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2013

LAND BANK of TAIWAN Annual Report



Website : <http://newmops.tse.com.tw>

The Bank Website : <http://www.landbank.com.tw>

Time of Publication : July 2014

Spokesman

Name : Huang, Chung-Min

Title : Executive Vice President

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First Substitute Spokesman

Name : Chu, Yu-Feng

Title : Executive Vice President

Tel : (886) 2-2348-3686

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Second Substitute Spokesman

Name : Huang, Cheng-Chang

Title : Executive Vice President

Tel : (886) 2-2348-3555

E-mail : lbev3@landbank.com.tw

Address & Tel of the Bank's Head Office and Branches (Please refer to "Directory of LBOT's offices")

Credit rating agencies

Name : Moody's Investors Service

Address : 24/F One Pacific Place 88 Queensway Admiralty, Hong Kong.

Tel : (852) 37581330 Fax : (852) 37581631

Web Site : <http://www.moody.com>

Name : Standard & Poor's Corp.

Address : Unit 1, Level 69, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong

Tel : (852) 25333500 Fax : (852) 25333577

Web Site : <http://www.standardandpoors.com>

Name : Taiwan Ratings Corporation

Address : 49F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 11049, Taiwan (R.O.C.)

Tel : (886) 2-8722-5800 Fax : (886) 2-8722-5879

Web Site : <http://www.taiwanratings.com>

Stock transfer agency

Name : Secretariat, Land Bank of Taiwan Co., Ltd.

Address : 3F., No.53, Huaining St., Zhongzheng Dist., Taipei City 10046, Taiwan (R.O.C.)

Tel : (886) 2-2348-3456 Fax : (886) 2-2375-7023

Web Site : <http://www.landbank.com.tw>

Certified Public Accountants of financial statements for the past year

Name of attesting CPAs : Gau, Wey-Chuan, Mei, Yuan-Chen

Name of Accounting Firm : KPMG

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The Bank's Website : <http://www.landbank.com.tw>

Annual Report

2013

LAND BANK of TAIWAN



Published by : Land Bank of Taiwan Co., Ltd

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Land Bank of Taiwan; Let Everyone Prosper

Land Bank of Taiwan Annual Report 2013

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Financial Highlights

Unit : NTD in millions; %

	2013		2012		2011		(2013/2012)	(2012/2011)
	NT\$	US\$	NT\$	US\$	NT\$	US\$	%	%
Assets	2,421,403	81,310	2,382,129	79,991	2,287,149	76,802	101.65	104.15
Deposits	1,977,494	66,403	1,946,031	65,347	1,887,025	63,366	101.62	103.13
Loans and Discounts	1,804,190	60,584	1,793,831	60,236	1,789,808	60,101	100.58	100.22
Investments	298,293	10,017	250,686	8,418	200,923	6,747	118.99	124.77
Net Worth	111,814	3,755	106,478	3,575	101,536	3,410	105.01	104.87
Interest Income	41,608	1,397	41,855	1,405	38,305	1,286	99.41	109.27
Interest Expenses	19,197	645	19,383	651	16,989	570	99.04	114.09
Net Income	8,935	300	7,998	269	8,816	296	111.72	90.72
ROA	0.37%		0.34%		0.40%			
ROE	8.19%		7.70%		8.82%			
NPL Ratio	0.27%		0.27%		0.29%			
Capital Adequacy Ratio	11.30%		11.35%		11.21%			

Note: 1. Figures for the period from 2012 to 2013 have been audited and attested by the CPAs based on the IFRSs (International Financial Reporting Standards). Figures for the year 2011 have been restated by the CPAs based on the audit result under ROC GAAP.

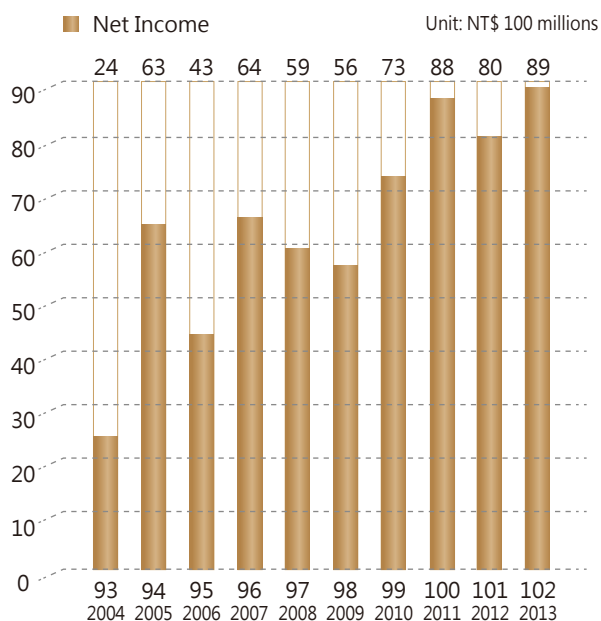
2. ROE=Net income/ Average net worth

3. ROA=Net Income/ Average assets

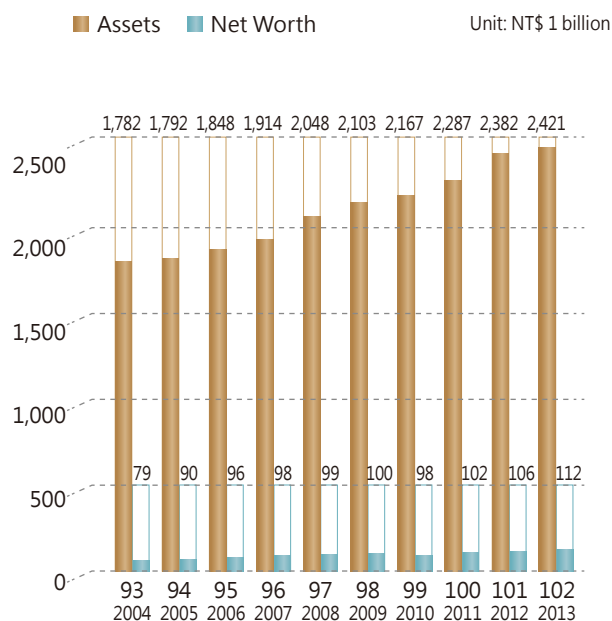
4. US dollar amounts are converted solely for convenience at NT\$29.780=US\$1.00, the Central Bank's closing exchange rate as of December 31, 2013.

2004-2013

Net Income 2004~2013



Assets and Net Worth 2004~2013





**TEAM
SUCCESS**

Growth

Representing the multiple value
of the brand



Business Reports

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Business Reports

Since the second half of 2013, the economies of developed countries have increasingly recovered. The economic growth rate of America in the third quarter has risen to 2%. The economic growth rates in Eurozone and Japan have rebounded gradually from their lowest point in the first quarter and continue to rise. The Emerging Economies have not grown as expected: the economies of Mainland China and India have recovered and remained stable, while others have declined in their economic growth. Overall while the global economy has steadily expanded, the momentum has been slow. Factors such as the tendency of U.S. Quantitative Easing policies, the development of U.S. Fiscal Cliff negotiations, and continuing geopolitical uncertainty in the Middle East have affected, and remain a risk to the sustained recovery of the global economy.

International economic boom can lead to the development of domestic export markets and the momentum of private investment can be expected to keep going however economic recovery remains slow. The government should not only continue to push the "Economic Power-up Plan" and "Economic Stimulus Plan" but also speed up the signing of trade agreements with other countries in order to establish greater business opportunities, for example, the Cross-Strait Service Trade Agreement in June, 2013. Another example is the "Agreement between New Zealand and Taiwan on Economic Cooperation" in July. This is the first economic cooperation agreement with a country which does not have diplomatic ties with Taiwan. It will be massively beneficial to create the conditions to ensure that Taiwan signs up to "The Trans-Pacific Partnership Agreement" with other countries. Our government should assiduously coordinate and initiate planning for "the Special Act for Free Economic Pilot Zones" in order to stimulate the domestic economy and inject momentum into Taiwan's economic growth.



Chairperson of the Board
Wang, Yao-Shing

In compliance with government policies, and with thanks to the excellent leadership of its management team and dedication of its staff, the Bank was able to respond to market conditions, flexibly adjust its operating strategies, and sustain steady growth in sales volume. Its business review for 2013 and business plan for 2014 can be outlined below:

I. Business Review for 2013

(I) Domestic and Overseas Economic and Financial Landscape

1. Economic situation

In the first half of 2013, the global economy remained sluggish. The majority of countries remained in a state of slow economic growth or deflation. The leading role played by the BRIC nations (Brazil, Russia, India and China) amongst developing economies remains insufficient to sustain the momentum of the global economy. The growth of China's economy in the second quarter was weak and only grew by 7.6% in the first half of 2013. The economy of European Union achieved 0.1% positive growth in the third quarter of 2013 after it had fallen consecutively for five years; however its entire economic situation has now been stabilized.

Since the United States implemented its Quantitative Easing policy, the job market has improved and the PMI (Purchase Management Index) returned to the upper half position of the expansion zone. This indicates that the economy in the United States has recovered slowly and gradually. Additionally, in the second half of 2013, Emerging Economies including Mainland China were stabilized, the crisis of European debt was easing, and the economic policies implemented in Japan increasingly stimulated their economy. Overall, global economic growth is expected to gradually increase. However, the future trend of the United States' Quantitative Easing policy, the problem of the U.S. debt ceiling (namely the maximum debt crisis faced by the American federal government), the slowdown of Mainland China's economic growth and the impact of systematic adjustments add variables to the future trajectory of the global economy.

2. Financial situation

Stock market sentiment in the first quarter of 2013 was conservatively inclined due to the early end of the Quantitative Easing policy in the United States and the diplomatic situation on the Korean peninsula. In the second quarter, the economic growth of Mainland China failed to meet expectations. In addition, the Federal Reserve Board issued the "Quantitative Easing Monetary Policy" which announced the news of an exit mechanism in June. These factors combined to engender caution amongst investors. It also ensured that the amount of the current deposit as well as deposits in foreign currency increased. At the end of December 2013, the Central Bank of the Republic of China announced the total balance amount of all monetary institutions was NTD\$34.4815 trillion, thus reaching the highest point recorded in history.

The profit margins between the first three quarters were relatively small, but became stable in the fourth quarter. Furthermore, banks continuously improved the rates of loans for small and medium enterprises and offshore businesses; increased profit margins to ensure gain; and the net income on the valuation of financial assets were constantly increased. In addition to this, the market-opening of Renminbi (Chinese Yen) services attracted individuals and enterprises to invest, and allowed for the service charge to grow. Therefore, in 2013, the total amount of pre-tax profits accumulated in all domestic banks amounted to NTD257.6 billion, reaching once again an all-time high.

We are looking forward to the coming year 2014, a year in which international economic agencies can forecast a more positive trend for the global economy in order to bring stable economic growth to our country; an increase to the funds needed by enterprises; a willingness to invest by people; the continuous amendment by authorities of required regulations; the expansion of the banking sector; increased Renminbi (Chinese Yen) business and the competition of moving toward Mainland China. The loan business and wealth management of domestic banks is also going to rise. Forecasts predict that the future economic outlook will turn to good. It will be beneficial to maintain investment income at a certain level. Additionally, domestic banks could increase interest margins through loan structure adjustments to ensure the banking business will continue to rise in 2014.

(II) Organizational Change of the Bank

1. In order to expand management and service, Baozhong and Zhongqing branches were established.
2. In order to promote the development of the foreign exchange business, provide a thorough service for our customers, enhance our service quality and make our business international we designated 117 foreign exchange banks at the end of 2013.
3. In order to diversify business, we urgently prepared for the opening of the Insurance Broker (Co., LTD) of Land Bank of Taiwan, which was officially opened on October 31, 2013.

(III) Practice Achievements of Business Plan and Operating Strategies

Unit: NTD in millions; USD in millions (foreign exchange); %

Major Operation Category \ Year	2013	2012	Growth Rate Compared to Preceding Year
Deposits	2,024,917	2,026,866	-0.10
Loans	1,817,004	1,818,827	-0.10
Foreign Exchange	67,374	54,477	23.67
Scale of Trust Property	325,771	294,126	10.76
Guaranty	82,155	69,075	18.94
Securities Brokerage	138,446	127,824	8.31

Note: 1. A smaller deposit from government institutions, state-owned businesses and non-profit organizations resulted in the negative growth of deposits. We have, as a matter of urgency, increased deposits from general customers and privately owned businesses in order to compensate for the loss from the low deposit operation.

2. We are both a state-run and real-estate specialty bank, as such we should ensure efforts are in line with the requirements of authorities and seek to strengthen control of risk policy on real estate credit-granting which affects both the financing and loaning operation of land and property.

President
Kao, Ming-Hsien

(IV) Status of Budget Execution

In the year 2013, the total accumulated average deposit amounted to NTD\$2.025 trillion, reaching 118.42% of the budget goal. The accumulated average loan outstanding amounted to NTD\$1.817 trillion, reaching 115.75% of the budget goal. The accumulated volume of foreign exchange transactions undertaken amounted to USD\$67.374 billion, reaching 249.53% of the budget goal. The before-tax net income amounted to NTD\$10.88 billion, reaching 129.00% of the budget goal.

(V) Income, Expense and Profitability Analysis

After audit and attestation by the CPAs, the main categories of increase and decrease in income, expense and profitability for the year 2013 as compared to final accounts for the preceding year (2012) restated by the CPAs, are analyzed below:

Unit: NTD in millions; %

Category		Year 2013	Year 2012	Increase/Decrease Comparison (%)
Net Interest Income		22,412	22,472	-0.27
Net Non-Interest Income		4,263	3,157	35.03
Total Net Income		26,675	25,629	4.08
Bad Debt Expenses and Provision Reserve Guarantee		1,410	1,416	-0.42
Operating Expense		14,385	14,172	1.50
Before-Tax Net Income		10,880	10,041	8.36
Net Profit for the Period		8,935	7,998	11.72
Return on Assets	Before-Tax	0.45	0.43	0.02
	After-Tax	0.37	0.34	0.03
Return on Equity	Before-Tax	9.97	9.66	0.31
	After-Tax	8.19	7.70	0.49
Net Income Ratio		33.50	31.21	2.29
Before-Tax Earnings Per Share (NT\$1)		2.18	2.01	0.17

Remarks: 1. Net non-interest income for 2013 increased when compared to 2012, mainly due to the financial assets in available for sale have reached fulfilment, gaining interest.

2. Before-tax net income for 2013 increased when compared to 2012, mainly due to the total net income increase and NPL expense decrease.

(VI) Status in Research and Development

The Bank had a unit specially designated for periodical and non-periodical work on analysis of economic and financial situations, study of industry development and trends, special topic research in banking business, etc. Important R&D achievements for the year 2013 included: 12 R&D reports, domestic and foreign economic and financial situation reports (weekly and monthly), industry reports (monthly and quarterly), industry development status reports (bi-monthly), 9 special economic and financial topic research reports, and 12 domestic real estate market status survey reports for business reference.

II. Brief Business Plan for 2014

(I) Operating Guidelines and Major Operating Policies

1. Continuously improve asset quality, enlarge the capital scale, lower operational risk, exercise organizational efficiency, and boost information service capacity in order to consolidate the Bank's operating physique.
2. Follow financial policies, expand the operating scale continuously, develop multi-core niche businesses, and increase operating synergy.
3. Enlarge the deposit/loan spread, improve interest income, expand businesses for administrative fee income, increase investment income, strengthen benefits from use of its own property, and reward employees for active marketing in order to enhance profitability.
4. Expand overseas operating locations, grasp international financial business opportunities, develop cross-strait electronic money flow business, build a worldwide corporate banking service network, and advance overseas operating performance.
5. Nurture professional talents, pay attention to customer rights and interests, implement corporate governance, and fulfill corporate social responsibility.

(II) Projected Operating Goals

1. Average deposit: NTD\$1,814 billion
2. Average loan outstanding: NTD\$1,649 billion
3. Foreign exchange undertaken: USD\$45 billion
4. Before-tax net income: NTD\$8.852 billion

III. Future Development Strategies

- (I) Carry on our bank's professional function, develop and integrate the multi-core niche businesses which include land and property financing, housing loan, urban redevelopment financing, real estate investment trust, and asset securitization in order to consolidate our leading role in real estate finance.
- (II) Enlarge business loan, strive for organizing the business of syndicated loan and securities underwriting services, assist businesses to raise funding and plan their finances, reinforce financial services for small and medium-sized businesses, build up the electronic money flow system such as online financing, supply chain financing, and business finance management in order to expand our financial business territory.
- (III) Act in accordance with the loan-price setting policy, set up reasonable loan interest rates, enlarge the deposit/loan spread, increase interest rate income, add abundant sources of administrative service charge, increase the non-interest income in order to enhance the ratio of revenue.
- (IV) Integrate the marketing of domestic and overseas branches, get involved in the international finance market, broaden offshore-banking operations, strengthen financial exchange and allies in accordance with the opening of cross-strait financial markets.
- (V) In order to meet the needs of multiple businesses, reward employees who undertake further study and acquire professional certification; draft a program of professional development and training; foster and improve employee quality.

IV. Credit Ratings

Rating Company	Rating Date	Rating Results		Outlook
		Long-Term Rating	Short-Term Rating	
Taiwan Ratings Corporation	June 10, 2013	twAA	twA-1+	Stable
Standard & Poor's Ratings Services	June 10, 2013	A-	A-2	Stable
Moody's Investors Service	Nov 26, 2013	Aa3	P-1	Stable

Chairperson



President





Prosperity

Displaying Ambition,
Global Targeting and Positioning



Bank Profile

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Directors, Supervisors and Officers

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Directors and Supervisors

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Officers

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Status of the Bank's Corporate Governance Practice
and its Deviations from the Corporate Governance
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Status of Social Responsibility Performance

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Status of implementing the
integrity management system

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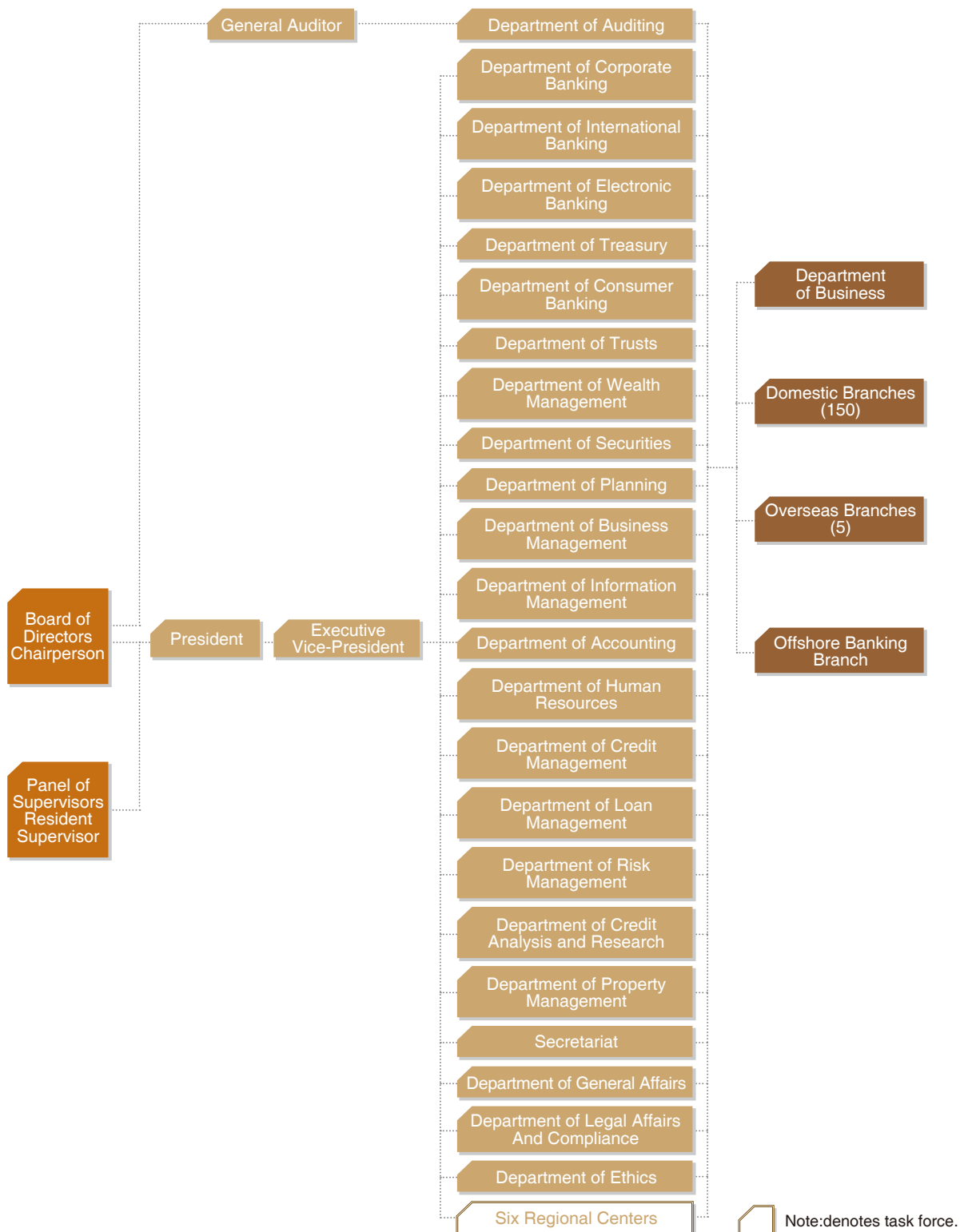
Bank Profile

I. History

The history of the Land Bank of Taiwan dates from 1945 when World War II came to an end. To facilitate implementation of land policies such as land-rights equalization and the land-to-the-tiller program in Taiwan, the government appropriated funds from the national treasury as capital to establish the "Land Bank of Taiwan" in accordance with the R.O.C. law on September 1, 1946 based on the five branches of Nippon Kangyo Bank consecutively set up in Taipei, Hsinchu, Taichung, Tainan and Kaohsiung since 1922, making the Bank the only domestic specialized bank that handled real estate. In May 1985, the Land Bank of Taiwan became qualified as a juristic person pursuant to Article 52 of the Banking Act; the Bank was later changed to a state-run organization on December 21, 1998 upon implementation of the Taiwan Province Simplification Statute; it was reorganized as "Land Bank of Taiwan Co., Ltd." on July 1, 2003, and was further transformed into a public company on May 21, 2004.



