assets				
Debt investments with no active market	137,765	-	137,765	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(257,261)	-	(257,261)	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	137,690	-	116,048	21,642
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(229,496)	-	(197,660)	(31,836)
Total	\$ 5,570,602	\$ 1,202,924	\$ 4,377,872	(\$ 10,194)

	December 31, 2011				(NT\$)
	Total	Level 1	Level 2	Level 3	
<u>Non-derivative financial instruments</u>					
<u>Assets</u>					
Financial assets at fair value through profit or loss					
Investment in stock	\$ 4,746,211	\$ 4,746,211	\$ -	\$ -	
Assets designated to be measured at fair value at initial recognition	31,701,559	4,459,112	27,242,447	-	
Available-for-sale financial assets					
Investment in stock	7,229,138	7,229,138	-	-	
Investment in bonds	52,496,830	14,437,986	38,058,844	-	
Others	11,441,630	5,549,005	5,892,625	-	
Other financial assets					
Debt investments with no active market	4,000,000	-	4,000,000	-	
<u>Liabilities</u>					
Financial liabilities at fair value through profit or loss	(13,606,240)	-	(13,606,240)	-	
<u>Derivative financial instruments</u>					
<u>Assets</u>					
Financial assets at fair value through profit or loss	5,318,994	-	4,594,519	724,475	
<u>Liabilities</u>					
Financial liabilities at fair value through profit or loss	(6,754,818)	-	(6,371,207)	(383,611)	
Total	<u>\$ 96,573,304</u>	<u>\$ 36,421</u>	<u>\$ 59,810,988</u>	<u>\$ 340,864</u>	

Note 1: The table above shows the Bank's measurement method of financial assets and liabilities, which is applicable to financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets, debt instrument investment in a non-active market, derivative financial assets and liabilities for hedging purposes under other financial assets.

Note 2: Level 1: In accordance with SFAS No. 34 "Financial Instruments: Recognition and Measurement", if the market for the financial instrument is active, the fair value of the financial instrument is represented by the quoted prices of the same instruments. An active market refers to a market that meets all of the following conditions: a. the goods traded in the market are homogeneous; b. willing sellers and buyers can be found at the same time; and c. the price information is available to the public.

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

- The quoted prices of similar financial instruments in an active market represent the fair value of the financial instruments held by the Bank. The quoted prices are introduced by recent transaction prices of similar financial instruments, which are decided based on their features and transaction terms. The fair value of financial instruments needs to be adjusted based on observable transaction prices of similar financial instruments; adjustment elements might include time lag of the last financial instrument transactions, differences of transaction terms, transaction prices involving related parties, relevance between observable transaction prices of similar financial instruments and the prices of held financial instruments.
- Public quotation of the same or similar financial instruments in a non-active market.
- Fair value is measured using an evaluation model, and the inputs (e.g. interest rate, yield curve, volatility rate) used in the model are based on obtainable data (e.g. observable inputs obtained from market materials, which reflect market participants' expectation) from the market.
- Most inputs are derived from observable market data, or that the relevance can be verified by observable market data.

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

Note 5: The classification of the form shall be consistent with the classification of the carrying value of its balance sheet.

Note 6: When using evaluation model to measure the fair value of financial instruments, if the inputs include observable market data and unobservable parameters, the Bank shall consider if the inputs significantly influence the measurement; if unobservable inputs significantly influence the measurement, the financial instrument shall be classified as the lowest level.

Note 7: When there is significant movement in the evaluation model or level of the same financial instrument (for example: significant movement between Level 1 and Level 2, investment amount shall be considered when unobservable input has significant influence on the measurement of fair value, or when the evaluation results influence profit or loss, related assets and liabilities or stockholders' equity, etc.)

B. Movements of financial assets classified into Level 3 of fair value are as follows:

(NT\$)

		For the year ended December 31, 2012						(in \$)
		Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction		December 31, 2012	
January 1, 2012	Purchased or issued		Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3			
Financial assets at fair value through profit or loss:								
Assets designated to be measured at fair value at initial recognition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Derivative financial instruments	724,475	(96,091)	-	-	-	-	628,384	
Financial liabilities at fair value through profit or loss:								
Liabilities designated to be measured at fair value at initial recognition	-	-	-	-	-	-	-	
Derivative financial instruments	(383,611)	(540,752)	-	-	-	-	(924,363)	

(US\$)(Unaudited)

		For the years ended December 31, 2012							(US\$)(Unaudited)
		Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction			December 31, 2012	
January 1, 2012	Purchased or issued		Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3				
Financial assets at fair value through profit or loss:									
Assets designated to be measured at fair value at initial recognition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Derivative financial instruments	24,951	(3,309)	-	-	-	-	-	21,642	
Financial liabilities at fair value through profit or loss:									
Liabilities designated to be measured at fair value at initial recognition	-	-	-	-	-	-	-	-	
Derivative financial instruments	(13,212)	(18,624)	-	-	-	-	-	(31,836)	

(NT\$)

		For the years ended December 31, 2011					(N/A)
		Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction		December 31, 2011
January 1, 2011	Purchased or issued		Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3		
Financial assets at fair value through profit or loss:							
Assets designated to be measured at fair value at initial recognition	\$ 9,224,881	(\$ 724,648)	\$ -	\$ 278,868	(\$ 2,000,000)	(\$ 6,779,101)	\$ -
Derivative financial instruments	24,264	263,118	-	444,079	-	(6,986)	724,475
Financial liabilities at fair value through profit or loss:							
Liabilities designated to be measured at fair value at initial recognition	(2,994,451)	(5,549)	-	-	3,000,000	-	-
Derivative financial instruments	(2,600,557)	702,510	-	(642,133)	-	2,156,569	(383,611)

3. INFORMATION ON FINANCIAL RISK

(1) Market risk

Except for fund dispatching, deposit pricing and long-term/medium-term capital funding and usage, the Bank controls market risk, manages indicators of interest rate sensitivity asset and liabilities and market risk exposure limits through the treasury department. Regarding the foreign exchange market, foreign currency market, capital market and derivative transactions and so on, the Bank sets regulations on the transaction range and amount, assesses the limitation of the position and estimation of management risk index. Also, sets limitations on daily amount, overnight amount, counterparties amount and stop loss points for the dealing room and dealers. The foreign branches set limitation for foreign exchange which is controlled daily, and monthly reports are presented to the management for reference. The transactions have set limitations and are periodically accrued as unrealized profit or loss, and reports are prepared for management and Board of Directors review.

To measure the risk weighted assets in accordance with the standards set by the authorities.

The interest rate risk is measured based on the "Interest-rate sensitivity gap" and the "Interest rate sensitivity asset and liabilities ratio" and so on, so that the interest rate risk can be maintained within the suitable range. As for the exchange rate and investments in quoted securities exposure amount, the daily estimation of profit or loss is based on the market price and the stop loss point in order to make sure it is within the range acceptable for risk control.

Derivatives on trading book with hedge or non-hedge transaction characteristic are evaluated on a semi-monthly and weekly basis.

(2) Credit risk

- A. Credit risk represents the risk of loss that the Bank would incur if the counterparty fails to perform the Bank's contractual obligations.

The concentrations of credit risk exist when the counterparty to financial instrument transactions are either concentrated in certain individuals or group of individuals engaged in similar activities or having activities in the same region, which would impair their ability to meet contractual obligations under negative economic or other conditions. The Bank has not transacted with one single customer or entered into one single transaction which would expose the Bank to concentration risk. However, the Bank is likely exposed to industry concentration risk.

For credit cards, no collateral is required, but the credit status of each cardholder is closely monitored. Depending on the results of credit status monitoring, appropriate measures are adopted, including amending the credit limit.

- B. The maximum credit risk exposure amounts of financial instruments held by the Bank are as follows:

	December 31,					
	2011		2012			
	Book value	Maximum risk exposure amount	Book value		Maximum risk exposure amount	
Financial assets	NT\$	NT\$	NT\$	US\$(Unaudited)	NT\$	US\$(Unaudited)
Financial assets at fair value through profit or loss	\$ 41,766,764	\$ 41,766,764	\$ 40,771,174	\$ 1,404,208	\$ 40,771,174	\$ 1,404,208
Available-for-sale financial assets	71,167,598	71,167,598	131,104,245	4,515,386	131,104,245	4,515,386
Bills discounted and loans	1,443,255,804	1,443,255,804	1,484,215,395	51,118,147	1,484,215,395	51,118,147
Held-to-maturity financial assets	130,183,210	130,183,210	158,447,725	5,457,128	158,447,725	5,457,128
Off-balance sheet commitments and guarantees	1,517,149,733	1,517,149,733	1,408,737,890	48,518,612	1,408,737,890	48,518,612
Total	<u>\$ 3,203,523,109</u>	<u>\$ 3,203,523,109</u>	<u>\$ 3,223,276,429</u>	<u>\$ 111,013,481</u>	<u>\$ 3,223,276,429</u>	<u>\$ 111,013,481</u>

The amounts summarized above are valued from financial instruments with positive fair value and off-balance sheet commitments and guarantees.

- C. The Bank strictly assesses and evaluates each credit application for loan facility, guarantee and letters of credit. Collaterals, mostly in the form of real estate, cash, inventories and marketable securities, may be required depending on the result of the credit worthiness evaluation. As of December 31, 2011 and 2012, collaterals secured approximates 55.02% and 55.54%, respectively, of total loans (excluding overdue loans). When a borrower defaults, the Bank would enforce the foreclosure of the collaterals and guarantees to lower the Bank's credit risk. When disclosing the maximum credit risk exposure amount, the Bank would not consider the fair value of collaterals. However, the Bank is likely exposed to industry concentration risk. The Bank's information on industry concentration of credit risk is as follows:

Industry type	December 31,					
	2011		2012			
	Maximum risk exposure amount		Maximum risk exposure amount			
	Book value NT\$	NT\$	Book value NT\$	US\$(Unaudited)	Book value NT\$	US\$(Unaudited)
Manufacturing	\$ 519,723,003	\$ 519,723,003	\$ 527,187,216	\$ 18,156,956	\$ 527,187,216	\$ 18,156,956
Financial institution, insurer, real estate and leasing	274,242,037	274,242,037	336,395,313	11,585,855	336,395,313	11,585,855
Wholesale and retail sale	128,580,082	128,580,082	139,893,820	4,818,110	139,893,820	4,818,110
Shipping and warehouse storage	96,763,727	96,763,727	96,091,470	3,309,505	96,091,470	3,309,505
Government institution	27,392,970	27,392,970	10,122,353	348,626	10,122,353	348,626
Individuals	287,953,064	287,953,064	293,436,212	10,106,293	293,436,212	10,106,293
Others (Note 2)	384,656,360	384,656,360	353,032,621	12,158,864	353,032,621	12,158,864
Total	\$ 1,719,311,243	\$ 1,719,311,243	\$ 1,756,159,005	\$ 60,484,209	\$ 1,756,159,005	\$ 60,484,209
Geographic region						
Domestic	\$ 1,248,317,413	\$ 1,248,317,413	\$ 1,262,828,205	\$ 43,493,308	\$ 1,262,828,205	\$ 43,493,308
North America	52,372,719	52,372,719	57,227,082	1,970,969	57,227,082	1,970,969
Others (Note 2)	418,621,111	418,621,111	436,103,718	15,019,932	436,103,718	15,019,932
Total	\$ 1,719,311,243	\$ 1,719,311,243	\$ 1,756,159,005	\$ 60,484,209	\$ 1,756,159,005	\$ 60,484,209

Note 1: The above figures include loans (excluding overdue loans – factoring without recourse), guarantees and acceptances.

Note 2: Including amounts pursuant to government policies.

Contract amounts of significant credit risk concentration are as follows:

December 31, 2012 (NT\$)			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / net worth of the current year (%)
1	A Company – Transportation and Storage	\$ 66,687,127	37.03%
2	B Group – Marine transportation	60,934,715	33.83%
3	C Group – Optoelectronic Materials and Semi-conductors Manufacturing	33,162,150	18.41%
4	D Group – Basic Metal Manufacturing	27,696,239	15.38%
5	E Group – Other Retailers	20,898,857	11.60%
6	F Group – Investment adviser	20,306,382	11.27%
7	G Group – Optoelectronic Materials and Semi-conductors Manufacturing	17,519,821	9.73%
8	H Group – Tire Manufacturing	15,821,251	8.78%
9	I Group – Real Estate	15,253,169	8.47%
10	J Group – Iron Rolling and Extruding	14,536,901	8.07%

December 31, 2011 (NT\$)			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / net worth of the current year (%)
1	A Company – Transportation and Storage	\$ 66,792,064	40.98%
2	B Group – Marine transportation	63,635,659	39.04%
3	C Group – Optoelectronic Materials and Semi-conductors Manufacturing	26,331,785	16.15%
4	D Group – Basic Metal Manufacturing	24,905,405	15.28%
5	E Group – Investment adviser	20,176,860	12.38%
6	F Group – Optoelectronic Materials and Semi-conductors Manufacturing	18,525,697	11.37%
7	G Group – Real Estate	15,730,106	9.65%
8	H Group – Tire Manufacturing	14,945,572	9.17%
9	I Group – Real Estate	14,708,540	9.02%
10	J Group – Cotton & woolly yarn spinning	13,316,717	8.17%

Note 1: Ranking the top ten enterprises other than government and state-owned enterprises according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of the enterprise group should be categorized and listed in total, and disclosed by “code” plus “industry

type” (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with “Standard Industrial Classification System” of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

Note 3: Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), bills purchased without recourse factoring, acceptance receivable and guarantees.

Profile of concentration of credit risk and credit extensions of interested parties

(NT\$)

	December 31, 2011		December 31, 2012	
Amount of credit extensions to interested parties (Note 1)	\$	83,960,579	\$	82,720,994
Ratio of credit extensions to interested parties (%) (Note 2)		4.76%		4.71%
Ratio of credit extensions secured by stocks (%) (Note 3)		1.44%		1.81%
Industry concentration (Ranking the top 3 ratio of amount of credit extensions / total credit extensions)	Industry	Ratio	Industry	Ratio
	Manufacturing	30.23%	Manufacturing	30.02%
	Real estate industry	9.49%	Real estate industry	11.23%
	Wholesale and retail sale	7.48%	Wholesale and retail sale	7.97%

Note 1: Total amount of credit extensions include bills discounted and loans, acceptances receivable, guarantees receivable, and advance accounts for factoring receivable.

