Yuanta Commercial Bank Co., Ltd.

2011 Annual Report

1. Contact information of company spokesperson and deputy spokesperson

	Company Spokesperson	Company Deputy Spokesperson
Name / Title	Eric K. Chiu / Senior Vice President	Yung-Chung Huang / Senior Vice President
Tel	(02)2173-6818	(02)2173-6806
E-mail	ErickChiu@yuanta.com	AndrewHuang@yuanta.com

2. Contact information of Yuanta Commercial Bank

Tel	(02) 2173-6699	Toll Free	0800-688-168
Website	http://www.yuantabank.com.tw	E-mail	service@yuanta.com
Address	1F-3F, 8F, No. 66 & 1F-2F, No. 68, Dunhua S. Rd., Taipei City 105, Taiwan		

3. Contact information of stock transfer agent

Stock Transfer Agent	Stock-Related Services Dept., Yuanta Securities	Tel	(02) 2586-5859
Website	http://agent.yuanta.com.tw	Address	B1, No. 210, Chengde Rd., Sec. 3, Taipei

4. Contact information of credit rating agencies

Credit Rating Agencies	Address	Tel
Taiwan Ratings Corporation	49F, No. 7, Xinyi Rd., Sec. 5, Taipei (Taipei 101 Building)	(02) 8722-5800
Fitch Ratings Corporation	13F, No. 205, Dunhua N. Rd., Taipei	(02) 8175-7600

5. Contact information of independent accountants

Name	James Huang ; Joseph Chou	Tel	(02) 2729-6666
CPA Firm	PricewaterhouseCoopers Taiwan	Address	27F, International Trade Building, No. 333, Keelung Rd., Sec. 1, Taipei
Website	http://www.pwc.com/tw/		

6. Name of foreign exchanges listed where company stock is and sources for searching the said foreign listed stock：None

I、Letter to Shareholders 2

II、Bank Profile and Corporate Governance 10

1. Introduction 10
2. Organization 12
3. Directors, Supervisors and Managers 15
4. Corporate Governance 28

III、Fund Raising and Operational Highlights 40

1. Capital and Shares 40
2. Financial Debentures and Capital Utilization Plan 42
3. Business Overview 46

IV、Financial Information and Risk Management 55

1. Financial Review 2007~2011 55
2. Financial Statement for 2011 63
3. Risk Management and Other Significant Issues 165

V、Special Notes 176

1. Information of Affiliates 176
2. Milestones of Yuanta Commercial Bank in 2011 177
3. Branches and Overseas Offices 179

I. Letter to Shareholders

1. Business Report for 2011

Changes in the Financial Environment

The sovereign credit crisis of Europe continued to threaten the global economy in 2011. Although the EU and IMF have launched successive bailouts, the future market development was still pessimistic, thus giving rise to the anxiety about the second global economic recession. Also, despite the moderate economic recovery in the US, as the unemployment rate was still high and the real estate market kept running low, and along with the uncertainty of the European credit crisis, there is risk of economic recession in the future. Doubts on the investment market persisted in 2011due to two unfavorable conditions: the threat of asset bubbles and inflation in emerging countries, and the financial and real estate market readjustment in China. Overall, the global economic development remained uncertain.

Domestically, overall economic development was slow as indicated by the blue light in the economic condition monitoring since November for the following reasons: the commodity price was growing moderately, export trade was unfavorable due to the slow global economic growth, and some economic indices went down continuously for months, such as the annual change rate of industrial product. The estimated economic growth of 2011 announced by the DGBAS reduced to 4.04%, and it will further reduce to 3.85% in 2012 (it was estimated at 4.19% in November 2011), suggesting a conservative forecast of the macroeconomic condition. Therefore, the development of Taiwan's financial industry will be highly challenging in the next year as a result of various uncertainties.

Organizational Change

In order to improve the planning and promotion of the deposit service and centralize operational management, in July 2011, we adjusted the name and the duty of the Deposit and Remittance Banking Dept. and the Operation Dept Further, in September 2011, we established a Financial Products Department in charge of the development of the products related to insurance and financial management. Since October 2011, we have applied centralized management to the corporate banking personnel of certain areas, in order to enhance business efficiency.

In location planning, branches or locations have been planned and deployed according to the status of income distribution, population, industrial development, and distribution of banks in individual districts. In 2011, we established four new domestic branches, i.e. from 81 to 85 branches, increasing the proportion of branches in Taipei Area to 45%. In 2012, we will accelerate the establishment of another three branches to increase the total number of branches

to 88. Also, we continued with the integration of banking and securities service, in order to demonstrate group synergy. By the end of 2011, we integrated banking and securities service with 28 Yuanta Securities branches and 6 Polaris Securities branches, and expected that there will be 6 more, in 2012.

Actual Accomplishments in 2011

Market operations became conservative in 2011 as a result of the worldwide economic instability. Upholding the principle of "quantity and quality together", we maintained steady growth in both scale and profit. By the end of December 2011, we have a total of 85 branches, with an asset scale amounting to NT$508.1 billion, or an increase by 11% when compared with the amount of NT$455.7 billion in 2010. The net income was NT$1.706 billion (EPS was NT$0.74) and increased NT$389 million when compared with the amount at NT$1.317 billion in 2010, marking a high growth for three consecutive years. The non-performing loan ratio and coverage ratio were 0.19% and 673.57% respectively, with overall asset quality superior to the business standard.

(1) Deposits:

Besides continuously exploiting the advantageous resources of Yuanta Securities, a subsidiary of Yuanta FHC, to aggressively strive for the transfer of securities, we reinforced the expansion of customers' ordinary deposit to strengthen the saving service structure and expand customer scale, in order to set a foundation for the development of various businesses.

In 2011, the total operational volume of the deposit service was NT$406.9 billion and increased NT$77.3 billion when compared with the volume of NT$329.6 billion in 2010. This volume included an increase in current deposit at NT$22.8 billion and time deposit at NT$54.5 billion.

(2) Loans:

In corporate banking, besides striving for opportunities to participate in syndicated loan projects at home and abroad, we continuously improved ICB cooperation with securities, integrated group resources, and expanded business scale. Also, we cultivated the SME market for "secure loan" and "self-liquidating trade finance" products to increase customer sources.

In consumer banking, premium customers were targeted for reinforcing the differential pricing and marketing strategy, including the provision of comprehensive products according to individual needs. Also, we expanded cooperation with automakers and cultivated new brand channels to effectively increase the market share of car loans.

In 2011, the total volume of the loan service was NT$317.0 billion and increased NT$56.3 billion compared with the volume at NT$260.7 billion in 2010. This included NT$198.4 billion of loans through corporate banking, commanding at 62.6%; and NT$118.6 billion through consumer banking, commanding at 37.4%

(3) Foreign Exchange:

We aggressively applied for accreditation of being "appointed foreign exchange bank", enforced education and training on foreign exchange business, and continuously improved the functions of the foreign exchange system, in order to provide customers with professional and convenient financial services. By the end of December 2011, all 85 branches have obtained the license for "appointed foreign exchange branch" to operate foreign exchange deposits and general incoming and outgoing foreign exchange services.

In 2011, the sales volume of foreign exchange was US$28.3 billion and increased 37.48% when compared with the volume of US$20.6 billion in 2010. This included 93.12% from incoming and outgoing foreign exchange, 5.07% from import sales and 1.81% from export sales.

(4) Trust Business:

In addition to launching a wide variety of trust products to meet the wealth management demands of customers, we aggressively cultivated the fund trust and custodian businesses to increase income on commission and service fee. In 2011, we increased 3 trust funds with a scale amounted to about NT$6.4 billion, 18 new custodian accounts with a scale amounted to about NT$6.6 billion; and 67 full fiduciary custodian accounts with a scale amounted to about NT$1.3 billion.

In 2011, the total balance of trusted assets was NT$109.4 billion, reduced by NT$1.7 billion when compared with the balance of NT$111.1 billion in 2010.

(5) Wealth Management:

We provided customized wealth management planning service through arranged levels of services and diversified choices of product. Marketing effort is focused to increase stickiness with the clients. We also aggressively promoted balance-based income products and launched the "gold passbook" business to meet the investment needs of clients and create stable income on commission and service fee. In addition, to cope with the global financial market volatility, and in consideration of dispersion of investment risk, we adjusted the proportion of marketing and allocation of insurance products, in consideration of preservation of clients' assets.

In 2011, net income on commission and service fee from wealth management was NT$573 million an increase of NT$1 million compared with the amount at NT$572 million in 2010.

(6) Credit Card:

In order to cultivate the premium customer market, we provided holders of the VISA Infinite Card fast track personal service at international airports worldwide. In 2011, we also launched the Mazda Sky Card in collaboration with Mazda with a wide variety of exclusive services. We also launched comprehensive discount events with quality enterprises, receipt instant redemption, and repayment by installation and other events, in

order to increase the transaction amount with customized services.

In 2011, card in force was 270,000 cards, with an active card rate of 40.34%.

Budget Implementation, Financial Status and Profitability

In 2011, the net revenue was NT$6.771 billion, including net interest income at NT$5.035 billion and non-interest at NT$1.736 billion. When compared with the net income in 2010 at NT$6.141 billion, net revenue increased NT$630 million.

Major items different from 2010 were as follows:

(1) Net interest income increased NT$762 million when compared with that of 2010 as a result of the increase in deposits and loans that increased NT$77.3 billion and NT$56.3 billion respectively.

(2) Net non-interest income reduced NT$132 million when compared with that of 2010 as a result of the reduction in the income on financial instruments.

(3) Due to the significant improvement of asset quality, the income from bad debt recovery in 2011 was NT$295 million and increased NT$120 million when compared with the amount at NT$175 million in 2010. Operating expenses in 2010 was NT$5.02 billion and increased NT$438 million when compared with the amount at NT$4.582 billion in 2010.

(4) In conclusion, the net profit before tax in 2011 was NT$2.045 billion. After deducting income tax at NT$339 million, the net income was NT$1.706 billion and increased NT$389 million when compared with the amount at NT$1.317 billion in 2010.

Research and Development

(1) In developing loan businesses, the stock-secured loan was introduced for overdraft line of credit in wealth management to provide more flexibility for customers holding stocks for a long-term with financial management needs.

(2) In the car loan business, the ACH (Automated Clearing House) payment mode was added to allow customers to repay the loan more conveniently.

(3) We signed a dealer A/R project with FORD to increase financing service platforms for upstream and downstream dealers on the supply chain.

(4) We launched the “gold passbook” business to provide customers with more options for asset allocation.

(5) We added the “periodic variable payment plan” service and the “Rich Land” e-banking fund performance competition events.

(6) We reinforced the marketing and design of structured products of various new financial products integrating foreign exchange, interest rate, stock options, and credits.

(7) We added the mobile banking channel to provide customers with real-time and convenient financial services.

(8) Risk Management:

A. Credit risk: We established the mortgage case acceptance and behavior scorecard models. In Q4 of 2011, these models were completed and went live. As a result, the coverage rate of the asset internal rating/scoring system for consumer banking increased more than 90%.

B. Market risk: We set the financial trade risk limit value and assisted the IT department in establishing the counterparty settlement limit real-time enquiry system to help front business units to maintain real-time control of the transaction limit.

C. Operational risk: We completed the capital requirements specified in the standardized approach for operational risk to enhance the level of the bank's operational risk management. We also conducted risk indicator (RI) collection and operational risk calculation and measurement.

(9) Information system R&D and upgrade: Financial Collection System (FCS) development, foreign currency deposit revision and batch report transfer to report system, new middle and back office functions and system version upgrade of the CBAS, bank remittance collection system upgrade, mobile banking system, new data warehouse system Phase II, new wealth management calls recording system, bank cross-business integrated platform upgrade, enterprise-wide image digitization platform function addition and integration, integration of account opening, integration of financial transaction, financial system integration of Yuanta Securities and Polaris Securities, implementation of the group budget/HR/financial systems, and reinforcement of e-channel information security protection according to the new e-channel trading security control regulation, in order to enhance system operation efficiency and support business development.

2. Impacts of External Competitive, Regulative and Overall Operating Environment

At present, it is difficult to increase spread when the economic conditions remain uncertain and domestic competition is intense. Also, as the future of the four major industries, including DRAM, panel, LED and solar energy PV industries, is obscure, and credit risk increases. As a result, the overall developmental potential of the banking industry is affected. Also, in order to assist financial institutions in developing healthy operation capacity for future economic prosperity bounce back, the FSC encourages local banks and credit cooperatives to enhance the allowance for doubtful accounts to total loan amount ratio (loan coverage ratio), in order to deduct the total loan calculation of government agencies. By 31 December 2011, the loan coverage ratio of this bank was 1.30%, exceeding the 1% target set by the FSC.

Also, the effects of changes in related laws and regulations are as follows:

(1) Amendment to the Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area

Following the execution of the Economic Cooperation Framework Agreement (ECFA), and with the increasingly frequent cross-strait financial business, besides amending Article 12 of the Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area (Banking Activity Regulations) to release the loan restriction of Taiwanese businesses in China, the FCS further amended Articles 11 and 13 of the Banking Activity Regulations on 7 September 2011 to allow the overseas branches and OBU of Taiwanese banks to lend to PRC citizens, PCR corporations or PRC groups obtaining residence or registering in Taiwan in the same manner as for citizens, corporations, groups and other organizations in Taiwan (previously, branches of Taiwanese banks operating in China could only lend to Taiwanese business and overseas businesses in China). The deregulation of the status of loan applicants will surely favor business expansion of domestic branches, OBU, and overseas branches and affiliates of this bank, and bring a positive effect to the credit business of this Bank.

(2) Announcement of the Regulations Governing the RMB Business of Banks in Taiwan Area

In order to enhance the business expansion of OBU and overseas branches of banks in Taiwan, the FSC and the Central Bank of Taiwan announced on 21 July 2011 the Regulations Governing the RMB Business of Banks in Taiwan Area to allow Taiwanese banks to engage in RMB business. This allows Taiwanese banks to provide a stable financing channel for Taiwanese businesses in China. To cope with the internationalization of RMB, we already obtained the RMB business license for our OBU in January 2012. The RMB business will start this year.