II.Land Bank of Taiwan Organization Chart



III. Employees

Year		2013	2012
Number of Employees	Staff	5,202	5,158
	Technicians	587	595
	Total	5,789	5,753
Average Age		44.81	44.91
Average Service Seniority		17.23	16.94
Distribution of Education Levels (%)	Doctor of Philosophy	0.07	0.04
	Master	12.91	11.52
	College	74.69	75.44
	High School	10.19	10.69
	Below High School	2.14	2.31

IV. Capital Structure

Month & Year	Issue Price	Registered Capital		Paid-in Capital		Remarks	
		No. of Shares	Amount	No. of Shares	Amount	Capital Source	Others
Dec. 2013	NT\$10	5 billion	NT\$50 billion	5 billion	NT\$50 billion	Appropriation from National Treasury and Capitalization over Years	



Directors, Supervisors and Officers

I. Directors and Supervisors

March,31 2014

Title	Name	Appointment Date	Term Duration	Institution Represented
Chairperson of the Board	Wang,Yao-Shing	12/20/2011	12/19/2014	Ministry of Finance
Managing Director	Kao,Ming-Hsien	01/03/2014	12/19/2014	Ministry of Finance
Managing Director	Chang-Fang	03/20/2014	12/19/2014	Ministry of Finance
Managing Director	Chu,Hau-Min	04/16/2013	12/19/2014	Ministry of Finance
Managing Director	Lee,Tsung-Pei	12/20/2011	12/19/2014	Ministry of Finance (Independent Director)
Director	Hsu,Huoo-Ming	12/20/2011	12/19/2014	(Independent Director)
Director	Yang,Mzng-Feng	01/03/2012	12/19/2014	Ministry of Finance
Director	Lee,Jih-Shyan	12/20/2011	12/19/2014	Ministry of Finance
Director	Hwang,Jen-Te	12/20/2011	12/19/2014	Ministry of Finance
Director	Chen,Chih-Yuan	12/20/2011	12/19/2014	(Independent Director)
Director	Yang,Song-Ling	12/20/2011	12/19/2014	Ministry of Finance
Director	Lin,Neng-Chin	09/05/2012	12/19/2014	Ministry of Finance
Director	Chen,Chung-Tsan	05/15/2013	12/19/2014	(Labor Director)
Director	Hsu,Ming-Chun	03/18/2014	12/19/2014	(Labor Director)
Resident Supervisor	Chen,Jui-Min	12/20/2011	12/19/2014	Ministry of Finance
Supervisor	Cheng,Jyh-Hung	12/20/2011	12/19/2014	Ministry of Finance
Supervisor	Cheng,Yu-Po	12/20/2011	12/19/2014	Ministry of Finance
Supervisor	Chang,Chuang-Chang	12/20/2011	12/19/2014	Ministry of Finance
Supervisor	Lee,Ching-Hua	07/04/2012	12/19/2014	Ministry of Finance

II. Officers

March 31, 2014

Title	Name	Appointment Date
President	Kao, Ming-Hsien	01/03/2014
Executive Vice President	Chu,Yu-Feng	01/16/2011
Executive Vice President	Huang, Chung-Min	07/16/2011
Executive Vice President	Huang,Cheng-Ching	09/19/2011
Executive Vice President	Chai,Li-Zen	10/22/2012
Executive Vice President	Lee,Jenn-Ming	03/03/2014
General Auditor	Wu,Mei-Yu	03/03/2014

Directors and Supervisors



Managing Director
Chang-Fang

Managing Director
Lee, Tsung-Pei

Resident Supervisor
Chen, Jui-Min

Managing Director
Chu, Hau-Min

Management Team



8

5

3

1

2

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7

1. Chairperson of the Board / Wang, Yao-Shing
2. President / Kao, Ming-Hsien
3. Executive Vice President / Chu, Yu-Feng
4. Executive Vice President / Huang, Chung-Min

5. Executive Vice President / Huang, Cheng-Ching
6. Executive Vice President / Chai, Li-Zen
7. Executive Vice President / Lee, Jenn-Ming
8. General Auditor / Wu, Mei-Yu

Elite Team





Status of Corporate Governance Practice

I. Status of the Bank's Corporate Governance Practice and its Deviations from the Corporate Governance Best-Practice Principles for Banks (with Respective Reasoning)

Category	Status of Practice	Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
1. Bank ownership structure and shareholders' equity		
(1) Bank handling of shareholder suggestions or disputes.	(1) There were specifically assigned personnel for handling stock affairs and ensuring good channels of communication.	No deviation.
(2) Status of the Bank being fully appraised of major controlling shareholders of the Bank, and their ultimate controllers.	(2) The Ministry of Finance was the sole shareholder of the Bank, and the Bank specifically assigned personnel to handle stock affairs, so it was actually informed of its major shareholders and its ultimate controllers.	No deviation.
(3) Status of the Bank building the risk control mechanism and firewall with affiliated enterprises.	(3) To reinforce control over its subsidiaries, the Bank had established the Subsidiaries Management Guideline and the Management Guideline for Appointing Personnel to Serve as Directors and Supervisors of Reinvested Businesses and Subsidiaries of the Land Bank of Taiwan in order to implement its supervision and management mechanism.	No deviation.
2. Composition and duties of the Board of Directors		
(1) Status of the Bank retaining Independent Directors.	(1) The Bank have implemented the Rules Governing the Scope of Duties of Independent Directors and retained three Independent Directors at this time.	No deviation.
(2) Status of periodically reviewing the attesting CPA's independence.	(2) The Bank retained its attesting CPA in accordance with the Government Procurement Act, and had achieved the accounting firm provisions regarding annual review, contract termination, and contract cancellation.	No deviation.
3. Status of establishing communication channels with stakeholders	The Bank had established a toll-free customer complaints hotline, and had executive mailbox, customer complaints and e-mail on the opinion exchange section of the Bank's website, in which specifically-assigned personnel handled suggestions or disputes raised by customers and stakeholders.	No deviation.

Category	Status of Practice	Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
<p>4. Information disclosure</p> <p>(1) Status of the Bank establishing a website to disclose information regarding finance, business, and the Bank's corporate governance.</p> <p>(2) Other means adopted by the Bank to disclose information (such as setting up an English website, specifically assigning personnel to collect and disclose bank information, implementing the spokesperson mechanism, and posting the taped investor conferences on the Bank website)</p>	<p>(1) The Bank had set up a global website and disclosed information about important financial and business affairs, and corporate governance every quarter in accordance with pertinent regulations of the Financial Supervisory Commission.</p> <p>(2) The Bank had set up an English website and specifically assigned personnel to periodically collect important financial and business information, and disclose related information on the website. To implement the spokesperson mechanism completely the Bank had established the Notice for News Release and Contact, where the President appointed one Executive Vice-President as the news spokesperson, and separately appointed another Executive Vice-President as the deputy spokesperson, to exclusively make public comments on major policies and business measures adopted by the Bank. The Secretariat's Public Relations Section was in charge of the collection of related information and news releases. It also posted taped investor conferences on the Bank website. The Ministry of Finance was the institutional representative of the Bank. We did not hold investor conferences for emerging stocks.</p>	<p>No deviation.</p> <p>No deviation.</p>
5. Operating status of the Bank establishing the Nomination Committee or other functional committees	Not yet established.	All shares of the Bank were held by the Ministry of Finance, R.O.C and all Directors were approved and appointed by the Ministry of Finance. The major decisions of the Bank were submitted to the Board of Directors for discussion and approval, and further monitored by the Supervisors.

6. Status of the Bank's corporate governance practice and its deviations from the Corporate Governance Best-Practice Principles for Banks and respective reasons. Please see the above columns for details.

7. Other important information that enhances understanding of the Bank's corporate governance practice (such as rights and interests of employees, employee care, investor relations, interests and rights between related parties, Directors and Supervisors continuing education, status of executing risk management policies and risk measurement standards, status of executing consumer or customer protection policy, status of the Bank purchasing liability insurance for Directors and Supervisors, status of donating money to political parties, stakeholders and charity groups, etc.):

(1) Directors and Supervisors continuing education: The Bank hosted the keynote speech of Corporate Governance by Directors and Supervisors (Including Independent Supervisors) called "Advanced Practice Conference for Directors and Supervisors-Directors and Supervisors' Conflict of Interest Avoidance" on October 24, 2013. In addition, Su Le-ming, the Executive Director, attended "Advanced Practice Conference for Directors and Supervisors (Including Independent Supervisors)-the Trend of Business Corruption and Prevention Measures". After that, the Bank continued to arrange courses regarding administrative neutrality and corporate governance.

Category	Status of Practice	Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
(2) Status of executing risk management policies and risk measurement standards:		
a. The Bank's "Risk Management Committee" convened 6 meetings during the year, in which the committee members reviewed the whole bank's risk monitoring reports and risk control proposals, and continued to have the Department of Risk Management handle measuring, monitoring and reporting of the whole bank's credit, market, operation and other risks. In addition, the Bank modified and issued Risk Management regulations below:		
(a) On January 21, 2013, the Bank issued a letter to modify the "Statement of Land Bank of Taiwan's Liquidity Risk Management".		
(b) On March 1, 2013, the Bank issued a letter to modify the "Statement of Land Bank of Taiwan's Market Risk Management".		
(c) On April 11, 2013, the Bank issued a letter to modify the "Statement of Land Bank of Taiwan's VaR Limits of Market Risk".		
(d) On July 3, 2013, the Bank issued a letter to modify the "Statement of Land Bank of Taiwan's Risk Management Policy and Procedure".		
b. According to the "Statement of Bank Capital Adequacy and Capital Management Ratio", the Bank issued a letter to the Financial Supervisory Commission to submit the "Operating Plan for Year 2013," the "Capital Adequacy Assessment Result for Year 2012" and the "Statement of Self-Assessment on Various Risk Indicators for Year 2012" of Land Bank of Taiwan.		
(3) Status of executing consumer or customer protection policy:		
a. On February 23, 2013, the Bank forwarded a letter from the Financial Supervisory Commission in order to reinforce the quality of credit assets for banks and prevent bad loan agency, as such the Bank established the "Precaution of Banks Preventing Loan Agency Case"		
b. On February 26, 2013, the Bank issued a letter to modify "3-D SECURE SERVICE FOR CHECKING CREDENTIALS USE ACT" in order to provide notice to cardholders to use "Electronic Transaction Security Authentication Mechanism" to reduce the risk of electronic transaction credit card fraud.		
c. On May 8, 2013, in consideration of the needs and rights of visually impaired consumers when applying for bank loans, and in accordance with the implementation of the Notary Public Law, the Bank modified the relevant business procedures.		
d. On June 20, 2013, the Bank modified the contract regarding housing loans and the application form in compliance with the "Financial Consumer Protection Act", "Personal Information Protection Act", the provision stated in the letter from the Financial Supervisory Commission and the operation needs of the Bank.		
e. On July 3, 2013, the Bankers Association of the Republic of China forwarded a letter to notify the Bank regarding consumer finance cases that arose in 2006, when debtors in the negotiating probation period implemented agreements in debenture debts consultative and consumer debt clearance regulations and asked the biggest financial creditor institution to show their certificates of satisfaction. The Bank was also provided with instructions of how to deal with these cases.		
f. On September 16, 2013, the Bank issued a letter which was forwarded from the Taxation Administration, Ministry of Finance, R.O.C to the Bankers Association of the Republic of China. The letter indicated that the Bank should remind their customers to pay attention to the limits of its authority when dealing with credit card applications.		
g. On September 30, 2013, the Bank forwarded a letter from the Council of Agriculture, Executive Yuan, outlining the provision of low-interest loans for natural disaster relief and a victims restoration fund (established in accordance with the low interest loan) for the areas of Pintong county where significant agricultural loss was suffered as a result of typhoon Usagi on September 19, 2013.		
h. On November 12, 2013, the Bank issued a letter of notification regarding the housing integration loan, the improvement of the double signature situation between loaners and co-signers, the modification of the personal loan credit application form in our banks (for purchasing of personal property and housing renovation loaning only), the housing loan contract, and the loan credit contract (bank loan for employees use only)		
(4) Status of the Bank purchasing liability insurance for Directors and Supervisors: No liability insurance policy was made at this time.		
(5) Status of the donation of money to political parties, stakeholders, and charity groups:		
There was no donation to political parties and stakeholders. To fulfill corporate social responsibility, the Bank spared no efforts donating money to charity groups under the ideal of "What is taken from society is used on society." Please refer to page 28 "Status of Social Responsibility Performance".		

Category	Status of Practice	Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
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8. Where there is a self-assessment report of corporate governance or an assessment report of corporate governance made by a contracting professional institution, please clearly state the results of the self-assessment (or contracting assessment), the major defects (or suggestions), and the status of improvements:

In 2013 the Bank retained a professional institution, National Kaohsiung First University of Science and Technology to conduct corporate governance assessment, for which the general opinions are summarized below:

(1) The strengths of the Bank is summarized in four main dimensions:

- a. Dimension of Information Transparency: Disclose the important information such as business objectives, conducting situations, important finance ratios, accounting policies, main stocks equity information and their change situation, the performance of the board of directors and its monetary rewards, the positions, achievements, and changes of current directors, supervisors and managers, etc.
- b. Dimension of Management Performance: the Bank has initiated the periodical assessment of the independent and appropriate accounting system, and abiding Government Procurement Act and its related enforcement rules to conduct business with government-owned businesses, institutions or government-run financial institutions.
- c. Dimension of Abilities of Directors of Board and Supervisors: Directors and supervisors were required to undertake further study and complete courses relating to company governance.
- d. Dimension of Stakeholders and Social Responsibility: Placing emphasis on social feedback, hosting diversified charity activities, getting awards of "Prize of Fiery Phoenix's Collecting Overdue Receivables", "Direct Guarantee Prize", and "Support Prize" from "Prize Assisting to Make Youngsters' Dream Career Come True" etc in year 2012 which demonstrated the achievement of the Bank in financing medium-sized and small enterprises.

(2) Suggestions for the Bank:

- a. The Bank had not yet established the Audit Committee; however the establishment of the Audit Committee has been listed as a priority and as such the Bank, with the independent directors, must ensure that this goal is progressed to replace the current supervisory system.
- b. There was misappropriation of receipts under custody and client money or internal control errors when dealing appropriately with fund redemption in 2012 and 2013. The Bank should at all times aim to ensure improvements in dealing with negligence cases. The Bank must also establish and implement a well-designed internal control system.
- c. The Bank should post important news about the Bank immediately on the Market Observation Post System (such as signing the business cooperation memorandum with the China Construction Bank). Or the related information, (such as the latest news releases) could be posted on the access website of the company to provide sufficient information to company shareholders, members of the public and other interested parties.

(3) The Bank's Reflection and Improvement:

- a. The Bank planned to establish an Audit Committee on December 19, 2013 after the completion of the fourth term of the current directors.
- b. Regarding all internal control failures, each department in charge of the business relating to internal control have already provided solutions and is in a position to review and improve whenever necessary.
- c. Release of the Bank's magnificent news:
 - (a) The Bank signed the Memorandum of Understanding Business Cooperation with China Construction Bank on June 5, 2013. On the same day, the Bank released this breathtaking news on the Market Observation Post System, and issued press releases on the access website of the Bank. However, this piece of news had expired and was removed before January, 2014 when the evaluation committee members looked it up.
 - (b) The Bank signed the Memorandum of Understanding Business Cooperation with China Construction Bank on June 5, 2013. On the same day, the Bank released this breathtaking news on the Market Observation Post System, and issued press releases on the access website of the Bank. However, this piece of news had expired and was removed before January, 2014 when the evaluation committee members looked it up.

II. Status of Social Responsibility Performance:

Category	Status of Practice
<p>1. Implementing the promotion of corporate governance</p> <p>(1) Status of the Bank in establishing a corporate social responsibility policy or system and reviewing implementation achievements.</p> <p>(2) Operating status of the Bank in establishing a specially-set (adjunct) unit to promote corporate social responsibility.</p> <p>(3) Status of the Bank periodically holding corporate ethics training sessions and promotion campaigns for Directors, Supervisors and employees, and combining it with the employee performance evaluation system to establish a clear and effective reward and punishment mechanism.</p>	<p>The Bank is a state-run business, of which the Ministry of Finance is the sole shareholder. For years, the Bank followed governmental policy for the provision of various special loans and the promotion of national economic development. Following the ideal of "What is taken from society is used on society," the Bank has spared no effort in positively sponsoring community care, environmental protection and underprivileged groups, and as such has not established a separate corporate social responsibility policy or system.</p> <p>The Bank has not establish any specially-set (adjunct) unit to promote corporate social responsibility.</p> <p>a. The Bank's Directors and Supervisors all took training courses on administrative neutrality and corporate governance according to pertinent regulations and the Bank has arranged training programs on a non-periodic basis.</p> <p>b. The annual training program included courses on "Financial Personnel Regulations and Professional Ethics", "Civil Service Anti-corruption Ethics Regulations," "Civil Servants Service Act", and the "Personal Information Protection Act" which could rectify the prevailing social climate, ensure consensus when conducting civil affairs, and engender an image of the civil affairs team as upstanding, open, fair and productive.</p> <p>c. The Bank sent the notice to every unit non-periodically to promote the "Directions for General Evaluation of Civil Servants of the Executive Yuan and Affiliated Agencies", "Life Ethics Guidelines for the Personnel of National Banking and Insurance Entities", "Civil Service Act" and "Civil Service Administrative Neutrality Act" to ensure not only their compliance but to also reinforce knowledge of the laws and the necessity of obeying them.</p> <p>d. Pursuant to the "Directions for General Evaluation of Civil Servants of the Executive Yuan and Affiliated Agencies" and the "Directions for Evaluation of Personnel of State-Run Financial and Insurance Business Organizations Under the Ministry of Finance" the Bank included employee work competency, service attitude, character and integrity, organizational goal fulfillment, and implementation of customer orientation as the items for employee general and annual evaluations, with proper rewards or punishments being issued for respective superior or inferior performances.</p>
<p>2. Developing a sustainable environment</p> <p>(1) Status of the Bank in striving for improved efficiency in usage of various resources, as well as using recycled materials of low environment load and impact.</p> <p>(2) Status of the Bank in establishing a proper environmental management system according to the characteristics of its sector.</p>	<p>a. The Bank promoted using both sides of paper for copying (printing), and procured and used recycled paper.</p> <p>b. The Bank carried out garbage reduction, garbage sorting, and resources recycling.</p> <p>a. The Bank periodically cleaned and waxed its working premises, cleared waste, renewed flowers, trees and pot plants, beautified the working environment, and regularly sent patrol personnel to reinforce environmental management.</p> <p>b. Every year the Bank conducted 4 hours of environmental education sessions, in order to advance the employees' understanding of environmental ethics and responsibilities, the maintenance of ecological balance, upholding respect for life, and fulfilling sustainable development.</p>

Category	Status of Practice
(3) Status of the Bank establishing the specially-designated environmental management unit or personnel for environmental preservation.	The Bank followed the Labor Safety Section under the Department of General Affairs, in taking responsibility for promoting environmental education and maintaining a clean environment, etc.
(4) Status of the Bank in paying attention to the impact of climate change on operating activities, as well as setting up its policy on energy saving, carbon reduction and greenhouse gas emission reduction.	<p>a. The Bank followed a campaign of green procurement by purchasing more environmentally-friendly products with the Energy Label, Water Saving Label, and Green Building Label.</p> <p>b. The Bank set an annual goal of saving over 2% of water, electricity and fuel expenditure and saving over 12% of paper. Every year, the Bank replaced 10% of high electricity-consuming appliances with energy-saving equipment.</p>

3. Safeguarding social interest

- (1) Status of the Bank in observing pertinent labor laws and regulations, respecting internationally-recognized principles of basic labor rights, protecting legal rights and interests of employees, upholding non-discrimination in its employment policy, and establishing and implementing proper management conduct and procedures.
- a. In accordance with its business nature and Article 70 of the Labor Standards Act, the Bank had established work rules on the following matters, which were released after being submitted to, and approved by, the governing authority.
- (a) Work hours, time off, leave of absence, national holidays, special leave of absence, and methods for arranging shifts for doing continuous work.
 - (b) Wage rates, calculation method and pay days.
 - (c) Overtime work.
 - (d) Allowances and bonuses.
 - (e) Disciplinary policy.
 - (f) Attendance, the taking of leave, commendations or demerits, and promotion and transfer.
 - (g) Recruitment, discharge, separation, withdrawal of service, and retirement.
 - (h) Compensation and pension for injury or disease caused by occupational accidents.
 - (i) Welfare measures.
 - (j) Health and safety regulations to be observed by employees and employer.
 - (k) Methods for promoting communication and cooperation between employees and employer.
 - (l) Others.
- b. The Bank held the "Labor-Management Meeting" in accordance with Article 83 of the Labor Standards Act and the Labor-Management Meeting Implementation Regulations:
- (a) The Bank held at least 1 periodical Labor-Management Meeting every 3 months.
 - (b) Besides the aforesaid periodical meeting, the Bank also held the Interim Labor-Management Meeting whenever necessary.
 - (c) The Bank's Executive Vice-President in charge of human resources and the labor union's Chairperson took turns serving as the chair of the Labor-Management Meeting, to maintain equity and impartiality in the meeting.
 - (d) The Bank provided 7 days' notification of the Labor-Management Meeting prior to it being held. When there was a proposal, the meeting staff delivered it to Labor-Management Meeting representatives 3 days before the meeting was held and then the Labor-Management Meeting was held at the time and location stated on the meeting notice.
 - (e) More than one half of representatives from both the employees and the management were required to attend the meeting, and a resolution was adopted after a negotiated consensus had been reached. If consensus failed to be reached by negotiation, a resolution would be adopted with the consent of at least 3/4 of the present representatives.
 - (f) As the principle of resolutions are realized through their implementation, all sides actively participated in the execution and promotion of all resolutions adopted and endeavored to coordinate with relevant units to introduce items in a timely manner.