Note 2: The ratio of credit extensions to interested parties = the amount of credit extensions to interested parties / the total amount of all credit extensions.

Note 3: The ratio of credit extensions secured by stocks = the amount of credit extensions secured by stocks / the total amounts of all credit extensions.

(3) Liquidity risk

The capital and working capital of the Bank were sufficient to execute all the obligation of contracts and had no liquidity risk. The possibility of the derivative financial instruments held by the Bank being unable to liquidate quickly with minimal loss in value is low.

The management policy of the Bank is to match the contractual maturity profile and interest rate of its assets and liabilities. As a result of the uncertainty, the maturities and interest rates of assets and liabilities usually do not fully match. The gap may result in potential gain or loss. The Bank applied the appropriate grouping of assets and liabilities.

Mega International Commercial Bank Co., Ltd.
Analysis for time to maturity of the Bank's assets and liabilities
December 31, 2012

Unit: thousands of New Taiwan dollars

	1 year		1~7 years		over 7 years		Total	
	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount
Assets								
Due from Central Bank and call								
Loans to banks	\$ 149,085,287	\$ 149,085,287	\$ -	\$ -	\$ -	\$ -	\$ 149,085,287	\$ 149,085,287
Financial assets at fair value through profit or loss (Note)	6,825,918	6,825,918	27,087,628	27,087,628	35,475	35,475	33,949,021	33,949,021
Securities purchased under resale agreements	4,428,875	4,428,875	-	-	-	-	4,428,875	4,428,875
Bills discounted and loans	422,327,400	419,693,754	634,755,517	624,744,006	443,192,675	439,777,635	1,500,275,592	1,484,215,395
Available-for-sale financial assets (Note)	67,409,814	67,409,814	54,835,612	54,835,612	1,224,856	1,224,856	123,470,282	123,470,282
Held-to-maturity financial assets	150,479,657	150,479,657	7,947,241	7,947,241	20,827	20,827	158,447,725	158,447,725
Other financial assets (Note)	24,335	24,130	-	-	4,292,304	4,116,147	4,316,639	4,140,277
Total Assets	800,581,286	797,947,435	724,625,998	714,614,487	448,766,137	445,174,940	1,973,973,421	1,957,736,862
Liabilities								
Due to the Central Bank and commercial banks	334,740,953	334,740,953	-	-	-	-	334,740,953	334,740,953
Borrowed funds from the Central Bank and other banks	60,548,901	60,548,901	-	-	-	-	60,548,901	60,548,901
Financial liabilities at fair value through profit or loss (Note)	-	-	7,469,567	7,469,567	-	-	7,469,567	7,469,567
Securities sold under repurchase agreements	17,364,464	17,364,464	-	-	-	-	17,364,464	17,364,464
Time deposit	827,791,447	827,791,447	14,897,053	14,897,053	-	-	842,688,500	842,688,500
Financial bonds payable	-	-	43,900,000	43,900,000	-	-	43,900,000	43,900,000
Other financial liabilities	9,788,365	9,788,365	-	-	-	-	9,788,365	9,788,365
Total Liabilities	1,250,234,130	1,250,234,130	66,266,620	66,266,620	-	-	1,316,500,750	1,316,500,750
Net liquidity gap	(\$ 449,652,844)	(\$ 452,286,695)	\$ 658,359,378	\$ 648,347,867	\$ 448,766,137	\$ 445,174,940	\$ 657,472,671	\$ 641,236,112

(Note) Exclusive of stocks, beneficiary certificates and derivatives.

Mega International Commercial Bank Co., Ltd.
Analysis for time to maturity of the Bank's assets and liabilities
December 31, 2012

Unit: thousands of US dollars (Unaudited)

	1 year		1--7 years		over 7 years		Total	
	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount
Assets								
Due from Central Bank and call								
Loans to banks	\$ 5,134,675	\$ 5,134,675	\$ -	\$ -	\$ -	\$ -	\$ 5,134,675	\$ 5,134,675
Financial assets at fair value through profit or loss (Note)	235,093	235,093	932,930	932,930	1,222	1,222	1,169,245	1,169,245
Securities purchased under resale agreements	152,536	152,536	-	-	-	-	152,536	152,536
Bills discounted and loans	14,545,459	14,454,753	21,861,736	21,516,928	15,264,084	15,146,466	51,671,279	51,118,147
Available-for-sale financial assets (Note)	2,321,674	2,321,674	1,888,604	1,888,604	42,185	42,185	4,252,463	4,252,463
Held-to-maturity financial assets	5,182,699	5,182,699	273,712	273,712	717	717	5,457,128	5,457,128
Other financial assets (Note)	838	831	-	-	147,832	141,765	148,670	142,596
Total Assets	27,572,974	27,482,261	24,956,982	24,612,174	15,456,040	15,332,355	67,985,996	67,426,790
Liabilities								
Due to the Central Bank and commercial banks	11,528,878	11,528,878	-	-	-	-	11,528,878	11,528,878
Borrowed funds from the Central Bank and other banks	2,085,376	2,085,376	-	-	-	-	2,085,376	2,085,376
Financial liabilities at fair value through profit or loss (Note)	-	-	257,261	257,261	-	-	257,261	257,261
Securities sold under repurchase agreements	598,053	598,053	-	-	-	-	598,053	598,053
Time deposit	28,510,124	28,510,124	513,072	513,072	-	-	29,023,196	29,023,196
Financial bonds payable	-	-	1,511,968	1,511,968	-	-	1,511,968	1,511,968
Other financial liabilities	337,123	337,123	-	-	-	-	337,123	337,123
Total Liabilities	43,059,554	43,059,554	2,282,301	2,282,301	-	-	45,341,855	45,341,855
Net liquidity gap	(\$ 15,486,580)	(\$ 15,577,293)	\$ 22,674,681	\$ 22,329,873	\$ 15,456,040	\$ 15,332,355	\$ 22,644,141	\$ 22,084,935

(Note) Exclusive of stocks, beneficiary certificates and derivatives.

Mega International Commercial Bank Co., Ltd.
Analysis for time to maturity of the Bank's assets and liabilities
December 31, 2011

Unit: thousands of New Taiwan dollars

	1 year		1~7 years		over 7 years		Total	
	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount	Amount	Recoverable amount or repayment amount
Assets								
Due from Central Bank and call								
Loans to banks	\$ 181,270,586	\$ 181,270,586	\$ -	\$ -	\$ -	\$ -	\$ 181,270,586	\$ 181,270,586
Financial assets at fair value								
through profit or loss (Note)	2,988,212	2,988,212	28,656,244	28,656,244	57,103	57,103	31,701,559	31,701,559
Securities purchased under resale agreements	349,562	349,562	-	-	-	-	349,562	349,562
Bills discounted and loans	426,100,713	422,714,357	607,062,379	599,190,469	425,485,966	421,350,978	1,458,649,058	1,443,255,804
Available-for-sale financial assets								
(Note)	32,006,231	32,006,231	30,055,685	30,055,685	1,576,544	1,576,544	63,638,460	63,638,460
Held-to-maturity financial assets	126,532,944	126,532,944	3,618,828	3,618,828	31,438	31,438	130,183,210	130,183,210
Other financial assets (Note)	83,953	83,504	-	-	4,670,751	4,262,343	4,754,704	4,345,847
Total Assets	769,332,201	765,945,396	669,393,136	661,521,226	431,821,802	427,278,406	1,870,547,139	1,854,745,028
Liabilities								
Due to the Central Bank and commercial banks	362,573,923	362,573,923	-	-	-	-	362,573,923	362,573,923
Borrowed funds from the Central Bank and other banks	71,873,400	71,873,400	-	-	-	-	71,873,400	71,873,400
Financial liabilities at fair value								
through profit or loss (Note)	6,039,163	6,039,163	7,567,077	7,567,077	-	-	13,606,240	13,606,240
Securities sold under repurchase agreements	7,339,481	7,339,481	-	-	-	-	7,339,481	7,339,481
Time deposit	751,900,564	751,900,564	15,016,186	15,016,186	-	-	766,916,750	766,916,750
Financial bonds payable	-	-	42,600,000	42,600,000	-	-	42,600,000	42,600,000
Other financial liabilities	12,613,856	12,613,856	-	-	-	-	12,613,856	12,613,856
Total Liabilities	1,212,340,387	1,212,340,387	65,183,263	65,183,263	-	-	1,277,523,650	1,277,523,650
Net liquidity gap	(\$ 443,008,186)	(\$ 446,394,991)	\$ 604,209,873	\$ 596,337,963	\$ 431,821,802	\$ 427,278,406	\$ 593,023,489	\$ 577,221,378

(Note) Exclusive of stocks, beneficiary certificates and derivatives.

(4) Cash flow risk and fair value risk of interest rate fluctuation

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest rate. The risk is considered to be material to the Bank, and the Bank enters into interest rate swap contracts to manage the risk.

As of December 31, 2012, expected repricing and maturity dates of interest-bearing financial instruments are not affected by dates of related contracts.

4. CONTROL RISK AND HEDGE

The risk management policies and practices and major exposure of risk conditions of the credit risk, market risk, operation risk, and liquidity risk are as follows:

The Bank's Board of Directors has the ultimate approval right in risk management and has ultimate responsibility for the Bank's risk strategies and ensures the function works. The Assets & liabilities Management Committee, Loan Committee, Problem Loan Committee, Investment Committee, Fund Management Committee, Wealth Management Committee, Offshore Structured Products Screening Committee, Product & Regulation Committee, Personal Appraisal Committee, Occupational Safety & Health Committee and Trust Assets Screening Committee subordinated under President are responsible for reviewing relevant risk proposals. In addition, a disaster (risk) emergency team convened by the President for the purpose of handling disasters or other contingent events, takes actions to minimize losses, bringing disaster/risk to an end, and restoring normal business operations.

Risk management is controlled by each individual department of head office according to its authorization and responsibility. In terms of credit risk, Credit Control Department is responsible for risk management of credit business, management of large amount of money and risk exposure of related parties, credit policy and drafting relevant Articles; Cards Service Center is in charge of risk management of credit card business and drafting relevant Articles; Direct Investment Department manages risk management of investment business and drafting relevant Articles; Treasury Department presides over risk management of investment banking, financial assets and real estate securitization and drafting relevant Articles; Credit Department takes care of credit checking, analysis and evaluation of corporate banking clients and drafting relevant Articles. For market risk and liquidity risk, risk management is carried out by Financial Management Center, accounting for setting up pricing model and valuation system of financial instruments, controlling of the Bank's exposure to financial instruments, and drafting relevant Articles. For operation risk, losses may be incurred from internal operation, personnel, system, or external events; therefore, Risk Management Department is responsible for execution performance of each department. In addition, Risk Management Department is also in charge of setting up the Bank's short-term, medium-term and long-term targets, drives risk management mechanism of the Bank, holds risk control meetings on a quarterly basis, (subsequently amended to be on a bimonthly basis starting 2010) summarizes risk controls and reports to the Board of Directors and Risk Management Committee of Mega Financial Holdings regularly.

Risk management policy is established to identify, evaluate, monitor, report and respond to financial risks in the Bank's operating units, to set up accurate risk management objectives, management mechanism and segregation of duties, to ensure operation risk is within the tolerable limits, and to maximize the Bank's earnings and stockholders' profits. The procedures of risk management and principles of measuring and controlling credit risk, operation risk, liquidity risk and country risk are as follows:

(1) Credit risk

A. Procedures of risk management

The promotion of credit and investment business of the Bank is in accordance with the bank laws and other related regulations; moreover, risk management targets identified by business supervisor units are sent to the risk control department and reported to the risk control committee of Mega Financial Holdings and Board of Directors for approval. In addition, the Bank conveys risk tolerance limits and maintains sound credit risk management organizations and standards through stipulation in the credit and investment Articles.

As a result of the implementation of Basel II, the Bank is developing various credit risk component models and valuation systems, adopting Internal Ratings Based Approach which links to probability of default, and using quantifiable analysis tools to predict customers' probability of default, loss given default and so on. This also enhances the credit rating system and then strengthens monitoring efficiency.

The Bank should ensure that credit checking and examination have been done before engaging loan and investment business and also designates credit amount, provides responsibilities according to levels to shorten operating procedures, and require periodic monitoring while engaging the business. The Bank also should set up a reporting system and have timely reports if any unusual event or significant accident occurs.

There was also the establishment of a unit mainly responsible for the overdue loan management in order to solve credit management problems and to seek the recovery of obligations. The Bank appropriately evaluates asset rewards for dealing with recovery of non-performing loans, outsourcing of loans receivable in order to strengthen management of doubtful credits and overdue loans and accelerate the recovery of obligations.

B. Principles of measuring and controlling

The Bank's risk management targets of the year are approved by the Board. The progress is evaluated based on the bi-monthly economic statistics, financial results of the Bank and risk exposure situations to reinforce risk management of the Bank. Moreover, in accordance with regulatory institutions, the Bank is required to disclose the information of credit risk through its financial reports and website.

In order to control the group and industry risk and avoid excess concentration risk, the Bank will separately set the credit limit of individual clients, groups and industries based on the industry condition, perspective and credit risk, and report to the management unit regarding the condition of complying with the bank laws, regulations stipulated by the

authorities, relevant internal credit and investments rules to set the credit limits and balances regularly.

In order to strengthen the understanding of the client's credit, reviews should be conducted periodically. For those that have high risk or abnormalities, the frequency of their reviews will be increased. Analysis and reviews will be made annually and the reports will be sent to the management.

Analysis and investigation on investments should be conducted at least once a year, especially operation, capital inflow/outflow and business plan execution and problem solving. Reports on operation profiles of long-term equity investments will be sent to the Board of Directors.

Abnormal notification system: When operating units determine that a client's operations are abnormal, facing financial difficulties, or experience some unexpected events, the business supervisor will report this to the management, and information will be sent to the Mega Financial Holdings by the risk management department, in order for them to understand the circumstances so that they are able to take proper actions.

Appraisal of assets: The Bank estimates and provides provision for credit losses or accumulated impairments for assets, investments, other assets, or contingent assets based on the experience of bad debts, reserves, other historical losses, the current overdue loan rate, recovery conditions, supervisory regulations, generally accepted accounting principles and so on.

(2) Market Risk

A. Procedures of risk management

The Bank's market risk management objectives are set up by the Treasury Department and Financial Management Center. The Risk Management Department then summarizes and reports to the Risk Management Committee of Mega Financial Holdings and the Bank's Board of Directors for approval.