(3) Revision of the Self-Disciplinary Standard for Banks Engaging in Derivatives

The Directions for Banks Conducting Financial Derivatives Businesses were revised on 31 December 2009. The Bankers Association of the Republic of China also passed the Self-Disciplinary Standard for Banks Engaging in Derivatives on 27 May 2000. The latter enacted on 16 March 2011 introduced the graded customer management system and reinforced marketing process control to increase protection for customer rights and benefits. In the future, there will be restrictions on the variety of products and marketing process for general customers. At present, we have adjusted the contracts signed with customers and updated the related processes and transaction platforms. In the future, we will develop differential businesses strategies by customer segmentation in response.

(4) Proclamation of the Financial Consumer Protection Act and Its Bylaws

The Financial Consumer Protection Act was proclaimed on 29 June 2011. It was approved to be implemented on 30 December 2011 by the Executive Yuan. The FSC announced six regulatory orders on 12 December 2011. The Act provides a legal basis for establishing an organization for settling financial consumer disputes. The Act has also specifies that when advertizing, soliciting business, launching promotional events, financial service institutions should not make overly-optimistic, deceitful, obscure or false information to mislead the public. Before providing products or services, financial service institutions should fully understand the background information of consumers to ensure the suitability of products and services. Financial service institutions should also fully inform consumers of the important contents and related risks. This Bank has revised and updated the relevant internal provision and contracts, in order to protect the rights and benefits of consumers.

(5) Impacts of IFRS Adoption in 2013

In accordance with the "Roadmap toward IFRS Adoption in Taiwan" announced on 14 May 2009, the Bank will be required to prepare financial reports in accordance with Taiwan-IFRS starting from 2013, restate the comparative figures in 2012 financial statements, and disclose the adoption plan, and the impacts of adoption, in 2011 annual financial reports, and in 2012 interim and annual financial reports.

In 2009, the Bank proposed an IFRS adoption plan and established a specific taskforce. The relevant information of adoption as disclosed in the financial report.

3. Latest Credit Ratings

Type of rating	Rating agency	Date	Latest Credit Ratings		
			Long-term rating	Short-term rating	Outlook
International rating	S&P	01/11/2012	BBB	A-2	Positive
	Fitch	01/18/2012	BBB	F3	Stable
Domestic rating	Taiwan Ratings	01/11/2012	twAA-	twA-1+	Positive
	Fitch	01/18/2012	A+ (twn)	F1 (twn)	Stable

4. Business Plan in 2011 and Outlook

As long as the global market is unstable and economic conditions remain unstable, we will continue to maintain sound business strategies this year. Under the premise of risk control, we will make aggressive innovation, be devoted to product and service

diversification, improve customer cultivation ability, develop a solid foundation, pursue steady business growth, and expand customer and business scale, in order to raise our market position. We will also enrich our profit momentum by improving our pricing mechanisms. In addition, we will continue to integrate group resources and demonstrate the synergy of operation, in order to maximize the benefits for all shareholders. The business plan of this Bank is summarized as follows:

(1) Business Development:

A. In order to enhance the stability of funding source and further development of business basis besides aggressively cultivating new customer sources and reinforce the absorbency of general current savings to reduce capital cost, we will integrate physical and electronic channels to provide customized financial services for promoting the simultaneous growth of all businesses.

B. We will improve the OBU functions and promote international cooperation to increase the depth of the international syndicated loan business. We will integrate the DBU and subsidiary businesses to strive for the business opportunities in Taiwan, Hong Kong and China. Also, we will promote secured loan products to premium customers, such as revolving mortgage with favorable interest rate and stock-secured loan.

C. In addition actively build wealth management services team provides customized product planning services for clients. We will also development niche business with fee income to strengthen profit structure.

(2) Risk Management:

We will increase the bank's control capacity of credit, market and operational risk by building the risk model and risk database. We will also examine the structure of industrial supply chains and the top-down transaction of customers to grasp real-time movements, in order to minimize the bank's credit risk.

(3) Channel Development:

Physical branches will be established in the five major metropolitan areas according to the business development needs of this Bank and in coordination with the integration of securities locations. Also, we will aggressively apply to establish branches in Hong Kong and Macao to grasp business opportunities in Taiwan and China and develop our capacity for overseas development.

(4) Personnel Training:

We will reinforce pre-service and in-service education and training for personnel according to the attributes of their business, in order to improve their professional competence and internalize the compliance concept in personnel.

Bank Profile and Corporate Governance

1. Introduction

Yuanta commercial Bank ("the Bank"), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. Afterwards, in conformity with the development of the financial market and Government's financial reform, the Bank joined Fuhwa FHC on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific commercial Bank was approved to be renamed Fuhwa Commercial Bank. On April 2, 2007 Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23, 2007 the Bank was renamed Yuanta Commercial Bank.

In order to broaden the Bank's operating foundation and strengthen its competency, the Bank successively acquired Toulio Credit Cooperative, Taitung Credit Cooperative, Tainan 7th and 6th Credit Cooperative and increased its branches as many as 70. After Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank in April 2010, the Bank expanded service territory to 88 branches. In the future, we will continue to deploy domestic locations according to the need of business development and the group's development strategy, with a focus on metropolitan areas in Taiwan, including Taipei City, New Taipei City, Taichung City, Tainan City, and Kaohsiung City. We will also aggressively plan and establish overseas locations, in order to cultivate business opportunities in Taiwan, Hong Kong, and China.

April 2010	Purchase and Assumption "Chin-Fon Bank" of 18 branches； Total branches increased to 88
September 2007	Renamed "Yuanta Commercial Bank"
December 2005	Acquired and merged "Tainan 6th Credit Cooperative"； Total branches increased to 70
June 2005	Acquired and merged "Tainan 7th Credit Cooperative"； Total branches increased to 58
June 2004	Acquired and merged "Taitung Credit Cooperative"； Total branches increased to 50
July 2003	Acquired and merged "Toulio Credit Cooperative"； Total branches increased to 42
August 2002	Joined Fuhwa FHC；Renamed "Fuhwa Commercial Bank"； Total Branches 37
February 1992	"Asia Pacific Commercial Bank"；Total Branches 7

- Overseas Office: Hong Kong Representative Office
- Affiliate:

  Yuanta Property Insurance Agent Company

  Yuanta Life Insurance Agent Company

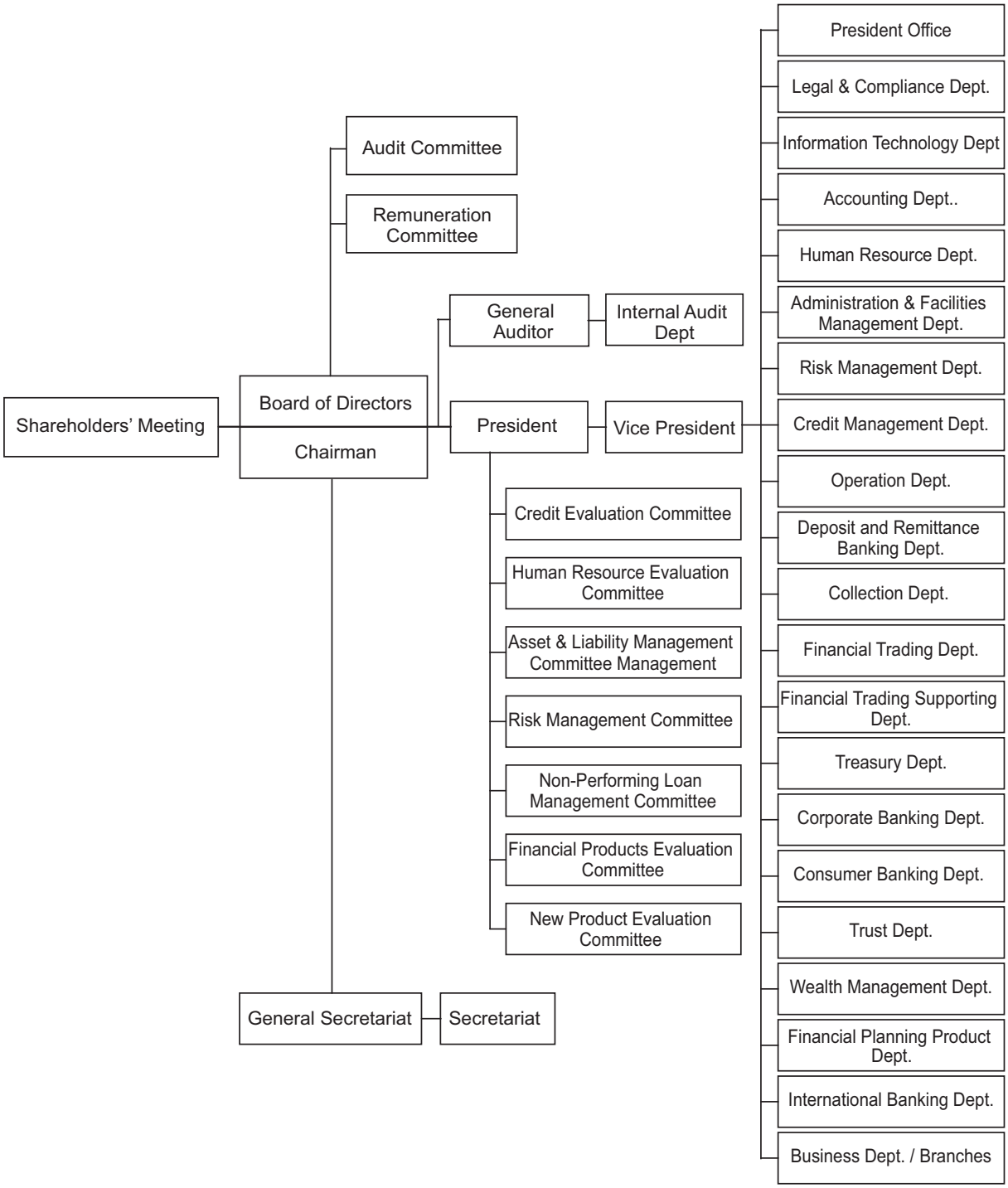
After joining Yuanta Financial Holdings, the Bank has been not only carrying out a variety of important service and system reforms, but integrating the abundant resources of the Financial Holdings in security clients, which steadily uplift the Bank's asset quality and stably grow its operation scale.

In prospect of the future, Yuanta Commercial Bank will persistently observes its philosophy- Sincerity, Stability, Service, Innovation and Attentiveness- and provide more professional and all-round financial services to customers through the quality management models with risk emphasis, customer orientation and objective management in order to create maximum profit for shareholders and full perform its social responsibility.

2. Organization

(1) Organization Chart

Base Date: February 29, 2012



(2) Major Departments

Base Date: February 29, 2012

Departments	Function
President Office	Analyze, plan and develop organization and service locations; supervise operation performance, compile budgetary objectives and manage business performance and strategies; plan and manage long-term equity investment and M&A, and manage public relations activities.
Internal Audit Dept.	Manage the Bank's internal audits and supervise self auditing.
Legal & Compliance Dept.	Manage all of the Bank's legal affairs and act as the authority of legal conformity. Manage and execute the legal conformity system and assess self-evaluation.
Information Technology Dept.	Develop the Bank's IT policies. Construct and execute the IMS and plan, establish and manage the information facility, system and network, and plan and promote E-Banking.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
Human Resource Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.
Risk Management Dept.	Construct credit risk, market risk and operational risk control mechanism. Monitor and manage risk-related affairs in the Bank.
Credit Management Dept.	Examine, approve and review credit accounts of institutional and consumer banking. Develop on credit Management policies, and real estate valuation policies.
Operation Dept.	Planning, management and implementation of back-office centralization of deposit and loan services.
Deposit and Remittance Banking Dept.	Manage administrative affairs, development deposits and remittance regulations and training appraisal. Develop, plan and manage regulations on deposit services and train deposit personnel.
Collection Dept.	Collect the Bank's non-performing loans and other debts. Compile and analyze assets with non-performing loans.
Financial Trading Dept.	Manage research and development, transaction, marketing and promotion of financial products and the operation of trading books of the Bank.
Financial Trading Supporting Dept.	Conduct confirmation, delivery, account management and other affairs for financial products.
Corporate Banking Dept.	Supervise operational objectives, budget objectives, business development and product research and development for institutional banking business and plan and integrate services featuring projects, policies, large size, and complexity.

Departments	Function
Consumer Banking Dept.	Supervise, for consumer banking business (including house mortgages, credit loans, car loans, installment payments and credit cards), the operational policies, budget objectives, business development, product research and development, marketing activities, customer services, crediting credit card users and plan and manage all of business regions.
Trust Dept.	Plan, develop and manage trust business, execute annual budget objectives, and conduct R&D and integration of wealth management products and process trust business.
Wealth Management Dept.	Supervise the operational policies, budget objectives, business development, marketing plans and manage other wealth management services.
Financial Planning Product Dept.	Supervision of the bank's operational policies, budget targets, sales promotion, and marketing events for insurance, precious metals, and novel products.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange.
Business Dept. / Branches	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, administers accounting affairs and other tasks assigned by the headquarter.