Category	Status of Practice
(2) Status of the Bank in offering employees a safe and healthful working environment, and periodically providing employees with health and safety education.	<p>a. The Bank had established the Working Directions for Labor Safety and Health, which should be strictly followed by all employees, to jointly prevent various incidents from occurring.</p> <p>b. The Bank had established the Labor Safety and Health Management Notice, and fully implemented its "Labor Safety and Health Management Plan" to increase the sense of safety and health of all employees, and ensure their safety and fitness.</p> <p>c. Every 3 years the Bank held a 3-hour safety and health training session for on-job employees.</p>
(3) Status of the Bank in establishing a mechanism for periodical employee communication, and a reasonable way of informing employees of operating changes that may impact substantially upon them.	<p>a. The Bank initiated to hold the Labor-Management Meeting; pursuant to Article 83 of the Labor Standards Act and the Regulations for Implementing Labor-Management Meeting, after which the Bank would issue a letter to inform every unit of the meeting's resolutions, requiring each unit to relay contents of the resolutions to its staff in order to increase the harmonious labor-management relationship and boost their working efficacy.</p> <p>b. The Bank signed an agreement with Teacher Chang Foundation on counseling and online-reply counseling service in order to provide counseling channels, help ill-adapted employees at work and take care of their health and emotional wellbeing, reinforce employee loyalty, and advance working capacity.</p>
(4) Status of the Bank in establishing and announcing its consumer rights policy, as well as providing a transparent and effective consumer complaint procedure for its products and services.	<p>a. To protect customer rights and interests, and handle financial consumption disputes fairly, reasonably and effectively, the Bank issued a letter to every unit to publish its "Financial Consumer Protection Policy" and pertinent regulations and standard operating procedure on June 12, 2012. Also, the bank modified the previous policy on February 27, 2013 to implement the assured protection of our financial consumers.</p> <p>b. Every quarter the customer service center produced for the perusal of management and to ensure follow up and continuous improvement, a Statistical Table ordered by Category and a Detailed List of Cases Processed of phone calls and complaints received.</p> <p>c. The Bank had set up the 3 channels of executive mailbox, customer complaint and e-mail on its website to communicate with the public, where customer requirements and suggestions would be processed in a timely manner by the responsible units according to their functions and duties.</p> <p>d. Every quarter the Bank submitted and reported the status of the handling of customer complaints and financial consumption disputes across the whole bank to the meeting of the Board of Directors or the meeting of the Board of Managing Directors. Every half year, the Bank submitted and reported the status of executing financial consumer protection work across the whole bank to enhance the supervisory function of the Board of Directors on the Bank's consumer protection.</p>
(5) Status of the Bank working with suppliers to jointly strive for advancing corporate social responsibility.	<p>On August 8, 2013, the Bank worked with Franklin Templeton Investments Consulting Company to hold the public interest activity of "Colorful LOHAS and Public Charity: Apple Theater Performance" at Kuokuang Assembly Hall in the Chinese Petroleum Corporation building. 148 children from the World Peace Association and Hope Foundation for Cancer Care were invited to take part in this activity.</p>

Category	Status of Practice
(6) Status of the Bank participation in activities of community development and public charity groups via commercial events, commodity donation, corporate volunteer service or other free professional services.	<p>a. During year 2013, with the opening of the Baozhong and Zhongqing branches and the Nanzi and Pingchen branches changing location, the Bank held a series of localization activities, community love and care (with local features) events for the benefit of underprivileged groups.</p> <p>b. In order to consolidate customer service, increase customer responsiveness and the image of the Bank, we have extended the business hours of the Chunghsiao and Chungkang branches from Monday to Friday to 5 p.m.</p> <p>c. The Financial Supervisory Commission of the Executive Yuan continued to hold five sessions of the lecture "Walk in Campus and Community: Financial Knowledge Promotion Campaign" in 2013. It invited financial consultants of the Bank to serve as lecturers assisting the government in promoting financial education, consolidating sound consumption and financial planning concepts as well as increasing financial service quality.</p> <p>d. The Taiwan Financial Services Roundtable, with some city and county governments, held a series of public interest activities in relation to "Financial Service and Social Awareness in Year 2013" to boost the cohesiveness of financial organizations, help underprivileged groups, and promote financial education. On June 1, Taiwan Financial Services Roundtable and Chiayi city government held the first garden party at Chiayi City Square. The activity was very popular and received positive feedback from citizens. On November 30, the Taiwan Financial Services Roundtable invited Hsinchu county government to co-host the second activity. The branches in the Chiayi and Hsinchu areas actively assisted with the activities and promoted financial education to people through the use of games and fun activities.</p> <p>e. Before the Chinese New Year, on February 5, the Bank hosted "The Care of the Land Bank of Taiwan Makes Your Heart Grow Warm in the Harsh Winter" charity event. Though this activity, the Bank provided 20 types of Chinese New Year festival foods (including free range chickens and leaf mustard) to approximately 390 children and teenagers from the following four social welfare organizations; the Jonah House in Cathwel Service Organization, the Bethany Children's Home in Taipei City, the Rongguang Social Welfare Institution in New Taipei City and the Enjia Poverty Family Association in Taipei City.</p> <p>f. The Bank hosted the "Conference of Caring and Serving Small and Medium Enterprises and Increasing Financial Competitiveness in the Year 2013" at the Poai branch in order to help small and medium enterprises obtain business capital and increase their financial competitiveness.</p> <p>g. The Bank donated NTD\$1 million to the Social Welfare Department of the New Taipei City government on December 17, 2013. The donation was used to help underprivileged families in the face of emergent disasters, and to make a contribution to society. At that time, the Social Welfare Department presented the Bank with a gratitude prize for the donation.</p> <p>h. The Bank continued to host the charity activity of "The Care of the Land Bank of Taiwan Makes Your Heart Grow Warm in the Harsh Winter" on December 19, 2013. The Bank purchased fresh vegetables, fruits, dried food, stationary, and warming products for 310 children and teenagers from the following four social welfare organizations; Jonah House in New Taipei city, Taichung Christian Herald Children's Home, Christian Mountain Children's House in Kaohsiung city and Onesiphorus Children's Home.</p>

Category	Status of Practice
	i. The Bank established a Web Accessibility Service for personal online banking in accordance with the authorities to promote setting Access-Free ATMs. At the end of year 2013, there were 115 Access-Free ATMs which were designed for wheelchair users and 8 Access-Free ATMs which were designed for visually impaired persons. During the period of 2013, the Bank also purchased 98 Access-Free ATMs which were specifically placed and used in hospitals located in the neighborhood of the governments of the Five Special Municipalities and in hypermarkets to provide a convenient service for people.
4. Enhancing information disclosure	
(1) Ways in which the Bank discloses reliable and relevant corporate social responsibility information.	Information of the Bank relating to corporate social responsibility was disclosed on the "Corporate Governance Section" of the Bank's website.
(2) Status of the Bank in drafting the corporate social responsibility report and disclosing the status of promoting corporate social responsibility.	None.
5. If the Bank establishes its own corporate social responsibility guidelines pursuant to the "Corporate Social Responsibility Best-Practice Principles for Listed Companies," the Bank is to clearly state any operating deviation from the guideline: None.	
6. Other important information that enhances understanding of the Bank's corporate social responsibility practice (such as the system and measures adopted by the Bank and their performance status for environmental protection, community participation, social contribution, social service, public interest, consumer rights and interests, human rights, health and safety, and other social responsibility activities): The ROC Government was the sole shareholder of the Bank, and the Bank not only followed the government policy to promote various special and relief loans, but also paid attention to fulfillment of its social responsibility as a corporate citizen. Under the idea of "What is taken from society is used on society," the Bank spared no efforts to continuously sponsor, encourage and support the care of community environmental protection, public interest activities, academics and culture, underprivileged groups, etc. Hosting art exhibition in the exhibition hall at the Head Office was an example, with actual operations detailed as the above-mentioned points.	
7. Where the Bank's product or corporate social responsibility report passes a relevant examination institution's inspection standards, it shall be clearly stated: None.	

III. Status of implementing the integrity management system

Category	Status of Practice
1. Propose and promulgate an integrity management policy, code of ethics, and associated provisions. (1) The integrity management policy and associated provisions shall have been promulgated and explicitly described in the internal regulations as well as the external documents by the bank authority. The board of directors and management shall also endeavor to enforce the above-mentioned policy and provisions. The concrete deeds will be released in external documents.	The bank authority has promulgated guidelines for the directors, supervisors, and managers, aiming to encourage them to apply the highest ethical standards to every aspect of their businesses and act with integrity at all times. The board of directors and management shall also endeavor to enforce the integrity management policy.

Category	Status of Practice
<p>(2) A number of preventative measures, a standard operating procedure, guidelines for misconduct, and relevant training designed to prevent fraud, dishonesty, and deceitfulness shall have been proposed.</p> <p>(3) The Bank should set the preventative measures and programs which shall be applied to regulate some business activities which may be at a higher risk of being involved in any potential unethical conduct, though these business transactions are still within the bank's business scope. These preventative measures should be conducted to prevent offering bribes, receiving bribes, and providing illegal political donations.</p>	<p>a. All the staff working for this bank shall abide by the following guidelines promulgated by the Executive Yuan and the Ministry of Finance respectively, "Integrity and Ethics Directions for Civil Servants", "Guidelines for Regulating Lobbying Registration and Inspection within the Executive Yuan and its Subordinate Agencies and Institutions", and "Guidelines for Regulating Lobbying Registration and Inspection within the Ministry of Finance and its Subordinate Agencies and Institutions". All the governmental agencies and institutions are obliged to file suspicious cases which may breach any regulations prescribed in the above-mentioned guidelines.</p> <p>b. The bank shall set up a "Registration System for Integrity and Ethics Directions" within an internal website. The relevant courses shall be included in the on-job training programs for employees.</p> <p>Refer to the above-mentioned operation and establish a reporting channel to the authority.</p>
<p>2. Enforce the integrity management policy.</p> <p>(1) It is advisable not to undertake any commercial dealings with clients or trading counterparties who have had any records of unethical conduct. Additionally the Integrity Deed regulations in commercial contracts should be established.</p> <p>(2) The current status of establishing a specially-set (adjunct) unit to promote integrity management and how the board of directors supervised the relevant operations shall be explained.</p> <p>(3) The current status of proposing policy for avoiding work-related conflicts of interests and establishing appropriate reporting channels shall be elaborated.</p>	<p>a. The financial consumer protection policy promulgated by the Bank indicates that the Bank shall provide financial consumers with financial products or services based on the agreements which are designed to warrant that the fairness, mutually beneficial principles, and integrity will be fulfilled throughout the whole process of the financial operation or investment. In addition, the bank is also obliged to pursue the best interests of clients and exercise the due care of clients as a professional manager, as well as a good administrator.</p> <p>b. When the Bank is undertaking dealings with our clients or counterparties, the relevant legal issues will be assessed prior to the transactions. In addition, fairness and transparency will also be ensured.</p> <p>So far, any specially-set (adjunct) unit has not yet been set up for promoting the integrity management policy.</p> <p>As the Bank is a state-run bank, all employees shall abide by the "Act on Recusal of Public Servants Due to Conflicts of Interest" . When any employee is suspected of breaching the "Act on Recusal of Public Servants Due to Conflicts of Interest", the Bank should not interfere with the lawsuit and the concerned authorities shall provide that employee with proper consultation and advice.</p>

Category	Status of Practice
<p>(4) Aiming to ensure the enforcement of integrity management, the Bank authority shall have established effective accounting systems, internal control systems, and audit systems carried out by internal auditors.</p>	<p>a. Based on the "Accounting Act", the "Business Entity Accounting Act", the "International Financial Reporting Standards", the "Sample of Accounting System for Banking Entity", and other laws and regulations promulgated by the concerned authorities, the "Accounting System of the Land Bank of Taiwan" has been finalized and approved by the board of directors and submitted to the Directorate General of Budget, Accounting and Statistics (DGBAS), Executive Yuan. The "Accounting System of the Land Bank of Taiwan" has subsequently been approved and promulgated by the DGBAS. The "Accounting System of the Land Bank of Taiwan" has further been posted on the internal website as per the guidelines for all accounting-related affairs.</p> <p>b. According to the rules described in section 28 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the bank shall authorize a certified public accountant to assess and certify the annual balance sheet, filing returns, and internal control system. After that assessment, the bank shall present a final evaluation report with respect to the control environment of our bank, major business risks, the accuracy of the data submitted to the concerned authorities, the internal control system, the implementation of the major policies and the appropriateness of bad debt write-off expenses.</p> <p>c. Based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" promulgated by the Financial Supervisory Commission, Executive Yuan, our bank has established an effective internal control system and every business section has also proposed associated provisions so that the above-mentioned "Implementation Rules" have been enforced accordingly.</p> <p>d. All the audit and evaluation reports prepared by different sections, with respect to general businesses, projects, important unexpected incidents, and any other investigation projects assigned by the superordinate institutions shall be submitted to the chairperson and standing supervisors for further review and approval. All the independent directors and supervisors are entitled to be notified of the details of the audit and evaluation reports. Comments made by the external auditors in relation to the audit and recommendations made to alleviate the audit defects and ensure continuous improvement will also be submitted to the board of directors and supervisors.</p> <p>e. The internal audit section shall submit an "Audit Report" to the board of directors and supervisors every six months. This report shall contain the status of implementing the measures related to the internal control system and internal auditing system, the follow-up improvement on the flaws contained in the reports prepared by the internal and external auditors, and the instructions made by the independent directors and supervisors in relation to the audit report. All the above-mentioned matters should be followed up by the internal audit unit until they are improved.</p> <p>f. Our internal auditors shall carry out their auditing tasks based on the principles of integrity and shall not breach the rules described in Section 13 "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". If any auditor violates the regulations, that auditor's position will be adjusted within one month after the date when the auditor's unethical conduct is confirmed.</p>

Category	Status of Practice
3. The Bank shall have established a channel for receiving reports on any unethical conduct. When any employee violates the integrity management policy and associated provisions, the disciplinary system, together with penalties and the system of filing an appeal, shall be applied to that case. The operation status related to all of the above-mentioned should be explained.	The Bank has set up the following channels to receive reports on any unethical conduct. These channels include the direct phone line, (02)2371-4572, the prosecution box—Taipei P.O. Box 1541, the e-mail address—lbged@landbank.com.tw, the bulletin board on the website for customers to file complaints or appeals, and the chairperson's mail box on the website.
4. Reinforce the information disclosure policy (1) The Bank shall have set up a website for disclosing information relating to the integrity management policy. (2) The Bank should adopt other ways to disclose information (such as setting up an English-version website, appointing an employee to be in charge of collecting relevant information and disclosing this information on the website, etc).	<p>The Bank has disclosed all the information related to the integrity management policy on our bank's website—"Corporate Governance Section".</p> <p>The Bank has set up an English-version website and has appointed an employee to be in charge of collecting important financial business information and disclosing this information on the website.</p>
5. If the Bank establishes its own corporate social responsibility guideline pursuant to the "Corporate Social Responsibility Best-Practice Principles for Listed Companies," the Bank is to clearly state any operating deviation from the guideline: None.	
6. Any other essential information which may help integrity management understanding (such as providing concerned personnel or institutions with an understanding of the current status of implementing the integrity management policy by inviting them to attend the training program, and to review and improve the integrity management policy): None	





Practice

Demonstrating Professionalism
and Advancing Ideals



Operating Overview

38

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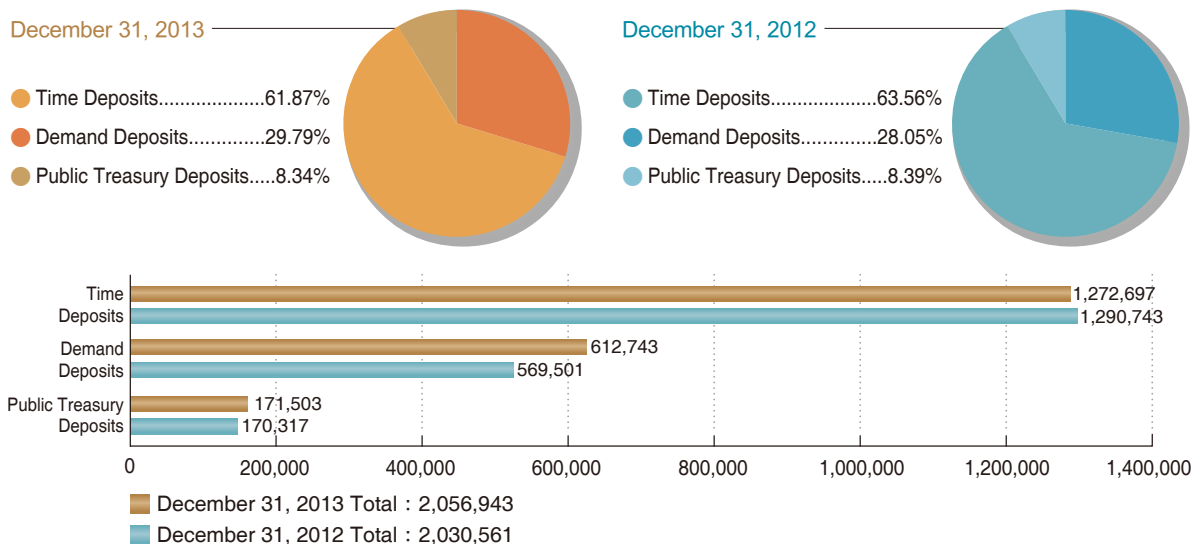
Operating Overview

I. Deposits

At the end of 2013, the total deposits of the Bank stood at NTD\$2,056.9 billion, with an increase of NTD\$26.4 billion or 1.30% compared to the end of year 2012, within which demand deposits increased by 7.59%.

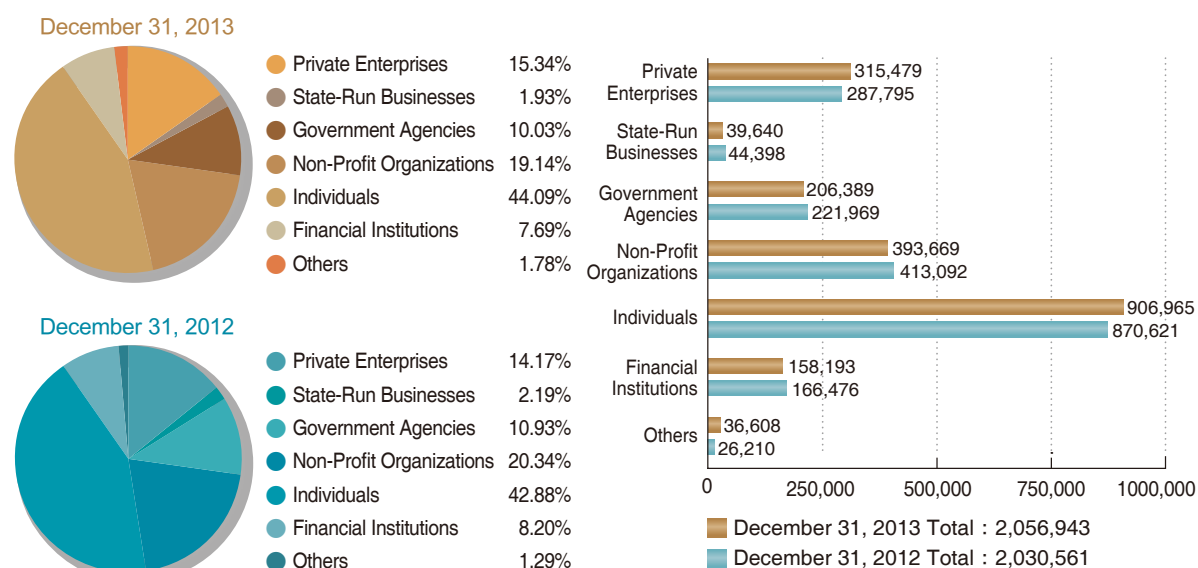
Comparison of Deposit Structures between 2013 and 2012

Unit: NTD in millions; %



Comparison of Depositor Structures between 2013 and 2012

Unit: NTD in millions; %



II. Loans

Until the end of 2013, New Taiwan Dollar loans out of the Bank's own funds stood at NTD\$1,826.3 billion, with a market share that ranked No. 3 in the domestic lending market.

① Corporate Banking

Until the end of 2013, corporate banking loans reached NTD\$1,058.14 billion, within which small and medium enterprises loans amounted to NTD\$324.39 billion, and construction industry loans amounted to NTD\$296.45 billion and had the No. 1 market share of construction industry loans in Taiwan.

In accordance with the government policy of stabilizing real estate, the Bank tried to enhance diversification of its corporate banking business to avoid risks. The Bank strove to expand its syndicated loan business but also actively promoted the urban renewal loan business. At the end of the year 2013, the Bank had been a mandated arranger and a participating bank in 69 syndicated loan cases, with a total allotted amount of NTD\$38.35 billion plus USD\$198 million; the Bank was also undertaking 46 urban renewal loan cases, with a line of NTD\$43.54 billion.

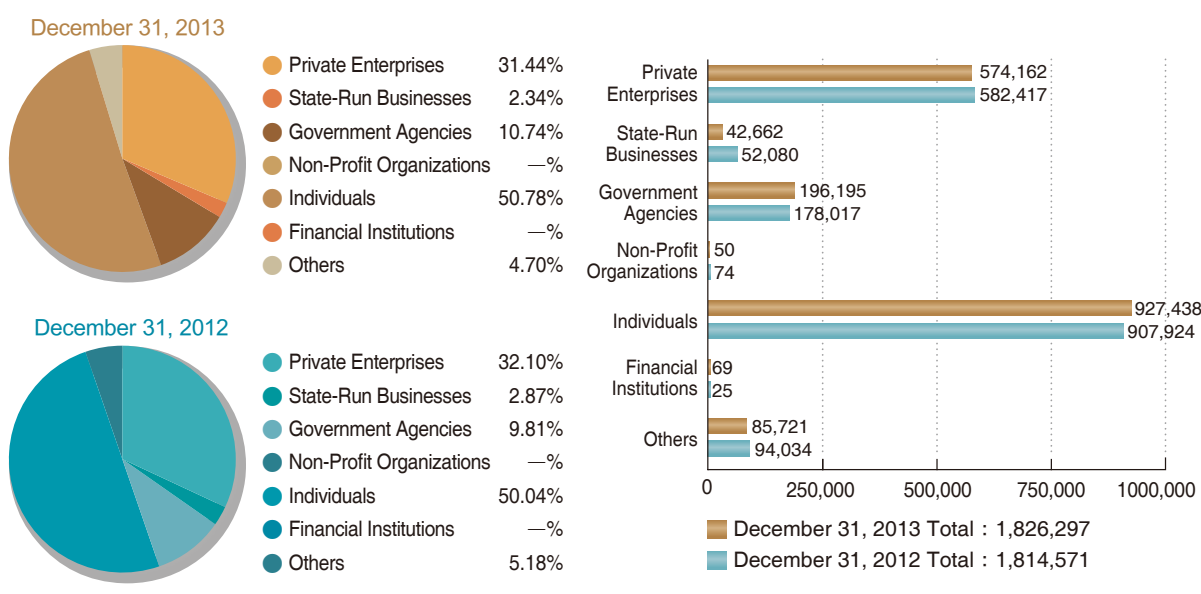
② Consumer Banking

Until the end of year 2013, consumer banking loans reached NTD\$768.1 billion, with an increase of NT\$25.6 billion, within which housing loans amounted to NTD\$668.7 billion, and consumer loans amounted to NTD\$51.7 billion.