The Financial Management Center not only prepares daily market risk positions and profit or loss statements of financial instruments, but also summarizes investment performance of marketable securities and reports to the Board of Directors regularly. Risk Management Department summarizes and analyzes financial information prepared by the Treasury Department on a daily basis and the Treasury Department pays attention to market changes when it is close to stop loss limits. Monthly summaries are prepared to analyze positions, profit or loss, sensitivity risk indicators analysis and stress test of financial products held by the Bank for management to review market risk exposure of the Bank.

B. Principles in measuring and controlling

The Bank's market risk reports include positions and profit or loss evaluation of exchange rate, interest rate and equity securities products. All transactions should follow amount limits and stop loss policy and submit for supervisors to be approved in accordance with the Bank's policies and procedures. As long as transactions meet stop loss limits, the transactions should be revoked immediately; if not, the transaction unit should explain reasons and follow-up plans for management approval and report to the Board of Directors on a quarterly basis.

Non-hedging positions of derivative financial products are evaluated on daily market price while hedging positions are evaluated twice a month.

SUMMIT information system for market risk has currently completed the implementation of FX transactions, call loans system, interest rate option (swap option), bond and derivative financial instruments. Implementation for equity securities is expected to be completed in the fourth quarter of 2012. Upon completion, the system provides on-spot credit limit control, profit or loss evaluation, sensitivity risk indicators analysis, stress test, and risk value calculation and so on.

(3) Operation risk

A. Procedures of risk management

Prior the release of new products, new business and establishment of new foreign spots, risk identification and evaluation, law compliance analysis and information operation system planning should be performed.

The Bank institutes business management Articles and operating guidance which are embedded in computer system for personnel on-spot search, as business support.

Self-assessment is conducted to understand business controls and modify weakness.

In accordance with eight industries and seven loss events of Basel II, report and gather operation risk loss events.

The Bank sets up self-assessment mechanism of operation risk at the Bank level, in order to strengthen identification and evaluation of operation risk and improve current control mechanism.

B. Principles in measuring and controlling

The Bank establishes self-assessment mechanism of operation risk for assessing risk exposure of operation risk and strengthening controls on risk items that are very likely to happen and that may having significant effect to the Bank.

The Bank reports operation risk loss events, compliance with laws and regulations, auditing and self-assessment to the Board of Directors regularly.

Operation risk loss events reports, compliance with laws and regulations and auditing system covering all departments of the Bank, and self-assessments are conducted by Occupational Safety & Health Committee, Data Processing & Information Department, domestic and foreign branches and subsidiaries.

Each department discovers weakness via the aforesaid management mechanism. Each weakness will be discussed and corrected and followed-up by its management.

(4) Liquidity risk

A. Procedures of risk management

There is an upper limit to control the amount of cash flow shortage for daily NTD and USD. Also, the Financial Management Center is in charge of preparing weekly reports which are submitted to the fund management committee on semi-monthly basis in order to control the liquidity risk and which also are reported to the Board of Directors periodically.

B. Principles of measuring and controlling

The Bank sets up limits of liquidity gap by periods and periodically prepares liquidity gap tables for monitoring liquidity risk and considers seasonal and short-term factors in order to effectively control capital flows.

In terms of fund management, in addition to providing sufficient legal reserves, the Bank invests in government bonds, negotiable certificates of time deposits of Central Bank, treasury bills, financial bonds, government bonds with repurchase agreement, corporate bonds, commercial papers, bankers' acceptance and beneficiary certificates. The Bank diversifies its investments to reduce its operation risk.

(5) Country risk

A. Procedures of risk management

The Planning Department reports to the Board of Directors for the establishment of guidelines governing country risk, and prepares a monthly "Table of risk limits to individual countries and each level" to inspect risk limits and to be submitted to management. The Planning Department also reports the usage and exposure of country risk limits on a quarterly basis and then Risk Management Department reports to the Board of Directors for review.

B. Principles of measuring and controlling

For the political stability, economic development, credit condition and ability to repay debts of individual countries, the Bank takes the latest Country Ceilings for Foreign Currency published by Moody's Investors Services, actual usage of allocated country risk limits and other information as references for setting up country risk limits of individual countries and each level and summarizing creditor's rights of individual countries on a monthly basis, in order to avoid risk concentration on a specific country. Also, the prices of Credit default swap (i.e. Spread) is followed up daily as a dynamic indicator of country risk limit.

5. Net position for major foreign currency transactions

	December 31, 2011		December 31, 2012		
	Currency	NTD (in thousands)	Currency	NTD (in thousands)	USD(Unaudited) (in thousands)
Net position for major foreign currency transactions (Market Risk)	USD	\$ 6,383,473	USD	\$ 10,930,735	\$ 376,468
	THB	4,908,283	THB	5,066,596	174,500
	EUR	2,196,307	EUR	2,200,278	75,780
	AUD	1,729,009	AUD	2,067,412	71,204
	CAD	1,007,684	CAD	1,072,579	36,941

Note 1: Department of major foreign currencies are translated into the same currency, the higher the amount of top five most.

Note 2: Major foreign currency net position of the department of the absolute value of net position.

The NT dollar exchange rates with U.S. dollars as at December 31, 2011 and 2012 used by the Bank were US\$1 : NT\$30.272 and US\$1 : NT\$29.035, respectively. As of December 31, 2011 and 2012, the USD net foreign currency position was NTD\$6,383,473 thousand and NTD\$10,930,735 thousand, respectively.

6. AVERAGE AMOUNT AND AVERAGE INTEREST RATES OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

	For the years ended December 31,				
	2011		2012		
	Average Amount (NT\$)	Average Interest Rate (%)	Average Amount (NT\$)	Average Amount (US\$) (Unaudited)	Average Interest Rate (%)
<u>Assets</u>					
Due from banks(including call loans to banks)	\$ 274,423,280	0.73	\$ 383,372,516	\$ 13,203,806	0.98
Due from the Central Bank	53,612,317	0.45	54,116,692	1,863,843	0.49
Financial assets held for trading	35,585	1.03	100,621	3,466	1.11
Financial assets at fair value through profit or loss	27,769,907	2.37	31,376,528	1,080,645	2.50
Securities purchased under resale agreements	369,984	0.94	1,341,313	46,196	0.75
Available-for-sale financial assets	68,090,385	2.60	84,538,160	2,911,595	2.28
Receivables – credit card transaction with circulating interests	1,808,085	16.06	1,646,816	56,718	16.54
Receivables on factoring	48,100,287	1.02	37,754,178	1,300,299	1.13
Bills discounted and loans	1,398,949,694	2.01	1,497,498,032	51,575,617	2.08
Held-to-maturity financial assets	183,470,933	1.00	143,735,688	4,950,428	1.13
Other debt investments	4,000,000	-	4,000,000	137,765	-
Remittance purchased	48,376	2.41	53,506	1,843	1.79
<u>Liabilities</u>					
Due to the Central Bank	200,585,204	0.27	254,644,782	8,770,270	0.26
Due to other banks	76,376,845	1.36	78,156,876	2,691,816	1.00
Demand deposits	469,574,746	0.09	492,508,128	16,962,567	0.09
Demand saving deposits	309,043,947	0.38	320,708,794	11,045,593	0.40
Time deposits	540,794,318	0.76	585,474,566	20,164,442	0.89
Time saving deposits	195,382,337	1.47	207,619,479	7,150,662	1.56
Negotiable certificate of deposits	1,349,904	0.27	1,204,609	41,488	0.46
Financial liabilities at fair value through profit or loss	14,657,079	2.40	9,593,496	330,411	2.76
Securities sold under repurchase agreements	9,525,113	0.46	6,928,795	238,636	0.75
Borrowed funds from the Central Bank and other banks	52,680,699	0.56	75,001,084	2,583,127	0.46
Financial bonds payable	35,587,123	1.80	43,390,656	1,494,426	1.77

Unit: thousands of New Taiwan dollars, %

Month / Year		December 31, 2012				
Business / Items		Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)
Corporate banking	Secured loans	\$ 457,445	\$ 569,646,321	0.08%	7,120,302	1,556.54%
	Unsecured loans	1,531,665	637,469,434	0.24%	6,828,648	445.83%
Consumer banking	Residential mortgage loans (Note 4)	429,993	210,027,595	0.20%	1,549,096	360.26%
	Cash card services	-	-	-	-	-
Gross loan business	Small amount of credit loans (Note 5)	11,310	11,063,644	0.10%	78,069	690.27%
	Others	26,322	71,544,131	0.04%	478,214	1,816.78%
	Unsecured loans (Note 6)	23,805	524,467	4.54%	5,868	24.65%
Gross loan business		2,480,540	1,500,275,592	0.17%	16,060,197	647.45%
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services		10,263	4,109,795	0.25%	87,254	850.18%
Without recourse factoring (Note 7)		-	67,166,000	-	651,042	-

Month / Year		December 31, 2011				
Business / Items		Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)
Corporate banking	Secured loans	\$ 352,515	\$ 549,792,258	0.06%	7,323,945	2,077.63%
	Unsecured loans	2,522,702	627,542,415	0.40%	6,163,658	244.33%
Consumer banking	Residential mortgage loans (Note 4)	605,977	202,221,261	0.30%	1,438,462	237.38%
	Cash card services	-	-	-	-	-
	Small amount of credit loans (Note 5)	15,635	11,311,448	0.14%	72,034	460.72%
Gross loan business	Others (Note 6)	26,647	67,027,301	0.04%	385,842	1,447.98%
	Secured loans	40,009	754,375	5.30%	9,313	23.28%
	Unsecured loans	3,563,485	1,458,649,058	0.24%	15,393,254	431.97%
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services		9,118	4,295,018	0.21%	82,912	909.32%
Without recourse factoring (Note 7)		236,386	59,331,468	0.40%	302,943	128.16%

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

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

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

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

Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau (5) Letter No. 094000494 dated July 19, 2005, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

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

Unit: thousands of New Taiwan dollars

	December 31, 2012		December 31, 2011	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	\$ 101	\$ -	\$ 158	\$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	584	4,763	242	5,393
Total	685	4,763	400	5,393

Note 1: The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 of the FSC dated April 25, 2006.

Note 2: The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt liquidation program and restructuring program in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 of the FSC dated September 15, 2008.

8. Sensitivity analysis of interest rate for assets and liabilities

Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2012

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 473,863,401	\$ 680,228,420	\$ 6,569,522	\$ 21,077,653	\$ 1,181,738,996
Interest-rate-sensitive liabilities	477,265,508	516,371,224	36,925,477	44,285,855	1,074,848,064
Interest-rate-sensitive gap	(3,402,107)	163,857,196	(30,355,955)	23,208,202	106,890,932
Total stockholders' equity					180,112,388
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					109.94%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					59.35%

(1) The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both Head Office and domestic branches and overseas branches.

(2) Interest-rate-sensitive assets and liabilities refer to changes on income or cost of interest accrued assets and interest bearing liabilities due to interest rate fluctuation.

(3) Interest-rate-sensitive gap = Interest-rate-sensitive assets – interest-rate-sensitive liabilities.

(4) Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets ÷ interest-rate-sensitive liabilities (refer to interest-rate-sensitive assets and interest-rate-sensitive liabilities denominated in NTD).

Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2012

(Expressed in thousands of US dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 29,084,516	\$ 740,916	\$ 339,508	\$ 514,052	\$ 30,678,992
Interest-rate-sensitive liabilities	28,010,741	1,105,073	789,745	300	29,905,859
Interest-rate-sensitive gap	1,073,775	(364,157)	(450,237)	513,752	773,133
Total stockholders' equity					6,203,285
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					102.59%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					12.46%

(1) The amounts listed above represent the items denominated in US dollars for head office, domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

(2) Interest-rate-sensitive assets and liabilities refer to changes on income or cost of interest accrued assets and interest bearing liabilities due to interest rate fluctuation.

(3) Interest-rate-sensitive gap = Interest-rate-sensitive assets – interest-rate-sensitive liabilities.

(4) Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets ÷ interest-rate-sensitive liabilities.

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2011

(Expressed in Thousands of New Taiwan dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 406,472,133	\$ 621,620,710	\$ 38,138,635	\$ 20,769,878	\$ 1,087,001,356
Interest-rate-sensitive liabilities	438,526,810	496,763,418	31,566,003	42,630,684	1,009,486,915
Interest-rate-sensitive gap	(32,054,677)	124,857,292	6,572,632	21,860,806	77,514,441
Total stockholders' equity					163,000,498
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					107.68%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					47.55%

(1) The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both Head Office and domestic branches and overseas branches.

(2) Interest-rate-sensitive assets and liabilities refer to changes on income or cost of interest accrued assets and interest bearing liabilities due to interest rate fluctuation.

(3) Interest-rate-sensitive gap = Interest-rate-sensitive assets – interest-rate-sensitive liabilities

(4) Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets ÷ interest-rate-sensitive liabilities (refer to interest-rate-sensitive assets and interest-rate-sensitive liabilities denominated in NTD).

Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2011

(Expressed in thousands of US dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 26,323,580	\$ 535,866	\$ 246,992	\$ 1,067,177	\$ 28,173,615
Interest-rate-sensitive liabilities	26,794,611	788,917	683,744	2,583	28,269,855
Interest-rate-sensitive gap	(471,031)	253,051	436,752	1,064,594	96,240
Total stockholders' equity					5,384,530
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					99.66%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					-1.79%

(1) The amounts listed above represent the items denominated in US dollars for head office, domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

(2) Interest-rate-sensitive assets and liabilities refer to changes on income or cost of interest accrued assets and interest bearing liabilities due to interest rate fluctuation.

(3) Interest-rate-sensitive gap = Interest-rate-sensitive assets – interest-rate-sensitive liabilities

(4) Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets ÷ interest-rate-sensitive liabilities

9. Profitability

	December 31, 2011	December 31, 2012
Return on total assets (%)	Before tax 0.78	0.95
	After tax 0.67	0.82
Return on stockholders' equity (%)	Before tax 10.89	13.16
	After tax 9.36	11.27
Net profit margin ratio (%)	40.55	44.82

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

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

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

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

10. Structure analysis of time to maturity

December 31, 2012

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 1,558,895,439	\$ 489,717,445	\$ 79,157,874	\$ 88,214,740	\$ 167,761,672	\$ 734,043,708
Primary funds outflow upon maturity	1,647,207,857	339,174,390	201,756,159	145,686,565	190,031,192	770,559,551
Gap	(88,312,418)	150,543,055	(122,598,285)	(57,471,825)	(22,269,520)	(36,515,843)

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

December 31, 2012

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 27,560,372	\$ 8,426,853	\$ 4,316,567	\$ 3,362,178	\$ 3,387,965	\$ 8,066,809
Primary funds outflow upon maturity	28,086,452	15,493,262	2,669,422	1,598,754	1,485,891	6,839,123
Gap	(526,080)	7,066,409	1,647,145	1,763,424	1,902,074	1,227,686

Note 1: The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units, except otherwise indicated, fill in based on the carrying amount, for those unlisted, fill in are not required (eg. negotiable certificates of deposits, bonds and stocks).