3. Directors、Supervisors and Managers

(1) Information of Directors

Base Date: February 29, 2012

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Spouse & Minor Shareholding	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Chairman：Representative of Yuanta Financial Holdings	Ching-Chang Yen	06/29/2010 (Note 1)	06/28/2013	06/30/2005	100% owned by Yuanta FHC； Shareholding when Elected: 2,150,000,000 Current Shareholding: 2,510,813,065	—	● L.L.M, University of Michigan, USA ● ROC Permanent Representative to the WTO; Minister and Political Deputy Minister, Ministry of Finance	Chairman of Yuanta Commercial Bank；Chairman of Yuanta Financial Holdings；Director of Yuanta Foundation Co. Ltd.；Independent Director of Inotera Technology Co. Ltd.；Independent Director of Formosa Pladtics Co. Ltd.	—
Director：Representative of Yuanta Financial Holdings	Jin-Long Fang	06/29/2010	06/28/2013	06/29/2007			● Provincial Chiayi Senior Vocational High School ● Supervisor of Yuanta Core Pacific Securities Co., Ltd.	Chairman of Yuan Kun Construction Co., Ltd.；Chairman of Yuanta United Steel Corporation Co. Ltd.；Chairman of Li Ching Industrial Co., Ltd	
	Hsien-Tao Chiu	06/29/2010	06/28/2013	06/30/2005			● Bachelor of Business administration, U.S. Southwestern University ● Chairman of Taichung Securities；Standing Director of Asia Pacific Bank；Director of Asia Pacific Investment & Trust Co.；Director of International Securities；Chairman of Asia Pacific Leasing Co., Ltd.；Chairman of Fuan Insurance Agent Co., Ltd.	Director of Yuanta Financial Holdings；Director of Yuanta Leasing Co. Ltd.； Chairman of Taiwan Yi-Her International Co.；Director of Fong-Long Automobile Co.；Director of Kong-Ya Investment Co., Ltd.；Owner of Jin-Li Industry Co.；Owner of Yi-Her Automobile Co., Ltd.；Director of Cheng-Long Automobile Co., Ltd.；Director of FIAT	Senior Vice President, Eric K Chiu, Kin with the second degree
	Cheng-Hsin Wang	06/29/2010	06/28/2013	09/16/2008			● Master of Public Finance of National Chengchi University ● CSO, Chinatrust Financial Holdings；SEVP, Chinatrust Commercial Bank；President, Jih Sun Financial Holdings	Chairman of Yuanta Securities Asia Financial Services, Ltd.；CSO, Yuanta Financial Holdings	—

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Spouse & Minor Shareholding	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director：Representative of Yuanta Financial Holdings	Chia-Lin Chin	06/29/2010	06/28/2013	04/16/2009	100% owned by Yuanta FHC； Shareholding when Elected: 2,150,000,000 Current Shareholding: 2,510,813,065	—	● Bachelor of Business Administration, National Chengchi University ● General Auditor of Fuhwa Financial Holdings；General Auditor of Yuanta Core Pacific Securities Co. Ltd.；Vice General Manager of Yuanta Core Pacific Securities Co. Ltd.；Vice General Manager of SAMPO Securities Co. Ltd.；Department Head of Atlas Technology Corp	President of Yuanta Commercial Bank； Chairman of Yuanta Life Insurance Agent Co., Ltd.；Director of Yuanta Asset Management Co., Ltd.；Supervisor of Yuanta Financial Consulting Co., Ltd.；Chairman of Yuanta Property Insurance Agent；Director of Yuanta Foundation Co. Ltd.	—
	Sam Lee (Note 2)	06/29/2010	08/15/2011	05/08/2009			● Master of Public Finance, National Chengchi University ● Managing Director of Citigroup Global Markets Taiwan Co., Ltd.; Vice President of Investment Banking, JP Morgan Chase& Co.; Deputy Manager of Corporate Financing, ABN AMRO Bank N.V.	Director of Yuanta Securities (Hong Kong)；Executive VP of Yuanta Securities Co., Ltd.	
Independent Director	Dah-Hsian Seetoo	06/29/2010	06/28/2013	06/29/2007			● PhD. in Business administration, Northwestern University；MBA, University of Illinois ● Independent director of Yuanta Core Pacific Securities Co., Ltd.；Chairman of Strategy Management Committee of Chinese Management Association；Vice President of National Chengchi University；Chairman of Graduate Institute of Business Administration, National Chengchi University；Director of Department of Business Administration, National Chengchi University	Independent director of Yuanta Financial Holdings	

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Spouse & Minor Shareholding	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Jung-Hsien Huang	06/29/2010	06/28/2013	03/19/2008	100% owned by Yuanta FHC； Shareholding when Elected: 2,150,000,000 Current Shareholding: 2,510,813,065	—	● Bachelor of Public Finance of National Chengchi University. ● Independent director of Yuanta Securities Co., Ltd；Chirman of Central Trust of China. Co., Ltd.；Counselor of Ministry of Finance & Political；President of Taipei Bank；Vice President of Chiao Tung Bank.	—	—
	Chao-Lin Yang	06/29/2010	06/28/2013	10/01/2009			● Department of Accounting and Statistics, National Cheng Kung University ● Chief operations officer of Formosa Plastic Group；Executive Director, Formosa Plastics Corp.；Executive Director of Formosa Chemical & Fiber Corp.；Executive Director of Formosa Petrochemical Corp.	Independent director of Yuanta Financial Holdings；Director of Formosa Plastic Transport Corporation；Director of Chang Gung Institute of Technology；Director of Chang Gung Memorial Hospital；Chairman of Formosa Plastics Development Company；Chairman of Asia Pacific Development；Consultant of Hwa Ya Technology Park.；Supervisor of Yu-Chi Development；Director of WK Technology Fund；Director of Kuang Yuen Investment；Director of Ming Chi Institute of Technology； Independent Director of Solar Applied Materials Technology Corporation；Director of Formosa Chemical & Fiber Corp；Director of Formosa Technologies Corporation；Director of Nan Ya Plastics Corp；Director of Formosa Plastics Corp；Director of Asia Pacific Investment；Director of Formosa Petrochemical Corp.；Director of Pan Asia Science And Technology；Director of Nan Chung Petrochemical Corp.；Chairman of Chuang Li Investment；Chairman of Ya Tai Development；Director of Ming De Foundation；Director of King Car Aboriginal Cultural and Education Foundation；Director of Wang Zhan Yang Social Welfare Foundation；Director of Qin Lao Social Welfare Foundation	

Note 1: Yuanta FHC appointed directors and independent directors for the Bank's 7th term on June 29, 2010, whose terms of office commence from June 29, 2010 to June 28, 2013. Mr. Ching-Chang Yen was lected as the Chairman.
Note 2: Director Sam Lee resigned his commission as the Bank's Director on August 15, 2011.

(2) Major Institutional Shareholders:

Base Date: February 29, 2012

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	3.84%
	Yuan Hung Investment Co., Ltd.	3.34%
	Yuan Hsiang Investment Co., Ltd.	2.82%
	Yu Yang Investment Co., Ltd.	2.76%
	Dedicated investment account managed by HSBC on behalf of First Worldsec Securities	2.74%
	Bank of Taiwan Co., Ltd.	2.30%
	Lien Ta Investment Co., Ltd.	2.11%
	Dedicated investment account managed by JP Morgan Chase Bank , N.A., Taipei Branch on behalf of the Saudi Arabia Monetary Agency	1.80%
	Singapore Government's investment account held in custody by Citibank (Taiwan)	1.56%
	Mathew International Fund investment account held in custody by HSBC Bank (Taiwan) Limited	1.53%

(3) Key Shareholders of Major Institutional Shareholders:

Base Date: February 29, 2012

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Tsun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd.	18.91%
	Lien Ta Investment Co., Ltd.	18.55%
	Chiu Ta Investment Co., Ltd.	17.31%
	Lien Heng Investment Co., Ltd	16.63%
	Hsing Tsai Investment Co., Ltd	10.08%
	Victor Ma	8.27%
	Judy Tu Ma	4.69%
	Yung-Tsang Lin	2.84%
	Er-Tai Ma	1.23%
	Hao Yang	0.94%
Yuan Hung Investment Co., Ltd.	Mei Chia Li Investment Co., Ltd.	45.88%
	Lien Heng Investment Co., Ltd	33.74%
	Teng Ta Investment Co., Ltd.	15.38%
	Judy Tu Ma	5.00%
Yuan Hsiang Investment Co., Ltd.	Lien Ta Investment Co., Ltd.	44.38%
	Lien Heng Investment Co., Ltd	19.00%
	Teng Ta Investment Co., Ltd.	18.69%
	Chiu Ta Investment Co., Ltd.	9.96%
	Judy Tu Ma	5.01%
	Hsing Tsai Investment Co., Ltd	2.96%

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yu Yang Investment Co., Ltd.	Jen-Jay Investment Co., Ltd.	100.00%
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd	100.00%
Singapore Government's investment account held in custody by Citibank (Taiwan)	N/A	
Mathew International Fund investment account held in custody by HSBC Bank (Taiwan) Limited	N/A	
Dedicated investment account managed by HSBC on behalf of First Worldsec Securities	N/A	
Dedicated investment account managed by JP Morgan Chase Bank , N.A., Taipei Branch on behalf of the Saudi Arabia Monetary Agency	N/A	
Lien Ta Investment Co., Ltd.	Chiao Hua International Investment	45.79%
	Lien Heng Investment Co., Ltd	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd	2.57%
	Judy Tu Ma	0.47%
	Hung Lien Chen	0.01%

(4) Information of Managers:

A. Presidents, Vice Presidents and Department Heads:

Base Date: March 15, 2012

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences /Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
President	Chia-Lin Chin	04/09/2009	N/A	● President ● Bachelor of Business Administration, National Chengchi University	Director of Yuanta Commercial Bank；Chairman and Director of Yuanta Life Insurance Agent；Chairman and Director of Yuanta Property Insurance Agent；Director of Yuanta Foundation；Director of Yuanta Asset Management；Supervisor of Yuanta Financial Consulting	N/A
General Auditor	Ji-Sheng Wang	08/10/2005		● General Auditor ● LL.M, National Taiwan University	Supervisor of Yuanta Life Insurance Agent；General Auditor of Yuanta Financial Holdings	
Executive Vice President	Tze-Fen Lin	07/01/2008		● Supervisor of Risk Management Dept. and Financial Trading Supporting Dept. ● Ph.D. of Finance, National Taiwan University	CRO of Yuanta Financial Holdings	
Senior Vice President	Chung-Ping Lue	10/20/2009		● Supervisor of President Office., Deposit and Remittance Operation Dept. ● Master of Accounting, National Chengchi University	N/A	
	Kang Wonglee	08/01/2008		● Supervisor of Corporate Banking Dept. and Information Technology Dept. ● Master of Information Management, National Taiwan University	Director of Yuanta Life Insurance Agent	
	Lawrence Lou	07/31/2008		● Head of Financial Trading Dept.；Supervisor of Treasury Dept. and Financial Trading Dept. ● Bachelor of Accounting, Soochow University	N/A	
	Hung-Lin Wu	08/08/2008		● Head of Wealth Management Dept.；Supervisor of Wealth Management Dept., Financial Planning Product Dept. and Trust Dept. ● IEMBA, National Taipei University	Director of Yuanta Life Insurance Agent	
	Hsin-Ying Chen	09/22/2009		● Supervisor of Legal & Compliance Dept. ● Master of Law, Columbia University	Supervisor of Yuanta Asset Management；CLO of Yuanta Financial Holdings	

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences /Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Vice President	Yung-Chung Huang	06/15/2009	N/A	● Head of Operation Dept.；Supervisor of International Banking Dept., Collection Dept. and Operation Dept. ● Bachelor of Business Administration, Tamkang University	N/A	N/A
	Eric K. Chiu	05/30/2008		● Supervisor and Head of Consumer Banking Dept. ● MBA, The University of Queensland, Australia		
Senior Assistant President	Ming-Wang Yang	10/12/2010		● Supervisor of Administration & Facilities Management Dept. ● Feng Chia University Department of Finance and Taxation	CAO of Yuanta Financial Holdings	
	Wen-Jeng Chang	10/14/2005		● Head of Offshore Banking Branch, Chief Representative of Hong Kong Representative Office, Manager of prepatory office of Macau Branch. ● MBA,George Washington University	N/A	
	Wen-Hsiang hang	10/31/2008		● Business Supervisor ● Bachelor of Cooperative Economics, National Chung Hsing University		
	Sin-Yu Lin	10/31/2008		● Business Supervisor ● MBA, Arizona State University		
	Yu Chang	05/17/2010		● Business Supervisor ● Master of Public Administration, National Chengchi University		
	Ting-Yu Chang	08/28/2009		● Business Supervisor ● Bachelor of Public Finance, Fengchia University.		
	Francis Wang	06/02/2008		● Manager of Treasury Dept. ● Bachelor of International Trade, Fu Jen Catholic University		
	Shu-Chuan huang	11/01/2007		● Manager of Trust Dept. ● Master of Insurance, National Chengchi University		
	Hsiao-Keng hang	10/01/2005		● Manager of Human Resource Dept. ● Bachelor of History, National Taiwan University	Senior Assistant President of Yuanta Financial Holdings	
	Siao-Jyuan Zeng	07/01/2008		● Manager of Credit Management Dept. ● Dept. of Accounting and Statistics, Shih Chien College	N/A	
	Siou-Mei Chen	04/13/2007		● Manager of Information Technology Dept. Bachelor of Economics, National Chung Hsing University	Senior Assistant President of Yuanta Financial Holdings	

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences /Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Assistant President	Yi-Liang Su	06/23/2006	N/A	● Manager of Risk Management Dept. ● Master of Accounting, Soochow University	Senior Assistant President of Yuanta Financial Holdings	N/A
	Yu-Ching Su	12/29/2006		● Manager of Accounting Dept. ● Bachelor of Accounting, Tamkang University	N/A	
	Ming-Yue Liu	04/01/2011		● Manager of Corporate Banking Dept. ● Ming Chuan Commercial College for Girls Department of Accounting & Statistics		
	Yi-Tsung Lien	03/01/2012		● Manager of Financial Planning Product Dept. ● Bachelor of Agricultural Extension Education, National Taiwan University		
Assistant President	Chih-Hsun Chiang	07/01/2008		● Manager of Financial Trading Supporting Dept. ● Bachelor of Business Administration, Tamkang University		
	Mei-Ju Chen	04/01/2009		● Manager of Legal & Compliance Dept. ● Master of Law School of Fu Jen Catholic University	Assistant President of Yuanta Financial Holdings	
	Yeong-Jen Chen	05/28/2010		● Business Supervisor ● Financial finance department of Aletheia University	N/A	
	Ming-Shing Chen	07/13/2010		● Manager of Collection Dept. ● B.A. in Law, National Taiwan University		
Senior Manager	Hsiao-Shen Lou	02/02/2009		● Manager of International Banking Dept ● Bachelor of Business Administration, Soochow University		
	Mei-Jhu Jhang	07/01/2008		● Manager of Deposit and Remittance Operation Dept. ● Dept. of Management, National Taipei College of Business		
	Joseph Huang	10/31/2008		● Manager of Administration & Facilities Management Dept. ● Master of Accounting, Soochow University		
	Rita Yuan	03/19/2010		● Manager of President Office ● Master of Graduate Institute of National Development , National Taiwan University		