Consumer banking in the Bank mainly included housing loans, consumer loans and the credit card business, where "Elite Housing Loan," "Quality Housing Loan," "Decreasing Term Housing Loan," "Policy-Oriented Housing Loan," and "Comprehensive Consumer Loan" served as its featured products. Based on data published by the Financial Supervisory Commission, the Bank ranked No. 1 in the banking industry in housing loans, with a market share of 11.11%. The Bank also outperformed all other banks in agency/organization employee consumer loans with a market share of 34.32%. In addition to this and in accordance with government policies, the Bank actively conducted various policy-oriented housing loans, agricultural loans and labor hardship loans. The amount of "Privilege Loan for Young Couple Purchasing Houses", which received special mention, was 70.3 billion. 22,976 loan application cases in total were accepted. All of these achievements were exceptional.

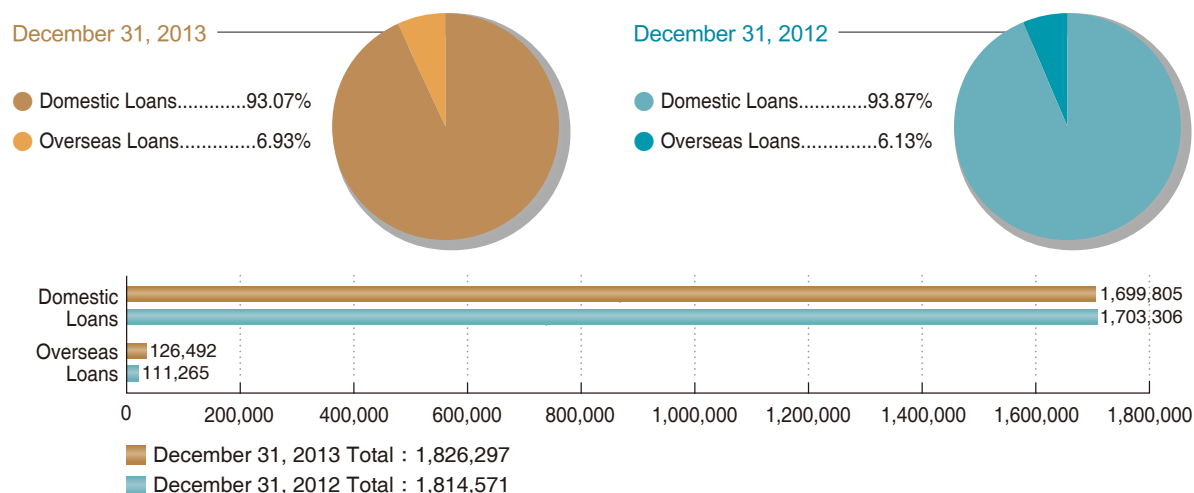
Comparison of Borrower Structures Between 2013 and 2012

Unit: NTD in millions; %



Comparison of Loan Structures between 2013 and 2012

Unit: NTD in millions; %



III. Trusts

Until the end of 2013, the Bank handled 1,215 types of offshore funds, 572 types of domestic funds, with trust property invested in domestic and foreign negotiable securities of NTD\$53.48 billion. Since March, 2013, the Bank has offered renminbi (RMB) and a variety of foreign currency products for our customers. The Bank added 1 fund custody. Until the end of 2013, there were 12 fund custodies and the value of property entrusted was 81.92 billion. At the end of year 2013, the Bank had also undertaken up to 1,399 real estate trusts, with a trust property of NTD\$120.79 billion. To promote the government policy protecting consumer rights and interests, the Bank consecutively launched the businesses of "payment trust" and "real estate development trust" for expanding its business scope. At the end of December 2013, there had been 25 and 24 newly-undertaken cases respectively. At the end of 2013, the Bank had undertaken 26 cases as a financial asset securitization trustee institution, amongst which 9 cases remained operating, with trust property of NT\$19.40 billion. The Bank had also undertaken 7 cases as a real estate securitization trustee institution, amongst which 3 cases remained operating, with a trust property of NTD\$47.25 billion, as such the Bank took the lead both as an securitization trustee institution and in the real estate trust business. In order to meet the demand of the current market, the Bank has offered advanced payment trust services.

IV. Wealth Management

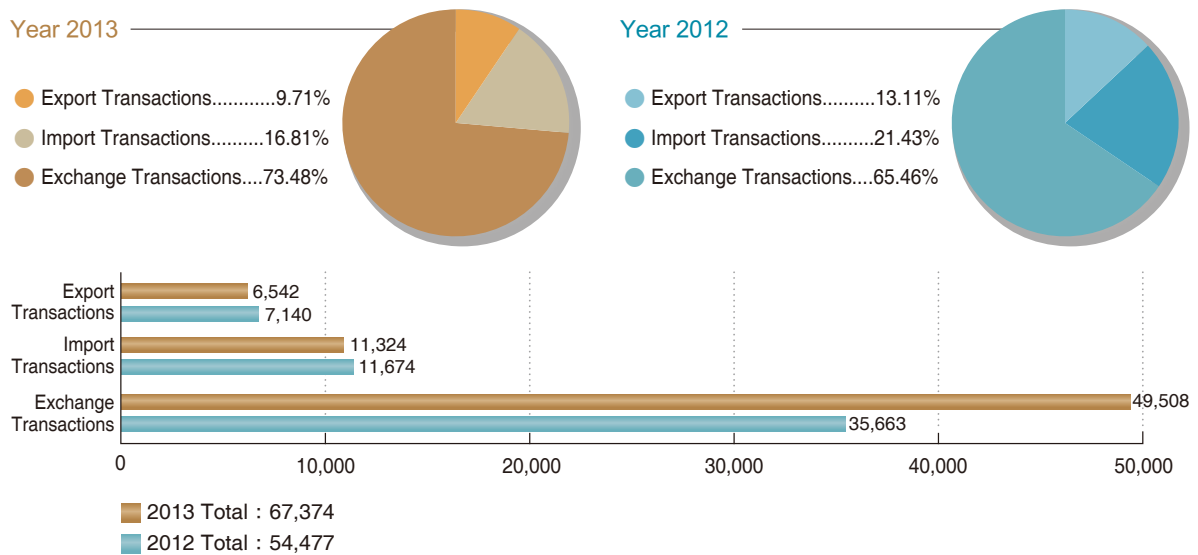
To respond to the trend of the public's investment, financial management and development and in order to meet customer need, the Bank has added investment services such as diverse and innovative wealth management products, and offered financial planning or asset allocation, etc. In 2013, the Bank added 16 conservative insurance products in total, 5 investment insurance products, and 5 foreign currency insurance products, and continued the endowment insurance product with interest rate change, foreign currency conventional insurance product denominated by US dollar, etc. In terms of trust and investment securities service, the Bank also added 123 domestic and foreign funds in total, making a total of 1,787 domestic and foreign fund products available "of the shelf" throughout the year. At the end of 2013, wealth management's administration income grew 10.64%, the number of VIP accounts stood at 73,849, and current account assets grew 5.09%

V. Foreign Exchange and International Banking

At the end of 2013, the Bank had 117 authorized foreign exchange business units, 20 branches handling purchase/sale of foreign currencies and traveler's checks, 5 overseas branches and as many as 2,828 overseas correspondent banks spread across major financial centers over five continents. The volume of foreign exchange transactions undertaken by the Bank stood at USD\$67.37 billion, within which export transactions reached USD\$6.54 billion or 9.71%. Import transactions reached USD\$11.32 billion or 16.81%. And exchange transactions reached USD\$49.51 billion or 73.48%.

Comparison of Foreign Exchange Structures between 2013 and 2012

Unit: NTD in millions; %



VI. Electronic Banking

To provide customers with a convenient and efficient service, the Bank continuously promoted electronic banking services by establishing 803 automated service machines, continued to promote receipt and payment collection, management for enterprises, labor protection card, chip debit cards' issuance, acquiring, money deduction and transnational withdrawal, UnionPay Card's ATM receipt in Taiwan, chip debit card's personal online services, mobile banking, e-bank gold bankbook, and Hong Kong e-bank system.

VII. Financial Planning and Investment

The Bank not only reinvested in state-run and private enterprises to generate revenues in accordance with government policies, but also invested in stocks and depositary receipts of TWSE/GTSM-listed public companies in consideration of domestic and overseas financial landscapes and industry development factors in order to increase investment efficiency. The Bank further created an efficient overall plan for the various uses of New Taiwan Dollar and foreign currency funds, flexibly managed and arranged funds, lowered the cost of funds, paid close attention to market trends of interest rates, and actively promoted the business of bonds and notes in order to generate greater earnings.

VIII. Securities

Until the end of 2013, the Bank's securities brokerage operation volume stood at NT\$138.45 billion with 46 cases underwritten. In the future, the Bank will develop the integrated use of cross-departmental resources and exercise its strengths in channels and customer base in order to actively promote securities brokerage and underwriting businesses, and boost online service functions. In addition to this, the Bank will combine the financial resources from enterprises, develop main business and financial customers, and co-host SPO (Secondary Public Offering) to underwrite new business to gain further revenues.



Passing Down

Demonstrating Strengths and
Consolidating Foundations



Financial Status and Risk Management

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Financial Status and Risk Management

I. Condensed Consolidated Balance Sheets and Income Statements

(I) Condensed Consolidated Balance Sheets and Income Statements under IFRSs

1. Condensed Consolidated Balance Sheets

Unit: NTD in thousands

Accounting Title	Year	Financial data for Year 2012–2013 (Note 1)	
		2013	2012
Cash and cash equivalents, due from the Central Bank and Call Loans to banks		255,690,923	272,970,238
Financial assets at fair value through profit or loss		2,205,335	1,115,209
Financial assets available-for-sale		290,049,749	245,553,231
Securities purchased under agreements to resell		1,171,587	0
Receivables - Net		7,688,589	7,276,723
Income tax assets		139,704	126,013
Discount and loans - Net		1,804,190,412	1,793,830,759
Financial assets in held-to-maturity		1,270,403	177,958
Investments accounted for using equity method		18,985	0
Other financial assets - Net		3,690,519	3,958,548
Fixed assets - Net		23,964,785	24,173,455
Investment properties - Net		24,351,193	24,414,519
Intangible assets - Net		553,016	456,895
Deferred income tax assets - Net		4,233,902	4,202,345
Other assets		2,183,930	3,873,071
Total assets		2,421,403,032	2,382,128,964
Due to the Central Bank and Call Loans from banks		202,365,412	182,218,350
Borrowed from the Central Bank and other banks		2,476,871	2,543,368
Financial liabilities at fair value through profit or loss		105,971	79,248
Securities sold under agreements to repurchase		6,226,271	6,395,130
Account payables		21,538,723	40,322,574
Income tax liabilities		1,017,665	1,007,227
Deposits and remittances		1,977,568,122	1,946,054,843
Other liabilities		75,697,121	75,696,489
Other financial liabilities		146,415	182,259
Liability reserve		13,527,055	13,055,864
Deferred income tax liabilities		6,975,682	6,970,118
Other liabilities		1,943,913	1,125,669
Total liabilities	Before distribution	2,305,819,795	2,272,152,184
	After distribution	2,309,589,221	2,275,651,139
Capital stock		50,000,000	50,000,000
Capital reserve		21,748,869	21,748,869
Retained earnings	Before distribution	40,525,070	35,089,038
	After distribution	36,755,644	31,590,083
Other items in shareholders' equity		3,309,298	3,138,873
Total shareholders' equity	Before distribution	115,583,237	109,976,780
	After distribution	111,813,811	106,477,825

Note: Figures for the period from 2012 to 2013 have been audited and attested by the CPAs based on the IFRSs (International Financial Reporting Standards).

2. Condensed Consolidated Comprehensive Income Statements

Unit: NTD in thousands

Accounting Title	Year	Financial data for Year 2012–2013 (Note 1)	
		2013	2012
Interest revenues		41,608,347	41,854,763
Less: Interest expense		19,196,556	19,383,164
Net interest revenue		22,411,791	22,471,599
Net non-interest revenue		4,263,212	3,157,804
Net operating income		26,675,003	25,629,403
Loan losses and provision for losses on guarantee		1,410,461	1,416,385
Operating expenses		14,384,417	14,172,002
Continuing operations' income before tax		10,880,125	10,041,016
Income tax expense (or benefit)		1,945,138	2,042,557
Continuing operations' net income		8,934,987	7,998,459
Income (Loss) from discontinued operations		0	0
Net income (Net loss)		8,934,987	7,998,459
Other comprehensive income (net of tax) for the period		170,425	612,410
Total comprehensive income for the period		9,105,412	8,610,869
Net income attributable to owner of the parent		8,934,987	7,998,459
Net income attributable to non-controlling interests		0	0
Comprehensive income attributable to owner of the parent		9,105,412	8,610,869
Comprehensive income attributable to non-controlling interests		0	0
Earnings per share (NTD)		1.79	1.60

Note: 1. Figures for the period from 2012 to 2013 have been audited and attested by the CPAs based on the IFRSs (International Financial Reporting Standards).

2. No interest capitalization occurred in the above years.

(2) Condensed Consolidated Balance Sheets and Income Statements under ROC GAAP

1. Condensed Consolidated Balance Sheets

Unit: NTD in thousands

Accounting Title	Year	Financial Data for Year 2009 - 2012 (Note 1)			
		2012	2011	2010	2009
Cash and cash equivalents (due from the Central Bank and Call Loans to banks)		272,967,465	233,821,304	181,917,747	194,453,481
Financial assets at fair value through profit or loss		1,115,209	1,400,956	2,919,008	3,020,240
Securities purchased under agreements to resell		0	0	499,430	0
Available-for-sale financial assets		245,552,414	189,326,452	223,476,691	251,968,642
Discounts and loans		1,793,826,933	1,789,807,842	1,685,371,797	1,576,185,471
Receivables		7,274,910	7,338,393	7,567,639	7,830,707
Held-to-maturity financial assets		177,958	267,910	171,395	171,833
Investments accounted for using equity method		0	0	22,602	13,614
Fixed assets		24,468,186	24,605,384	22,632,803	22,871,560
Intangible assets		456,840	565,723	736,872	415,752
Other financial assets		3,958,548	7,027,839	9,608,504	10,230,942
Other assets		32,807,196	32,987,689	32,424,716	35,840,272
Total assets		2,382,605,659	2,287,149,492	2,167,349,204	2,103,002,514
Due to the Central Bank and Call Loans from banks		182,213,837	180,258,561	169,920,408	201,042,483
Deposits and remittances		1,946,054,489	1,887,146,816	1,802,896,136	1,713,478,871
Financial liabilities at fair value through profit or loss		79,248	178,503	273,392	132,684

Accounting Title		Financial Data for Year 2009 - 2012 (Note 1)			
		2012	2011	2010	2009
Securities sold under agreements to repurchase		6,395,130	10,897,378	9,060,064	8,368,393
Borrowed from the Central Bank and other banks, financial debentures payable		78,239,857	58,315,953	43,213,146	31,995,149
Accrued pension liabilities		12,482,537	12,603,291	12,465,899	12,002,393
Other financial liabilities		182,259	205,455	234,089	253,942
Other liabilities		49,741,241	36,007,944	30,906,979	36,110,742
Total liabilities	Before distribution	2,271,889,643	2,180,206,040	2,061,470,113	1,995,884,657
	After distribution	2,275,388,598	2,185,613,901	2,068,970,113	2,003,384,657
Capital stock		50,000,000	50,000,000	50,000,000	50,000,000
Capital reserve		21,748,869	21,748,869	21,748,869	21,748,869
Retained earnings	Before distribution	28,174,084	24,885,885	23,323,865	23,509,687
	After distribution	24,675,129	19,478,024	15,823,865	16,009,687
Unrealized gain or loss from financial instrument		3,306,831	2,526,463	4,742,866	5,565,804
Cumulative translation adjustments		-288,214	-88,544	-191,431	22,048
Other items in shareholders' equity		7,774,446	7,870,779	6,254,922	6,271,449
Total shareholders' equity	Before distribution	110,716,016	106,943,452	105,879,091	107,117,857
	After distribution	107,217,061	101,535,591	98,379,091	99,617,857

Note: 1. Figures for the period from 2009 to 2012 have been restated by the CPAs based on the audit result of the Ministry of Audit.

2. The asset revaluation in Oct. 27, 2011 resulted in 33,246,214 (NTD in thousands) of the total appreciation of revaluation, including 12,080,845 (NTD in thousands) of the appreciation of fixed asset (land) and 21,165,369 (NTD in thousands) of the appreciation of other assets (non-business use land) respectively.

2. Condensed Consolidated Income Statements

Unit: NTD in Thousands

Accounting Title		Financial data for Year 2009 - 2012 (Note 1)			
		2012	2011	2010	2009
Net interest income		22,497,370	21,315,803	19,630,805	16,329,911
Net non-interest income		1,927,883	3,201,958	4,342,053	5,676,611
Net operating income		24,425,253	24,517,761	23,972,858	22,006,522
Provision for loan losses		1,413,117	1,597,975	2,030,859	1,665,363
Operating expenses		12,338,604	12,376,527	12,592,340	12,167,781
Income (before income tax)		10,673,532	10,543,259	9,349,659	8,173,378
Income tax expense (or benefit)		1,977,471	1,727,537	2,035,481	2,600,236
Income after income tax		8,696,061	8,815,722	7,314,178	5,573,142
Earnings per share		1.74	1.76	1.46	1.11

Note: 1. Figures for the period from 2009 to 2012 have been restated by the CPAs based on the audit result of the Ministry of Audit.

2. No interest capitalization occurred in the above years.

II. Financial Analysis

1. Financial Analysis

Accounting Title Analyzed		2012-2013 Financial Analysis (Note 1)	
		2013	2012
Operating capability	Ratio of loans to deposits (%)	92.58	93.47
	Non-performing loan ratio (%)	0.27	0.27
	Ratio of interest expenses to annual average deposits (%)	0.85	0.86
	Ratio of interest revenues to annual average loans (%)	2.02	2.03
	Total assets turnover (times)	0.01	0.01
	Average operating income per employee (NTD in thousands)	4,607.88	4,454.96
	Average profit per employee (NTD in thousands)	1,543.44	1,390.31
Profitability	Return on Tier I capital (%)	11.48	11.17
	Return on assets (%)	0.37	0.34
	Return on shareholders' equity (%)	8.19	7.70
	Net income ratio (%)	33.50	31.21
	Earnings per share (NTD)	1.79	1.60
Financial structure	Ratio of liabilities to assets (%)	95.35	95.50
	Ratio of fixed assets to shareholders' equity (%)	21.43	22.70
Growth rate	Asset growth rate (%)	1.65	-
	Profit growth rate (%)	8.36	-
Cash flows	Cash ratio (%)	-	22.72
	Cash flow adequacy ratio (%)	86.93	446.97
	Cash flow sufficiency ratio (%)	-	-4,278.72
Liquid reserve ratio (%)		18.89	17.65
Total secured loans to related parties (NTD in thousands)		10,938,576	12,211,878
Ratio of total secured loans to related parties to total loans (%)		0.64	0.72
Operating scale	Market share of assets (%)	4.17	4.46
	Market share of net worth (%)	2.61	2.67
	Market share of deposits (%)	5.85	6.09
	Market share of loans (%)	7.68	7.94

Analysis of changes in financial ratios for the past 2 years (increase/decrease over 20%):

Compared to 2012, the cash flow adequacy ratio for 2013 decreased, mainly because in 2013 the net cash flows from operating activities decreased when compared to 2011, which caused the ratio to drop.

Note 1: Figures for the period from 2012 to 2013 have been audited and attested by the CPAs based on the IFRSs (International Financial Reporting Standards)

Note 2: Equations for calculation of various ratios:

1. Operation capabilities

- (1) Ratio of loans to deposits = Average total loans outstanding / Average total deposits
- (2) Non-performing loan ratio = Total non-performing loans / Total loans
- (3) Ratio of interest expenses to annual average deposits = Total interest expenses / Annual average deposits
- (4) Ratio of interest revenues to annual average loans = Total interest revenues / Annual average loans
- (5) Total assets turnover = Net operating income / Average total assets
- (6) Average operating revenues per employee = Net operating income / Number of employees
- (7) Average profit per employee = Net income / Number of employees

2. Profitability

- (1) Return on Tier I capital = Before-tax earnings or losses / Net average Tier I capital
 (2) Return on assets = Net income / Average total assets
 (3) Return on shareholders' equity = Net income / Average net shareholders' equity
 (4) Net income ratio = Net income / Net operating income
 (5) Earnings per share = (Comprehensive income attributable to owner of the parent—preferred stock dividends) / Weighted average number of shares issued

3. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets
 (2) Ratio of real estate and equipment to shareholders' equity = real estate and equipment / I shareholders' equity

4. Growth rate

- (1) Asset growth rate = (Total assets in the current year – Total assets in the preceding year) / Total assets in the preceding year
 (2) Profit growth rate = (Income before income tax in the current year – Income before income tax in the preceding year) / Income before income tax in the preceding year

5. Cash flows

- (1) Cash flows ratio = Net cash flows from operating activities / (Interbank loans and overdrafts + Commercial papers payable + Financial liabilities at fair value through profit or loss + Securities sold under agreements to repurchase + Payables with due date within one year)
 (2) Net cash flow adequacy ratio = Net cash flows from operating activities for the last five years / (Capital expenditure + Cash dividends) for the last five years
 (3) Cash flow sufficiency ratio = Net cash flows from operating activities / Net cash flows from investment activities

6. Liquid reserve ratio = Current assets required by the Central Bank / Various liabilities requiring liquid reserve

7. Operating scale

- (1) Market share of assets = Total assets / Total assets of all financial institutions handling deposits and loans
 (2) Market share of net worth = Net worth / Total net worth of all financial institutions handling deposits and loans
 (3) Market share of deposits = Total deposits / Total deposits of all financial institutions handling deposits and loans
 (4) Market share of Loan = Total loans / Total loans of financial institutes which can operate deposits and loans business

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

Note 4: Financial institutions handling deposits and loans include domestic banks, branches of foreign banks in Taiwan, credit cooperatives, credit departments of farmers' and fishermen's associations, and investment trust companies.