Note 2: If overseas assets exceed 10% of total assets, supplementary information shall be disclosed.

December 31, 2011

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 1,417,849,012	\$ 379,658,535	\$ 79,613,931	\$ 81,125,298	\$ 171,914,741	\$ 705,536,507
Primary funds outflow upon maturity	1,591,954,343	250,153,197	218,330,147	149,040,150	225,261,408	749,169,441
Gap	(174,105,331)	129,505,338	(138,716,216)	(67,914,852)	(53,346,667)	(43,632,934)

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

December 31, 2011

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 25,814,045	\$ 7,495,395	\$ 5,824,314	\$ 2,612,029	\$ 2,465,522	\$ 7,416,785
Primary funds outflow upon maturity	26,460,786	15,662,775	2,759,123	1,499,514	2,315,933	4,223,441
Gap	(646,741)	8,167,380	3,065,191	1,112,515	149,589	3,193,344

Note 1: The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units, except otherwise indicated, fill in based on the carrying amount, for those unlisted, fill in are not required (eg. negotiable certificates of deposits, bonds and stocks).

Note 2: If overseas assets exceed 10% of total assets, supplementary information shall be disclosed.

11. Capital adequacy ratio

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2011	December 31, 2012
Self-owned capital	Tier 1 Capital	\$ 149,993,600	\$ 167,627,629
	Tier 2 Capital	37,987,184	38,509,526
	Tier 3 Capital	-	-
	Self-owned capital, net	187,980,784	206,137,155
Total risk - weighted assets (Note 1)	Credit risk	Standardized Approach	1,523,911,592
		Internal Ratings-Based Approach	-
		Asset securitization	30,263
	Operation risk	Basic Indicator Approach	64,318,988
		Standardized Approach / Alternative Standardized Approach	-
		Advanced Measurement Approaches	-
	Market risk	Standardized Approach	38,154,053
		Internal Models Approach	-
	Total risk-weighted assets		1,626,414,896
Capital adequacy ratio (Note 2)		11.56%	11.77%
Tier 1 Risk-based Capital Ratio		9.22%	9.57%
Tier 2 Risk-based Capital Ratio		2.34%	2.20%
Tier 3 Risk-based Capital Ratio		-	-
Capital stock/Total assets		2.94%	2.93%
Leverage ratio		6.68%	7.10%

Note 1: The self-owned capital and risk-weighted assets in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy Ratio of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: Current and prior year's capital adequacy ratio should be disclosed in the annual reports. In addition to current and prior year's capital adequacy, capital adequacy ratio at the end of prior year should be disclosed in the semi-annual reports.

Note 3: The relevant formulas are as follows:

1. Self-owned capital = Tier 1 capital + Tier 2 capital + Tier 3 capital
2. Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5
3. Capital adequacy ratio = Self-owned capital / Total risk-weighted assets
4. Tier 1 Risk-based Capital Ratio = Tier 1 capital / Total risk-weighted assets
5. Tier 2 Risk-based Capital Ratio = Tier 2 capital / Total risk-weighted assets
6. Tier 3 Risk-based Capital Ratio = Tier 3 capital / Total risk-weighted assets
7. Shareholder's equity to total assets ratio = Shareholder's equity/Total assets
8. Gearing ratio = Tier 1 capital / averaged assets after adjustments (average assets – tier 1 capital – goodwill – unamortized loss on sale of non-performing loans and amounts should be deducted from the tier 1 capital pursuant to “calculation method and table of self-owned capital and risk-weighted assets”.

Note 4: For 1st quarter and 3rd quarter financial reports, the table of capital adequacy ratio is not required to be disclosed.

12. Extraordinary Items

December 31, 2012	
	Cases and amount
Directors or employees prosecuted due to violation of laws and regulations in relation to the operations in the latest year.	None.
Fine due to the non-compliance with laws and regulations in the latest year	A hard disk belonging to the Keelung branch that should have been destroyed and properly disposed had been leaked into the second-hand market. Due to the lapse in internal control and execution, a \$2 million fine was imposed by competent authorities on June 7, 2012.
Shortcoming and negligence rectified by the Ministry of Finance in the latest year	None.
Disciplinary actions according to Article 61-1 of the Banking Act of Republic of China in the latest year	None.
Incurring losses over NT\$50 million individually or in aggregate due to employee fraud or major incidental violations of rules provided in the “Notices to Financial Institutions about Safeguarding” in the latest year.	None.
Others	None.

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

13. In accordance with Article 17 of the Trust Enterprise Law, the disclosures of the trust balance sheet, trust income statement and trust property list are as follows:

1) Trust Balance Sheet

(Expressed in Thousands of New Taiwan Dollars)

Trust Balance Sheet December 31, 2012			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 24,696,110	Capital borrowed	\$ 4,550,525
Short-term investments		Payables	17,008
Mutual funds	120,780,722	Account collected in advance	35,550
Bonds	27,461,688	Tax payable	33,113
Stocks	49,210,411	Accounts withholding	844
Real estate	104,172,715	Other liabilities	765,760
Properties	13,805	Trust capital	321,019,815
		Various accumulated reserve of	
Customers' securities under custody	134,890,787	profit or loss	-
Receivables	8,659	Customers' securities under	
Derivative financial products	-	custody	134,890,787
Other assets	78,505		
Total trust assets	<u>\$ 461,313,402</u>	Total trust liabilities	<u>\$ 461,313,402</u>

(Expressed in Thousands of New Taiwan Dollars)

Trust Balance Sheet December 31, 2011			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 12,539,462	Capital borrowed	\$ 4,550,525
Short-term investments		Payables	36,155
Mutual funds	111,572,846	Account collected in advance	94,861
Bonds	25,411,796	Tax payable	31,299
Stocks	58,233,148	Accounts withholding	942
Real estate	85,077,084	Other liabilities	794,700
Properties	14,029	Trust capital	287,510,034
		Various accumulated reserve of	
Customers' securities under custody	145,444,336	profit or loss	(19,899)
Receivables	11,798	Customer's securities under custody	145,444,336
Derivative financial products	-		
Other assets	138,454		
Total trust assets	<u>\$ 438,442,953</u>	Total trust liabilities	<u>\$ 438,442,953</u>

2) Trust Income Statement

(Expressed in Thousands of New Taiwan Dollars)

Trust Income Statement For the years ended December 31,			
	2012	2011	
<u>Trust income:</u>			
Interest income	\$ 16,489	\$ 20,895	
Rental income	1,317,295	1,515,160	
Cash dividend income	-	595	
Other income	29,321	39,069	
Unrealized capital gain	-	2,396	
Unrealized exchange gain	-	99,860	
Realized capital gain	87,642	6,934,629	
Exchange gain	-	38,602	
Total trust income	<u>\$ 1,450,747</u>	<u>\$ 8,651,206</u>	
<u>Trust expenses:</u>			
Management expenses	(59,228)	(64,304)	
Duty expenses	(16,530)	(18,201)	
Other operating expenses	(2,632,181)	(5,532,206)	
Unrealized capital loss	-	(511)	
Realized capital loss	(82)	(61,253)	
Unrealized exchange loss	-	(241,026)	
Exchange loss	-	(30,238)	
Total trust expenses	(2,708,021)	(5,947,739)	
Net (loss) income before income tax	(1,257,274)	2,703,467	
Income tax expense	(206)	(116)	
Net (loss) income after income tax	<u>(\$ 1,257,480)</u>	<u>\$ 2,703,351</u>	

3) Trust Property List

(Expressed in Thousands of New Taiwan Dollars)

Trust Property List		
	December 31, 2012	December 31, 2011
Bank deposits	\$ 24,696,110	\$ 12,539,462
Short-term investments:		
Mutual funds	120,780,722	111,572,846
Bonds	27,461,688	25,411,796
Stock	49,210,411	58,233,148
Real estate	104,172,715	85,077,084
Properties	13,805	14,029
Customers' securities under custody	134,890,787	145,444,336
Receivables	8,659	11,798
Other assets	78,505	138,454
Total	\$ 461,313,402	\$ 438,442,953

Note: The Shin Kong real estate trust beneficiary securities were sold out in 2011 and was recognized as capital gain of around NT\$ 2.1 billion. However, the NT\$2.1 billion capital gain was paid as interest expense to subordinate beneficiary, which resulted in net loss of investment in this fiscal year.

14. Information about the transactions with the Mega Financial Holdings Co., Ltd and its subsidiaries are as follows:

(1) Transactions between the Bank and its affiliates: Please refer to Note V.

(2) Joint promotion of businesses:

In order to create synergies within the group and provide customers financial services in all aspects, the Bank has continuously established other financial consulting service centers (including banking services, securities trading services, and insurance services) in its subsidiaries and simultaneously promoted service business in banking, securities and insurance areas.

(3) Sharing of information

Under the Financial Holding Company Act, Computer Process of Personal Data Protection Law, and the related regulations stipulated by MOF, when customers' information of a financial holding company's subsidiary is disclosed to the other subsidiaries under the group or exchanged between the subsidiaries for the purpose of cross selling of products, the subsidiaries receiving, utilizing, managing or maintaining the information are restricted to use the information for the joint promotion purposes only. In addition, the Bank is required to disclose its "Measures for Protection of Customers' Information" at its website. Customers also reserve the right to have their information withdrawn from the information sharing mechanism.

(Blank below)

XI. SUPPLEMENTARY DISCLOSURES

1. Related information on material transaction items:

(1) Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital:

(Expressed in thousands New Taiwan Dollars)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Bank	Balance as at January 1, 2012		Addition		Disposal		Balance as at December 31, 2012	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
The Bank	Taiwan Top 50 Tracker Fund	Financial assets at fair value through profit or loss	-	-	5,247	\$ 285,989	18,959	\$ 969,485	13,756	\$ 718,251 (\$ 565)	10,450	\$ 536,658
The Bank	Hon Hai	Financial assets at fair value through profit or loss	-	-	690	56,355	5,870	552,741	5,440	484,025 (22,357)	1,120	102,714
The Bank	TSMC	Financial assets at fair value through profit or loss	-	-	14,128	995,369	19,777	1,628,439	26,061	2,094,420	7,844	658,530
The Bank	CHT	Financial assets at fair value through profit or loss	-	-	9,574	953,391	1,608	149,245	11,182	1,045,800 (56,836)	-	-
The Bank	CHT	Available for sale financial assets	-	-	140	11,313	-	-	140	12,905	-	-
The Bank	CATCHER	Financial assets at fair value through profit or loss	-	-	365	52,351	2,480	475,611	2,745	494,942 (18,473)	100	14,547
The Bank	LARGAN	Financial assets at fair value through profit or loss	-	-	30	14,625	657	405,955	675	402,503 (8,808)	12	9,269
The Bank	TWM	Financial assets at fair value through profit or loss	-	-	5,625	497,479	680	64,502	6,305	582,067	-	-
The Bank	TPK	Financial assets at fair value through profit or loss	-	-	56	21,010	1,144	482,022	1,135	488,066	65	27,397
The Bank	ROEC	Financial assets at fair value through profit or loss	-	-	378	32,749	3,094	387,709	2,987	363,868	485	59,853
The Bank	FLEXIUM	Financial assets at fair value through profit or loss	-	-	-	-	3,019	342,627	3,019	349,181	-	-

(2) Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

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

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

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

(6) Information regarding selling non-performing loans:

A. Summary of selling non-performing loans

For the year ended December 31, 2012

(Expressed in Thousands of New Taiwan Dollars)

Transaction date (contract date)	Counterparty	Contents of right of claim	Carrying value (Note 1)	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Company (Note 2)
2012.05.08	Mega Asset Management Co., Ltd	Corporate banking loans	\$ -	\$ 826,600	\$ 826,600	None	Jointly controlled by Mega Financial Holdings
2012.10.26	Huei Cheng Asset Management Consultants	Corporate banking loans	-	87,331	87,331	None	None
2012.11.15	Deutsche Bank AG	Corporate banking loans	-	30,933	30,933	None	None
2012.11.22	Deutsche Bank AG, London Branch	Corporate banking loans	-	431,583	431,583	None	None
2012.11.26	Deutsche Bank AG, London Branch	Corporate banking loans	-	103,979	103,979	None	None

Note 1: The carrying value is the balance of initial right of claim less allowance for doubtful loans.

Note 2: Please fill out the relationship with related parties in accordance with SFAS No. 6 Related Party Disclosures; judgment basis of the related parties shall be explained.