B. Branch Managers:

Base Date: March 15, 2012

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Wen-Ting Huang	07/01/2010	N/A	● Manager of Business Department ● Bachelor of International Trade; National Chengchi University	N/A	N/A
Assistant President	Hsiu-Pao Lu	03/15/2010		● Manager of Chengjhong Branch ● Bachelor of Public Finance, National Chung Hsing University		
Manager	Janiffer Chiu	02/17/2012		● Manager of Yonghe Branch ● Tamkang University International trade Department		
Senior Manager	Jeng-Hwa Cherng	09/09/2011		● Manager of Taipei Branch ● Bachelor of Business Administration, Fu Jen Catholic University		
Senior Manager	Li Chang Lu	05/28/2010		● Manager of Shihlin Branch ● National Taipei College of Business		
Senior Manager	Pei-Ying Wang	05/28/2010		● Manager of Neihu Branch ● St. John's University, New York-MBA		
Manager	Yung Li Huang	11/26/2010		● Manager of Sinyi Branch ● National Chengchi University Banking Department		
Assistant President	Michael Wang	10/15/2008		● Manager of Songiang Branch ● Master, Finance Department Ming Chuan University		
Manager	Wen-Hsiung Shih	08/08/2008		● Manager of Tianmu Branch ● Bachelor of Business Administration, National Chung Hsing University		
Manager	Chun-Huang Lu	07/01/2010		● Manager of Minsheng Branch ● Department of Business Administration (MBA), National Taipei University		
Assistant President	Guor-Liarng Wang	05/28/2010		● Manager of Jhongshanbeilu Branch ● National Chengchi University Department of Banking		
Senior Manager	Leon Chen	05/28/2010		● Manager of Jhongsiao Branch ● National Cheng Kung University Accounting Dep		
Senior Manager	Chien-Pin Wu	03/28/2008		● Manager of Chengde Branch ● Bachelor of Business Administration, National Chung Hsing University		
Senior Assistant President	Hung-To Liu	09/26/2011		● Manager of Guanqian Branch ● Business Administration Department of Soochow University		
Manager	Shu-Miao Chuang	09/09/2011		● Manager of Hsintien Branch ● Tunghai University Department of Accounting		
Manager	Justice Chang	02/17/2012		● Manager of Chingmei Branch ● EMBA of The National Chengchi		
Manager	Zu-Jen Lee	07/01/2010		● Manager of Jhonghe Branch ● Chihlee College of Business International Trade Department		
Assistant President	Sam Liu	09/09/2011		● Manager of Nanking E. Road Branch ● Department of Accounting Tamkang University		
Assistant President	Ta-Hsiang Yuan	10/15/2009		● Manager of Sinjhuang Branch ● University Of Southern Queensland		

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Assistant President	Hong-Chih Lin	05/28/2010	N/A	● Manager of Banciao Branch ● Soochow University Department of International Business	N/A	N/A
Manager	Yen-Shan Lee	04/03/2010		● Manager of Daan Branch ● National Chung Hsing University Department of Statistics		
Assistant President	Chung-Hsi Chuang	02/02/2009		● Manager of Chungli Branch ● Administration junior college of the National Chengchi University of Department Eminent Public Administration		
Senior Manager	Chen-kang Yang	04/22/2011		● Manager of Guting Branch ● Department of Economics Soochow University		
Assistant President	Ching-Sung Chen	11/04/2011		● Manager of Hsinchu Branch ● MBA at University of South Australia		
Senior Manager	Li-Ching Yu	03/13/2009		● Manager of Nankan Branch ● Bachelor of International Trade, Tung-Hai University		
Manager	Chien-Chen Lin	10/31/2008		● Manager of Linkou Branch ● Dept.of International Trade, Open College Affiliated with National Taipei College		
Senior Manager	Tai-Yuan Huang	11/04/2011		● Manager of Pingjhen Branch ● University of North Alabama U.S.A Master of Business Administration		
Manager	Yu-Chien Hsu	05/08/2009		● Manager of Jhubei Branch ● National Chaio Tung University Department of Management Science		
Manager	Sheng-Feng Chen	03/02/2012		● Manager of Miaoli Branch ● Master of Economics, Feng Chia University		
Senior Manager	Chun-Chieh Wu	01/02/2008		● Manager of Luodong Branch ● National Taiwan University Bachelor of Commerce		
Manager	Jie-Ping Wu	02/17/2012		● Manager of Kinmen Branch ● National Changhua University of Education Department of Business Education.		
Manager	Chi-Chen Lin	09/25/2009		● Manager of Hualien Branch ● Louisiana State University, Master of Science in Finance		
Senior Manager	Yu-Ling Hsu	03/02/2012		● Manager of Hsinchu Science Park Branch ● MBA, National Central University		
Assistant President	Chih-Sheng Pan	11/04/2011		● Manager of Shalu Branch ● Tunghai University MBA		
Senior Manager	Tsung-Chieh Lee	10/23/2009		● Manager of Wunsin Branch ● Master of Accounting, National Yunlin University of Science and Technology		
Manager	Ting-I Chu	03/02/2012		● Manager of Fusing Branch ● Master of International Management, American Graduate School of International Management ● Master of Business Administration, University of South Dakota		
Manager	Shih-Ming Chen	02/27/2009		● Manager of ChongDe Branch ● Master of Information Management, Chaoyang University of Technology		

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Yeh-Lu Lee	10/23/2009	N/A	● Manager of Chung Gang Branch ● Economics Of Tunghai University	N/A	N/A
Senior Assistant President	Kuang-Chung Liao	11/04/2011		● Manager of Taichung Branch ● MBA, National Sun Yat-Sen University		
Assistant President	Chi-Wen Tso	03/02/2012		● Manager of Lugang Branch ● Master of Finance, Chaoyang University of Technology		
Senior Manager	Pei-Pei Fang	10/23/2009		● Manager of Caotun Branch ● National Chengchi University Banking Department		
Manager	Sheng-Wen Chien	10/31/2008		● Manager of Dali Branch ● MBA, Chaoyang University of Technology		
Manager	Lu-Wen Tang	09/09/2011		● Manager of Taiping Branch ● Dept. of Master of Finance, Chaoyang University		
Assistant President	Chang-Sen Wang	03/02/2012		● Manager of Doushin Branch Dept. of Accounting and Statistics, Transworld Junior College of Commerc		
Manager	Ping-Hwang Hu	03/02/2012		● Manager of Fongyuan Branch ● Fu-Jen Catholic Unicersity		
Senior Manager	An-Kuo Hung	03/02/2012		● Manager of Yuanlin Branch ● Dept. of Business Administration, Transworld Institute of Technology		
Senior Manager	Chung-Lin Yeh	02/27/2009		● Manager of Beidou Branch ● Master of Accounting ,Chung Yuan Christian University		
Manager	Li-Fen Chang	09/09/2011		● Manager of Dajia Branch ● Dept. of Business Management, Ling Tung Junior College of Technology		
Assistant President	Jui-Chien Hsieh	03/02/2012		● Manager of Changhua Branch ● Dept. of Statistic, National Taipei College of Business		
Senior Manager	Luke Hsieh	02/17/2012		● Manager of Dounan Branch ● Dept. of Banking Management, Tamsui Institute of Business Administration		
Manager	Hao Tsai	02/17/2012		● Manager of Huwei Branch ● Dept of International Trade, Taichung College of Commerce		
Manager	Steven Wu	11/26/2010		● Manager of Fuchen Branch ● National Sun Yat-Sen University Institute of Interdisciplinary Studies for Social Sciences Economics Division		
Senior Manager	Jih-Shun Pan	09/09/2011		● Manager of Jiali Branch ● National Kaohsiung First University Of Science And Technology, Financial Operations EMBA		
Senior Manager	Jer-Ming Fan	09/09/2011		● Manager of Tainan Branch National Kaohsiung First University of Science and Technology, Finance EMBA		
Manager	Chien-Sheng Wang	11/26/2010		● Manager of Chiayi BranchNation Yunlin University of Science and Technology of The Department of Finance Master of Business Administration		

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Chin-Hao Wang	05/08/2009	N/A	● Manager of Fudong Branch ● Far Eastern Business College Enterprise Management Division	N/A	N/A
Manager	Ming-Sheng Chen	11/03/2008		● Manager of KaiYuan Branch ● TaTung Junior College of Commerce Department of Bank Insurance		
Manager	Kuo-Ching Wong	02/17/2012		● Manager of Anhe Branch ● National Chengchi University Department of Economics		
Senior Manager	Ching-Chi Huang	12/06/2010		● Manager of Kaohsiung Branch ● National Kaohsiung First University of Science and Technology, Evening Master Program of Money and Banking		
Senior Manager	Bih-Ru Liao	11/26/2010		● Manager of Yongkang Branch ● Master of Financial Management, NKFUST		
Manager	Woody Lin	11/26/2010		● Manager of Boai Branch ● Business Administration Dept.National Cheng-Chi University		
Manager	Wen-Pin Lu	11/28/2008		● Manager of Fongshan Branch ● Department of Business Administration Cheng Shiu University		
Senior Manager	Ming-Chai Tsai	11/28/2008		● Manager of Sanmin Branch ● Institute of Economics National Sun Yat-Sen University		
Senior Manager	Win-Yen Chen	02/17/2012		● Manager of Tungshin Branch FengChia University Department of Finance		
Manager	Cherng-Jer Lee	02/17/2012		● Manager of Pingtung Branch ● National Kaohsiung First University of Science and Technology, Evening Master Program of Money and Banking		
Assistant President	Yin-Wen Hung	05/10/2010		● Manager of Songshan Branch ● Bachelor of Law, Chinese Culture University		
Manager	Kuo-Hsing Shen	09/09/2011		● Manager of Beisanchong Branch ● Department of Business Administration (MBA), Dallas Baptist University		
Manager	William Chiang	05/20/2010		● Manager of Datong Branch ● National Taiwan University of Science and Technology Department of Industrial Management		
Manager	Kan-Lin Chen	04/22/2011		● Manager of Jinhe Branch ● National Taiwan University of Science and Technology Department of Business Administration		
Senior Manager	Jin-Ren Syu	09/09/2011		● Manager of Taipei Branch ● Bachelor of Business Administration, Soochow University		
Senior Manager	Luin-Chian Lin	03/22/2010		● Manager of Tucheng Branch ● Banking dept.of Tamkang University		
Assistant President	Chien-Wei Pan	09/27/2010		● Manager of Beitou Branch ● California State University, MBA		

Title	Name	Date of Appointment	Shareholdings, Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Spencer Lu	03/19/2010	N/A	● Manager of Taosin Branch ● Bachelor Degree in Business Administration of National Chengchi University	N/A	N/A
Senior Manager	Cheng Liao	03/05/2010		● Manager of Lujhou Branch ● Master of Chung Hsing University		
Senior Manager	Scott Tsai	04/25/2011		● Manager of Datong Branch ● Master of Public Administration, National DongHwa University		
Senior Manager	Mark Fanchiang	04/22/2011		● Manager of Shangsinjhuang Branch ● Department of Economics Soochow University		
Manager	Neng-Che Shih	09/13/2010		● Manager of Yanping Branch ● Master of Business Administration (MBA) , National Chung Cheng University		
Manager	Shih-Ho Tsai	10/04/2010		● Manager of Wende Branch ● Fu Jen Catholic University Bachelor of Laws		
Senior Manager	Hui-Jen Chen	11/12/2010		● Manager of Dunnan Branch ● Dept of International Trade, China College		
Manager	Yu-Chao Cheng	12/06/2010		● Manager of Zuoying Branch ● The University of Chinese Culture		
Senior Manager	Jeng-Huei Chen	04/15/2011		● Manager of Puqian Branch ● Executive Master of Business Administration, School of Management , Ming Chuan University		
Senior Manager	Rong-Hwa Hang	04/22/2011		● Manager of Taoyuan Branch ● National Taiwan University Bachelor of Commerce		
Senior Manager	Mei-Jen Liu	05/13/2011		● Manager of Gongguan Branch ● Tamkang University International trade Department		
Manager	David Tu	07/25/2011		● Manager of Sindian Jhongjheng Branch ● National Chengchi University Department of Finance and Taxation		
Manager	Hui-Jen Chang	12/23/2011		● Manager of Heping Branch Department of Business Administration (MBA), Royal Roads University		

4. Corporate Governance

(1) Disclosures made in accordance with Corporate Governance Best-Practice Principles for Banks and related regulations:

Disclosed in "Important Information" on the Bank's website

http://www.yuantabank.com.tw/bank/

(2) State of Corporate Governance:

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
1. Equity structure and shareholder equity of the Bank： (1) Methods used by the Bank to handle shareholder suggestion and complaints (2) The Bank maintains the list of major shareholders actually controlling it and the ultimate controllers of these major shareholders (3) The approach of establishing risk control mechanism and the firewall between the Bank and its affiliates.	(1) The Bank is wholly-owned by Yuanta Financial Holding. It accords its management of the Bank with Article 26 of Financial Holding Company Act, and maintains an unobstructed communication channels with the Bank. (2) Yuanta Financial Holding is the sole shareholder of the Bank. Therefore, Yuanta Financial Holding is the major shareholder actually controlling the Bank and the ultimate controller of the shareholder. (3) The Bank and its related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holding Company Act and relevant policies of the parent company. The Bank also handled the cross-selling operation in accordance with Article 42 and 43 of Financial Holding Company Act and the relevant regulations.	Conformity
2. Composition and responsibilities of the board of directors： (1) Status of the Bank's independent directors (2) Regular evaluation of the independence of the CPA	(1) The Bank now set up 8 directors, including 3 independent directors, who constitutes the Audit Committee and perform the duty of supervisors. Members of the Audit Committee not only possess rich experiences and erudition and demonstrate reputation, but also have expertise in their individual areas. Since the establishment of Audit Committee, the members have proposed a vast amount of advice on reform and committed considerably contribution to the overall management performance. (2) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval.	Conformity