Capital Adequacy

Unit: NTD in thousands

Accounting Title Analyzed			Year (Note 1)	Capital Adequacy Ratios for 2013 (Note 2)	
Owner's capital	Common stock			97,135,643	
	Other total tier I of non-common stocks equity			0	
	Tier II capital			68,110,196	
	Owner's capital			165,245,839	
Risk-weighted assets	Credit risk	Standardized approach		1,377,185,253	
		Internal ratings-based approach			
		Securitization			
	Operational risk	Basic indicator approach		47,980,803	
		Standardized approach / Alternative standardized approach			
		Advanced measurement			
	Market risk	Standardized approach		37,041,116	
		Internal models			
	Total risk-weighted assets				1,462,207,172
Capital adequacy ratio (%)				11.30%	
Ratio of Tier I capital to risk assets (%)				6.64%	
Ratio of common stock to total assets (%)				6.64%	
Leverage ratio (%)				2.91%	

Note 1: Figures for 2013 have been audited by the CPAs

Note 2: Equations for calculation of various ratios or values:

- (1) Owner's capital = Common stocks equity + Other total tier I of non-common stocks equity + Tier II capital
- (2) Total risk-weighted assets = Credit-risk-weighted assets + Total risk charge (operational risk + market risk) × 12.5
- (3) Capital adequacy ratio = Owner's capital / Total risk-weighted assets
- (4) Ratio of Tier I capital to risk assets = Tier I capital (common stocks equity + other total tier I of non-common stocks equity) / Total risk-weighted assets
- (5) Ratio of common stocks equity to risk asset = Common stocks equity / Total risk-weighted asset
- (6) Leverage Ratio = Net tier I capital / Exposure measurement

2. Financial Analysis under ROC GAAP

Accounting Title Analyzed		Financial analysis for Year 2009 - 2012			
		2012	2011	2010	2009
Operating capability	Ratio of loans to deposits (%)	93.47	96.25	94.68	93.01
	Non-performing loan ratio (%)	0.27	0.29	0.43	0.79
	Ratio of interest expenses to annual average deposits (%)	0.96	0.88	0.69	0.90
	Ratio of interest revenues to annual average loans (%)	2.30	2.21	2.00	2.12
	Total assets turnover (times)	0.01	0.01	0.01	0.01
	Average operating income per employee (NTD in thousands)	4,245.65	4,244.03	4,182.29	3,694.23
	Average profit per employee (NTD in thousands)	1,511.57	1,526.00	1,276.03	935.56
Profitability	Return on Tier I capital (%)	11.78	12.31	11.11	9.61
	Return on assets (%)	0.37	0.40	0.34	0.27
	Return on shareholders' equity (%)	8.33	8.82	7.39	5.61
	Net income ratio (%)	35.60	35.96	30.51	25.32
	Earnings per share (NTD)	1.74	1.76	1.46	1.11
Financial structure	Ratio of liabilities to assets (%)	95.47	95.53	95.41	95.22
	Ratio of fixed assets to shareholders' equity (%)	22.82	24.23	23.01	22.96
Growth rate	Asset growth rate (%)	4.17	5.53	3.06	2.66
	Profit growth rate (%)	1.24	12.77	14.39	8.40
Cash flows	Cash ratio (%)	1.09	21.83	13.46	-8.11
	Cash flow adequacy ratio (%)	178.85	179.23	147.74	363.42
	Cash flow sufficiency ratio (%)	-5.80	-16.54	-13.88	10.80
Liquid reserve ratio (%)		17.65	15.32	16.87	18.33
Total secured loans to related parties (NTD in thousands)		12,211,878	10,844,335	9,236,856	9,350,965
Ratio of total secured loans to related parties to total loans (%)		0.72	0.63	0.56	0.61
Operating scale analysis	Market share of assets (%)	4.46	4.53	4.59	4.68
	Market share of net worth (%)	2.69	2.81	2.78	2.59
	Market share of deposits (%)	6.09	6.13	6.13	6.12
	Market share of loans (%)	7.94	8.20	8.12	8.05

Note 1: Figures for the period from 2009 to 2012 have been restated by the CPAs based on the audit result of the Ministry of Audit.

Note 2: Equations for calculation of various ratios:

1. Operating capability

- (1) Ratio of loans to deposits = Average total loans outstanding / Average total deposits
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- (3) Ratio of interest expenses to annual average deposits = Total interest expenses / Annual average deposits
- (4) Ratio of interest revenues to annual average loans = Total interest revenues / Annual average loans
- (5) Total assets turnover = Net operating income / Total assets
- (6) Average operating income per employee = Net operating income / Number of employees
- (7) Average profit per employee = Net income / Number of employees

2. Profitability

- (1) Return on Tier I capital = Before-tax earnings or losses / Net average Tier I capital
 (2) Return on assets = Net income / Average total assets
 (3) Return on shareholders' equity = Net income / Average net shareholders' equity
 (4) Net income ratio = Net income / Net operating income
 (5) Earnings per share = (Net income – preferred stock dividends) / Weighted average number of shares issued

3. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets
 (2) Ratio of fixed assets to net worth = Net fixed assets / Net shareholders' equity

4. Growth rate

- (1) Asset growth rate = (Total assets in the current year – Total assets in the preceding year) / Total assets in the preceding year
 (2) Profit growth rate = (Income before income tax in the current year – Income before income tax in the preceding year) / Income before income tax in the preceding year

5. Cash flows

- (1) Cash flows ratio = Net cash flows from operating activities / (Interbank loans and overdrafts + Commercial papers payable + Financial liabilities at fair value through profit or loss + Securities sold under agreements to repurchase + Payables with due date within one year)
 (2) Net cash flow adequacy ratio = Net cash flows from operating activities for the last five years / (Capital expenditure + Cash dividends) for the last five years
 (3) Cash flow sufficiency ratio = Net cash flows from operating activities / Net cash flows from investment activities

6. Liquid reserve ratio = Current assets required by the Central Bank / Various liabilities requiring liquid reserve

7. Operating scale

- (1) Market share of assets = Total assets / Total assets of all financial institutions handling deposits and loans
 (2) Market share of net worth = Net worth / Total net worth of all financial institutions handling deposits and loans
 (3) Market share of deposits = Total deposits / Total deposits of all financial institutions handling deposits and loans
 (4) Market share of loans = Total loans / Total loans of all financial institutions handling deposits and loans

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

Note 4: Financial institutions handling deposits and loans include domestic banks, branches of foreign banks in Taiwan, credit cooperatives, credit departments of farmers' and fishermen's associations, and investment trust companies.

Capital Adequacy

Unit: NTD in thousands

Accounting Title Analyzed		Year	Capital Adequacy Ratios for Year 2009 - 2012			
			2012	2011	2010	2009
Owner's capital	Tier I capital	Common stock	50,000,000	50,000,000	50,000,000	5,000,000
		Perpetual noncumulative preferred stock				
		Perpetual noncumulative subordinate debentures				
		Capital collected in advance				
		Additional paid-in capital (excluding fixed assets increments reserve)	21,748,869	21,748,869	21,748,869	21,748,868
		Legal reserve	17,404,953	14,835,534	12,157,973	10,014,426
		Special reserve	6,837,617	4,674,670	2,890,049	5,975,641
		Accumulated profit or loss	0	0	730,724	143,522
		Minority interest				
		Other titles in shareholders' equity	-640,400	-1,050,975	-571,183	-534,202
		Less: Goodwill				
		Less: Unamortized loss for sale of non-performing loans				
		Less: Titles of capital deducted	2,405,498	2,971,709	3,000,471	2,961,457
		Total Tier I capital	92,495,541	87,236,389	83,955,960	84,386,798

Accounting Title Analyzed			Year	Capital Adequacy Ratios for Year 2009 - 2012			
			2012	2011	2010	2009	
Owner's capital	Tier II capital	Perpetual cumulative preferred stock					
		Perpetual cumulative subordinate debentures					
		Fixed assets increments reserve	7,866,759	7,870,779	6,254,921	6,271,449	
		45% of unrealized gain from available-for-sale financial assets	1,642,103	1,565,631	2,300,887	2,750,624	
		Convertible bonds					
		Operating reserve and allowance for uncollectible accounts	14,589,906	13,406,337	8,442,393	5,274,293	
		Long-term subordinate debentures	46,209,449	43,320,000	32,820,000	23,600,000	
		Nonperpetual preferred stock					
		Total of perpetual noncumulative preferred stock and perpetual noncumulative subordinate debentures that exceeds 15% of total Tier I capital					
		Less: Titles of capital deducted	2,405,498	2,971,709	3,000,471	2,961,457	
		Total Tier II capital	67,902,719	63,191,039	46,817,730	34,934,909	
	Tier III capital	Short-term subordinate debentures					
		Nonperpetual preferred stock					
		Total Tier III capital	0	0	0	0	
Owner's capital		160,398,260	150,427,428	130,773,690	119,321,707		
Risk-weighted assets	Credit risk	Standardized approach	1,336,542,594	1,276,659,360	1,143,853,222	1,064,315,414	
		Internal ratings-based approach					
		Securitization	0	0	0	0	
	Operational risk	Basic indicator approach	46,566,628	43,838,604	43,061,667	43,289,632	
		Standardized approach / Alternative standardized approach					
		Advanced measurement approach					
	Market risk	Standardized approach	30,712,114	21,102,948	24,914,382	24,886,608	
		Internal models approach					
Total risk-weighted assets		1,413,821,336	1,341,600,912	1,211,829,271	1,132,491,653		
Capital adequacy ratio (%)			11.35	11.21	10.79	10.54	
Ratio of Tier I capital to risk assets (%)			6.54	6.50	6.93	7.45	
Ratio of Tier II capital to risk assets (%)			4.80	4.71	3.86	3.08	
Ratio of Tier III capital to risk assets (%)			0	0	0	0	
Ratio of common stock to total assets (%)			2.1	2.19	2.31	2.38	

Note 1: Figures for the period from 2009 to 2012 have been audited by the CPAs

Note 2: Equations for calculation of various ratios or values:

1. Owner's capital = Tier I capital + Tier II capital + Tier III capital
2. Total risk-weighted assets = Credit-risk-weighted assets + Total risk charge (operational risk + market risk) × 12.5
3. Capital adequacy ratio = Owner's capital / Total risk-weighted assets
4. Ratio of Tier I capital to risk assets = Tier I capital / Total risk-weighted assets
5. Ratio of Tier II capital to risk assets = Tier II capital / Total risk-weighted assets
6. Ratio of Tier III capital to risk assets = Tier III capital / Total risk-weighted assets
7. Ratio of common stock to total assets = Common stock / Total assets

III. Risk Management

(I) Qualitative and Quantitative Information About Various Risks

1. Credit Risk Management System and Accrued Capital

Credit Risk Management System 2013

Category of Disclosure	Description
1. Credit risk strategies, goals, policies and process	<p>1. Credit risk management goals: The Bank's goals in conducting credit risk management were to maintain adequate capital within an acceptable credit risk range, and maximize risk-adjusted return; for credit risk management, the Bank not only took into account the credit risk for individual transactions, but also paid attention to the credit risk for the overall loan portfolio and investment business.</p> <p>2. Credit risk management strategies: To effectively utilize and allocate its funds, the Bank's management strategies for various credit risk businesses would first consider the general economic situation, its operating strategies, content and quality of the overall loan portfolio, and risk cost and return, then the Bank would determine and use credit risk mitigation tools, including collateral provision, balance sheet netting, and third party guarantees, to lower or transfer credit risk.</p> <p>3. Credit risk management policies: (1) In accordance with the risk management strategies and operating guidelines of the Bank's Risk Management Policy and Procedure, Directions for Credit Risk Management and Credit and Investment Policy approved by its Board of Directors, and under the New Basel Capital Accord and pertinent regulations stipulated by governing authorities, the Bank expressly set various operating rules of credit risk management for compliance in operations. (2) To effectively utilize the Bank's funds, all credit risk strategies and operating rules took into consideration factors such as the overall economic situation, the Bank's operating strategies, and risk cost and return, and were established pursuant to the New Basel Capital Accord and pertinent regulations stipulated by governing authorities. Those strategies and rules would also be reviewed and adjusted periodically, and put into practice after being formally submitted to and approved by the Bank's Board of Directors/senior management.</p> <p>4. Credit risk management process: Responsible departments at the Head Office, regional centers and operating units would identify, measure, monitor, report, assess and review all potential credit risks in line with every loan and investment business, to facilitate credit risk management of the whole bank.</p>
2. Credit risk management organization and structure	<p>The Bank established a credit risk management organization and structure with three lines of defense that included the Board of Directors, the Risk Management Committee, the Department of Risk Management, responsible business units, operating units, and the Department of Auditing under the Board of Directors:</p> <p>1. First line of defense (risk-causing or risk-assuming units): (1) Each operating unit was required to carry out credit risk control for transactions undertaken in accordance with pertinent rules prescribed by the Head Office, and report management information related to credit risk to the Head Office. (2) Each responsible business unit at the Head Office was required to identify, assess and control the risks of its responsible business transactions, and establish pertinent credit risk management rules for compliance of operating units in operations.</p>

Category of Disclosure	Description
	<p>2. Second line of defense (risk control unit): The Department of Risk Management played an independent and dedicated role in charge of assessment, monitoring, control, review and reporting of the whole bank's credit risks.</p> <p>3. Third line of defense (internal auditing unit): The Department of Auditing was responsible for checking the design and implementation of credit risk management systems, providing independent assessment, and inspecting the construction process of credit risk management models and the feasibility, reliability and legal compliance of credit risk management information systems.</p>
<p>3. Scope and feature of credit risk report and credit risk measurement system</p>	<p>1. Credit risk report:</p> <p>(1) Scope: The scope of the Bank's credit risk monitoring report periodically submitted to top management encompassed the status of risk exposures for asset quality, various countries, industry sectors, conglomerates, major borrowers and types of collaterals.</p> <p>(2) Feature: The Bank conducted credit risk dynamic monitoring at all times, where, in order to effectively control credit risk, major changes or exceeded limits were relayed to responsible business units and then submitted to executive officers.</p> <p>2. Credit risk measurement system:</p> <p>(1) Scope: Currently the Bank adopts the credit risk standardized approach in calculating accrued capital. Through which the risk management system produces various statements each month, which are utilized in compiling the monitoring statements which are then reported to executive officers, the Risk Management Committee and the Board of Directors. In addition, a more advanced approach to measure credit risk was introduced; the Bank utilized internal credit rating models where the default models of housing loan application scoreboard, housing loan scoreboard, consumer loan scoreboard and credit card scoreboard were used for risk segmentation of borrowers; to further enhance its credit risk management capability the Bank expects to plan for the establishment of credit rating models for other businesses.</p> <p>(2) Feature: For the purpose of strengthening the Bank's credit risk management mechanism, the Bank built an organization-wide credit risk data mart that was able to connect to related information systems (such as the credit rating system and the credit analysis/extension operation management system), to facilitate control of various credit risk limits, and conduct risk segmentation based on the customer default level.</p>
<p>4. Credit risk hedge or mitigation policies, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks</p>	<p>1. Credit risk hedge or mitigation policies:</p> <p>(1) To prevent the Bank's losses and effectively mitigate risk caused by defaults of borrowers or counterparties, the Bank levied collaterals, demanded guarantors, or transferred cases to credit guarantee institutions for guaranty depending on the risk status of loan transactions.</p> <p>(2) Pursuant to the New Basel Capital Accord and regulations stipulated by governing authorities, the Bank included the operational practice eligible for credit risk mitigation (such as qualified collateral, and guarantee institution) into related information systems, in order to accurately calculate the Bank's credit risk mitigation effects.</p>

Category of Disclosure	Description
	<p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating credit risks:</p> <p>(1) Through a post-lending management and review mechanism, the Bank periodically inspected the operating status of the borrower, the current status of collateral, the credit status of the guarantor, and whether the case to be transferred for credit guarantee met pertinent rules of the Bank and the guarantee institution, to ensure the effectiveness of risk mitigation effects.</p> <p>(2) The Bank built a collateral management system to periodically reassess its housing loan collaterals, in order to enhance risk control of collaterals.</p>
5. Method adopted for legal capital accrual	Credit risk standardized approach.

Risk Exposure and Accrued Capital After Risk Mitigation Under Credit Risk Standardized Approach

December 31, 2013

Unit: NTD in thousands

Type of Risk Exposure	Risk Exposure After Risk Mitigation	Accrued Capital
Sovereign countries	360,356,380	4,159
Public agencies not under central government	69,004,317	1,104,069
Banks (including multilateral development banks)	49,036,629	1,505,510
Enterprises (including securities and insurance companies)	665,829,745	48,538,909
Retail creditor's rights	315,798,594	22,275,253
Residential property	661,541,061	30,960,964
Equity securities investment	2,458,768	786,806
Other assets	73,828,745	4,963,040
Total	2,197,854,239	110,138,710



2. Securitization Risk Management System, Risk Exposure and Accrued Capital

Securitization Risk Management System 2013

Category of Disclosure	Description
1. Securitization management strategy and process	<p>1. Securitization management strategy:</p> <p>The Bank expressly set regulations on investing in beneficiary securities, asset-backed securities (non-originating bank), or acting as the underwriting institution for asset-backed commercial papers (originating bank) and other businesses pursuant to the Directions for Investment in Beneficiary Securities and Asset-Backed Securities and the Directions for Business of Short-Term Transactions Instruments approved by the Board of Directors, for the compliance in operations.</p> <p>2. Securitization management process:</p> <p>(1) Pursuant to Directions for Investment in Beneficiary Securities and Asset-Backed Securities and Directions for Business of Short-Term Transactions Instruments, the Bank expressly mandated that investment targets for investing in beneficiary securities and asset-backed securities (non-originating bank) and for acting as the underwriting institution for asset-backed commercial papers (originating bank) achieve a certain credit rating class. If the investment amount exceeded the authorized limit of the responsible department manager, the investment should be reviewed and adopted by the Bank's "Task Force of Investment in TWSE-Listed and GTSM-Listed Stocks, Beneficiary Certificates and Other Negotiable Securities," and submitted to the President for approval before further proceeding.</p> <p>(2) In accordance with the table of authorized credit limits for the Bank's various levels of executive officers, the Bank expressly mandated that the liquidity facilities business (originating bank) should follow the precedent of the ordinary credit review procedure under the credit management organization and structure with a clear hierarchy and outline of duties.</p>
2. Securitization management organization and structure	<p>The Bank established a credit risk management organization and structure with three lines of defense that included the Board of Directors, the Risk Management Committee, the Department of Risk Management, responsible business units, operating (trading) units, and the Department of Auditing under the Board of Directors:</p> <p>1. First line of defense (risk-causing or risk-assuming units):</p> <p>(1) Each operating (trading) unit was required to carry out risk control for securitization transactions undertaken in accordance with pertinent rules prescribed by the Head Office, and report related risk management information to the Head Office.</p> <p>(2) Each responsible business unit at Head Office was required to identify, assess and control the risks of its responsible business transactions, and establish pertinent business regulations, for compliance of operating (trading) units in operations.</p> <p>2. Second line of defense (risk control unit):</p> <p>The Department of Risk Management played an independent and dedicated role in charge of assessment, monitoring, control, review and reporting of the whole bank's securitization business.</p> <p>3. Third line of defense (internal auditing unit):</p> <p>The Department of Auditing was responsible for checking the design and implementation of the securitization process, providing independent assessment, and inspecting its feasibility, reliability and legal compliance.</p>

Category of Disclosure	Description
3. Scope and feature of securitization risk report and asset securitization measurement system	<p>1. Securitization risk report:</p> <p>(1) Scope: The scope of the Bank's securitization product investment assessment report periodically submitted to senior management encompassed investment type, amount, credit rating and evaluation.</p> <p>(2) Feature: The Bank, in order to control risk, set loss control standards and related responsive measures for all its investments in products like real estate investment trust (REIT), beneficiary securities, domestic beneficiary securities, asset-backed beneficiary securities and foreign currency asset securitization.</p> <p>2. Securitization measurement system:</p> <p>(1) Scope: Pursuant to Directions for Investment in Beneficiary Securities and Asset-Backed Securities and other relevant operating regulations, the Bank manually and periodically monitored the risk exposure status of target securitization assets (such as credit rating, contract performance status, and market trade information), and accordingly proceeded with capital accrual.</p> <p>(2) Feature: The monitoring results reached pursuant to the above-mentioned regulations were compiled and periodically included in the risk monitoring report to be submitted to the Bank's Board of Directors/Risk Management Committee. In cases of irregularities, the responsible business unit escalated proceedings to executive officers to prepare responsive measures.</p>
4. Securitization risk hedge or mitigation policy, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Securitization risk hedge or mitigation policy:</p> <p>Pursuant to the New Basel Capital Accord and regulations stipulated by governing authorities, the Bank took into consideration the credit risk mitigation tools that can be used as securitization risk exposures (such as credit enhancement, and risk transfer), to accurately calculate the mitigation effects of the Bank's securitization credit risk.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating securitization risks:</p> <p>Via periodical and non-periodical monitoring of credit ratings and asset pool change of beneficiary securities and asset-backed securities that the Bank invested in, the Bank timely executed the stop loss mechanism when necessary, and reported to executive officers in accordance with procedure, to effectively control securitization risk.</p>
5. Method adopted for legal capital accrual	Securitization standardized approach.