B. Single-run of sales of non-performing loans with an amount exceeding NT\$ 1 billion excluding sales of non-performing loans to related parties:

The Bank put on an auction on October 19, 2012 for the non-performing loans, and signed a contract amounting to \$87,331 thousand with Huicheng First Asset Management Co., LTD on October 26, 2012. As of December 31, 2012, all receivables have been collected. The following table shows the details of non-performing loans:

Loan Components		Amount	Carrying Value	Price Amortization
Corporate	Secured	\$ -	\$ -	-
	Unsecured	6,094,594	-	87,331
Individual	Mortgage Loan	-	-	-
	Car Loan	-	-	-
	Others	-	-	-
	Credit Card	-	-	-
	Cash Card	-	-	-
	Micro Credit Loan (Note 3)	-	-	-
Others		\$ 6,094,594	\$ -	\$ 87,331

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

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

2. Supplementary disclosure regarding investee companies:

(1) Supplementary disclosure regarding investee companies:

(Expressed In Thousands Of New Taiwan Dollars)									
As of December 31, 2012				Share-holdings of the Bank and related enterprises					
Investee companies	Address	Main service	Percentage of ownership %	Book value	Investment income (loss)	Share (in thousands)	Pro forma		Note
							information on stock held	Share (in thousands)	
Mega International Commercial Bank Public Co., Ltd. (Thailand)	36/12P.S.Tower, Asoke, Sukhumvit 21 Klongtoey nua, Wattana Bangkok 10110, Thailand	1. Deposits 2. Negotiation, bill for collection and foreign exchange 3. Loan(credit, loan and L/C)	100.00%	\$ 5,034,665	\$ 255,812	400,000	None	400,000	100.00%
Mega International Commercial Bank(Canada)	North York Madison Centre, 4950 Yonge Street, Suite 1002, Toronto, Ontario, M2N 6K1, Canada	1. Deposits 2. Negotiation, bill for collection and foreign exchange 3. Loan(credit, loan and L/C)	100.00%	1,067,781	53,651	230	None	230	100.00%
Cathay Investment & Development Corporation (Bahamas)	Post Office Box 3937 Nassau, Bahamas	International investment and exploration	100.00%	50,089	1,908	5	None	5	100.00%
Mega Management & Consulting Co., Ltd.	7F., No.91, Hengyang Rd., Taipei City	Management consulting industry	100.00%	62,541	22,923	1,000	None	1,000	100.00%
Cathay Investment & Warehousing Ltd.	Dominador Bazany Calle 20, Manzana 31, P.O.Box 0302-00445 Colon Free Zone, Republic of Panama	1. Warehousing 2. Manage and make the investment for the business in foreign trade business. 3. Office rental	100.00%	89,749	(2,774)	1	None	1	100.00%
Ramlette Finance Holdings, Inc.	Calle 50 y Esquina Margarita A. de Vallarino Nuevo Campo Alegre, Edificio MEGA ICBC No.74, Panama Taipei City	Real estate investment industry	100.00%	-	(610)	2	None	2	100.00%
Yung-Shing Industries Co.	7F., No.100, Jilin Rd., Taipei City	Agency business industry, manage and make the investment for the business in foreign trade business and customer request service	99.56%	819,245	2,787	1,350	None	1,350	99.56%
China Products Trading Company	7F., No.100, Jilin Rd., Taipei City	Processing agricultural product and investment industry.	68.27%	34,460	555	68	None	68	68.27%
United Venture Capital Corp.	4F., No.9, Dehui St., Zhongshan Dist., Taipei City 104, Taiwan	Investment industry	25.31%	32,832	14,815	7,258	None	7,258	25.31%

(Expressed In Thousands Of New Taiwan Dollars)

Investee companies	Address	Main service	As of December 31, 2012				Share-holdings of the Bank and related enterprises			
			Percentage of ownership %	Book value	Investment income (loss)	Share (in thousands)	Pro forma information on number of stock held	Total		Note
								Share (in thousands)	Percentage of ownership %	
China Insurance Co., (Siam) Ltd.	36/69, 20th Floor, P.S. Tower, Asoke Sukhumvit 21 Road, Bangkok 10110, Thailand	Insurance industry	25.25%	\$ 14,067	(\$ 17,828)	1,515	None	1,515	25.25%	
Mega 1 Venture Capital Co., Ltd	7F., No.91, Hengyang Rd., Taipei City	Investment industry	25.00%	162,985	3,576	15,000	None	24,000	40.00%	
IP Fundseven Ltd.	7F., No.122, Dunhua N. Rd., Songshan District, Taipei City	Investment industry	25.00%	168,495	(7,754)	20,000	None	20,000	25.00%	
An Fang Co., Ltd.	3F., No.139, Jhenghou Rd., Taipei City	Automatic Teller Machine rental, configure and maintain.	25.00%	11,930	877	750	None	750	25.00%	
Taiwan Finance Co., Ltd.	3F., No.123, Sec. 2, Nanjing E. Rd., Taipei City	Brokerage underwriting attestation guarantee and endorsement of commercial papers, proprietary trading of government bonds and corporate bonds.	24.55%	1,406,164	38,138	126,714	None	126,714	24.55%	
Everstrong Iron Steel & Foundry & Mfg Corp	No.1, Shiquan Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan	Iron and steel making	22.22%	42,262	6,273	1,760	None	1,760	22.22%	
China Real Estate Management Co., Ltd.	11F., No.35, Guangfu S. Rd., Taipei City	Real estate and property selling	20.00%	235,009	116,000	9,000	None	9,000	20.00%	
Win Card Co., Ltd	4F., No.99, Sec. 3, Chongyang Rd., Sanchong Dist., New Taipei City	Corporate management consulting, data processing bussiness and general advertising services.	100.00%	68,806	7,016	500	None	500	100.00%	Indirect subsidiary of the Bank
ICBC Assets Management & Consulting Co., Ltd.	No.100, Jilin Rd., Taipei City	Investment consulting, corporate management consulting and venture investment management consulting.	100.00%	275,545	(30,153)	28,539	None	28,539	100.00%	Indirect subsidiary of the Bank

(2) For those investee companies that the Bank has direct or indirect control interest over, further disclosures are as follows:

A. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

B. Information on the disposal of the real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

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

D. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

E. Information regarding selling non-performing loans: None.

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

G. Lending to other parties: None.

H. Guarantees and endorsements for other parties: None.

I. Information regarding securities held as of December 31, 2012:

Investor	Name of investee and Type Of securities	Relationship	Account	Share/Units (in thousands)	(Expressed in thousands of New Taiwan dollars)		
					At year-end	Ownership percentage (%)	Note
	Stocks				Book value	Market value	
Mega Management & Consulting Co., Ltd.	ID Reengineering Inc.	Equity investees	Investments accounted for by the equity method	25	\$ 7,490	\$	7,490
"							
Mega I Venture Capital Co., Ltd.	Stocks						
"	Formosa Advanced Technologies Co., Ltd.	None	Available-for-sale financial assets	1,035	\$ 72,845	\$	17,750
"	Paragon Technologies Co., Ltd.	"	Available-for-sale financial assets	633	62,435		22,845
"	Ju Teng Technology Co., Ltd	"	Available-for-sale financial assets	600	22,407		8,160
"	TaiDoc Corporation	"	Available-for-sale financial assets	120	13,000		5,448
"	Darfon Electronics Corp.	"	Available-for-sale financial assets	121	10,000		2,329
"	AVer Information Inc	"	Available-for-sale financial assets	289	24,108		6,237
"	Avalue Technology Inc	"	Available-for-sale financial assets	570	22,153		23,997
"	G-TECH Optoelectronics Corporation	"	Available-for-sale financial assets	294	35,650		22,320
"	Chime Ball Technology Co., Ltd.	"	Available-for-sale financial assets	294	19,542		17,581
"	Aeon Motor Co., Ltd	"	Available-for-sale financial assets	70	4,270		4,102
"	Y.C.C. Parts MFG Co., Ltd.	"	Available-for-sale financial assets	440	13,347		12,826

Investor	Name of investee and type Of securities	Relationship	Account	Share/Units (in thousands)	At year-end		
					Book value	Ownership percentage (%)	Note
Mega 1 Venture Capital Co., Ltd.	ATM Electronic CORP.	None	Financial assets carried at cost	1,561	\$ 28,588	6.18%	\$ 28,588
"	Chi Lin Optoelectronics Co., Ltd	"	Financial assets carried at cost	185	5,483	0.07%	5,483
"	Dong Zhun Photoelectric Material Corp.	"	Financial assets carried at cost	1,000	30,000	4.59%	30,000
"	Yung Fa Corp.	"	Financial assets carried at cost	3,466	27,738	9.70%	27,738
"	High Power Opto. Inc.	"	Financial assets carried at cost	1,515	27,005	0.90%	27,005
"	MOSA Industrial Corp.	"	Financial assets carried at cost	817	16,048	0.83%	16,048
"	Feature Integration Technology Inc.	"	Financial assets carried at cost	572	19,250	1.23%	19,250
"	Taiwan Video System Co., Ltd.	"	Financial assets carried at cost	653	12,150	2.71%	12,150
"	Thecus Technology Corp.	"	Financial assets carried at cost	719	16,620	4.25%	16,620
"	ProbeLeader Co., Ltd.	"	Financial assets carried at cost	698	15,975	2.50%	15,975
"	First Dome Corp.	"	Financial assets carried at cost	483	12,668	1.70%	12,668
"	ACTI connecting vision	"	Financial assets carried at cost	210	13,100	0.59%	13,100
"	MobilMAX Technology Inc.	"	Financial assets carried at cost	500	10,000	4.03%	10,000
"	Sin-ying-cai Corp.	"	Financial assets carried at cost	454	5,447	1.04%	5,447
"	Chi Lin Technology co., Ltd.	"	Financial assets carried at cost	128	3,785	0.03%	3,785
"	Taiwan United Medical Inc.	"	Financial assets carried at cost	327	3,924	1.84%	3,924
"	Mobile Action Technology Inc.,	"	Financial assets carried at cost	154	1,996	0.85%	1,996
"	AIDE Energy Holding Co., Ltd.	"	Financial assets carried at cost	600	22,605	0.45%	22,605
"	Kuang Ming Shipping Corp	"	Financial assets carried at cost	600	17,767	0.29%	17,767
"	CANDO Corp.,	"	Financial assets carried at cost	600	9,328	0.07%	9,328
"	Applied Wireless Identification Group Inc.	"	Financial assets carried at cost	-	303	0.23%	303
	Total				\$ 599,537		
Yung-Shing Industries Co.	Stocks						
"	Wisdom Marine	None	Available-for-sale financial assets	363	\$ 8,778	0.09%	\$ 15,141
"	Lines S.A	"	Available-for-sale financial assets	1,000	45,900	0.02%	40,100
	Tingyi (Cayman Islands) Holding Corp.						

Investor	Name of investee and type Of securities	Relationship	Account	Share/Units (in thousands)	At year-end		
					Book value	Ownership percentage (%)	Market value
Yung-Shing Industries Co.	Nanrenhu Enterprise Corp.	None	Available-for-sale financial assets	172	\$ 2,225	0.08%	\$ 2,063
"	H&H Venture Capital Investment Corp.	"	Financial assets carried at cost	2,468	24,679	8.57%	24,679
"	Fortune Venture Capital Investment Corp.	"	Financial assets carried at cost	523	5,232	2.05%	5,232
"	Hua-sheng Venture Capital Investment Corp.	"	Financial assets carried at cost	1,666	16,660	1.39%	16,660
"	Fan-yang Venture Capital Investment Corp.	"	Financial assets carried at cost	473	4,725	2.23%	4,725
"	TaiOne International Ltd.	"	Financial assets carried at cost	2,660	7,385	19.00%	7,385
"	Hi-Scene World Enterprise Co., Ltd.	"	Financial assets carried at cost	3,109	7,697	1.85%	7,697
"	Syslustr Corporation	"	Financial assets carried at cost	671	6,878	2.98%	6,878
"	An Fang Co., Ltd.	"	Financial assets carried at cost	150	1,833	5.00%	1,833
"	First Bio Venture Capital Corp.	"	Financial assets carried at cost	302	1,175	2.50%	1,175
"	Win Card Co., Ltd.	Equity investees	Investments accounted for by the equity method	500	70,274	100.00%	70,274
"	ICBC Assets Management & Consulting Co., Ltd.	"	Investments accounted for by the equity method	28,539	276,983	100.00%	276,983
	Total				<u>\$ 480,424</u>		
ICBC Assets Management & Consulting Co.,LTD	Stocks						
"	H&H Venture Capital Investment Corp	None	Financial assets carried at cost	1,645	\$ 13,047	5.71%	\$ 13,047
ICBC Assets Management & Consulting Co.,LTD	Funds						
"	Asia Tech Taiwan Venture Fund LP	None	Financial assets carried at cost	-	\$ 6,416	-	\$ 8,990
"	Tai An Technologies Corp.	"	Financial assets carried at cost	-	209	-	4,311
	Total				<u>\$ 6,625</u>		

J. Information regarding securities for which the purchase or sale amount for the period exceeded NTS300 million or 10% of the Bank's paid-in capital: None.

K. Information regarding trading in derivative financial instruments: None.

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

3. Investments in Mainland China:

Name of Investee Company in Mainland China	Main Business	Paid-in Capital	Investment method	Accumulated amount of investment as of January 1, 2012	For the year ended December 31, 2012		Accumulated amount of investments as of December 31, 2012	The Company's Direct/ Indirect Percentage of Ownership (%)	Investment Income (Loss) for the period (Note 2)	Carrying amount of investment as of December 31, 2012	Investment income remitted as of December 31, 2012
					Reinvestment	Withdrawal					
Mega International Commercial Bank Suzhou Branch	Banking businesses approved by the local government	RMB \$1,000,000 thousand	Branch	RMB \$1,000,000 thousand	\$ -	\$ -	RMB \$1,000,000 thousand	None	NT \$102,351 thousand	\$ -	\$ -
Accumulated investment amounts in Mainland China as of December 31, 2012				Investment amount approved by the investment audit committee of the Ministry of Economic Affairs			Limits on investment amounts established by the investment audit committee of the Ministry of Economic Affairs (Note 1)				
RMB \$1,000,000 thousand				RMB \$1,000,000 thousand			NT \$108,067,433 thousand				

Note 1: Limit calculation is as follows (The Bank's net worth is NT\$180,112,388 thousand)
NT\$180,112,388 thousand x 60% = NT\$108,067,432.8 thousand.

Note 2: Relevant operating income and expense of the subsidiary, Mega International Commercial Bank Suzhou Branch have been included the gains and losses of the Bank.

XII. SEGMENTS AND GEOGRAPHIC INFORMATION

1. General Information

Information of operating segments of the Bank is reported in the same method as the internal management report provided to the Chief Operating Decision-Maker (CODM). The Bank mainly focuses on the businesses in Asia and America. The disclosed operating segment by the Bank is stipulated in Article 3 of the Banking Law, and the generated income is the main source of income.

2. Information of Segment Profit or Loss, Assets and Liabilities

The Bank's Management mainly focuses on the operating results of the whole bank, which is consistent with of the Statement of Income on page 6 of the financial statements.

3. Information of Major Customers

The Bank source of income is not concentrated on transactions with a single customer or single trading.

4. Information by product and services

All operating segments' operating results of the Bank mainly come from interest income from external clients and is measured on a consistent basis compared with the income statement. While the segmental income also consist of internal profit and loss appropriated by the terms agreed amongst segments other than external revenue. Please refer to the information by geography for relevant components of income balances.