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
3. Communication with interested parties：	The Bank has defined the "Regulations Governing Interested Parties' Suggestions and Disputes for Audit Committee" to establish the unobstructed communication and constructed "The Area for Employees and Interested Party's Suggestions and Disputes for Audit Committee" as a communication channel on the website.	Conformity
4. Information Disclosure： (1) Establishment of the website to disclose information concerning financial affairs and corporate governance (2) Other information-disclosing approaches (e.g. English website, assignment of specific personnel to collect and disclose the Bank's information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website.)	(1) We have built the Chinese and English websites to disclose to the public the important financial information and corporate governance information, including annual financial reports, of this bank. (2) At present, Senior VP Eric K.Chiu is the bank's spokesperson. He unifies and integrates all financial and business information of this bank to ensure the real-time disclosure of this bank's related information.	Conformity
5. Establishment of functional committees such as the nomination or compensation committees by the Bank：	The Bank established the Compensation Committee according to the resolution of the 7th meeting of the 7th Board of Directors on September 16, 2010. The Committee is composed of three independent directors of the Bank, who recommend one convener among themselves. The committee members serve these positions with the same term as that of independent directors. The meeting is held basically once every six months and may be held anytime while necessary. The Compensation Committee performs the following duties: (1) To evaluate and supervise the comprehensive compensation policies of the corporation; (2) To establish directors' remuneration structure and system; (3) To establish standards on annual raise; (4) To establish standards on appropriating special bonuses; (5) Other tasks with authorization from the Board of Directors.	Conformity
6. Please describe the Bank's corporate governance status, any departures from the Corporate Governance Practice Principles for the banking industry and reasons for such departures： In order to solidify corporate governance, the Bank set up independent directors and the audit committee. Current corporate governance is all complied with "Guidelines for Bank Corporate Governance".		
7. Other important information enabling better understanding of the Bank's corporate governance status: (1) Staff Right and Employee Care: The Bank established Employees' Welfare Committee and, on the corporate website, set up Employee's Recommendation area as a communicative medium between employees and employers. (2) Investors Relations and Stakeholder's Rights: The Bank's sole investor is Yuanta Financial Holding Co., Ltd., which is the only shareholder and has smooth relationship with the Bank.		

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
(3) Director's and Supervisor's Further Education: The Bank developed "Director Further Education Procedures" (Please refer to Director's Further Education. (4) The Implementation of Risk Management Policies and Risk Evaluation Criteria: The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank's risk management. (5) The Implementation of Customers' Policies： To protect customers' rights, the Bank has developed "Guidelines on Consumer Protection" and has been fully executing data protection measures for the customers of the Group in order to safeguard customers' privacy and elevate personal profile security. (6) Bank's Purchase of Liabilities Insurance for Directors and Supervisors: The Bank has purchased liability insurance from AIG General Insurance Company for directors and supervisors.		
8. If the Bank conducts a corporate governance self-assessment report or commissions a professional institution to compile a corporate governance assessment report, the results of self-assessment (or commissioned assessment), major deficiencies (or suggestions), and improvements should be stated： According to "The Self Assessment Procedures of the Audit Committee". The members of the Audit Committee have finished and filed The 2011 Audit Committee Self Assessment in written. The assessment was conducted by three independent directors filling the 11 assessment questionnaires, including authority regulations, qualifications and appointment, meeting convention, training and related resources, the review of financial statements, internal control and risk management of finance, the internal audit process, The review of the certified accountant audit process, the dispute system, The relation with the Board of Directors and the communication with shareholders. The overall results were excellent. According to the Director and Board of Directors Self-Assessment Regulations of this bank, the director self-assessment in 2011 has been completed by all board members. The assessment was conducted by means of survey. The questionnaire contained 36 items concerning the formalization of authority; the convention of meetings; education, training, and related resources; the management of the internal control system; the management of the risk control mechanisms; and the obligation and responsibility of due faith. The overall results were excellent. The Company passed the review by Taiwan Corporate Governance Association and was awarded its "CG6006 Corporate Governance Certification". The certification was valid for the period 2011/11/04 ~ 2013/11/03, and concluded the following: (1) Strengths: A. The company's board of directors and senior management placed high focus on corporate governance and were committed in implementing a robust system. B. The company had provided independent directors with sufficient resources and authority to perform their duties. The company also had an audit committee in place, where independent directors were highly involved to maximize the functionality of the audit committee. C. The company's board of directors had a comprehensive system for evaluating the independence and competence of its CPA. Evaluations were carried out on a regular basis. D. The company's audit committee had maintained good communication and interaction with CPAs, which was helpful in enhancing the audit committee's functionality. (2) Recommendations: A. The company already had independent directors and a remuneration committee in place. It is recommendable for the board of directors to revise how the company is evaluating managers' performance and the types of incentives available, in order to protect stakeholders' interests. B. The company should establish proper rules and procedures on how extraordinary occurrences are reported to board members, so that the board of directors can be informed immediately to perform their duties. (3) Improvements: The company has assembled a dedicated team of experts to work on the above recommendations.		

(3) Implementation of social responsibility:

Item	Operation
1. Exercising Corporate Governance (1) The Bank declares its corporate social responsibility policy and examines the results of its implementation. (2) The Bank establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies. (3) The Bank organizes regular training on business ethics and promotion of matters prescribed in the preceding Article for directors, supervisors and employees, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.	(1) The Bank's parent company Yuanta Financial Holding Co,.Ltd developed "Corporate Social Responsibility Best Practice Principles" and "Corporate Social Responsibility Policies and Codes" according to "TSE & OTC Listed Company Corporate Responsibility Best-Practice Principles" and established Corporate Social Responsibility Promotion Center as the dedicated unit of the Group. (2) All subsidiaries observe the comprehensive regulations and objectives set by Yuanta Financial Holding. (3) While employees assume their posts, the Bank not only organizes training sessions, but also places "Code of Ethics" on the employee portal site. In addition, the Bank has also developed "Work Rules" and "Performance Appraisal Procedures" to forge the clear and thorough diplomacy mechanism.
2. Fostering a Sustainable Environment (1) The Bank endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. (2) The Bank establishes proper environmental management systems based on the characteristics of their industries. (3) The Bank establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment. (4) The Bank monitors the impact of climate change on its operations and should establish company strategies for energy	(1) Fully executed by the policies and regulations of the parent company Yuanta Financial Holding to raise resource utilization efficiency and its use of renewable materials are explained below: A. We recycle and reuse energy-intensive articles. This includes advocating and promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as execution status reporting. B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome. C. We use low energy, green energy office supplies and machines. This includes amending the procurement regulations of the group subsidiaries so that they check at the time of procurement whether the above mentioned types of products are available. Routine and compulsory inspection items were included to raise usage of such products. (2) Regarding the establishment of environment management systems and dedicated units for environment management (including water conservation, energy conservation, carbon and greenhouse gas reduction, we have taken the following measures: A. We set internal management rules that follow the Taipei City Government's regulations for air conditioning temperatures in office buildings. B. The corporate headquarter building already complies with a number of green building regulations. We will compile a brochure that explains the building's green building features. C. In order to realize water conservation, energy conservation, carbon and greenhouse gas reduction, we regularly report the outcome of conservation measures for water, electricity and other items of energy consumption. D. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry

Item	Operation
conservation and carbon and greenhouse gas reduction.	out disinfection, rodent and insect control. E. The headquarter building's management committee functions as a dedicated environmental management unit to maintain the environment.
3. Preserving Public Welfare (1) The Bank complies with relevant labor laws and regulations, protects the legal rights and interests of employees, and has in place appropriate management methods and procedures.	(1) The Bank has observed the labor regulations and rules of the parent company Yuanta Financial Holding, developed work rules and personnel regulations and convened labor-management conferences to safeguard employee's rights, promote labor-management harmony and build a win-win vision.
(2) The Bank provides safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis.	(2) The Bank not only observes the Group's policies and offers employees secure and healthy workplace, but also periodically executes security and security and health education. The Bank also constructed "Operation Unit Security Maintenance Procedures" to forge its security maintenance mechanism. A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life. B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness. C. Regular public safety reports and inspections. D. Regular disinfection and sanitation of the environment. E. Confirming that office surveillance systems at all business locations function normally. F. Delivering a smoke-free work environment, providing a comfortable, healthy and fresh workspace. G. Regular occupational safety and firefighting trainings and drills as required by law. Moreover, based on Article 16 of the "Regulations for Labor Safety and Health Education and Training" by the Council of Labor Affairs, Executive Yuan, the Bank's parent company Yuanta Financial Holding has established the following regulation: "The employer shall have new recruits receive necessary safety and health education and trainings applicable to their new posts." In order to protect the health and safety of all workers, we hired a business supervisor holding a certificate of labor safety to hold "educational trainings for new recruits on occupational health and safety" in fiscal year 2010. The educational trainings cover the following topics: An outline of laws and regulations relating to occupational health and safety, occupational health and safety concepts as well as safety and health work rules, emergency response management, basic knowledge and drills about firefighting and emergency rescue, as well as health and safety knowhow related to work operations.
(3) The Bank establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints.	(3) A. To protect customers' rights, the Bank has developed "Guidelines on Consumer Protection" and has been fully executing data protection measures for the customers of the Group in order to safeguard customers' privacy and elevate personal profile security. B. The Bank uses the following avenues and procedures to handle customer complaints: a. Customer Feedback Forms are placed in the business hall of business units. b. The Bank's Hotline: 0800-688-168. c. E-mail: service@yuanta.com d. As soon as any complaint is made by consumers, according units will be instantly informed for response while case status and responses will stay fully controlled.
(4) The Bank cooperates with its suppliers to jointly foster a stronger sense of corporate	(4) As for cooperation with suppliers to jointly foster a stronger sense of corporate social responsibility, we actively select and purchase equipment with energy labels, low-energy and green energy office supplies, office machines, IT

Item	Operation
social responsibility.	equipment, illumination equipment and related devices. Office machines, for instance, that are on stand-by or not used automatically switch to power saving mode. Traditional incandescent light bulbs are replaced with energy-saving light bulbs. The central air conditioning system at company headquarters uses the more environment friendly refrigerant R410A to prevent destruction of the ozone layer.
(5) The Bank, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.	(5) The systems, measures and the performance conducted by the Bank towards environmental protection, community participation, social contribution, social services, public interests, consumer rights, human rights and safety and health and other social responsibility activities: For contribution back to the society, the Bank, during these years, not only established a charity space on the Internet, but also cooperated with 24 charities, including Eden Social Welfare Foundation , by contracts to complete a large number of donation missions, the Bank makes donations to Yuanta Foundation every year to sponsor a variety of education, charity and culture events through Yuanta Foundation so the Bank can engage in charity and fulfill its corporate social responsibility: Yuanta Group fulfills its corporate social responsibility from three educational approaches: 1. Social welfare and education; 2. fostering of young talent through scholarships and other forms of academic sponsorship and professional training; 3. promotion of the arts and cultural education. A total of 127 events were organized in 2011; most of which (55%) were related to the "Social Welfare and Education", followed by "Fostering of Young Talent Through Scholarships" (29%), and "Promotion of Arts and Cultural Education" (16%). A. Social Welfare and education: In 2011, the company organized a total of 50 charity events and 20 health promotion campaigns aimed to help the disadvantaged group in learning and growth, so that they stand a fair chance of pursuing their dreams with confidence. Yuanta Group believes that "Education" is the best means of helping the disadvantaged children change their lives and fulfill their dreams. We helped more than 10,000 children and their families over the last year, by executing the following campaigns: a. Support the digital learning companion project initiated by the Ministry of Education, and offering online education assistance for remote schools: Yuanta Group supported the digital learning companion project initiated by the Ministry of Education, helping 1,000 remotely located students learn online and training 1,500 university students to serve as online instructors, so that students in remote areas are given access to proper education, and university students are given the opportunity to work, study, and serve the society at the same time. b. Dreams Take Flight - Summer and Winter High School Study Camp: A team of voluntary instructors consisting of 20 lecturers and students from Fu Jen Catholic University offered study aids to 75 disadvantaged JieShou Junior High School students during summer and winter breaks. In 2011, 10 of the students receiving long-term counseling had successfully gained entry to high school education. c. Dreams Take Flight - Study Aids for Disadvantaged Students in Metropolitan Area: In order to provide disadvantaged children living in urban areas a proper chance to study, Yuanta Group offered weekend study aids, lunch subsidies, and living educations to 20 disadvantaged students in the Wugu District, New Taipei City. These efforts had indirectly prevented social conflicts that may have arisen from the 20 families. d. Dreams Take Flight - Care, Service, and Education Subsidies: Through in-depth interviews and school referrals, Yuanta Group offered an education subsidy of NT$10,000 per semester to 15 children with