Securitization Activity: None

Securitization Risk Exposure and Accrued Capital: None

Information About Securitization Products: None

3. Operational Risk Management System and Accrued Capital

Operational Risk Management System 2013

Category of Disclosure	Description
1. Operational risk management strategy and process	<p>1. Operational risk management strategy: To effectively contain the frequency of occurrences and the severity of loss amounts for its operational risk within the risk tolerance, the Bank actively identified, measured and monitored businesses and operating processes of the whole bank, and continued to develop and establish various operational risk management tools.</p> <p>2. Operational risk management process: (1) The Bank established its business regulations, internal control system and standard operational processes with respect to all products and operating activities, for full compliance of its operating units, and controlled operational risk by the mechanisms of risk identifying, measuring, monitoring, reporting, assessing and reviewing. (2) The Bank established the pertinent emergency response and restoration plan (business continuation plan), to ensure that every business was able to operate continuously should any severe natural or man-made incident occur, and established regulations relating to outsourced operations of the Bank.</p>
2. Operational risk management organization and structure	<p>The organizational structure for the Bank's operational risk management included the Board of Directors, the Risk Management Committee, the Department of Auditing, the Department of Risk Management, responsible business units at the Head Office, and various operating units. The Bank adopted the method of three lines of defense to define duties of the units in operational risk management:</p> <p>1. First line of defense (operating units and responsible business units at the Head Office): (1) Each operating unit of the Bank was responsible for implementing control of various operational risks pursuant to related laws and regulations stipulated by governing authorities, rules of the Bank, operational risk management tools and characteristics of various businesses, where the unit was also required to report management information regarding operational risk to responsible business units at Head Office. (2) Each responsible business unit at the Head Office shall identify, measure, assess and monitor operational risks related to the businesses, core products, operating activities, operational processes and information systems under its command. The unit was also responsible for establishing policies, guidelines, procedures and the internal control mechanism for its business and operating activities. It was further responsible for training and informing employees at all levels of their undertaking to cooperate in implementing operational risk management and their duties within the scope of their job description.</p> <p>2. Second line of defense (Department of Risk Management): The Department of Risk Management played an independent and dedicated role to be in charge of assessment, monitoring, control, review and reporting of the whole bank's operational risks.</p> <p>3. Third line of defense (Department of Auditing): The Department of Auditing was responsible for examining operational risk management results achieved by units of the whole bank, periodically inspecting the execution status of operational risk management systems and process controls, and reviewing correction of the whole bank's operational risk control defects or follow-up of their improvement.</p>

Category of Disclosure	Description
3. Scope and features of operational risk report and operational risk measurement system	<p>1. Operational risk report:</p> <p>(1) Scope: The scope of the operational risk monitoring report periodically submitted to senior management encompassed the following:</p> <ul style="list-style-type: none"> a. Business type of operational risk loss, operational risk exposure status, Key Risk Indicators (KRIs) established by responsible business units, early warning or recommendations and monthly trend analysis. b. Results of operational risk self-assessment of various major businesses conducted within the year. <p>(2) Feature: For major operational risk issues, the Bank non-periodically produced related dynamic risk monitoring reports; when change in the external or internal environment of the Bank altered relevant risk exposure and control assessment, it was also disclosed in the operational risk monitoring report.</p> <p>2. Operational risk measurement system:</p> <p>(1) Scope: Pursuant to the New Basel Capital Accord, the regulations stipulated by governing authorities and Land Bank's business needs, the Bank introduced management tools such as internal loss event management, which was used to identify, measure and assess operational risks of the Bank's core products, operating activities, operational processes and information systems. The Bank also implemented risk profile data of the whole bank according to risk cause, risk type and business type. The Bank further built its operational risk database via the functions linking all management tools, in order to accurately calculate the operational risk accrued capital, and gradually introduce advanced risk measurement methodology.</p> <p>(2) Feature: The Bank collected internal loss data, built an operational risk loss database, and introduced KRIs and set warning limits for quantifiable risks, to help identify operational risks involved in the Bank's major products and operating activities. For qualitative risks, the Bank introduced Risk Control Self Assessment (RCSA), where every unit of the whole bank assessed the control of operational risks in major operating activities.</p>
4. Operational risk hedge or mitigation policies, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Operational risk hedge or mitigation policies:</p> <p>(1) The Bank analyzed the occurrence frequency of operational risk loss incidents and the severity of loss amounts to determine the risk response strategies for its businesses and operating activities, including risk hedge, risk transfer or mitigation, risk reduction or control, risk assumption and other strategies as follows:</p> <ul style="list-style-type: none"> a. For incidents with low loss occurrence frequency but high loss amount, it was required to adopt prevention and mitigation measures such as limit control, business transfer or business continuation plan. b. For incidents with high loss occurrence frequency but low loss amount, it was required to adopt internal control, insurance policy, outsourcing operations, know your customer, legal compliance management, ethics regulation management, and enhanced education and training. c. For incidents with high loss occurrence frequency and high loss amount, it was required to adopt avoidance measures to circumvent operating activities that may induce risk. d. For incidents with low loss occurrence frequency and low loss amount, risk was accepted.

Category of Disclosure	Description
	<p>(2) Operations outsourced by the Bank to others (such as data processing, credit card operation, cash transit and refill, and internal audit operation) were all conducted pursuant to the Directions for Outsourcing Operations and the Directions for Information Processing Outsourcing Operations established by the Land Bank of Taiwan to prevent operational risk caused by outsourcing, and in pursuance of other operational risk mitigation policies.</p> <p>(3) The Bank mitigated risks resulting from operations by purchasing the following insurance policies as operational risk mitigation tools: fidelity bond insurance, money insurance, banking safe deposit box liability insurance, burglary insurance, public liability insurance, fire insurance, electronic equipment insurance, etc.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating operational risks:</p> <p>(1) Each responsible business unit periodically inspected rules and standard operating processes related to the businesses undertaken, and via RCSA discovered any risk not identified or any control point not effectively implemented.</p> <p>(2) The Department of Risk Management periodically inspected the status of the whole bank's operational risk control and related operational risk issues, promptly provided suggestions, and continued to monitor and track any deficiencies in risk control, followed by appropriate management measures, in order to reduce operational risk.</p> <p>(3) Each insurance applicant unit periodically inspected the business categories insured, to ensure continuous validity of the insurance policies.</p>
5. Method adopted for legal capital accrual	Operational risk basic indicator approach.

Operational Risk Accrued Capital

December 31, 2013

Unit: NTD in thousands

Year	Operating Gross Profit	Accrued Capital
2011	25,157,785	
2012	25,521,192	
2013	26,090,308	
Total	76,769,285	3,838,464

4. Market Risk Management System and Accrued Capital

Market Risk Management System 2013

Category of Disclosure	Description
1. Market risk management strategies and process	<p>1. Market risk management strategies:</p> <p>In handling businesses related to market risk, before or after each transaction or upon major change in the economic environment, the Bank assessed the severity of losses that might occur, and applied the solutions of risk avoidance, risk mitigation or transfer, risk control and risk assumption, such as actively avoiding highly-leveraged, highly-volatile and high-loss-potential financial products, or adopted the strategies of closing, selling or hedging. In accordance with regulations on limit management, stop loss mechanism, over-the-limit handling and risk assumption status, the Bank effectively controlled the market risk, and mastered the overall risk exposure position and risk measurement results, to ensure continued effectiveness.</p> <p>2. Market risk management process:</p> <p>(1) Basic principles covered various product standards, new product/business approval standards, and standards and operational processes for market risk identification, measurement, assessment, monitoring and reporting.</p> <p>(2) Market risk identification: Financial trading units and related risk management personnel fully understood and verified market risk factors especially associated with each type of financial instrument. Risk management personnel endeavored to identify all risk factors that might result in market risk, and ensured the accuracy and applicability of the financial instrument assessment formulae.</p> <p>(3) Market risk measurement: The Bank developed quantifiable models to measure the market risk, and integrated them into daily risk limit management.</p> <p>(4) Market risk assessment: The Bank assessed the prices of all financial products it held by the market price method, model assessment, external sources or independent market price verification.</p> <p>(5) Market risk monitoring: Based on the various limits, financial trading units undertook real-time and comprehensive monitoring of the trading status during routine operating activities, to keep every type of transaction executed within the range of authorization and limits. The monitoring ensured that the transaction type, transaction target, transaction process, position and profit/loss variation for every financial product would conform to regulations and proceed within the range of limits and authorization. The Department of Risk Management monitored and analyzed data produced by risk measurement models on a daily basis; if any major risk and/or exposure jeopardizing the Bank's finance, business or legal compliance was to be uncovered, it would be reported immediately to the President and the Board of Directors.</p> <p>(6) Market risk reporting: The Department of Risk Management periodically submitted the whole bank's market risk management statements or report to the Risk Management Committee, including the Banks' market risk exposure position, risk exposure status, profit/loss status, use of limits, and compliance with pertinent market risk management regulations. Furthermore, in compliance with the principle of public disclosure, the Bank periodically disclosed to the public its market risk management information pursuant to rules prescribed by governing authorities.</p>

Category of Disclosure	Description
2. Market risk management organization and structure	<p>The Bank established a market risk management organization and structure with three lines of defense that included the Board of Directors, the Risk Management Committee, the Department of Risk Management, responsible business units, operating units, and the Department of Auditing:</p> <p>1. First line of defense (risk-causing or risk-assuming units):</p> <p>Each financial trading unit was required to comply with the Bank's relevant market risk management rules, to accordingly establish pertinent regulations to conduct market risk control and position management, to actively monitor various limits, and report related management information to responsible business units or the Department of Risk Management. Each responsible business unit was required to be responsible for monitoring and controlling market risks caused by businesses undertaken in accordance with the Bank's risk management policy, directions, and pertinent risk management regulations.</p> <p>2. Second line of defense (risk control unit):</p> <p>The Department of Risk Management was the independent and dedicated unit for market risk management of the whole bank, which played the role of a centralized platform, in charge of planning and building the market risk management structure and procedure approved by the Board of Directors. The Department also compiled and disclosed the Bank's market risk information and implementation status, periodically submitted reports and recommendations to the Risk Management Committee and the Board of Directors, and served as the dispatch center for market risk management knowledge and culture.</p> <p>3. Third line of defense (internal auditing unit):</p> <p>The Department of Auditing was responsible for checking the design and implementation of market risk management systems, providing independent assessment, and inspecting the construction process of market risk management models and the feasibility, reliability and legal compliance of market risk management information systems.</p>
3. Scope and features of market risk report and market risk measurement system	<p>1. Market risk report:</p> <p>(1) Scope: The scope of the market risk monitoring report periodically submitted to senior management encompassed equity securities risk, fixed income securities interest rate risk, exchange rate risk, financial derivative risk, overseas negotiable securities risk, foreign currency fund liquidity risk, interest rate risk, and investment limit monitoring.</p> <p>(2) Features: The market risk report showed recent market risks of the whole bank's NTD and foreign currency financial assets using methods such as Value at Risk, β value, DVO1, Delta, duration, gap analysis, and scenario simulation. The report not only reflected the status of market risk exposures, but also provided top management with information on various profits and losses, use of limits, investment performance, overall view of market trends, etc., as the basis for top management to adjust the market risk management policy, procedures and various limits.</p> <p>2. Market risk measurement system:</p> <p>(1) Scope: The scope of financial product measurement under the VaR assessment system encompassed calculation and measurement of single VaR, market risk factor VaR and overall VaR of the whole bank's stocks, funds, bonds, bills and foreign exchange positions.</p>

Category of Disclosure	Description
	(2) Features: The VaR assessment system adopted statistical methodology to assess the maximum loss occurring in a given period based on specific probability, to reasonably estimate market risk exposures for stocks, funds, bonds, bills, foreign exchange positions and the whole bank. The system also separately showed the Bank's VaR based on the factors of interest rate, exchange rate, and securities, in order to measure the market risk for each factor and provide the basis for senior management to adjust market investment strategies and risk tolerances.
4. Market risk hedge or mitigation policies, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Market risk hedge or mitigation policies:</p> <p>(1) Pursuant to related rules, the Bank implemented transaction limits, risk limits, duration limits, and the stop loss mechanism for various financial products, as well as conducting risk-hedging derivative product transactions, in order to hedge market risk.</p> <p>(2) Most foreign currency negotiable securities with fixed interest rates undertook interest rate swap to avoid interest rate risk, as such the Bank designed various warning standards before the loss control standard was reached, where e-mail was instantly sent to notify the relevant unit when any warning standard was reached, in order to effectively control and hedge market risk; besides, the main purpose of forward foreign currency transactions was to square the customer position in response to customer's risk-hedging needs in international trade payment or financial arrangements, and the swap transactions carried out by the Bank also focused on squaring the customer swap or forward exchange position; as they both served the main purpose of risk-hedging, the Bank was able to limit its market risk within a certain range.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating market risks:</p> <p>The Bank periodically and non-periodically reviewed the whole bank's VaR, notional principal, stop loss limits, trading strategies, etc. In case of emergency or limit exceeding, the trading unit was required to immediately carry out the contingency plan, lower the position, stop loss and withdraw, or proceed with hedging, in order to prevent further loss to adjust market investment strategies and risk tolerances.</p>
5. Method adopted for legal capital accrual	Market risk standardized approach.

Market Risk Accrued Capital

December 31, 2013

Unit: NTD in thousands

Type of Risk	Accrued Capital
Interest rate risk	2,178,735
Equity securities risk	700,137
Foreign exchange risk	84,417
Total	2,963,289

5. Liquidity Risk Disclosure

(1) Analysis of Term Structures of NTD Maturity Dates:

December 31, 2013

Unit: NTD in thousands

	Total	Amount Outstanding in Remaining Time to Maturity					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Inflow of major matured funds	2,217,140,639	2240,075,746	135,692,900	135,647,885	146,353,507	213,445,386	1,345,925,215
Outflow of major matured funds	2,215,953,582	137,296,110	218,881,559	366,569,434	344,655,916	495,870,337	652,680,226
Duration gap	1,187,057	102,779,636	-83,188,659	-230,921,549	-198,302,409	-282,424,951	693,244,989

Note: This table includes the amount of NTD of the whole bank.

(2) Analysis of Term Structures of USD Maturity Dates:

December 31, 2012

Unit: NTD in thousands

	Total	Amount Outstanding in Remaining Time to Maturity				
		11-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Inflow of major matured funds	8,291,174	2,263,672	1,100,893	276,078	227,452	4,423,079
Outflow of major matured funds	9,386,276	3,246,746	2,226,296	959,656	569,935	2,383,643
Duration gap	-1,095,102	-983,074	-1,125,403	-683,578	-342,483	2,039,436

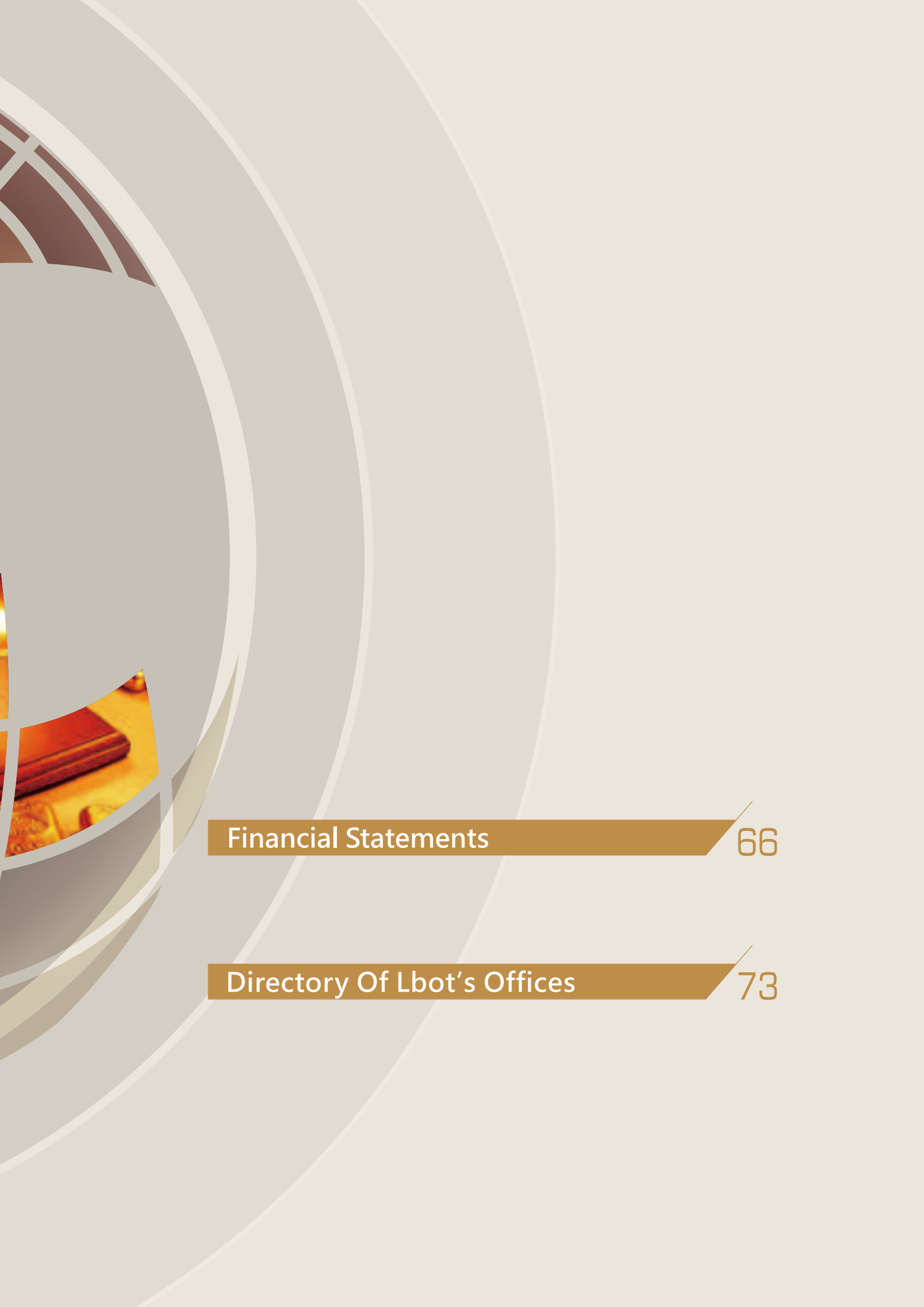
Note: 1. This table includes the amount of USD of the whole bank.

2. Where overseas assets reach 10% of the whole bank's total assets, supplemental disclosure information shall be separately provided.



Convergence

Demonstrating Effectiveness and
Efficiency and Remaining Competitive



Financial Statements

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Financial Statements

Supervisors' Report

Board of Directors:

The Company's business report and financial statements for the year of 2013(including the balance sheets, the statements of Comprehensive income, the statements of changes in equity, and the statements of cash flows), audited and attested by CPAs Gau,Wey-Chuan, and Mei,Yuan-Chen of KPMG , have been reviewed by the 4th-term Supervisors' 11th meeting held on March 20, 2014, in which we have found no discrepancies. Please be advised.

Resident Supervisor:

Chen, Jui-Min

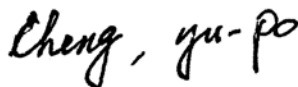


Supervisors:

Lee, Ching-Hua



Cheng, Yu-Po



Chang, Chuang-chang



Cheng, Jyh-Hung



March 20, 2014

Independent Auditors' Report

The Board of Directors
Land Bank of Taiwan Co., Ltd.:

We have audited the accompanying balance sheets of Land Bank of Taiwan Co., Ltd. as of December 31, 2013 and 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity, and 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 did not audit its partial overseas branches whose reports reflect the total assets of \$55,850,956 thousand and \$52,405,412 thousand, which represent 2.31% and 2.20% of the Bank's total assets as of December 31, 2013 and December 31, 2012, respectively; and comprehensive incomes of \$545,325 and \$346,513 thousand, which represents 5.99% and 4.02% of the Bank's comprehensive income for the year then ended. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the data included for such overseas branches, is based solely on the report of the other auditors.

We conducted our audits in accordance with the Regulations Governing the Auditing of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred in the first paragraph present fairly, in all material respects, the financial position of Land Bank of Taiwan Co., Ltd. as of December 31, 2013 and 2012 and January 1, 2012, and the results of its financial performance, and its cash flows for the years then ended, respectively are in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Firms, and the International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

As stated in notes 4(b) and 12(b) to the financial statements, the financial statements of Land Bank of Taiwan Co., Ltd. are based on the amounts audited by the Ministry of Audit of the Control Yuan. The accounts of Land Bank of Taiwan Co., Ltd. as of and for the year ended December 31, 2012 have been examined by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan and the Ministry of Audit of the Control Yuan, and the adjustments from this examination have been recognized retroactively in the accompanying financial statements for the related years.