5. Financial Information By Geographic Area

Mega International Commercial Bank Co., Ltd. Financial Information By Geographic Area December 31, 2012				
	Domestic Department	North America	Other Overseas Operating Departments	(Expressed in thousands of New Taiwan dollars) Adjustment and Elimination Total
Revenue from customers outside the Bank	\$ 47,772,884	\$ 2,501,846	\$ 6,581,946	\$ -
Revenue from departments within the Bank	\$ 21,224,374	\$ 90,409	\$ 659,020	\$ 21,973,803
Total revenue	\$ 68,997,258	\$ 2,592,255	\$ 7,240,966	\$ 56,856,676
Profit or loss	\$ 18,473,665	\$ 1,243,615	\$ 2,856,118	\$ 22,573,398
Assets attributable to specific departments	\$ 1,865,360,654	\$ 310,102,530	\$ 249,820,955	\$ 2,425,284,139

Mega International Commercial Bank Co., Ltd. Financial Information By Geographic Area December 31, 2011				
	Domestic Department	North America	Other Overseas Operating Departments	(Expressed in thousands of New Taiwan dollars) Adjustment and Elimination Total
Revenue from customers outside the Bank	\$ 41,333,021	\$ 2,054,171	\$ 5,854,462	\$ -
Revenue from departments within the Bank	\$ 20,633,137	\$ 173,595	\$ 814,001	\$ 21,620,733
Total revenue	\$ 61,966,158	\$ 2,227,766	\$ 6,668,463	\$ 49,241,654
Profit or loss	\$ 13,297,898	\$ 2,032,801	\$ 2,139,122	\$ 17,469,821
Assets attributable to specific departments	\$ 1,730,064,092	\$ 309,593,344	\$ 269,567,397	\$ 2,309,224,833

XIII.RELEVANT INFORMATION ON ADOPTION OF IFRSs

In accordance with the former Financial Supervisory Commission, Executive Yuan (FSC), financial enterprises supervised by FSC and public listed companies should prepare financial statements in accordance with International Financial Reporting Standards, and the relevant interpretation letters and announcements approved and pronounced by the FSC ("Taiwan IFRSs"), starting from the fiscal year of 2013. The Bank pre-discloses the following information before the adoption of Taiwan IFRSs in accordance with Jin-Guan-Zheng-Zeng Letter No. 0990004943 dated February 2, 2010 and Jin-Guan-Yi Letter No. 10000073410 dated April 7, 2011:

1. Major contents and status of execution of the Bank's plan for Taiwan IFRSs adoption

The Bank has already formed a project committee and set up Taiwan IFRSs adoption and conversion plan which is led by the Vice-President or higher management of the Bank. The major contents and status of execution are as follows:

Working Items for Taiwan IFRSs Adoption	Status of Execution
1. Set up the project team	Completed
2. Establish an adoption plan for Taiwan IFRSs conversion	Completed
3. Complete identification of GAAP differences between current accounting policies and Taiwan IFRSs	Completed
4. Complete identification of Taiwan IFRSs consolidated entities	Completed
5. Complete impact evaluation from various exemptions of IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
6. Complete the evaluation of adjustments needed for information system	Completed
7. Complete the evaluation of adjustments needed for internal controls	Completed
8. Decide on Taiwan IFRSs' accounting policies	Completed
9. Decide on various exemptions and options of IFRS No. 1 "First-time Adoption of International Financial Reporting Standards"	Completed
10. Complete the preparation of Taiwan IFRSs statement of financial position on the date of transition	Completed
11. Complete the preparation of Taiwan IFRSs comparative financial information for 2012	In progress
12. Complete the adjustment of relevant internal controls (including the standard procedure of financial reporting and relevant information system)	Completed

2. Significant differences may arise between current accounting standards and the standards adopted in accordance with Taiwan IFRSs, "Regulations Governing the Preparation of Financial Reports by Public Banks" in the future.

The Bank evaluates the significant differences on the basis of Taiwan IFRSs approved by the FSC and "Regulations Governing the Preparation of Financial Reports by Public Banks" estimated to be effective in year 2013. However, the current assessment result may be affected by International Accounting Standards, Interpretation Letters, or announcements pronounced or released by the FSC in the future. As a result, the variances arise from the actual practice with future Taiwan IFRSs adoption.

The potential significant differences between current accounting standards and Taiwan IFRSs, "Regulations Governing the Preparation of Financial Reports by Public Banks" that will be used in the preparation of the financial statements in the future, as well as the exemptions chosen in accordance with the First-time Adoption of International Financial Reporting Standards are set forth below: (Please refer to Note 13(3))

A. Balance sheet reconciliation sheet as of January 1, 2012

UNIT: In thousands of NT dollars

	R.O.C. Accounting standards	Adjustments (Note 1)	IFRSs	Explanation
Financial assets at fair value through income statement, net	\$ 41,766,764	(\$ 41,766,764)	\$ -	(4)
Financial assets at fair value through profit and loss	-	41,762,639	41,762,639	(1) 、(4)
Receivables, net	81,343,007	2,635,331	83,978,338	(1)
Available-for-sale financial assets, net	71,167,598	2,569,287	73,736,885	(2)
Other financial assets, net	17,915,815	(2,620,012)	15,295,803	(2)
Fixed asset, net	13,322,226	(13,322,226)	-	(3) 、(4)
Property and equipment, net	-	14,835,989	14,835,989	(3) 、(4)
Investment property, net	-	769,942	769,942	(5)
Other assets, net	7,341,571	(2,175,571)	5,166,000	(4) 、(5) 、(6)
Deferred income tax assets, net	-	1,590,344	1,590,344	(4) 、(6) 、(7)
other	2,076,367,852	-	2,076,367,852	
Total Assets	2,309,224,833	4,278,958	2,313,503,791	
Financial liabilities at fair value through income statement, net	20,361,058	(20,361,058)	-	(4)
Financial liabilities at fair value through profit and loss	-	20,361,058	20,361,058	(4)
Bills and bonds sold under repurchase agreements	7,339,481	2,531,446	9,870,927	(1)
Payables	37,873,288	(1,233,424)	36,639,864	(1) 、(4) 、(7)
Current income tax liabilities	-	1,259,093	1,259,093	(4)
Accrued pension liabilities	1,543,327	(1,543,327)	-	(4)
Reserve for employee benefit liabilities	-	4,619,704	4,619,704	(4) 、(6)
Guarantee policy reserve under Other reserve	-	2,119,653	2,119,653	(4)

	R.O.C. Accounting standards	Adjustments (Note 1)	IFRSs	Explanation
Other reserves	\$ -	\$ 32,176	\$ 32,176	(4)
Deferred income tax liabilities under Other liabilities	-	1,053,321	1,053,321	(3) 、(4)
Other liabilities	12,325,863	(2,741,038)	9,584,825	(4) 、(7)
Other	2,066,781,318	-	2,066,781,318	
Total Liabilities	2,146,224,335	6,097,603	2,152,321,938	
Common Stock	68,000,000	-	68,000,000	
Capital surplus	33,070,028	-	33,070,028	
Legal reserve	42,539,125	-	42,539,125	
Special reserve	1,658,829	2,052,425	3,711,254	(8)
Unappropriated retained earnings	15,022,236	-	15,022,236	(1) 、(6) 、(7) 、(8)
Unrealized revaluation increment	2,206,808	(2,206,808)	-	(3) 、(8)
Cumulative translation adjustments	1,613,537	(1,613,537)	-	(8)
Unrealized gains and losses on financial asset	(1,110,065)	(50,725)	(1,160,790)	(2)
Stockholders' Equity	163,000,498	(1,818,645)	161,181,853	

- (1) In accordance with IAS No. 39 "Financial Instruments: Recognition and Measurement", the Bank adjusted the customary transactions and resulted in accounts receivable increasing by NT\$2,635,331 thousand (US\$90,764 thousand), accounts payable increasing by NT\$99,771 thousand (US\$3,436 thousand), bills and bonds purchased under repurchase agreement increasing by NT\$2,531,446 thousand (US\$87,186 thousand), financial assets at fair value through income statement, net decreasing by NT\$4,125 thousand (US\$142 thousand) (which has been reclassified as financial assets at fair value through profit and loss) and undistributed earnings decreasing by NT\$11 thousand.
- (2) The unlisted and OTC listed stocks the Bank held carried at cost are listed as financial assets carried at cost under other financial assets, net, in accordance with the "Regulation Governing the Preparation of Financial Reports by Public Banks". However, according to IAS No. 39 "Financial Instruments: Recognition and Measurement", equity instruments without an active market but the fair values can be reliably measured should be measured by fair value. The Bank, therefore designated financial assets carried at cost based on the fair value as available-for-sale financial assets, net. As a result, available-for-sale financial assets, net increased by NT\$2,569,287 thousand (US\$88,489 thousand), other financial assets, net decreased by NT\$2,620,012 thousand (US\$90,236 thousand) and other equity decreased by NT\$50,725 thousand (US\$1,747 thousand).
- (3) The Bank executed an asset revaluation on the present value of land newly announced in 2012 which resulted in the fixed assets, net increasing by NT\$1,513,763 thousand (US\$52,136 thousand), unrealized revaluation increment increasing by NT\$1,117,756 thousand (US\$38,497 thousand) and deferred income tax liabilities increasing by NT\$396,007 thousand (US\$13,639 thousand) at the conversion date.
- (4) The Bank reclassified the following accounts according to the revised "Regulations Governing the Preparation of Financial Reports by Public Banks" dated on December 26, 2011: Financial assets at fair value through income statement, net amounting to NT\$41,766,764 thousand (US\$1,438,497 thousand) as financial assets at fair value through profit and loss, fixed assets, net amounting to NT\$13,322,226 thousand (US\$458,833 thousand) as property and equipment, accrued pension liabilities amounting to NT\$1,543,327 thousand (US\$53,154 thousand) as reserve for employee benefit liabilities, financial liabilities at fair value through income statement, net amounting to NT\$20,361,058 thousand (US\$701,259 thousand) as financial liabilities at fair value through profit and loss, accounts payable amounting to NT\$1,259,093 thousand (US\$43,365 thousand) as current income tax liabilities, land valuation increment under other liabilities amounting to NT\$657,314 thousand (US\$22,639 thousand) as deferred income tax liabilities and accidental loss reserve under other liabilities amounting to NT\$32,176 thousand (US\$1,108 thousand) as other reserve and deferred income tax assets under other assets, net amounting to NT\$1,012,025 thousand (US\$34,855 thousand) and guarantee reserve under other reserve amounting to NT\$2,119,653 thousand (US\$73,003 thousand) are shown separately.
- (5) The Bank adopted the applicable IAS No. 40 "Investment Property" and accordingly transferred investment property amounting to NT\$769,942 thousand (US\$26,517 thousand) which was originally classified as other assets to investment property.
- (6) For employee benefits, no minimum limit regarding recognition for pension liabilities is addressed in IAS No. 19 "Employee Benefits" and the related accounts were reversed. Additionally, deferred pension under other assets, net decreased by NT\$393,604 thousand (US\$13,556 thousand). According to the abovementioned regulation, the Bank recognized the actuarial gains and losses of pension liability and liability reserve of preferential interest for retired employees at lump sum at the conversion date. This change has resulted in reserve for employee benefit liabilities increasing by NT\$3,469,981 thousand (US\$119,510 thousand), deferred income tax assets increasing by NT\$589,897 thousand (US\$20,317 thousand), and unappropriated earnings decreasing by NT\$2,880,084 thousand (US\$99,194 thousand).
- (7) The Bank adopted IFRIC No. 13 "Customer Loyalty Programmes" and adjusted income derived from credit card bonus. As a result, payables decreased by NT\$74,102 thousand (US\$2,552 thousand), deferred income under other liabilities increased by NT\$68,105 thousand (US\$2,346 thousand), deferred income tax assets decreased by NT\$11,578 thousand (US\$399 thousand) and unappropriated earnings decreased by NT\$5,581 thousand (US\$192 thousand).
- (8) The Bank decided to apply the exemption in IFRS 1 "First-time adoption of International Financial Reporting Standards" to write off the unrealized gains on revaluation amounting to NT\$2,206,808 thousand (US\$76,005 thousand), the above unrealized gains on revaluation amounting to NT\$1,117,756 thousand (US\$38,497 thousand) in item 3 and cumulative translation adjustments amounting to NT\$1,613,537 thousand (US\$55,572 thousand) have been transferred to unappropriated earnings totaling NT\$4,938,101 thousand (US\$170,074 thousand). According to Explanatory Letter Jin-Guan-Jen-Fa No. 1010012865 dated April 6, 2012, equivalent special reserve shall be set aside. However, in the event of insufficient retained earnings for the first-time adoption at the conversion date, only

incremental retained earnings incurred due to the adoption of Taiwan IFRSs may be used. Any use, disposal or reclassification of any related assets in the future, the Bank may reverse and distribute the earnings in proportion of the original ratio that special reserve has been set aside.

As illustrated in items 1, 6 and 7, unappropriated earnings decreased by NT\$2,885,676 thousand (US\$99,386 thousand) and net retained earnings increased by NT\$2,052,425 thousand (US\$70,688 thousand). The Bank, therefore, transferred net increments to special reserve in compliance with the regulation.

- (9) To avoid the impact of adopting IFRSs on shareholders' equity for the first time, the bank revalued the present value of the its land in accordance with the regulations which resulted in the increase by NT\$1,117,756 thousand (US\$38,497 thousand) in total equity. The overall net effect was a decrease by NT\$1,818,645 thousand (US\$62,636 thousand) due to conversion to IFRSs.