Item	Operation
	difficulties. Those who received Yuanta's education subsidy are monitored and guided by volunteers from Fu Jen Catholic University, who accompanied in their learning. Upon completing education, they will give back by assist the learning of their home folks, and inspire children in search for greater wisdom. e. Dreams Take Flight - Learning Subsidies for Disadvantaged Children: Yuanta Group subsidized Taitung Education Development Institution, Liang-shean Tang Social Welfare Foundation, and Chung Yi Social Welfare Foundation in hiring a total of 5 instructors. In this project, we hired young students who were willing to commit in providing tuition services for disadvantaged families, and helped more than 75 students from disadvantaged families. f. Caring for the Disadvantaged - 2011 Child Care Sports Event: Yuanta Group subsidized the organization of a sports competition between 500 children from Northern Region Children's Home, Municipal Ren-ai Senior Citizen's Home, and Kaohsiung Peace Home. This event was aimed to develop children's self-confidence. g. Caring for the Disadvantaged - Vox Navita Taiwan: Yuanta Group sponsored Vox Navita Taiwan in functioning the "Vox Nativa Choir", which allowed the world to hear voices from Yushan. h. Caring for the Disadvantaged - Sheltered Workshop for Down's Syndrome Patients: Yuanta Group assisted in founding the "Zhonggang Workshop" of the Sheltered Workshop for Down Syndrome Patients, by purchasing 1,000 boxes of moon cakes from Down Syndrome Foundation R.O.C. and donating them to lone elders and disadvantaged families living in New Taipei City, and therefore giving them a share of the Mid-Autumn festival. i. Caring for the Disadvantaged - Subsidizing Chung Yi Social Welfare Foundation: Yuanta Group subsidized the school admission fees of 34 students for 2011 1st semester, and donated 20 fans and 10 bicycles so that all 300 children may have a safe and comfortable environment to live in, and a chance to go outdoors into the nature. j. Caring for the Disadvantaged - The 18th Charity Baseball Competition: Yuanta Group sponsored the "Charity Cup Baseball Competition", with 48 teams and 1,000 players in total. By organizing baseball teams, local students are given after-school care, and the funds raised help provide resources for children's future development. k. Caring for the Disadvantaged - Winter Carnival: The Taiwan Fund for Children and Families organized "Winter Carnival" to raise funds for the establishment of its Tamshui Office. Yuanta employees volunteered as carnival workers and spearheaded the donation with NT$1 million. l. Healthcare - Education and Prevention of Liver Diseases: In an attempt to promote awareness towards liver diseases and regular check-ups for early treatment, while reminding everyone the importance of preventing liver diseases, Yuanta Group sponsored 3 "Free Hepatitis/Liver Cancer Check-ups" in Hukou Township, Hsinchu County, Puxin Township, Changhua County, and at Sun Yat-Sen Memorial Hall. 150 volunteers from Yuanta Group had participated to serve a total of 12,000. m. Healthcare - Healthy Diet against Cancer: Yuanta Group participated in organizing "Healthy Diet 579", which involved 248 seminar sessions and 2,700 publications. The promotion covered 2,658 elementary schools nationwide, and encouraged a total of 100,000 children to develop healthy dietary habits from childhood.

Item	Operation
	n. Learning and Growth - Fulfilling the ocean dreams of a mountain kid: For many children studying at Hsin Kwang Elementary School in Jianshi Township, Hsinchu County, they have never seen ocean because of the environment they live in. To fulfill their life-long desires, Yuanta Group helped arrange a learning tour to Wang'an Township, Penghu County, where they could experience a totally different environment and culture, and learn to take responsibilities and respond to their surroundings. o. Learning and Growth - "Dreams Come True Seminar" by Yuanta & Eslite Group: Yuanta Group held monthly seminars at Eslite's Hsinyi bookstore, and invited opinion leaders to share how they pursue their dreams in caring for the society. The seminars also told stories of how people have mustered great courage to fulfill their dreams. p. Promoting Social Welfare - Neighborhood Watch: The "Neighborhood Watch - Child Protection" campaign organized by the Taiwan Fund for Children and Families was sponsored by Yuanta Securities, Yuanta Bank, Yuanta Investment Trust, Yuanta Futures, and Yuanta Foundation. Posters and DMs were displayed and distributed in more than 200 business outlets under Yuanta Financial Holding, which raised the effectiveness of this campaign. This initiative had helped more than 18,000 abused children to date, and played a vital role in stabilizing the society. q. Promoting Social Welfare－Child Services of TFCF Yilan Branch: In order to provide disadvantaged children with a sound environment where they can recover from psychological trauma, Yuanta Group had sponsored TFCF Yilan Branch in building child service facilities for counseling abused and abandoned children and teenagers. After 4 years of construction, the facility was commissioned into use on May 7, 2011, just before Mother's Day, and had since provided the feeling of home to more than 3,000 disadvantaged children. r. Promoting Social Welfare - Rehabilitation Services: Under the notion of "Giving back what was earned from society", Yuanta Group had long been working with Taiwan After-Care Association to help former criminals return to the society and their homes with hope. s. Promoting Social Welfare - Publication of Periodicals: In order to give university students a chance to gain practical working experience, Yuanta Group had worked with Ming Chuan University's School of Mass Broadcast in publishing Yuanta Foundation's periodicals. The first issue was published in May 2011, and the arrangement helped students gain experience in the workplace and develop a practical mindset during the learning stage. t. Promoting Social Welfare - Financial Crime Study and Security Seminar: Yuanta Group sponsored the 2011 "Financial Crime Study and Security Seminar" as part of its efforts in helping law enforcement units fight against financial crimes. The seminar was attended by more than 100 legal and law enforcement professionals from Taiwan and China, which provided the basis of cooperation between China and Taiwan in fighting insurance frauds and financial crimes. u. Promoting Social Welfare - Civil Society Seminar and NGO Annual Convention: Yuanta Group sponsored the "Civil Society Seminar and NGO Annual Convention" in an attempt to encourage "non-profit organizations" to continue devoting their love and passion into charity works. A total of 611 participants representing 236 non-profit organizations had joined in the event. v. Promoting Social Welfare - Golden Steer Award and the Prominent Youth

Item	Operation
	Award: Yuanta Group sponsored the 10th "Golden Steer Award and the Prominent Youth Award", which commended a total of 15 volunteer workers for their dedication and sacrifice. It provided an encouragement for more participation from society. w. Promoting Social Welfare - Youth Legislation Seminar: The 2011 "Youth Legislation Seminar" organized between the Child Welfare Bureau of the Ministry of the Interior, Crime Research Center of the Ministry of Justice, and R.O.C. Probation Association was attended by 200 legal experts. A total of 11 thesis and 2 topic discussions were carried out during the seminar. x. Caring for the environment - Gratitude to Our Natural Environment: Yuanta Group organized a series of "Gratitude to Our Natural Environment" campaigns centered around the theme - "environmental protection". It invited representatives and students from Chung Yi, Yan Ping, Shezi, Hulu, and Fude schools, and arranged kindergarten performance to communicate the ideas of treasuring the Earth's resources. B. Fostering of Young Talent and Professional Training: a. "Corporate Governance and Taiwan Financial Reform" Seminar: In 2011, Yuanta Group organized a total of 37 academic events and talent training campaigns, which received participation from more than 5,000 people. The individual projects are as follows: a. Talent training - Summer Research Scholarship: Yuanta Group had selected a group of postgraduate students from the nation's finest universities to conduct researches on financial issues during their summer internship in July and August. This program offered students the opportunity to conduct topic researches, gain practical experience, and learn while taking on summer jobs. Each student was granted a scholarship of NT$40,000 after completing their researches. b. Talent training - 2011 EMBA Summit Meeting and The 5th Yuanta Cup EMBA Analytical Challenge: For five consecutive years, Yuanta Group had been the sole sponsor to "Yuanta Cup EMBA Analytical Challenge". This challenge was attended by elite students from the finest institutions in northern central and southern Taiwan, and combined the 2011 EMBA Summit Meeting. The Yuanta Cup had become the one of the most honorable awards to EMBA students in Taiwan, China, Hong Kong, and Singapore, which is an achievement unmatched by other industry peers and further highlights Yuanta's professional standing. c. Talent training - Accounting Debate Challenge: Yuanta Group sponsored the Accounting Debate Challenge that consisted of more than 200 students and judges from 19 tertiary institutions. Representatives from Soochow University and National Taiwan University won the 1st and 2nd place, respectively, and the two teams will compete in the "Cross-Strait Accounting Debate Challenge" against 14 other universities. d. Academic research - Asia Pacific Financial Accounting and Management Forum: Yuanta Group sponsored the "Asia Pacific Financial Accounting and Management Forum", which featured discussions on "The Prospects of Taiwan's Golden Decade and Post-ECFA Financial Developments". A total of 26 academic forums were held and 116 thesis published by local and foreign authors. A total of 88 foreigners and 395 locals have attended the forum. e. Academic research - Taiwan Finance Association: Yuanta Group sponsored the "2011 Taiwan Finance Association Annual

Item	Operation
	Meeting and Financial Thesis Forum", which offered insights and useful recommendations for Taiwan's economic development with regards to the topic - "New Model Practices after the Worldwide Financial Crisis". f. Academic research - Cooperative Framework for Chinese Enterprises: In an attempt to facilitate cross-strait researches on business administration, Yuanta Group sponsored the co-operation between National Taiwan University and Renmin University of China in publishing 50 academic researches on Chinese enterprises over 5 years. This project is helpful towards promoting subsequent studies regarding the administration of Chinese enterprises. These researches will also be published in English so that more would learn about the characteristics of Chinese management. g. Academic research - The 19th Securities and Financial Markets Theory and Practice Seminar: Yuanta Group sponsored The 19th Securities and Financial Markets Theory and Practice Seminar and attracted participants from 18 countries with 73 thesis published. Professionals, scholars, and government representatives were invited to engage in 21 academic discussion. The total number of participants reached 243. h. Industry-academia exchange - The 7th Corporate Governance Summit Forum: Yuanta Group sponsored the 2011 Corporate Governance Summit Forum in an attempt to promote the best corporate governance practices and raise competitiveness across the entire industry. Topics were discussed from a number of perspectives including, corporate governance, and innovation, and successful case studies were shared during the forum. i. Industry-academia exchange - Financial Co-operation and Academic Exchange between Beijing and Taipei: In an attempt to facilitate financial co-operation and academic exchange between Beijing and Taipei, Yuanta Group invited "Beijing Financial Representatives" in April to discuss finance-related and academic topics in Taipei. A total of 7 meetings were held. j. Industry-academia exchange - Successful Family Businesses: Yuanta Group sponsored "The 3rd Asia Pacific Successful Family Business Summit" organized by the Management Faculty of National Sun Yat-Sen University on November 18. The summit meeting enabled an exchange of experience between industry participants and scholars to shed light on new possibilities for family businesses in Taiwan. k. International seminar - Global Economic Elites Forum: Organized by "Business Today" and sponsored exclusively by Yuanta Financial Holding and Yuanta Foundation, the forum invited Nobel Prize winner in economics - Edmund S. Phelps to present a speech on June 14. Thousands of audience had attended the forum for a chance to communicate with renowned master in economics, and search for a solution to a more robust global economy, as well as ways of raising Taiwan's international competitiveness. C. Promotion of the Arts and Cultural Education: In 2011, Yuanta Group organized 20 art and cultural events, and spoke for Taiwanese arts along with many others. The following projects were carried out in the last year: a. Arts and cultural promotion - Yuanta Arts and Charity Banquet: Yuanta Group invited the remote service volunteers of Fu Jen Catholic University and 200 volunteers of The General Association of Chinese Culture to enjoy Eslite Stage's 3rd production - "Re/turn", as part of its efforts in supporting arts and cultural activities in Taiwan. b. Promotion of arts and culture - charity showcase of the movie "Young at

Item	Operation
	Heart": As part of our efforts in supporting local films, Yuanta Group had organized a charity showcase of the movie "Young at Heart". Members and volunteers from Taiwan After-Care Association were invited to the show, and all ticket sales were donated to the United Way for charity use. c. Promotion of arts and culture - 319 Kids Mile: Yuanta has been a long sponsor of the "319 Kids Mile" project. For over 5 years, this project has journeyed through 300,000 kilometers and accumulated an audience of 800,000 in Taiwan; both were unprecedented in the records of United Nations Educational Scientific and Cultural Organization. It was also the first arts engineering project designed for children. d. Promotion of arts and culture - Shien-Ta Su 25-Year Violin Recital: Yuanta Group sponsored Taipei Philharmonic Orchestra's concertmaster, and Taipei National University of the Arts Music Faculty Dean Shien-Ta Su in organizing six "25-Year Violin Recital" performances in Chungli, Taipei, Taichung, Tainan, Kaohsiung, and Taitung between December 4-13, 2011. These performances attracted more than 3,000 audience members nationwide. e. Promotion of arts and culture - Drama "Cross Encounters Confucius": As part of our efforts in sponsoring quality drama, we purchased 200 tickets from Sixarts in early December and worked with the Social Welfare Department of New Taipei City in treating 200 disadvantaged children to the show. By telling the story of Confucius, we intended to communicate the importance of studies and morale. f. Promotion of arts and culture - Bobee Taiwan: By combining the popular "Techno Santaizi" and the Mazu's tour, this event included elements of traditional culture and energy that attracted millions of participants. The event started from Tainan on October 8, 2011, traveling nearly 300 kilometers in total, and was one of the rare large cultural events in Taiwan. It resembled the atmosphere of a western carnival where people indulge themselves in the beauty of Taiwan's traditional culture.
4. Enhancing Information Disclosure (1) The measures of disclosing relevant and reliable information relating to corporate social responsibility. (2) The Bank produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.	(1) Relevant information is posted on the Bank's parent company Yuanta Financial Holding website. (2) The Bank's parent company Yuanta Financial Holding plans to compile in 2011 a corporate social responsibility report that will disclose how we foster corporate social responsibility.
5. If the Bank has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: None.	
6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities, and the status of implementation.): For further details please view our corporate website.	

Item	Operation
7. If the Bank's products or corporate social responsibility reports have met the assurance standards of relevant certification institutions, they should state so below: None.	

(4) How the company implements integrity management and measures taken

The Bank has established a Code of Ethics which demands that labor and management both endeavor to build corporate ethics and professional ethics. It also demands that directors and managers set an example by doing what they preach follow the principle of good faith and establish a trustworthy, honest corporate culture. Based on clean, transparent and responsible management, the company will continue to promote a policy based on trust. We will establish good corporate governance and risk management mechanisms to create a sustainable business environment.