KPMG
Taipei, Taiwan, R.O.C.
March 20, 2014

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of financial performance and cash flows in accordance with IFRSs accepted by the Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Taiwan, the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

Statement of Financial Position

December 31, 2013 and 2012 and January 1, 2012

Expressed in thousands of New Taiwan dollars

Assets	2013		2012		2011		Liabilities and Equity	2013		2012		2011	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Cash and cash equivalents (note 6(a))	\$ 29,033,934	1	33,788,006	1	25,474,163	1	Due to the Central Bank and call loans from banks (note 6(o))	\$ 202,365,412	8	182,218,350	8	180,258,561	8
Due from the Central Bank and call loans to banks (note 6(b))	226,656,989	9	239,182,232	10	208,347,141	10	Funds borrowed from the Central Bank and other banks	2,476,871	-	2,543,368	-	2,718,656	-
Financial assets at fair value through profit or loss (notes 6(c) and (ah))	2,205,335	-	1,115,209	-	1,400,956	-	Financial liabilities at fair value through profit or loss (notes 6(c) and (ah))	105,971	-	79,248	-	178,503	-
Securities bought under resell agreements (note 6(d))	1,171,587	-	-	-	-	-	Securities sold under repurchase agreements (note 6(d))	6,226,271	-	6,395,130	-	10,897,378	1
Receivables, net (notes 6(e) and 7)	7,688,589	1	7,276,723	-	6,996,506	-	Payables (note 6(p))	21,538,723	1	40,322,574	2	25,270,311	1
Current income tax assets	139,704	-	126,013	-	773,895	-	Current income tax liabilities	1,017,665	-	1,007,227	-	1,804,900	-
Discounts and loans, net (notes 6(f) and 7)	1,804,190,412	75	1,793,830,759	77	1,789,807,842	78	Deposits and remittances (notes 6(q), (ah) and 7)	1,977,568,122	82	1,946,054,843	82	1,887,146,816	83
Available-for-sale financial assets, net (notes 6(g), (ah) and 8)	290,049,749	12	245,553,231	10	189,326,452	9	Financial debentures (notes 6(r) and (ah))	75,697,121	3	75,696,489	3	55,597,297	2
Held-to-maturity financial assets, net (notes 6(h), (ah) and 8)	1,270,403	-	177,958	-	267,910	-	Other financial liabilities (note 6(s))	146,415	-	182,259	-	205,455	-
Equity investments under the equity method, net (note 6(i))	18,985	-	-	-	-	-	Provision (note 6(t))	13,527,055	1	13,055,864	1	12,783,910	1
Other financial assets, net (notes 6(j) and (ah))	3,690,519	-	3,958,548	-	7,027,839	-	Deferred income tax liabilities (note 6(w))	6,975,682	-	6,970,118	-	6,968,243	-
Property and Equipment, net (note 6(k))	23,964,785	1	24,173,455	1	24,385,758	1	Other liabilities (note 6(v))	1,943,913	-	1,125,669	-	1,267,068	-
Investment property, net (note 6(l))	24,351,193	1	24,414,519	1	24,630,663	1	Total liabilities	2,309,589,221	95	2,275,651,139	96	2,185,097,098	96
Intangible assets, net (note 6(m))	553,016	-	456,895	-	565,723	-	Stockholders' Equity (note 6(x))						
Deferred income tax assets (note 6(w))	4,233,902	-	4,202,345	-	4,254,555	-	Common stock	50,000,000	2	50,000,000	2	50,000,000	2
Other assets, net (notes 6(n))	2,183,930	-	3,873,071	-	3,203,606	-	Capital reserve	21,748,869	1	21,748,869	1	21,748,869	1
	2,421,403,032	100	2,382,128,964	100	2,286,463,009	100	Retained earnings:						
							Legal reserve	20,105,540	1	17,425,044	1	14,816,226	1
							Special reserve	15,801,029	1	6,401,010	-	4,661,798	-
							Unappropriated earnings	849,075	-	7,764,029	-	7,612,555	-
								36,755,644	2	31,590,083	1	27,090,579	1
							Others	3,309,298	-	3,138,873	-	2,526,463	-
							Total equity	\$ 111,813,811	5	106,477,825	4	101,365,911	4
Total assets	\$ 2,421,403,032	100	2,382,128,964	100	2,286,463,009	100	Total liabilities and equity	2,421,403,032	100	2,382,128,964	100	2,286,463,009	100

Statements of Comprehensive Income

For the years ended December 31, 2013 and 2012

Expressed in thousands of New Taiwan dollars, except earnings per share, which are expressed in New Taiwan dollars

	2013		2012		Percentage Increase (Decrease)%
	Amount	%	Amount	%	
Interest revenue	\$ 41,608,347	156	41,854,763	163	(1)
Less: interest expense	<u>19,196,556</u>	<u>72</u>	<u>19,383,164</u>	<u>76</u>	(1)
Net interest (note 6(z))	22,411,791	84	22,471,599	87	-
Net revenues other than interest					
Service fee income, net (notes 6(aa) and 7)	2,635,564	10	2,551,597	10	3
Gains on financial assets and liabilities at fair value through profit or loss (notes 6(c) and (ab))	592,913	2	742,348	3	(20)
Realized gains (losses) on the sale of available-for-sale financial assets (note 6(ac))	428,700	2	(39,340)	-	1,190
Share of profit of associates using equity method	(901)	-	(183)	-	(392)
Foreign exchange losses, net	(218,829)	(1)	(501,101)	(1)	56
Impairment loss of assets (note 6(k))	-	-	(8,603)	-	100
Gain on disposal of assets (note 6(k))	142,146	-	38,088	-	273
Other noninterest gains, net (note 6(ad))	<u>683,619</u>	<u>3</u>	<u>374,998</u>	<u>1</u>	82
Total net revenues	<u>26,675,003</u>	<u>100</u>	<u>25,629,403</u>	<u>100</u>	4
Bad debt expenses and reserve for losses on quarantees (note 6(f))	<u>1,410,461</u>	<u>5</u>	<u>1,416,385</u>	<u>6</u>	-
Operating expenses:					
Employee benefits expense (note 6(ae))	9,756,295	37	9,563,234	37	2
Depreciation and amortization expense (note 6(af))	902,155	3	996,612	4	(9)
Other general and administrative expenses (note 6(ag))	<u>3,725,967</u>	<u>14</u>	<u>3,612,156</u>	<u>14</u>	3
Total operating expenses	<u>14,384,471</u>	<u>54</u>	<u>14,172,002</u>	<u>55</u>	1
Net income before income tax - continuing operating	10,880,125	41	10,041,016	39	8
Less: Income tax expenses (note 6(w))	<u>1,945,138</u>	<u>7</u>	<u>2,042,557</u>	<u>8</u>	5
Net Income	<u>8,934,987</u>	<u>34</u>	<u>7,998,459</u>	<u>31</u>	12
Other comprehensive income :					
Exchange differences on translation of foreign financial statements	243,063	1	(168,146)	(1)	245
Unrealized gains(losses) on available-for-sale financial assets	(72,638)	-	780,556	3	(109)
Less: Income tax relating to components of other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	<u>170,425</u>	<u>1</u>	<u>612,410</u>	<u>2</u>	(72)
Total comprehensive income, net of tax	<u>\$ 9,105,412</u>	<u>35</u>	<u>8,610,869</u>	<u>33</u>	6
Basic earnings per share (in dollars) (note 6(y))	<u>1.79</u>		<u>1.60</u>		

Statements of Changes in Equity

For the years ended December 31, 2013 and 2012

in thousands of New Taiwan dollars

	Common stock	Capital reserve	Retained earnings			Other items in stockholders' equity		Total
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on available-for-sale financial assets	
Balance, January 1, 2012	\$ 50,000,000	21,748,869	14,816,226	4,661,798	7,612,555	-	2,526,463	101,365,911
Net income for the year ended December 31, 2012	-	-	-	-	7,998,459	-	-	7,998,459
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	-	(168,146)	780,556	612,410
Total comprehensive income	-	-	-	-	7,998,459	(168,146)	780,556	8,610,869
Earnings appropriation and distribution								
Provision of legal reserve	-	-	2,608,818	-	(2,608,818)	-	-	-
Provision of special reserve	-	-	-	1,739,212	(1,739,212)	-	-	-
Contribution of dividends and bonus	-	-	-	-	(3,498,955)	-	-	(3,498,955)
Balance, December 31, 2012	50,000,000	21,748,869	17,425,044	6,401,010	7,764,029	(168,146)	3,307,019	106,477,825
First-time application of IFRS for provision of special reserve	-	-	-	6,914,954	(6,914,954)	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	8,934,987	-	-	8,934,987
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	243,063	(72,638)	170,425
Total comprehensive income	-	-	-	-	8,934,987	243,063	(72,638)	9,105,412
Reversal of the disposed land to special reserve	-	-	-	(18,270)	18,270	-	-	-
Earnings appropriation and distribution								
Provision of legal reserve	-	-	2,680,496	-	(2,680,496)	-	-	-
Provision of special reserve	-	-	-	2,503,335	(2,503,335)	-	-	-
Contribution of dividends and bonus	-	-	-	-	(3,769,426)	-	-	(3,769,426)
Balance, December 31, 2013	\$ 50,000,000	21,748,869	20,105,540	15,801,029	849,075	74,917	3,234,381	111,813,811

Statements of Cash Flows For the years ended December 31, 2013 and 2012

Expressed in thousands of New Taiwan dollars

	2013	2012
Cash flows from operating activities:		
Net income before income tax	\$ 10,880,125	10,041,016
Adjustment items:		
Adjustments for the non-cash effects of items of incomes and expenses		
Depreciation expense	744,042	831,978
Amortization expense	158,113	164,634
Provision for bad debt expense	1,389,453	1,440,346
Interest expense	19,196,556	19,383,164
Interest income	(41,608,347)	(41,854,763)
Dividends income	(515,966)	(286,299)
Net change in provisions for guarantee liabilities	22,345	(27,229)
Share of profit of associates using equity method	901	183
Loss on disposal of property and equipment	473	1,658
Impairment of non-financial assets	3,709	-
Reversal of impairment loss on non-financial assets	(536,326)	-
Others	632	(798)
Total adjustments for the non-cash effects of items of incomes and expenses	(21,144,415)	(20,347,126)
Changes in operating assets and liabilities:		
Change in operating assets:		
Increase in due from the central bank and call loans to banks	(1,188,894)	(2,264,011)
Decrease (increase) in financial assets at fair value through profit or loss	(1,090,126)	284,295
Decrease (increase) in account receivable	(693,207)	(248,377)
Increase in discounts and loans	(11,741,867)	(5,336,467)
Increase in available-for-sale financial assets	(44,569,042)	(52,440,542)
Decrease (increase) in held-to-maturity financial assets	(1,092,445)	89,952
Decrease in other financial assets	307,665	38,519
Decrease (increase) in other assets	1,700,912	(675,448)
Total net change in operating assets	(58,367,004)	(60,552,079)
Changes in operating liabilities:		
Increase in deposits from the central bank and banks	20,147,062	1,959,789
Increase (decrease) in financial liabilities at fair value through profit or loss	26,723	(99,255)
Decrease in notes and bonds issued under repurchase agreement	(168,859)	(4,502,248)
Increase (decrease) in payables	(17,910,657)	15,426,511
Increase in deposits and remittances	31,513,279	58,908,027
Increase in provisions for employee benefits	448,846	301,572
Decrease in other liabilities	(4,269)	(105,977)
Total net change in operating liabilities	34,052,125	71,888,419
Total change in operating assets and liabilities	(24,314,879)	11,336,340
Total Adjustments	(45,459,294)	(9,010,786)

	2013	2012
Cash inflow (outflow) generated from operations	(34,579,169)	1,030,230
Interest received	41,895,409	41,839,062
Dividends received	515,966	286,299
Interest paid	(20,003,179)	(18,791,374)
Income tax paid	(1,974,869)	(2,133,636)
Net cash flows provided by (used in) from operating activities	(14,145,842)	22,230,581
Cash flows from (used in) investing activities:		
Increase in equity investments under the equity method	(20,000)	-
Acquisition of property and equipment	(490,820)	(575,152)
Decrease (increase) in refundable deposits	(11,771)	5,983
Acquisition of intangible assets	(254,317)	(122,377)
Increase in investments in real estate	(677)	-
Proceeds from disposal of investment in real estate	552,043	171,985
Net cash flows used in investing activities	(225,542)	(519,561)
Cash flows from (used in) financing activities:		
Decrease in funds borrowed from the Central Bank and other banks	(66,497)	(175,288)
Proceeds from issuing financial debenture	-	20,100,000
Repayment of financial debenture	-	(10)
Increase (decrease) in refundable deposits	822,513	(35,422)
Decrease in other financial liabilities	(35,844)	(23,196)
Dividends paid	(3,835,997)	(4,398,440)
Net cash flows provided by financing activities	(3,115,825)	15,467,644
Effect of exchange rate changes on cash and cash equivalents	187,974	(291,128)
Net increase (decrease) in cash and cash equivalents	(17,299,235)	36,887,536
Cash and cash equivalents at beginning of period	168,089,086	131,201,550
Cash and cash equivalents at end of period	\$ 150,789,851	168,089,086
Cash and cash equivalents reported in the statement of financial position	\$ 29,033,934	33,788,006
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	120,584,330	134,301,080
Notes and bonds issued under resell agreement qualifying for cash and cash equivalents under the definition of IAS 7	1,171,587	-
Cash and cash equivalents at end of period	\$ 150,789,851	168,089,086



Directory Of Lbot's Offices

HEAD OFFICE

Department of Securities	No.81, Yanping S. Rd., Zhongzheng District, Taipei City 10043, Taiwan (R.O.C.) TEL : 886-2-23483962 FAX : 886-2-23891864
Department of Trusts	No.53, Huaining St., Zhongzheng District, Taipei City 10046, Taiwan (R.O.C.) TEL : 886-2-23483456 FAX : 886-2-23754092
Department of International Banking	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.) TEL : 886-2-23483456 FAX : 886-2-23317322 SWIFT : LBOTTWTP088
Department of Business	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.) TEL : 886-2-23483456 FAX : 886-2-23752716 SWIFT : LBOTTWTP041

DOMESTIC BRANCHES

Taipei City	
Offshore Banking Branch	6F, No.53, Huaining St., Zhongzheng District, Taipei City 10046, Taiwan (R.O.C.) TEL : 886-2-23483456 FAX : 886-2-23711359
Taipei Branch	No.72, Bo-ai Rd., Zhongzheng District, Taipei City 10043, Taiwan (R.O.C.) TEL : 886-2-23713241 FAX : 886-2-23752122 SWIFT : LBOTTWTP005
Yuanshan Branch	No.91, Sec. 4, Chengde Rd., Shilin District, Taipei City 11166, Taiwan (R.O.C.) TEL : 886-2-28866379 FAX : 886-2-28866556
Dongmen Branch	No.165, Sec.2, Jinshan S.Rd, Da- an District, Taipei City 10644, Taiwan (R.O.C.) TEL : 886-2-23911188 FAX : 886-2-23960209
Chengtung Branch	No.46-2, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 10448, Taiwan (R.O.C.) TEL : 886-2-25676268 FAX : 886-2-25217239 SWIFT : LBOTTWTP140
Minquan Branch	No.26, Minquan W. Rd., Zhongshan District, Taipei City 10449, Taiwan (R.O.C.) TEL : 886-2-25629801 FAX : 886-2-25616053 SWIFT : LBOTTWTP006
Changan Branch	No.52, Sec. 2, Chang-an E. Rd., Zhongshan District, Taipei City 10456, Taiwan (R.O.C.) TEL : 886-2-25238166 FAX : 886-2-25434262 SWIFT : LBOTTWTP008
Changchuen Branch	No.156, Changchun Rd., Zhongshan District, Taipei City 10459, Taiwan (R.O.C.) TEL : 886-2-25681988 FAX : 886-2-25683261 SWIFT : LBOTTWTP102
Sungshan Branch	No.1, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 10557, Taiwan (R.O.C.) TEL : 886-2-25774558 FAX : 886-2-25780590 SWIFT : LBOTTWTP063
Chunglun Branch	No.26, Dongxing Rd., Songshan District, Taipei City 10565, Taiwan (R.O.C.) TEL : 886-2-27477070 FAX : 886-2-27471762 SWIFT : LBOTTWTP106
Fuhsin Branch	No.132, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 10596, Taiwan (R.O.C.) TEL : 886-2-27199989 FAX : 886-2-25451215 SWIFT : LBOTTWTP090
Kuting Branch	No.125, Sec. 3, Roosevelt Rd., Da'an District, Taipei City 10647, Taiwan (R.O.C.) TEL : 886-2-23634747 FAX : 886-2-23632118 SWIFT : LBOTTWTP007
Jenai Branch	No.29, Sec. 3, Ren-ai Rd., Da'an District, Taipei City 10651, Taiwan (R.O.C.) TEL : 886-2-27728282 FAX : 886-2- 27110884 SWIFT : LBOTTWTP057
Chunghsiao Branch	No.129, Sec. 1, Fuxing S. Rd., Da'n District, Taipei City 10666, Taiwan (R.O.C.) TEL : 886-2-27312393 FAX : 886-2-27313649 SWIFT : LBOTTWTP058

Taipei City

Dah An Branch

No.37, Sec. 2, Da-an Rd., Da'an District, Taipei City 10667, Taiwan (R.O.C.)
TEL : 886-2-23256266 FAX : 886-2-23259819 SWIFT : LBOTTWTP123

Hoping Branch

No.15, Sec. 3, Heping E. Rd., Da'an District, Taipei City 10670, Taiwan (R.O.C.)
TEL : 886-2-27057505 FAX : 886-2-27015459 SWIFT : LBOTTWTP045

Tunhua Branch

No.76, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 10683, Taiwan (R.O.C.)
TEL : 886-2-27071234 FAX : 886-2-27066470 SWIFT : LBOTTWTP074

Wanhua Branch

No.205, Sec. 2, Xiyuan Rd., Wanhua District, Taipei City 10864, Taiwan (R.O.C.)
TEL : 886-2-23322778 FAX : 886-2-23323391 SWIFT : LBOTTWTP116

Hinyi Branch

No.436, Sec. 1, Keelung Rd., Xinyi District, Taipei City 11051, Taiwan (R.O.C.)
TEL : 886-2-27585667 FAX : 886-2-27582282 SWIFT : LBOTTWTP079

Tungtaipei Branch

No.107, Songde Rd., Xinyi District, Taipei City 11075, Taiwan (R.O.C.)
TEL : 886-2-27272588 FAX : 886-2-27285721 SWIFT : LBOTTWTP099

Sungnan Branch

No.130, Songshan Rd., Xinyi District, Taipei City 11090, Taiwan (R.O.C.)
TEL : 886-2-27631111 FAX : 886-2-27669933 SWIFT : LBOTTWTP141

Shihlin Branch

No.689, Sec. 5, Zhongshan N. Rd., Shilin District, Taipei City 11145, Taiwan (R.O.C.)
TEL : 886-2-28341361 FAX : 886-2-28313863 SWIFT : LBOTTWTP009

Tienmu Branch

No.122, Sec. 2, Zhongzheng Rd., Shilin District, Taipei City 11148, Taiwan (R.O.C.)
TEL : 886-2-28767287 FAX : 886-2-28767257 SWIFT : LBOTTWTP133

Shipai Branch

No.116, Wunlin N. Rd., Beitou District, Taipei City 11287, Taiwan (R.O.C.)
TEL : 886-2-28277557 FAX : 886-2-28276322

Neihu Branch

No.156, Sec. 6, Minquan E. Rd., Neihu District, Taipei City 11490, Taiwan (R.O.C.)
TEL : 886-2-27963800 FAX : 886-2-27963961 SWIFT : LBOTTWTP064

Donghu Branch

No.460, Sec. 5, Chenggong Rd., Neihu District, Taipei City 11490, Taiwan (R.O.C.)
TEL : 886-2-26317890 FAX : 886-2-26329056 SWIFT : LBOTTWTP148

Shihu Branch

No.185, Gangqian Rd., Neihu District, Taipei City 11494, Taiwan (R.O.C.)
TEL : 886-2-26599888 FAX : 886-2-26593659 SWIFT : LBOTTWTP120

Nankang Branch

No.364 Sec. 1, Nangang Rd., Nangang District, Taipei City 11579, Taiwan (R.O.C.)
TEL : 886-2-27834161 FAX : 886-2-27820454 SWIFT : LBOTTWTP004

Wenshan Branch

No.206, Jingxing Rd., Wenshan District, Taipei City 11669, Taiwan (R.O.C.)
TEL : 886-2-29336222 FAX : 886-2-29335279 SWIFT : LBOTTWTP093

New Taipei City

Huachiang Branch

No.2, Alley 1, Lane 182, Sec. 2, Wunhua Rd., Banqiao District, New Taipei City 22044, Taiwan (R.O.C.)
TEL : 886-2-22518599 FAX : 886-2-22517665 SWIFT : LBOTTWTP107

Panchiao Branch

No.143, Sec. 1, Wunhua Rd., Banqiao District, New Taipei City 22050, Taiwan (R.O.C.)
TEL : 886-2-29689111 FAX : 886-2-29667278 SWIFT : LBOTTWTP050

Tungpanchiao Branch

No.212, Minzu Rd., Banqiao District, New Taipei City 22065, Taiwan (R.O.C.)
TEL : 886-2-29633939 FAX : 886-2-29633931 SWIFT : LBOTTWTP095

Kuangfu Branch

No.148, Sec. 2, Sanmin Rd., Banqiao District, New Taipei City, 22069 Taiwan, R.O.C.
TEL : 886-2-89522345 FAX : 886-2-89522395 SWIFT : LBOTTWTP129

Hsichih Branch

No.306-3, Sec. 1, Datong Rd., Xizhi District, New Taipei City 22146, Taiwan (R.O.C.)
TEL : 886-2-26498577 FAX : 886-2-26498666 SWIFT : LBOTTWTP115

Hsintien Branch

No.309, Sec. 1, Beixin Rd., Xindian District, New Taipei City 23147, Taiwan (R.O.C.)
TEL : 886-2-29151234 FAX : 886-2-29178333 SWIFT : LBOTTWTP061

New Taipei City

Yungho Branch	No.33, Zhulin Rd., Yonghe District ,New Taipei City 23441, Taiwan (R.O.C.) TEL : 886-2-89268168 FAX : 886-2-89268181 SWIFT : LBOTTWTP049
Yuantong Branch	No.192, Liancheng Rd., Zhonghe District ,New Taipei City 23553, Taiwan (R.O.C.) TEL : 886-2-22497071 FAX : 886-2-22497701 SWIFT : LBOTTWTP158
Shuangho Branch	No.120, Sec. 2, Zhongshan Rd., Zhonghe District ,New Taipei City 23555, Taiwan (R.O.C.) TEL : 886-2-22425300 FAX : 886-2-22425495 SWIFT : LBOTTWTP087
Chungho Branch	No.323, Jingping Rd., Zhonghe District ,New Taipei City 23577, Taiwan (R.O.C.) TEL : 886-2-29461123 FAX : 886-2-29440419 SWIFT : LBOTTWTP003
Tucheng Branch	No.127, Sec. 1, Zhongyang Rd., Tucheng District, New Taipei City 23664, Taiwan (R.O.C.) TEL : 886-2-22651000 FAX : 886-2-22667858 SWIFT : LBOTTWTP080
Sanshia Branch	No.83, Minsheng St., Sanxia District, New Taipei City 23741, Taiwan (R.O.C.) TEL : 886-2-86711010 FAX : 886-2-86711033
Shulin Branch	No.82, Bao-an 2nd St., Shulin District ,New Taipei City 23860, Taiwan (R.O.C.) TEL : 886-2-26845116 FAX : 886-2-26845115 SWIFT : LBOTTWTP098
Beisanchong Branch	No. 99, Sec. 4, Chongyang Rd., Sanchong District ,New Taipei City 24145, Taiwan (R.O.C.) TEL : 886-2-89821919 FAX : 886-2-89819492 SWIFT : LBOTTWTP157
Sanchung Branch	No.1-8, Sec. 2, Chongxin Rd., Sanchong District,New Taipei City 24147, Taiwan (R.O.C.) TEL : 886-2-89712222 FAX : 886-2-29848053 SWIFT : LBOTTWTP010
Hsisanchung Branch	No.81, Sec. 1, Chongyang Rd., Sanchong District, New Taipei City 24161, Taiwan (R.O.C.) TEL : 886-2-29846969 FAX : 886-2-29859842 SWIFT : LBOTTWTP100
Hsinchuang Branch	No.221, Siyuan Rd., Xinzhuang District , New Taipei City 24250, Taiwan (R.O.C.) TEL : 886-2-29973321 FAX : 886-2-29973320 SWIFT : LBOTTWTP086
Nanhsinchuang Branch	No.288-23, Xinshu. Rd., Xinzhuang District, New Taipei City 24262, Taiwan (R.O.C.) TEL : 886-2-22066080 FAX : 886-2-22066372 SWIFT : LBOTTWTP111
Taishan Branch	No.168, Sec. 3, Mingzhi Rd., Taishan District, New Taipei City 24354, Taiwan (R.O.C.) TEL : 886-2-29018899 FAX : 886-2-29014174 SWIFT : LBOTTWTP134
Luchou Branch	No.100, Zhongshan 1st Rd., Luzhou District, New Taipei City 24748, Taiwan (R.O.C.) TEL : 886-2-22859100 FAX : 886-2-22858983 SWIFT : LBOTTWTP076
Tanshui Branch	No.42, Sec. 1, Zhongshan N. Rd., Danshui District, New Taipei City 25157, Taiwan (R.O.C.) TEL : 886-2-26219691 FAX : 886-2-26219695 SWIFT : LBOTTWTP081
Baozhong Branch	No.94-3, Baozhong Rd., Xindian District ,New Taipei City 23144, Taiwan (R.O.C.) TEL : 886-2-29111898 FAX : 886-2-29111737 SWIFT : LBOTTWTP163