B. Balance sheet reconciliation sheet as of December 31, 2012

UNIT: In thousands of NT dollars

	R.O.C. Accounting standards	Adjustments (Note 1)	IFRSs	Explanation
Receivables, net	\$ 102,111,558	\$ 156,775	\$ 102,268,333	(2)
Available-for-sale financial assets, net	131,104,245	2,513,589	133,617,834	(1)
Other assets	2,192,068,336	(1,553,037)	2,190,515,299	(1) - (2) - (4) - (6)
Total Assets	2,425,284,139	1,117,327	2,426,401,466	
Payables	40,868,947	(1,914,224)	38,954,723	(4)
Accrued pension liabilities	2,729,560	(2,729,560)	-	(3)
Reserve for employee benefit liabilities	-	6,396,051	6,396,051	(3)
Other liabilities	2,201,573,244	2,549,330	2,204,122,574	(4) - (6)
Total liabilities	2,245,171,751	4,301,597	2,249,473,348	
Common stock	71,000,000	-	71,000,000	
Retained earnings	69,237,662	435,265	69,672,927	(3) - (4) - (5) - (7)
Other stockholders' equity	39,874,726	(3,619,535)	36,255,191	(1) - (5)
Total Stockholders' Equity	180,112,388	(3,184,270)	176,928,118	

- (1) In accordance with IAS No. 39, "Financial Instruments: Recognition and Measurement", decrease in available-for-financial assets amounted to NT\$19,941 thousand (US\$687 thousand), increase in unrealized gain and loss of financial asset amounted to NT\$178,059 thousand (US\$6,133 thousand)(Note 4), increase in financial asset carried at cost amounted to NT\$198,000 thousand (US\$6,819 thousand)(Note 2) have been made accordingly.
- (2) In accordance with IAS No. 39, "Financial Instruments: Recognition and Measurement", increase in accounts receivable amounted to NT\$156,775 thousand (US\$5,400 thousand), decrease in financial assets at fair value through income statement amounted to NT\$156,775 thousand (US\$5,400 thousand)(Note 2).
- (3) According to actual payment and writing-off of pension reserve as well as changes in actuarial pension assumption set out in IAS 19 "Employee Benefits", based on Note XIII(1.A)(4) & (6)), due to the adoption of Taiwan IFRSs, the reclassification and increase of employee benefit liabilities amounted to NT\$4,619,704 thousand. Due to the actual payments made in 2012 and the changes of the assumptions, accrued pension liabilities decreased by NT\$493,425 thousand (US\$16,994 thousand), reserve for employee benefits increased by NT\$1,519,678 thousand (US\$52,340 thousand) which has been reclassified as reserve for employee benefit liabilities and payroll expenses decreased by NT\$21,678 thousand (US\$747 thousand)(Note 7) and retained earnings decreased by NT\$1,541,356 thousand (US\$53,086 thousand). With regard to the preferential interest rate exceeding the market rate, increases of NT\$356,192 thousand (US\$12,268 thousand) in reserve for employee benefit liabilities, increases of NT\$1,268,932 thousand (US\$43,704 thousand)(Note 7) in employee benefits expense and decreases of NT\$912,740 thousand (US\$31,436 thousand)(Note 5) in interest expenses were made accordingly.
- (4) According to IFRIC No. 13, "Customer Loyalty Programmes", considering the effects on income tax and adjustments made on deferred income, adjustments were made to increase payables by NT\$9,991 thousand (US\$344 thousand), sales promotion fee by NT\$9,896 thousand (US\$341 thousand)(Note 7), temporary advancement by NT\$95 thousand (Note 2), and to decrease deferred income by NT\$2,460 thousand (US\$85 thousand)(Note 3), net gains on service and commission fee increased by NT\$2,460 thousand (US\$85 thousand)(Note 6), deferred income tax liabilities decreased by NT\$418 thousand (US\$14 thousand)(Note 3) and income tax expense decreased by NT\$418 thousand (US\$14 thousand). The Bank reclassified the following accounts according to the revised "Regulations Governing the Preparation of Financial Reports by Public Bank" dated on December 26, 2011: Income tax payable, net amounting to NT\$1,849,815 thousand (US\$63,710 thousand) as income tax liabilities (Note 3).
- (5) According to IAS 21, "The Effects of Changes in Foreign Exchange Rates", the assets held in foreign currency for the year ended December 31, 2012 have been subsequently evaluated which resulted in adjustments in cumulative translation. As a result, cumulative translation adjustments decreased by NT\$3,733 thousand (US\$129 thousand)(Note 4) and gains and losses on translation increased by \$3,733 thousand (US\$129 thousand)(Note 6).
- (6) According to IAS 12 and Regulations of the Preparation, financial statements should be disclosed the current year income tax assets, income tax liabilities, deferred income tax assets and deferred income tax liabilities respectively, deferred income tax assets (note 2) and deferred income tax liabilities (note 3) increased by NT\$622,709 thousand (US\$ 21,447 thousand).
- (7) In accordance with Explanatory Letter Jin-Guan-Zhen-Fa No. 1010012865 dated April 6, 2012 on the special capital reserve, please refer to above mentioned adjustment description (8) on January 1, 2011. In addition, the bank disposed the related assets during the current period, so special reserve should be reversed proportionately, resulting in unappropriated earnings increased by NT\$19 thousand (US \$1 thousand) and special reserve decreasing by NT \$19 thousand (US \$1 thousand).

Note 1: Adjustments have included changes in opening balance as of January 1, 2012. Please refer to Note XIII(2(A)) for various amounts and explanation.

Note 2: Listed under other assets in above table.

Note 3: Listed under other liabilities in above table.
Note 4: Listed under other stockholders' equity in above table.
Note 5: Listed under net interest income in below table.
Note 6: Listed under non-interest income in below table.
Note 7: Listed under operating expenses in below table.

C. Statements of income reconciliation sheet for the year ended December 31, 2012

UNIT: In thousands of NT dollars

	R.O.C. Accounting standards	Adjustments (Note 1)	IFRSs	Explanation
Net interest income	\$ 27,535,926	\$ 912,740	\$ 28,448,666	(1)
Non-interest income	15,597,402	6,146	15,603,548	(2)
Net operating income	43,133,328	918,886	44,052,214	
Provision for loan losses	(4,354,634)	-	(4,354,634)	
Operating expenses	(16,205,296)	(1,257,150)	(17,462,446)	(3)
Income before income tax	22,573,398	(338,264)	22,235,134	
Income tax expense	(3,239,926)	418	(3,239,508)	(4)
Income after income tax	19,333,472	(337,846)	18,995,626	

- (1) Adjustment was made in relation to employee preferential interest according to IAS 19, "Employee Benefits", and resulted in interest expenses decreasing by NT\$912,740 thousand (US\$31,436 thousand). Please refer to Note XIII(2.B(3)).
 - (2) In accordance with Explanatory Letter Jin-Guan-Zhen-Fa No. 1010012865 dated April 6, 2012 on the special capital reserve, which resulted in gain on disposal of assets decreasing by NT\$ 47 thousand (US\$2 thousand) in the current period. In addition, special reserve were reversed by NT\$19 thousand (US \$1 thousand) and were recognized as unappropriated earnings, please refer to Note 13 (2.B(6)). Non-interest income was adjusted according to various significant differences. Please refer to Note XIII(2.B(4) & (5)).
 - (3) Operating expenses were adjusted according to various significant differences. Please refer to Note XIII(2.B(3) & (4)).
 - (4) According to IFRIC No.13 "Customer Loyalty Program", income tax expenses decreased by NT\$418 thousand (US\$14 thousand). Please Note XIII(2.B(4)).
3. The Bank is eligible for the exemption set out in IFRS No. 1 "First-time Adoption of International Financial Reporting Standards" and "Regulation Governing the Preparation of Financial Reports by Public Banks" estimated to be effective in 2013. Explanations are summarized below:

A. Business combination

The Bank chose not to retrospectively apply IFRS No. 3 "Business Combination" in relation to the business combinations which occurred prior to the date of conversion to International Financial Reporting Standards date (hereinafter "the conversion date").

B. Deemed cost

For properties and equipment that have been revaluated based on the generally accepted accounting principles prior to the conversion date, the Bank chose to take the reevaluated value as the deemed cost at the revaluation date.

C. Employee benefits

The Bank chose to recognize cumulative actuarial gains and losses related to employee bonuses as retained earnings at lump sum on the conversion date. Also, based on each accounting period from the conversion date in which the amounts are determined, the present value of benefits and obligation, plan assets at fair value and plan profit and loss required by paragraph 120A (P) set out in IAS No. 19 "Employee benefits" shall be disclosed.

D. Cumulative translation difference

The Bank chose to deem the cumulative translation difference in foreign operating institutions as zero at the conversion date and decided to treat the foreign exchange difference thereafter in accordance with IAS No. 21 "The Effects of Changes in Foreign Exchange Rates".

E. Designation for recognized financial instruments

The Bank chose to designate certain financial assets carried at cost as the available-for-sale financial assets at the conversion date.

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

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 Kuang-Si Shiu, President
 Meei-Yeh Wei, Senior Executive Vice President
 Chao-Hsien Lai, Senior Executive Vice President
 Dan-Hun Lu, Senior Executive Vice President
 Ying-Ying Chang, Senior Executive Vice President
 Ching-Lung Hong, Chief Auditor

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Ta Tao Cheng Branch	Ching-Chang Tai Vice President & General Manager	No.62-5, Hsi-ning N. Rd., Dah-tong Dist., Taipei 10343, Taiwan	+886-2-25523216	+886-2-25525627
Dah Tong Branch	Ko-Cheng Chang Vice President & General Manager	No.113, Nan-king W. Rd., Dah-tong Dist., Taipei 10355, Taiwan	+886-2-25567515	+886-2-25580154
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World Trade Center Branch	Ray-Lin Liao Vice President & General Manager	1F, No.333, Sec.1, Keelung Rd., Hsin-yi Dist., Taipei 11012, Taiwan	+886-2-27203566	+886-2-27576144
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Tao Yuan Branch	Yaw-Shing Chen Vice President & General Manager	No.2, Sec.2, Cheng-kung Rd., Tao-yuan City, Tao-yuan County 33047, Taiwan	+886-3-3376611	+886-3-3351257
Tao Hsin Branch	Ting-Hua Chang Vice President & General Manager	No.180, Fu-hsin Rd., Tao-yuan City, Tao-yuan County 33066, Taiwan	+886-3-3327126	+886-3-3339434

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Pa Teh Branch	Ming-Jong Lin Vice President & General Manager	No.19, Da-jhih Rd., Pa-teh City, Tao-yuan County 33450, Taiwan	+886-3-3665211	+886-3-3764012
Tao Yuan International Airport Branch	Li-Chu You Senior Vice President & General Manager	No.15, Hang-jan S. Rd., Da-yuan Township, Tao-yuan County 33758, Taiwan	+886-3-3982200	+886-3-3834315
Nan Kan Branch	Yu-Sheng Cheng Vice President & General Manager	No.33, Zhong-zheng Rd., Luzhu Township, Tao-yuan County 33861, Taiwan	+886-3-3525288	+886-3-3525290
Zhunan Science Park Branch	Chien-Chih Kuo Vice President & General Manager	Rm.105, 1F No.36, Ke-yan Rd., Zhunan Township, Miaoli County 35053, Taiwan	+886-3-7682288	+886-3-7682416
Tou Fen Branch	Chu-Po Chou Vice President & General Manager	No.916, Chung-hwa Rd., Tou-fen Town, Miao-li County 35159, Taiwan	+886-3-7688168	+886-3-7688118
Taichung Branch	Li-Fang Lin Senior Vice President & General Manager	No.216, Ming-chuan Rd., Central Dist., Taichung 40041, Taiwan	+886-4-22281171	+886-4-22241855
Central Taichung Branch	Tze-Chen Kung Vice President & General Manager	No.194, Sec.1, San-min Rd., West Dist., Taichung 40343, Taiwan	+886-4-22234021	+886-4-22246812
South Taichung Branch	Chien-Chung Chen Vice President & General Manager	No.257, Sec.1, Wu-chuan W. Rd., West Dist., Taichung 40347, Taiwan	+886-4-23752529	+886-4-23761670
East Taichung Branch	Fu-Kuei Wu Vice President & General Manager	No.330, Chin-hwa N. Rd., North Dist., Taichung 40457, Taiwan	+886-4-22321111	+886-4-22368621
Rung Tzung Branch	Yow-Der Wang Vice President & General Manager	No.1650, Sec.4, Taiwan Blvd., Xitun Dist., Taichung City 40705, Taiwan	+886-4-23500190	+886-4-23591281
North Taichung Branch	Donq-Liang Huang Senior Vice President & General Manager	No.96, Sec. 3, Taiwan Blvd., Xitun Dist., Taichung City 40756, Taiwan	+886-4-23115119	+886-4-23118743
Pouchen Branch	Hwa-San Lo Vice President & General Manager	No.600, Sec.4, Taiwan Blvd., Xitun Dist., Taichung City 40764, Taiwan	+886-4-24619000	+886-4-24613300
Tai Ping Branch	Wen-Yeong Hsieh Vice President & General Manager	No.152, Zhong-xing E. Rd., Taiping Dist., Taichung 41167, Taiwan	+886-4-22789111	+886-4-22777546
Da Li Branch	Jiunn-Horgn Shyu Vice President & General Manager	No.600, Shuang-wen Rd., Dali Dist., Taichung 41283, Taiwan	+886-4-24180929	+886-4-24180629
Feng Yuan Branch	Rei-Chan Tsai Vice President & General Manager	No.519, Zhong-zheng Rd., Fengyuan Dist, Taichung 42056, Taiwan	+886-4-25285566	+886-4-25274580
Hou Li Branch	De-Chung Liao Vice President & General Manager	No.619-1, Jia-hou Rd., Houli Dist., Taichung 42151, Taiwan	+886-4-25588855	+886-4-25580166
Tan Zi Branch	Cheng-Chian Tsao Vice President & General Manager	No.3, Nan 2nd Rd., T.E.P.Z., Tanzi Dist., Taichung 42760, Taiwan	+886-4-25335111	+886-4-25335110