III. Fund Raising and Operational Highlights

1. Capital and Shares

(1) Sources of Capital:

Unit:NT$1,000, thousand shares；Base Date: February 29, 2012

Date of Issue	Issue price	Authorized Capital		Paid-in Capital		Remarks
		Shares	Amount	Shares	Amount	Source of Capital
December 2002	$10	1,211,514	12,115,136	1,211,514	12,115,136	
December 2003	$10	1,050,000	10,500,000	1,050,000	10,500,000	Capital decrease to make up for loss of 161,514 thousand shares
February 2004	$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares
July 2004	$10	1,400,000	14,000,000	1,400,000	14,000,000	Capitalization of earnings, 50,000 thousand shares
July 2005	$10	1,800,000	18,000,000	1,800,000	18,000,000	Capitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares.
October 2007	$10	2,400,000	24,000,000	2,400,000	24,000,000	Capital decrease to make up for loss of 400,000 thousand shares, and private placement of 1,000,000 thousand shares
March 2008	$10	2,200,000	22,000,000	2,200,000	22,000,000	Capital decrease to make up for loss of 200,000 thousand shares
March. 2009	$10	2,200,000	22,000,000	1,874,509	18,745,090	Capital decrease to make up for loss of 325,491 thousand shares
March. 2009	$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares
June 2010	$10	2,200,000	22,000,000	2,181,134	21,811,335	Capitalization of earnings, 31,134 thousand shares
June 2011	$10	2,500,000	25,000,000	2,273,313	22,733,131	Capitalization of earnings, 92,179 thousand shares
November 2011	$16	2,700,000	27,000,000	2,510,813	25,108,131	Private placement of 237,500 thousand shares

Unit: thousand shares；Base Date: February 29, 2012

Type of stock	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	2,510,813	189,187	2,700,000	Public offering

(2) Major Shareholders: As of February 29, 2012, 2,510,813 thousand shares or 100% owned by Yuanta FHC.

(3) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent two years:

Item \ Year			2010	2011	February 29, 2012
Market Price/Share	Highest		Note 1	Note 1	Note 1
	Lowest		Note 1	Note 1	Note 1
	Average		Note 1	Note 1	Note 1
Book Value/Share	Before distribution		NT$ 11.38	NT$ 11.99	NT$ 12.15
	After distribution		NT$ 11.38	NT$ 11.99	NT$ 12.15
EPS	Weighted average shares (thousand shares)		2,273,313	2,297,388	2,510,813
	EPS	Before adjustment	NT$ 0.60	NT$ 0.74	NT$ 0.13
		After adjustment	NT$ 0.58	NT$ 0.74	NT$ 0.13
Dividend/Share (NT$/Share)	Cash dividends		—	—	—
	Stock dividends	By earnings	0.42	Note 2	—
		By capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on investment	P/E ratio		Note 1	Note 1	Note 1
	Dividend yield		Note 1	Note 1	Note 1
	Cash dividend yield		Note 1	Note 1	Note 1

Note 1: 1.The Bank is not a listed or OTC company; therefore, there is no public quotation available for reference.
2. As of the annual report publishing date, earning distribution for 2011 has not been resolved by the shareholders' meeting.

2. Financial Debentures and Capital Utilization Plan

(1) Issuance of Financial Debentures:

Type of financial debentures	Chinfon Bank's 1-1st term financial debentures 2005	1st term financial debentures 2010
Date of approval & approval document No.	Jin-Kuan-Yin-(4)-0940009832 Dated May 4, 2005	Jin-Kuan-Yin-kong-09900149260 Dated April 29, 2010
Date of issuance	June 28, 2005	June 10, 2010
Par value	NT$100,000、NT$1,000,000、NT$5,000,000、NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City
Currency	NT$	NT$
Issuing price	Issued at par value	Issued at par value
Total amount	NT$2.5 billion (Note1)	NT$5 billion
Interest rate	The interest rate is based on the one-year time savings deposit flexible rate 1.375%	2.3%
Duration	Duration: 7 years Maturity: June 28, 2012	Duration: 7 years Maturity: June 10, 2017
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	None	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	KPMG CPA Janice Lai	Pricewaterhouse Coopers James Huang
Certification financial Institution	China Development Industriai Bank	None
Repayment	Starting from the third year after the issue date to the maturity date, the Bank will repay the principal five times, one time a year and 20% of principal each time.	Repayment in a lump sum upon maturity
Outstanding balance	NT$147,060 thousand	NT$5 billion
Paid-in capital for previous year	April 3, 2010 Merged by Yuanta Bank	NT$21,500,000 thousand
Net value upon final account in the previous year	April 3, 2010 Merged by Yuanta Bank	NT$23,649,799 thousand
Performance	Normal	None
Terms of redemption or early repayment	None	None
Terms and conditions of conversion and exchange	None	None
Restrictions	None	None
Capital utilization plan	Loan	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	51.26%	62.58%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 11, 2012 Taiwan Ratings: twA + (Debentures rating)	January 11, 2012 Taiwan Ratings: twA + (Debentures rating)

Note1：Chinfon Commercial Bank issued a total amount of NT$5 billion, where the Bank Purchase and. Assumption an amount of NT$ 2.5 billion.

Type of financial debentures	1st term financial debentures 2011	2nd term financial debentures 2011
Date of approval & approval document No.	Jin-Kuan-Yin-kong-10000110840 Dated April 25, 2011	Jin-Kuan-Yin-kong-10000110840 Dated April 25, 2011
Date of issuance	June 27,2011	August 22,2011
Par value	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City
Currency	NT$	NT$
Issuing price	Issued at par value	Issued at par value
Total amount	NT$2.45 billion	NT$2.35 billion
Interest rate Duration	1.75% Duration: 7 years Maturity: June 27, 2018	1.85% Duration: 7 years Maturity: August 22, 2018
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang
Certification financial Institution	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$2.45 billion	NT$2.35 billion
Paid-in capital for previous year	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None
Terms of redemption or early repayment	None	None
Terms and conditions of conversion and exchange	None	None
Restrictions	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	70.11% (Note2,3,4)	79.58% (Note2,3,4)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 11, 2012 Taiwan Ratings: twA + (Debentures rating)	January 11, 2012 Taiwan Ratings: twA + (Debentures rating)

Note2： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-1) outstanding at NT$ 5 billion. The debentures matured on August 24, 2011 and have been repaid in full.

Note3： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-1) outstanding at NT$ 1.8 billion. The debentures matured on December 22, 2011 and have been repaid in full.

Note4： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-2) outstanding at NT$ 3 billion. The debentures matured on December 27, 2011 and have been repaid in full.

Type of financial debentures	3rd term financial debentures A 2011	3rd term financial debentures B 2011
Date of approval & approval document No.	Jin-Kuan-Yin-kong-10000110840 dated April 25, 2011	Jin-Kuan-Yin-kong-10000110840 dated April 25, 2011
Date of issuance	October 27, 2011	October 27, 2011
Par value	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City
Currency	NT$	NT$
Issuing price	Issued at par value	Issued at par value
Total amount	NT$0.7 billion	NT$4.5 billion
Interest rate	1.80%	1.95%
Duration	Duration: 7 years Maturity: October 27, 2018	Duration: 10 years Maturity: October 27, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang
Certification financial Institution	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$0.7 billion	NT$4.5 billion
Paid-in capital for previous year	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None
Terms of redemption or early repayment	None	None
Terms and conditions of conversion and exchange	None	None
Restrictions	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	80.39% (Note3,4)	80.39% (Note3,4)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 11, 2012 Taiwan Ratings: twA + (Debentures rating)	January 11, 2012 Taiwan Ratings: twA + (Debentures rating)

(2) Acquisitions or Assignment of Other Financial Institutes:

A. CPA's opinions on share exchange ratio for mergers and acquisitions or assignment of other financial institutions for the most recent year:【**None**】

B. Upon the resolution of the Board of Directors on any merger or acquisition of other financial institution through new share issuance in the recent year and until the date of publication of the financial statement , the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed:【**None**】

(3) Implementation Capital Utilization Plan

A. With approval from the authority, the Bank issued subordinated debentures totaling NT$ 5 billion on April 29, 2010 and issued subordinated debentures of NT$ 10 billion on April 25, 2011 the bank expect to issue subordinated debentures in order to enhance capital adequacy ratio and respond to capital demand for loans and financial operation of financial products in Taiwan, and foreign currencies, and reduce liquidity risk.
The Bank merged with Chinfon Commercial Bank on April 3, 2010 and Purchase and. Assumption the business, asset and liability of 18 domestic branches, including part of its subordinated debentures with face value of NT$ 2.5 billion, approved in Jin-Kuan-Yin-(4)-0940009832 on May 4, 2005 (The actual amount of undue debentures is NT$ 441,920,000).

B. As of February 29, 2012 the Bank issued debentures totaling NT$15,147.06 million Applying amount and the according execution are itemized as follows:

Date of approval & approval document No.	Total amount	Execution
Jin-Kuan-Yin-kong-09900149260 dated April 29, 2010	The subordinated financial debentures for NT$ 5 billion	The 1st term financial debentures 2010 were issued on June 10, 2010 and the applying capital was executed completely before the deadline.
Jin-Kuan-Yin-kong-10000110840 dated April 25 ,2011	The subordinated financial debentures for NT$ 10 billion	• The 2011 1st term financial debentures for NT$2.45 billion were issued on June 27, 2011. • The 2011 2nd term financial debentures for NT$2.35 billion were issued on August 22, 2011. • The 2011 3rd term financial debentures A for NT$ 0.7 billion were issued on October 27, 2011. • The 2011 3 rd term financial debentures B for NT$1.8 billion were issued on October 27, 2011.
Jin-Kuan-Yin-(4)-0940009832 dated May 4 ,2005	The subordinated financial debentures for NT$ 2.5 billion (Note)	The 1st term financial debentures 2005 were issued on June 28, 2005 and the applying capital was executed completely before the deadline.

Note：Chinfon Commercial Bank issued a total amount of NT$ 5 billion, where the Bank Purchase and. Assumption an amount of NT$ 2.5 billion, outstanding balances NT$147,060 thousand.

3. Business Overview

(1) Business Performance for 2010~2011:

A. Deposit:

Unit: NT$ in million; %

Item \ Year	2011		2010		Comparison with 2010	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Checking deposits	3,660	0.84	3,085	0.81	575	18.64
Demand deposits	52,000	11.88	56,372	14.78	(4,372)	(7.76)
Demand saving deposits	154,742	35.35	161,089	42.23	(6,347)	(3.94)
Time deposits	148,514	33.93	93,093	24.41	55,421	59.53
Time savings deposits	78,791	18.00	67,771	17.77	11,020	16.26
Total	**437,707**	**100.00**	**381,410**	**100.00**	**56,297**	**14.76**

Note: The deposits include NT$ and foreign currency deposits but not the deposits from the Central Bank and Other Banks.

B. Loan:

Unit: NT$ in million; %

Item \ Year	2011		2010		Comparison with 2010	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Corporate Loans	**231,500**	**65.52**	**178,802**	**61.68**	**52,698**	**29.47**
General corporate loans	148,269	41.96	114,787	39.60	33,482	29.17
Small-and-medium business loans	76,746	21.72	58,610	20.22	18,136	30.94
Strategic loans	6,107	1.73	5,000	1.72	1,107	22.14
Delinquent	378	0.11	405	0.14	(27)	(6.67)
Consumer Loans	**121,843**	**34.48**	**111,093**	**38.32**	**10,750**	**9.68**
Mortgage	110,200	31.19	103,010	35.53	7,190	6.98
Car loans	8,865	2.51	3,899	1.34	4,966	127.37
Consumer unsecured loans	2,114	0.60	3,441	1.19	(1,327)	(38.56)
Delinquent	377	0.11	585	0.20	(208)	(35.56)
Stock-Secured Loan	165	0.05	—	—	—	—
Other (Note2)	122	0.03	158	0.06	(36)	(22.78)
Total	**353,343**	**100.00**	**289,895**	**100.00**	**63,448**	**21.89**

Note1: Launched the Stock-Secured Loan in May 2011.
Note2: Including certificate of deposit loan, composite overdraft.

C. Foreign Exchange:

Unit: US$ 1,000; %

Item \ Year	2011		2010		Comparison with 2010	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Import business	1,434,178	5.07	1,135,129	5.52	299,049	26.34
Export business	512,264	1.81	457,319	2.22	54,945	12.02
Outward Remittance	13,750,851	48.66	9,159,399	44.56	4,591,452	50.13
Inward Remittance	12,563,267	44.46	9,804,476	47.70	2,758,791	28.14
Total	**28,260,560**	**100.00**	**20,556,323**	**100.00**	**7,704,237**	**37.48**

D. Trust Business:

Unit: NT$ 1,000; %

Item \ Year		2011	2010	Comparison with 2010	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Total balance of trust assets		109,380,522(Note1)	111,059,945(Note2)	(1,679,423)	(1.51)
Total revenue of trust business service fee		582,486	687,659	(105,173)	(15.29)
Scale of assets under custody of investment insurance policy		2,867,993	3,309,284	(441,291)	(13.33)
The custody asset in discretionary investment account		2,056,503	1,445,570	610,933	42.26
Scale of assets under custody of foreign investment		4,817,076	3,637,366	1,179,710	32.43
Other property custody		154,585	—	154,585	—
Scale of assets under custody of business guarantee bond		4,160,000	3,045,000	1,115,000	36.62
Custodian service fee income		62,827	38,195	24,632	64.49
Certification of securities	Amount of certification	20,776,899	16,486,030	4,290,869	26.03
	Revenue of certification service charges	2,236	2,040	196	9.61

Note 1: including OBU trust property in the amount of NT$439,800 thousand.
Note 2: including OBU trust property in the amount of NT$526,521 thousand

E. Credit card:

Unit: NT$ in million; %

Item \ Year	2011	2010	Comparison with 2010	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Number of cards issued (card)	878,640	863,871	14,769	1.71
Card in force (card)	265,179	292,080	(26,901)	(9.21)
Value of transactions (NT$ in million)	10,374	9,379	995	10.61
Revolving credit (NT$ in million)	805	992	(187)	(18.85)

F. Investment:

Unit: :NT$ in million; %

Item \ Year	2011	2010	Comparison with 2010	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Bond trading volume	156,891	428,125	(271,234)	(63.35)
Bill trading volume	258,195	454,400	(196,205)	(43.18)

Unit: US$ in million; %

Item \ Year	2011	2010	Comparison with 2010	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Spot transaction	69,954	42,382	27,572	65.06
Forward exchange transaction	2,405	3,132	(727)	(23.21)
Foreign exchange SWAP	21,549	15,031	6,518	43.36
Option transaction	54,158	42,371	11,787	27.82

G. E-Banking:

Unit: in thousands

Item \ Year		2011	2010	Comparison with 2010	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Analysis of E-banking transactions	Total Internet banking transactions (in thousands)	1,711	1,564	147	9.4
	Total phone banking transactions (in thousands)	359	406	(47)	(11.6)
	Total web-ATM(SuperATM) transactions(in thousands)	398	350	48	13.7
	Total mobile banking transactions (Note)	104	—	—	—

Note1: Launched the mobile banking in February 2011.