Keelung City

Keelung Branch	No.18, Yi 1st Rd., Zhongzheng District, Keelung City 20241, Taiwan (R.O.C.) TEL : 886-2-24210200 FAX : 886-2-24224407 SWIFT : LBOTTWTP002
Chengping Branch	No.652, Zhongzheng Rd., Zhongzheng District, Keelung City 20248, Taiwan (R.O.C.) TEL : 886-2-24621111 FAX : 886-2-24627214 SWIFT : LBOTTWTP073

Taoyuan County

Chungli Branch	No.190, Zhongshan Rd., Zhongli City, Taoyuan County 32041, Taiwan (R.O.C.) TEL : 886-3-4253140 FAX : 886-3-4253674 SWIFT : LBOTTWTP014
Peichungli Branch	No.400, Huanbei Rd., Zhongli City, Taoyuan County 32070, Taiwan (R.O.C.) TEL : 886-3-4250011 FAX : 886-3-4223230 SWIFT : LBOTTWTP124

Taoyuan County

Neili Branch	No.33, Huanzhong E. Rd., Zhongli City, Taoyuan County 32071, Taiwan (R.O.C.) TEL : 886-3-4612666 FAX : 886-3-4613868 SWIFT : LBOTTWTP145
Pingchen Branch	No.5, Shanding Sec., Zhongfeng Rd., Pingzhen City, Taoyuan County 32463, Taiwan (R.O.C.) TEL : 886-3-4699111 FAX : 886-3-4699119
Shihmen Branch	No.49, Beilong Rd., Longtan Township, Taoyuan County 32552, Taiwan (R.O.C.) TEL : 886-3-4792101 FAX : 886-3-4708934 SWIFT : LBOTTWTP015
Yangmei Branch	No.116, Daping St., Yangmei City, Taoyuan County 32643, Taiwan (R.O.C.) TEL : 886-3-4881215 FAX : 886-3-4881217
Taoyuan Branch	No.75, Zhongzheng Rd., Taoyuan City, Taoyuan County 33041, Taiwan (R.O.C.) TEL : 886-3-3379911 FAX : 886-3-3379976 SWIFT : LBOTTWTP013
Peitaoyuan Branch	No.1071, Zhongzheng Rd., Taoyuan City, Taoyuan County 33045, Taiwan (R.O.C.) TEL : 886-3-3566199 FAX : 886-3-3565406 SWIFT : LBOTTWTP131
Nantaoyuan Branch	No.835, Zhongshan Rd., Taoyuan City, Taoyuan County 33059, Taiwan (R.O.C.) TEL : 886-3-3786969 FAX : 886-3-3786984 SWIFT : LBOTTWTP114
Linkou Branch	No.109, Wunhua 2nd Rd., Guishan Township, Taoyuan County 33377, Taiwan (R.O.C.) TEL : 886-3-3182128 FAX : 886-3-3183719 SWIFT : LBOTTWTP143
Bade Branch	No.702, Sec. 1, Jieshou Rd., Bade City, Taoyuan County 33450, Taiwan (R.O.C.) TEL : 886-3-3667966 FAX : 886-3-3669900
Dayuan Branch	No.53-55, Zhongzheng E. Rd., Dayuan Township, Taoyuan County 33756, Taiwan (R.O.C.) TEL : 886-3-3850805 FAX : 886-3-3856625
Nankang Branch	No.16, Luoyang St., Luzhu Township, Taoyuan County 33845, Taiwan (R.O.C.) TEL : 886-3-3526556 FAX : 886-3-3527099 SWIFT : LBOTTWTP096

Hsinchu City

Hsinchu Branch	No.1, Zhongyang Rd., Hsinchu City 30041, Taiwan (R.O.C.) TEL : 886-3-5213211 FAX : 886-3-5233693 SWIFT : LBOTTWTP016
Tunghsinchu Branch	No.22, Beida Rd., East District, Hsinchu City 30044, Taiwan (R.O.C.) TEL : 886-3-5353998 FAX : 886-3-5353923 SWIFT : LBOTTWTP103

Hsinchu County

Chupei Branch	No.130, Xianzheng 9th Rd., Zhubei City, Hsinchu County 30251, Taiwan (R.O.C.) TEL : 886-3-5532231 FAX : 886-3-5532308 SWIFT : LBOTTWTP108
Hukou Branch	No.102, Sec. 1, Zhongzheng Rd., Hukou Township, Hsinchu County 30342, Taiwan (R.O.C.) TEL : 886-3-5996111 FAX : 886-3-5901987 SWIFT : LBOTTWTP052
Hsingong Branch	No.76, Zhonghua Rd., Hukou Township, Hsinchu County 30353, Taiwan (R.O.C.) TEL : 886-3-5981969 FAX : 886-3-5985373 SWIFT : LBOTTWTP118
ITRI Branch	No.195, Sec. 4, Zhongxing Rd., Zhudong Township, Hsinchu County 31040, Taiwan (R.O.C.) TEL : 886-3-5910188 FAX : 886-3-5910199 SWIFT : LBOTTWTP156
Chutung Branch	No.10, Donglin Rd., Zhudong Township, Hsinchu County 31047, Taiwan (R.O.C.) TEL : 886-3-5961171 FAX : 886-3-5961175 SWIFT : LBOTTWTP017

Miaoli County

Chunan Branch	No.62, Zhongzheng Rd., Zhunan Township, Miaoli County 35047, Taiwan (R.O.C.) TEL : 886-37-551022 FAX : 886-37-551090
Toufen Branch	No.932, Zhonghua Rd., Toufen Township, Miaoli County 35159, Taiwan (R.O.C.) TEL : 886-37-667185 FAX : 886-37-667188

Miaoli County

Tunghsiao Branch No.85, Zhongzheng Rd., Tongxiao Township, Miaoli County 35741, Taiwan (R.O.C.)
TEL : 886-37-756010 FAX : 886-37-756014

Miaoli Branch No.402, Zhongzheng Rd., Miaoli City, Miaoli County 36043, Taiwan (R.O.C.)
TEL : 886-37-320531 FAX : 886-37-329215 SWIFT : LBOTTWTP020

Taichung City

Taichung Branch No.1, Sec. 2, Ziyoun Rd., Central District, Taichung City 40045, Taiwan (R.O.C.)
TEL : 886-4-22235021 FAX : 886-4-22204961 SWIFT : LBOTTWTP024

Nantaichung Branch No.81, Guoguang Rd., South District, Taichung City 40254, Taiwan (R.O.C.)
TEL : 886-4-22240323 FAX : 886-4-22201390 SWIFT : LBOTTWTP101

Hsitaichung Branch No.2-4, Wuquan Rd., West District, Taichung City 40355, Taiwan (R.O.C.)
TEL : 886-4-22289151 FAX : 886-4-22276621 SWIFT : LBOTTWTP055

Peitaichung Branch No.79, Sec.1,Zhongping Rd., Beitun District, Taichung City 40458, Taiwan (R.O.C.)
TEL : 886-4-22016902 FAX : 886-4-22014766 SWIFT : LBOTTWTP077

Beituen Branch No.232, Sec. 4, Wenxin Rd., North District, Taichung City 40462, Taiwan (R.O.C.)
TEL : 886-4-22915678 FAX : 886-4-22913636 SWIFT : LBOTTWTP122

Chungkang Branch No.598, Sec.2, Wenxin Rd., Xitun District, Taichung City 40758, Taiwan (R.O.C.)
TEL : 886-4-23288800 FAX : 886-4-23287958 SWIFT : LBOTTWTP094

Situn Branch No.542, Sec. 3, Taiwan Blvd. Xitun District, Taichung City 40757, Taiwan (R.O.C.)
TEL : 886-4-27087759 FAX : 886-4-27086359

Nantun Branch No.65, Wenxin S. Rd., Nantun District, Taichung City 40854, Taiwan (R.O.C.)
TEL : 886-4-24723568 FAX : 886-4-24727911 SWIFT : LBOTTWTP161

Taiping Branch No.131, Sec. 3, Zhongshan Rd., Taiping District, Taichung City 41169, Taiwan (R.O.C.)
TEL : 886-4-22780788 FAX : 886-4-22783488 SWIFT : LBOTTWTP072

Dali Branch No.405, Sec. 2, Guoguang Rd., Dali District, Taichung City 41266, Taiwan (R.O.C.)
TEL : 886-4-24061679 FAX : 886-4-24061579 SWIFT : LBOTTWTP150

Wujih Branch No.328, Xinxing Rd., Wuri District, Taichung City 41457, Taiwan (R.O.C.)
TEL : 886-4-23360311 FAX : 886-4-23360321 SWIFT : LBOTTWTP119

Fengyuan Branch No.508, Zhongshan Rd., Fengyuan District, Taichung City 42044, Taiwan (R.O.C.)
TEL : 886-4-25242191 FAX : 886-4-25283716 SWIFT : LBOTTWTP022

Fengnung Branch No.127, Zhongzheng Rd., Fengyuan District, Taichung City 42056, Taiwan (R.O.C.)
TEL : 886-4-25157388 FAX : 886-4-25157386

Jhongke Branch 2F.-1, No.6, Zhongke Rd., Daya District, Taichung City 42881, Taiwan (R.O.C.)
TEL : 886-4-25658228 FAX : 886-4-25658255 SWIFT : LBOTTWTP135

Shalu Branch No.407, Zhongshan Rd., Shalu District, Taichung City 43350, Taiwan (R.O.C.)
TEL : 886-4-26651717 FAX : 886-4-26651256 SWIFT : LBOTTWTP113

Tachia Branch No.40, Zhenzheng Rd., Dajia District, Taichung City 43746, Taiwan (R.O.C.)
TEL : 886-4-26877181 FAX : 886-4-26860142 SWIFT : LBOTTWTP023

Zhongcing Branch No.358 Sec.2, Jhongcing Rd.,Beitun District,Taichung City 40676, Taiwan (R.O.C.)
TEL : 886-4-22956677 FAX : 886-4-22956776

Nantou County

Nantou Branch No.202, Zhongshan St., Nantou City, Nantou County 54057, Taiwan (R.O.C.)
TEL : 886-49-2222143 FAX : 886-49-2221833 SWIFT : LBOTTWTP025

Tsaotun Branch No.601-7, Zhongzheng Rd., Caotun Township, Nantou County 54241, Taiwan (R.O.C.)
TEL : 886-49-2330573 FAX : 886-49-2353647 SWIFT : LBOTTWTP082

Changhua County

Changhua Branch	No.98, Guangfu Rd., Changhua City, Changhua County 50045, Taiwan (R.O.C.) TEL : 886-4-7230777 FAX : 886-4-7242934 SWIFT : LBOTTWTP047
Fuhsing Branch	No.399, Sec. 7, Zhanglu Rd., Fuxing Township, Changhua County 50661, Taiwan (R.O.C.) TEL : 886-4-7785566 FAX : 886-4-7789933
Yuanlin Branch	No.100, Sec. 2, Zhongshan Rd., Yuanlin Township, Changhua County 51052 Taiwan (R.O.C.) TEL : 886-4-8323171 FAX : 886-4-8330634 SWIFT : LBOTTWTP026

Yunlin County

Huwei Branch	No.490, Sec. 1, Linsen Rd., Huwei Township, Yunlin County 63243, Taiwan (R.O.C.) TEL : 886-5-6327373 FAX : 886-5-6320297 SWIFT : LBOTTWTP056
Touliu Branch	No.72, Zhongshan Rd., Douliu City, Yunlin County 64051, Taiwan (R.O.C.) TEL : 886-5-5323901 FAX : 886-5-5334295 SWIFT : LBOTTWTP027
Peikang Branch	No.90, Minzhu Rd., Beigang Township, Yunlin County 65142, Taiwan (R.O.C.) TEL : 886-5-7836111 FAX : 886-5-7835525 SWIFT : LBOTTWTP028

Chiayi City

Chiayi Branch	No.309, Zhongshan Rd., Chiayi City 60041, Taiwan (R.O.C.) TEL : 886-5-2241150 FAX : 886-5-2250426 SWIFT : LBOTTWTP029
Chiasing Branch	No.28, Ziyou Rd., Chiayi City 60093, Taiwan (R.O.C.) TEL : 886-5-2810866 FAX : 886-5-2810882

Chiayi County

Minhsiung Branch	No.126, Sec. 3, Jianguo Rd., Minxiong Township, Chiayi County 62157, Taiwan (R.O.C.) TEL : 886-5-2200180 FAX : 886-5-2214643 SWIFT : LBOTTWTP066
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Tainan City

Tainan Branch	No.28, Zhongzheng Rd., West District, Tainan City 70048, Taiwan (R.O.C.) TEL : 886-6-2265211 FAX : 886-6-2240057 SWIFT : LBOTTWTP032
Tungtainan Branch	No.261, Sec. 3, Dongmen Rd., East District, Tainan City 70172, Taiwan (R.O.C.) TEL : 886-6-2906183 FAX : 886-6-2906946 SWIFT : LBOTTWTP083
Peltainan Branch	No.128-7, Gongyuan Rd., North District, Tainan City 70448, Taiwan (R.O.C.) TEL : 886-6-2210071 FAX : 886-6-2256036 SWIFT : LBOTTWTP062
Anping Branch	No.23, Sec. 2, Zhonghua W. Rd., Anping District, Tainan City 70844, Taiwan (R.O.C.) TEL : 886-6-2933555 FAX : 886-6-2933666 SWIFT : LBOTTWTP109
Annan Branch	No.47, Sec. 3, Haidian Rd., Annan District, Tainan City 70966, Taiwan (R.O.C.) TEL : 886-6-2568669 FAX : 886-6-2569778
Yungkang Branch	No.20, Zhongshan S. Rd., Yongkang District, Tainan City, 71075, Taiwan (R.O.C.) TEL : 886-6-2321171 FAX : 886-6-2324144 SWIFT : LBOTTWTP031
Dawan Branch	No.1062, Sec. 2, Yongda Rd., Yongkang District, Tainan City, 71080, Taiwan (R.O.C.) TEL : 886-6-2071200 FAX : 886-6-2071250
Hsuehchia Branch	No.303, Zhongzheng Rd., Xuejia District, Tainan City 72641, Taiwan (R.O.C.) TEL : 886-6-7832166 FAX : 886-6-7836743 SWIFT : LBOTTWTP085
Hsinying Branch	No.79, Zhongshan Rd., Xinying District, Tainan City, 73045, Taiwan (R.O.C.) TEL : 886-6-6322441 FAX : 886-6-6322270 SWIFT : LBOTTWTP030
Paiho Branch	No.395, Sanmin Rd., Baihe District, Tainan City 73242, Taiwan (R.O.C.) TEL : 886-6-6855301 FAX : 886-6-6852545
Hsinshih Branch	No.10, Fusing Rd., Xinshi District, Tainan City 74444, Taiwan (R.O.C.) TEL : 886-6-5997373 FAX : 886-6-5990799 SWIFT : LBOTTWTP104

Kaohsiung City	
Chungcheng Branch	No.158, Zhongzheng 3rd Rd., Xinxing District, Kaohsiung City 80052, Taiwan (R.O.C.) TEL : 886-7-2352156 FAX : 886-7-2352140 SWIFT : LBOTTWTP059
Hsinhsing Branch	No.480, Qixian 1st Rd., Xinxing District, Kaohsiung City 80053, Taiwan (R.O.C.) TEL : 886-7-2355111 FAX : 886-7-2355118 SWIFT : LBOTTWTP054
Chungshan Branch	No.87, Wufu 3rd Rd., Qianjin District, Kaohsiung City 80148, Taiwan (R.O.C.) TEL : 886-7-2519406 FAX : 886-7-2518154 SWIFT : LBOTTWTP048
Lingya Branch	No.18, Zhongxiao 2nd Rd., Lingya District, Kaohsiung City 80241, Taiwan (R.O.C.) TEL : 886-7-3328477 FAX : 886-7-3356471 SWIFT : LBOTTWTP078
Kaohsiung Branch	No.131, Dayong Rd., Yancheng District, Kaohsiung City 80343, Taiwan (R.O.C.) TEL : 886-7-5515231 FAX : 886-7-5510428 SWIFT : LBOTTWTP033
Chiencheng Branch	No.241, Yixin 1st Rd., Qianzhen District, Kaohsiung City 80606, Taiwan (R.O.C.) TEL : 886-7-3329755 FAX : 886-7-3313296 SWIFT : LBOTTWTP069
Poai Branch	No.300, Bo-ai 1st Rd., Sanmin District, Kaohsiung City 80757, Taiwan (R.O.C.) TEL : 886-7-3150301 FAX : 886-7-3226961 SWIFT : LBOTTWTP105
Chienkuo Branch	No.458, Jianguo 1st Rd., Sanmin District, Kaohsiung City 80760, Taiwan (R.O.C.) TEL : 886-7-2250011 FAX : 886-7-2250077 SWIFT : LBOTTWTP097
Shanming Branch	No.657, Jiangong Rd., Sanmin District, Kaohsiung City 80778, Taiwan (R.O.C.) TEL : 886-7-3861301 FAX : 886-7-3891941 SWIFT : LBOTTWTP065
Shiaokang Branch	No.336, Hongping Rd., Xiaogang District, Kaohsiung City 81268, Taiwan (R.O.C.) TEL : 886-7-8065606 FAX : 886-7-8018837 SWIFT : LBOTTWTP117
Zuoying Branch	No.368, Bo-ai 2nd Rd., Zuoying District, Kaohsiung City 81358, Taiwan (R.O.C.) TEL : 886-7-5577898 FAX : 886-7-5567960
Tashe Branch	No.369, Zhongshan Rd., Dashe District, Kaohsiung City 81547, Taiwan (R.O.C.) TEL : 886-7-3520779 FAX : 886-7-3529804 SWIFT : LBOTTWTP067
Kangshan Branch	No.285, Gangshan Rd., Gangshan District, Kaohsiung City 82041, Taiwan (R.O.C.) TEL : 886-7-6216102 FAX : 886-7-6213119 SWIFT : LBOTTWTP034
Luzhu Branch	No.18, Guochang Rd., Luzhu District, Kaohsiung City 82150, Taiwan (R.O.C.) TEL : 886-7-6972131 FAX : 886-7-6973834 SWIFT : LBOTTWTP070
Cingnian Branch	No.281, Sec. 2, Qingnian Rd., Fengshan District, Kaohsiung City 83048, Taiwan (R.O.C.) TEL : 886-7-7808700 FAX : 886-7-7805166 SWIFT : LBOTTWTP038
Fengshan Branch	No.15, Caogong Rd., Fengshan District, Kaohsiung City 83064, Taiwan (R.O.C.) TEL : 886-7-7460121 FAX : 886-7-7436569 SWIFT : LBOTTWTP051
Wuchia Branch	No.256, Wujia 2nd Rd., Fengshan District, Kaohsiung City, 83083, Taiwan (R.O.C.) TEL : 886-7-7715176 FAX : 886-7-7715170 SWIFT : LBOTTWTP071
Dafa Branch	No.272, Fonglin 4th Rd., Daliao District, Kaohsiung City 83150, Taiwan (R.O.C.) TEL : 886-7-7869169 FAX : 886-7-7869189
Nanzi Branch	No.318, Lanchang Rd., Nanzi District, Kaohsiung City 81168, Taiwan (R.O.C.) TEL : 886-7-3621199 FAX : 886-7-3621099
Meinung Branch	No.65, Sec. 1, Zhongshan Rd., Meinong District, Kaohsiung City 84348, Taiwan (R.O.C.) TEL : 886-7-6813211 FAX : 886-7-6813111
Pingtung County	
Pingtung Branch	No.78, Fongjia Rd., Pingtung City, Pingtung County 90075, Taiwan (R.O.C.) TEL : 886-8-7325131 FAX : 886-8-7322236 SWIFT : LBOTTWTP036
Kaoshu Branch	No.99, Nanxing Rd., Gaoshu Township, Pingtung County 90641, Taiwan (R.O.C.) TEL : 886-8-7963399 FAX : 886-8-7966333
Chaojung Branch	No.117, Zhongshan Rd., Chaozhou Township, Pingtung County 92045, Taiwan (R.O.C.) TEL : 886-8-7898787 FAX : 886-8-7880600

Pingtung County

Chaozhou Branch No.12, Xinsheng Rd., Chaozhou Township, Pingtung County 92046, Taiwan (R.O.C.)
TEL : 886-8-7884111 FAX : 886-8-7881972

Donggang Branch No.27, Sec. 2, Guangfu Rd., Donggang Township, Pingtung County 92847, Taiwan (R.O.C.)
TEL : 886-8-8332255 FAX : 886-8-8325399

Fangliao Branch No.111, Longshan Rd., Fangliao Township, Pingtung County 94049, Taiwan (R.O.C.)
TEL : 886-8-8781533 FAX : 886-8-8786282

Yilan County

Ilan Branch No.43, Guangfu Rd., Yilan City, Yilan County 26043, Taiwan (R.O.C.)
TEL : 886-3-9361101 FAX : 886-3-9323692 SWIFT : LBOTTWTP011

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