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Central Taiwan Science Park Branch	Mao-Jung Chu Vice President & General Manager	2F., No.28, Ke-ya Rd., Daya Dist., Taichung 42881, Taiwan	+886-4-25658108	+886-4-25609230
Sha Lu Branch	Hsin-Tsai Tai Vice President & General Manager	No.533, Zhong-shan Rd., Shalu Dist., Taichung 43344, Taiwan	+886-4-26656778	+886-4-26656399
Da Jia Branch	Chung-Yang Liao Vice President & General Manager	No.1033, Sec. 1, Zhong-shan Rd., Dajia Dist., Taichung 43744, Taiwan	+886-4-26867777	+886-4-26868333
North Changhua Branch	Jack Ching-Her Tsai Senior Vice President & General Manager	No.39, Kuang-fuh Rd., Changhua City, Changhua County 50045, Taiwan	+886-4-7232111	+886-4-7243958
South Changhua Branch	Chien-Ping Wu Vice President & General Manager	No.401, Sec.1, Chung-shan Rd., Changhua City, Changhua County 50058, Taiwan	+886-4-7613111	+886-4-7622656
Lu Gang Branch	Kaung-Shu Shu Vice President & General Manager	No.254, Chung-shan Rd., Lu-gang Town, Changhua County 50564, Taiwan	+886-4-7788111	+886-4-7788600
Yuan Lin Branch	Shu-Er Huang Vice President & General Manager	No.338, Sec.1, Dah-tong Rd., Yuan-lin Town, Changhua County 51056, Taiwan	+886-4-8332561	+886-4-8359359
Nan Tou Branch	Ming-Kuang Lee Vice President & General Manager	No.45, Wen-chang St., Nan-tou City, Nan-tou County 54048, Taiwan	+886-49-2232223	+886-49-2232758
Chia Yi Branch	Jaw-Jia Chou Vice President & General Manager	No.259, Wen-hua Rd., Chia-yi City 60044, Taiwan	+886-5-2241166	+886-5-2255025
Chia Hsin Branch	Shu-Kwei Chang Vice President & General Manager	No.379, Wu-fong N. Rd., Chia-yi City 60045, Taiwan	+886-5-2780148	+886-5-2769252
Dou Liu Branch	Shoh-Chi Doong Vice President & General Manager	No. 1, Shang-hai Rd., Dou-liu City, Yun-lin County 64048, Taiwan	+886-5-5361779	+886-5-5337830
Tainan Branch	Chun-Fu Chen Vice President & General Manager	No.14, Sec.2, Chung-yi Rd., Tainan 70041, Taiwan	+886-6-2292131	+886-6-2224826
Tainan Fucheng Branch	Joseph C. H. Chou Vice President & General Manager	No.90, Chung-shan Rd., Tainan 70043, Taiwan	+886-6-2231231	+886-6-2203771
East Tainan Branch	Hsuan-Shu Chen Vice President & General Manager	No.225, Sec.1, Chang-jung Rd., Tainan 70143, Taiwan	+886-6-2381611	+886-6-2378008
Yong Kang Branch	Cheng-Sui Chang Vice President & General Manager	No.180, Zhong-shan Rd., Yongkang Dist., Tainan City 71090, Taiwan	+886-6-2019389	+886-6-2016251
Tainan Science Park Branch	Suen-Pann Chen Vice President & General Manager	No.13, Nan-ke 3rd Rd., Xinshi Dist., Tainan City 74147, Taiwan	+886-6-5052828	+886-6-5051791
Lin Sen Branch	Guang-Huei Lu Vice President & General Manager	No.230, Lin-sen 1st Rd., Hsin-hsing Dist., Kaohsiung 80002, Taiwan	+886-7-2823357	+886-7-2822082
Wu Fu Branch	Chong-Zu Lin Vice President & General Manager	No.82, Wu-fu 2nd Rd., Hsin-hsing Dist., Kaohsiung 80043, Taiwan	+886-7-2265181	+886-7-2260919
Hsin Hsing Branch	Yeou-An Lu Vice President & General Manager	No.308, Chung-shan 1st Rd., Hsin-hsing Dist., Kaohsiung 80049, Taiwan	+886-7-2353001	+886-7-2350962

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Kaohsiung Branch	Pei-Jung Hsieh Senior Vice President & General Manager	No.235, Chung-cheng 4th Rd., Qian-jin Dist., Kaohsiung 80147, Taiwan	+886-7-2515111	+886-7-2212554
Kaohsiung Metropolitan Branch	Kun-Fu Su Senior Vice President & General Manager	No.253, Chung-cheng 4th Rd., Qian-jin Dist., Kaohsiung 80147, Taiwan	+886-7-2510141	+886-7-2811426
Ling Ya Branch	Chong-Yin Lee Vice President & General Manager	No.8, Sze-wei 4th Rd., Ling-ya Dist., Kaohsiung 80247, Taiwan	+886-7-3355595	+886-7-3355695
San Tuo Branch	Fu-Yuan Huang Vice President & General Manager	No.93, San-tuo 2nd Rd., Ling-ya Dist., Kaohsiung 80266, Taiwan	+886-7-7250688	+886-7-7211012
San Min Branch	Jung-Tai Ho Vice President & General Manager	No.225, Chung-hua 1st Rd., Gu-shsan Dist., Kaohsiung 80455, Taiwan	+886-7-5536511	+886-7-5521472
Kaohsiung Fishing Port Branch	Chyi-Fure Jiang Vice President & General Manager	Room 107, No.3, Yu-kang E. 2nd Rd., Kaohsiung 80672, Taiwan	+886-7-8219630	+886-7-8117912
Kaohsiung Export Processing Zone Branch	Yung-Chin Chuang Vice President & General Manager	No.2, Chung 4th Rd., Kaohsiung Export Processing Zone, Kaohsiung 80681, Taiwan	+886-7-8316131	+886-7-8314393
North Kaohsiung Branch	Yaw-Ching Tseng Vice President & General Manager	No.532, Chiu-ju 2nd Rd., Kaohsiung 80745, Taiwan	+886-7-3157777	+886-7-3155506
East Kaohsiung Branch	Jia-Feng Liu Vice President & General Manager	No.419, Ta-shun 2nd Rd., Kaohsiung 80787, Taiwan	+886-7-3806456	+886-7-3806608
Nan Tze Branch	Ernest S. T. Lu Senior Vice President & General Manager	No.600-1, Chia-chang Rd., Nantze Export Processing Zone, Kaohsiung 81170, Taiwan	+886-7-3615131	+886-7-3633043
Chung Kang Branch	Ying-Liang Jhu Vice President & General Manager	No.1, Chung-kang Rd., Kaohsiung 81233, Taiwan	+886-7-8021111	+886-7-8034911
Kaohsiung International Airport Branch	Kung-Yeong Wang Vice President & General Manager	Kaohsiung International Airport, No.2, Chung-shan 4th Rd., Kaohsiung 81252, Taiwan	+886-7-8067866	+886-7-8068841
Ren Wu Branch	Ching-Shiang Tsai Vice President & General Manager	No.2, Zhong-zheng Rd., Renwu Dist., Kaohsiung 81451, Taiwan	+886-7-3711144	+886-7-3740764
Gang Shan Branch	Tsair-Quey Chang Vice President & General Manager	No.138, Zhong-shan N. Rd., Gangshan Dist., Kaohsiung 82065, Taiwan	+886-7-6230300	+886-7-6230608
Feng Shan Branch	Hsiao-Chin Ma Vice President & General Manager	No.248, Zhong-shan W. Rd., Fengshan Dist., Kaohsiung 83068, Taiwan	+886-7-7473566	+886-7-7477566
Kin Men Branch	Chi-Huang Wu Vice President & General Manager	No.37-5, Min-sheng Rd., Jin-cheng Town, Kin-men County 89345, Taiwan	+886-82-375800	+886-82-375900
Ping Tung Branch	Ching-Feng Chung Vice President & General Manager	No.213, Ming-tsu Rd., Ping-tung City, Ping-tung County 90078, Taiwan	+886-8-7323586	+886-8-7321651
Hua Lien Branch	Jen-Jhi Chen Vice President & General Manager	No.26, Kung-yuan Rd., Hua-lien City, Hua-lien County 97048, Taiwan	+886-3-8350191	+886-3-8360443

Overseas Branches & Representative Offices

Branch Name	Manager & Title	Address	Phone Number	Fax Number
New York Branch	Ming-Yung Liu Senior Vice President & General Manager	65 Liberty Street, New York, NY 10005, U.S.A.	+1-212-6084222	+1-212-6084943
Los Angeles Branch	Hsiao Ho Huang Senior Vice President & General Manager	445 South Figueroa Street, Suite 1900, Los Angeles, CA 90071, U.S.A.	+1-213-4893000	+1-213-4891183
Chicago Branch	Yi-Ming Ko Vice President & General Manager	2 North La Salle Street, Suite 1803, Chicago, IL 60602, U.S.A.	+1-312-7829900	+1-312-7822402
Silicon Valley Branch	Yuan-Hsi Lin Senior Vice President & General Manager	333 West San Carlos Street, Suite 100, Box 8, San Jose, CA 95110, U.S.A.	+1-408-2831888	+1-408-2831678
Panama Branch	Chang-Chin Chen Vice President & General Manager	Calle 50 Y Esquina Margarita A, de Vallarino, Entrada Nuevo Campo Alegre, Edificio ICBC No.74, P.O. Box 0832-01598, Panama City, Republic of Panama	+507-2638108	+507-2638392
Colon Free Zone Branch	Ching-Chyi Juang Vice President & General Manager	Dominador Bazan y Calle 20, Manzana 31, P.O. Box 0302-00445, Colon Free Zone, Republic of Panama	+507-4471888	+507-4414889
Paris Branch	Wen-Sheng Chiang Vice President & General Manager	131-133 Rue de Tolbiac, 75013 Paris, France	+33-1-44230868	+33-1-45821844
Amsterdam Branch	Sui-Huang Lee Vice President & General Manager	World Trade Center, Strawinskylaan 1203, 1077XX, Amsterdam, The Netherlands	+31-20-6621566	+31-20-6649599
London Branch	Shiow Lin Senior Vice President & General Manager	4 th Floor, Michael House, 35 Chiswell Street, London, EC1Y 4SE, United Kingdom	+44-20-75627350	+44-20-75627369
Sydney Branch	Albert C. Tsui Senior Vice President & General Manager	Level 8, 10 Spring Street, Sydney NSW 2000, Australia	+61-2-92301300	+61-2-92335859
Brisbane Branch	Chun-Kai Hu Vice President & General Manager	Suite 1-3, 3 Zamia Street, Sunnybank, QLD 4109, Australia	+61-7-32195300	+61-7-32195200
Melbourne Branch	Yu-Song Chen Vice President & General Manager	Level 20, 459 Collins Street, Melbourne VIC 3000, Australia	+61-3-96200500	+61-3-96200600
Tokyo Branch	Chun-Ko Su Vice President & General Manager	7F, Kishimoto Bldg. No.2-1, Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-0005, Japan	+81-3-32116688	+81-3-32165686
Osaka Branch	Chih-Liang Chen Vice President & General Manager	4-11, 3-chome, Doshomachi, Chuo-ku, Osaka 541-0045, Japan	+81-6-62028575	+81-6-62023127

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Manila Branch	Rong-Hwa Lin Senior Vice President & General Manager	3 rd Floor, Pacific Star Bldg., Makati Avenue, Makati City, Philippines	+63-2-8115807	+63-2-8115774
Ho Chi Minh City Branch	Chao-Ho Lee Senior Vice President & General Manager	Ground Floor, Landmark Building, 5B Ton Duc Thang, Dist 1, Ho Chi Minh City, Vietnam	+84-8-38225697	+84-8-38229191
Singapore Branch	Wei-Dei Sheu Senior Vice President & General Manager	80 Raffles Place#23-20 UOB Plaza 2 Singapore 048624	+65-62277667	+65-62271858
Labuan Branch	Chen-Hui Chen Vice President & General Manager	Level 7 (E2), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 F. T. Labuan, Malaysia	+60-87-581688	+60-87-581668
Kuala Lumpur Marketing Office	Chen-Hui Chen Vice President & General Manager	Suite 12-04, Level 12, Wisma Goldhill 67, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	+60-3-20266966	+60-3-20266799
Hong Kong Branch	Shihming Huang Senior Vice President & General Manager	Suite 2201, 22/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong	+852-25259687	+852-25259014
Phnom Penh Branch	Jing-Fu Yang Vice President & General Manager	No.139, St.274 Independent Monument, BKK I, Chamkarmorn, Phnom Penh, Cambodia	+855-23-988101	+855-23-217982
Suzhou Branch	Robert Yong-Yi Tsai Senior Vice President & General Manager	RM 104,1F, Jianwu Building, No.188, Wangdun Rd., Suzhou Industrial Park, Jiangsu, China P.C.: 215028	+86-512-62966568	+86-512-62966698
Representative Office in Bahrain	Chou-Wen Pan Vice President & Representative	Flat 1, Abulfatih Building, Block 319, Rd 1906 Al Hoor Area, P.O. Box 5806, Manama, State of Bahrain	+971-2-6815555 Ext. 248	+971-2-6817744
Representative Office in Mumbai	Hung-Hui Chen Vice President & Representative	Trade Centre, Level Ground & 1, Bandra-Kurla Complex, Bandra East, Mumbai, 400051, India	+91-22- 61623297	+91- 22-61623800
Representative Office in Abu Dhabi	Chou-Wen Pan Vice President & Representative	B1, 18 th Floor, Three Sails Tower, Corniche Rd., P.O. Box 42284, Abu Dhabi, U.A.E.	+971-2-6815555 Ext. 248	+971-2-6817744

Subsidiaries

Mega International Commercial Bank (Canada)

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Head Office	Chung-Shin Loo President & Chief Executive Officer	North York Madison Centre, 4950 Yonge Street, Suite 1002, Toronto, Ontario, M2N 6K1, Canada	+1-416-9472800	+1-416-9479964
Chinatown Branch	Huang Chung-Tze General Manager	241 Spadina Avenue, Toronto, Ontario, M5T 1G6, Canada	+1-416-5978545	+1-416-5976526
Vancouver Branch	Bao-Huei Yeh Vice President & General Manager	1095 West Pender Street, Suite 1250, Vancouver, British Columbia, V6E 2M6, Canada	+1-604-6895650	+1-604-6895625
Richmond Branch	Hon-Sum Lee (Lee Raymond) General Manager	6111 No. 3 Road, Richmond, British Columbia, V6Y 2B1, Canada	+1-604-2733107	+1-604-2733187

Mega International Commercial Bank Public Co., Ltd.

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Head Office	Jia-Hong Wu President & Chief Executive Officer	36/12 P.S. Tower, Asoke, Sukhumvit 21 Road, Klongtoey-nua, Wattana, Bangkok 10110, Thailand	+66-2-2592000	+66-2-2591330
Chonburi Branch	Chien-Min Wang Vice President & General Manager	39/4 Moo.3, Sukhumvit Road, Huaykapi Sub-District, Muang District, Chonburi Province 20130, Thailand	+66-3-8387333	+66-3-8387525
Bangna Branch	Ching-Ho Tu Vice President & General Manager	MD Tower, 2 nd Floor, Unit B, No.1, Soi Bangna-Trad 25, Bangna Sub-District, Bangna District Bangkok Province 10260, Thailand	+66-2-3986161	+66-2-3986157
Ban Pong Branch	Ming-Cheng Huang Vice President & General Manager	99/47-48 Sonpong Road, Ban Pong, Ratchaburi 70110, Thailand	+66-3-2222882	+66-3-2221666

Annual Report 2012



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