(2) 2011 Operating Plan:

The Bank will center its operation on the balance with quality and quantity in aims to enlarge its asset size, strengthen the asset quality, establish its image and maximize its comprehensive competitiveness. The Bank will also persist in utilizing the advantage of its financial holding company in joint marketing to further integrate the group resources, diversify its financial services for customers, exercise its niche in operation synergy, thus advance its profitability and pursue maximum interests for all of shareholders.

The Bank's business plan in 2011 is summarized as follows:

A. Business Development: Centered on corporate finance to drive the balanced development in consumer banking, financial management, trust and financial transactions and advance the scope of overall services. The Bank will also integrate e-commerce service to turn itself into the fund procurement center of companies; launch niche services to fortify the Bank's competency with product diversification; and well select appropriate products to intensify its management of mid-to-small business.

B. Clientele Development: Persist in market segmentation, execute differentiated marketing, target at highly contributing clients, strengthen and deepen customer relationship and fully carry out differentiated pricing according to customers' credit ratings in order to achieve equilibrium between asset quality and profitability.

C. Channel Management: Follow the status of overall wealth distribution of Taiwan and focus on Taipei Metropolitan to accelerate the expansion of the physical channels, expand the scope and the depth of business development. In addition, the Bank will also aggressively establish its overseas service operations, build up overseas business, and integrate the resources of the financial holdings to develop diverse cash flow services and business opportunities in Greater China.

D. Group Integration: Utilize resources of the subsidiary companies of the financial holdings to not only persistently security transfer deposits but also intensify the cooperation with subsidiary companies inside the group.

E. Risk Management: Strengthen the Bank's response and compliance for Basel III practices and sustain the Bank's ability in risk data integration and analysis and the risk management ability, minimize loss contingency and maximize its operation effectiveness and efficiency.

F. Training: Fortify employee training to elevate personnel quality and solidify its basis for future development.

(3) Research and Development

To cope with the globalization of financial market, we will make aggressive and practical concerns and grasp the movements of the financial industry, in order to facilitate business expansion, alert to risk, integrate marketing, enhance customer satisfaction, and improve profit-making ability. The future research and development plans include:

A. Banking service research and development:

a. Reinforce the development of e-channel functions and implement customer segmentation to reduce operating cost.

b. Assess the application for FCI (Factors Chain International) and undertake two-factor A/R business.

c. Add the offshore sale of common stocks and "performance investment method" for mutual funds to provide customers with more flexible investment and wealth management instruments.

d. Develop customized insurance products, such as traditional captive policies.

B. Risk Management:

a. Continue to establish credit rating models complying with the quantitative and qualitative requirements of Basel II, such as the corporate banking credit rating and loss given default models.

b. Integrate the risk management data of the credit investigation and review, account server, collateral management, and scorecard management platform systems in coordination with the risk data mart implementation, in order to build the automated risk control reporting and analysis platform.

c. Strengthen the risk pricing mechanism and develop rating models for various businesses based on the credit granting risk pricing framework (cost, expense, risk, return) for the quantitative assessment of risk cost in the future.

d. Continue to improve the loss database and study the applicability of advanced measurement approach (AMA) to calculate operational risk.

e. Combine the qualitative and quantitative indicators of operational risk and overall measurement as the foundation of operational risk scoring; and develop the integrated operational risk indicators.

f. Complete the Pillar I group organizing bank targets in coordination with the Banking Bureau; and strengthen the response to and compliance with Basel III.

C. IT research and development projects:

We will aggressively engage in the implementation, integration and optimization of IT systems within the group, in order to improve risk control and enhance operational efficiency. This includes the initiation of the risk data mart implementation project, higher-level officer/manager dashboard/situation room system project, foreign exchange batch report transfer to report system Phase II, new development and batch operation transfer with financial holdings exposure system project, new consumer finance credit investigation and approval system implementation project; corporate banking operating platform (call loan and syndicated loan management functions), improvement and revision of the bill transaction day accounting features; improvement of the A/R system, new wealth management project, new seal system project, foreign currency transaction integrate to Etabs system, gold passbook system development project, new functions for personal e-banking, improvement of mobile e-banking functions, corporate e-banking voucher unification system and function adjustments.

(4) The Long Term and Short Term Business Plans

A. Short Term Business Development Plans:

a. Continue to expand asset scale to increase market share

i. In addition to aggressively enhancing the transfer rate of stock deposit, we will solicit customers to open general deposit accounts at this bank, in order to increase our market share in the deposit market and to establish foundation for business development.

ii. We will adjust our loan strategy and portfolio from time to time to meet with the market demands. We will also focus on the secured loan for VIP customers, in order to aggressively increase the scale of our corporate and consumer banking business.

b. Improve profit-making ability to optimize income structure

i. Besides reinforcing loan business promotion and enhancing the efficiency of capital utilization, we will consider the capital cost of this Bank and the overall correspondence of customers while undertaking cases, in order to maintain the bank's reasonable profit by differential pricing.

ii. Diversity the sources of income on commission and service fee by aggressively expanding the wealth management business; and increase income on other services through product and service design, such as TMU, trade finance, revolving mortgage, and other niche businesses.

c. Cultivate multi-talents employees to form a wealth management sales team

i. We will cultivate multi-talented employees to cope with future business development through complete pre-service/in-service training and the job rotation system.

ii. We will introduce the customer manager (CM) and insurance staff (IS) human resources to form a complete wealth management sales team and develop momentum for business development.

d. Improve processes and reinforce informatization to enhance operation efficiency

We will continue to review and adjust the bank's operating processes, establish standard operating procedures, and reduce manual operation by improving IT functions, in order to control operational risk and enhance operation efficiency and quality.

e. Strengthen risk management to maintain good asset quality

We will continue to strengthen risk management, optimize various risk rating models, and aggressively expand the loan business under the premise of maintaining asset quality.

B.Long-Term Development Plan:

a. Optimize resource integration and utilization to display the group's synergy

i. By exploiting the groups' resources, we will provide customers with complete services, aggressively enhance the business market share and increase total asset scale, and make the major capital flow platform and profit source of the financial holdings as our target.

ii. We will aggressively plan overseas locations, combine with securities locations, and cultivate the financial opportunities in Taiwan, Hong Kong, and China.

b. Customize products and services to meet customer demands and enhance momentum for business growth

i. We will integrate all businesses of the bank to provide combined products and services for customers according to their needs, in order to promote the balanced development of the deposit, corporate banking, consumer banking, wealth management, and financial transaction businesses.

ii. Without sacrificing risk control, we will steadily increase overall business capacity, in order to become a medium-large bank.

c. Improve risk control capacity and enhance operational efficiency

We will continue to improve our risk management capacity and study more advanced risk management techniques and system, in order to achieve integrated risk management.

(5) Employee Composition :

Year		2010	2011	February 29, 2012
Number of staff		2,524	2,565	2,546
Average age		37.11	36.89	37.08
Average seniority		5.8	6.26	6.44
Education level ratio	PhD	0.04 %	0.04 %	0.04 %
	Master degree	11.61 %	12.47 %	12.37 %
	University/ College	83.56 %	83.63 %	83.74 %
	Senior high school	4.75 %	3.78 %	3.73 %
	Lower than senior high school	0.04 %	0.08 %	0.12 %
Certificates and licenses held by Yuanta Commercial Bank employees	Certificates/Licenses	Number of staff	Certificates/Licenses	Number of staff
	Internal Control	1,934	Investment Insurance Salesperson	950
	Trust Salesperson	1,799	Financial Knowledge and Ethics	1,589
	Life Insurance Salesperson	2,114	Financial Planning Specialist	531
	Property Insurance Salesperson	1,327	Other Financial Certificates/Licenses	4,548

(6) Employee Welfare :

A. In addition to enrolling employees in labor insurance and national health insurance in accordance with the government's laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, cancer insurance, hospitalization insurance and occupational disaster insurance, etc...

B. Established Employees Welfare Committee and stipulated the relevant reimbursement procedures, such as providing subsidies to events of employee clubs and to the employee events etc...

C. Provided employees meal reimbursement and children scholarship.

D. Provided preferential interest rates for savings accounts of employees, house loans, property remodeling loans and consumer loans.

E. Provided employees with shareholdings trust service.

(7) IT Development Projects:

A. Hardware and software configuration of major information systems:

The configuration of major information system, including NT$ deposit and loan, domestic remittance, cross-bank transactions, foreign exchange, trust, accounting and data warehouse etc., are equipped with the hardware of IBM R6 p-Series, IBM AS/400 I-Series and SUN M5000 and operation systems.

B. The future development and procurement plans:

In response to the Bank's business strategies and the future business goals, in addition to continuously improving the bank's information infrastructure, internal IT efficiency and information security; we aggressively optimized the customer-focus functions for electronic transactions, in order to support business development, enhance operation

efficiency and improve customer satisfaction. The bank's future development plans are as follows:

a. To support the implementation, integration and optimization of IT systems within the group, we will develop and implement the Risk Data Mart Implementation Project; Higher-Level Officer/Manager Dashboard/Situation Room System Project; Foreign Exchange Batch Report Transfer to Report System Project Phase II; New Consumer Finance Credit Investigation and Approval System Implementation Project; Corporate Banking Operating Platform (call loan and syndicated loan management functions); New Wealth Management Project; New Seal System Project; Gold Passbook System Development Project; Personal e-Banking Function Addition Project; Mobile e-Banking Function Improvement Project.

b. We will improve the bank's information security management mechanism and establish related personal information protection and security measures according to the Personal Information Protection Act, in order to ensure compliance with the Personal Information Protection Act, enforce proper management of personal information, and protect the rights and interests of customers in the collection, processing and use of personal information within the scope of our businesses; and thereby provide customers with safe and reliable financial and banking services.

c. We will improve the e-financial services of bank; improve the functions and transaction security of both personal e-banking and corporate e-banking; and add the mobile e-banking service to cultivate the mobile e-banking market.

C. Emergency backup and security measures:

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures:

a. Computer room security:

The computer facilities of the Bank are installed with equipment against earthquake, fire, thunder and disasters. The access control system and the monitoring system are also well executed to tightly control entry and exit. Vital computer and equipment are maintained and tested periodically to safeguard the equipment operation.

b. Network Security:

i. Firewall:

Critical gateways in the internal network are shielded with Back To Back dual layer firewall to achieve double defense with different brands of hardware and software firewalls. Major external websites are setup on the N-tier structure. While the web server is placed in the DMZ area behind the layer 1 firewall, major application servers and database servers are placed behind the layer 2 firewall.

ii. IP address protection:

The user terminal of the Bank adopted MAC and IP address blocking system to protect the internal IP addresses of the Bank from being mistakenly or falsely used.

iii. Weakness scanning and flaw repair:

Scanned the weakness of servers and automatically fix the system flaws of personal

computers to improve system security.

iv. **External service website penetration testing:**

Proactively conducted the penetration testing on external e-commerce websites, in order to identify security issues proactively for protection.

v. **Anti-virus mechanism:**

All of personal computers, servers and emails are devised with anti-virus and anti-spam mail mechanism.

vi. **The** intrusion detection system:

Establish an intrusion detection system on critical gateways of external websites. Actively detect hacker's invasion and attack and have operators instantly supervise and report such matter 24 hours a day.

vii. **The Application Firewall**

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

IV. Financial Information and Risk Management

1. Financial Review 2007~2011

(1) Condensed Balance Sheet for Past Five Years

Unit: NT$1,000

Item \ Year		Financial information over the past five years (Note)				
		2011	2010	2009	2008	2007
Cash and cash equivalents, Due from Central Bank and call loans to banks		110,417,491	124,650,036	82,930,864	42,407,254	64,336,771
Financial assets at fair value through profit or loss – net		14,569,643	10,248,106	10,809,287	44,581,784	5,940,952
Investments in notes and bonds under resale agreements		1,546,544	1,691,578	—	1,644,337	397,522
Receivables - net		12,533,592	14,895,036	14,926,753	9,829,041	15,034,704
Assets held for sale		—	—	—	—	778,668
Bills discounted and loans – net		348,783,971	284,751,517	234,054,597	232,873,593	236,802,168
Available-for-sale financial assets – net		13,243,700	10,680,673	15,683,511	15,639,774	14,345,346
Held-to-maturity financial assets		151,450	151,840	201,252	597,276	849,150
Equity investments accounted for under the equity method – net		41,774	399,896	136,040	133,187	143,162
Other financial assets – net		431,978	439,175	326,805	482,593	1,312,653
Property, plant and equipment		2,534,201	2,615,472	2,667,779	2,549,695	2,265,556
Intangible assets		2,326,540	2,456,470	607,896	232,017	1,466,021
Other assets		1,523,267	2,757,682	2,727,696	3,205,290	2,830,566
Total assets		**508,104,151**	**455,737,481**	**365,072,480**	**354,175,841**	**346,503,239**
Due to Central Bank and other banks		7,080,166	16,807,124	12,954,760	11,865,082	28,264,164
Financial liabilities at fair value through profit or loss – net		2,734,648	3,924,425	3,663,865	4,080,414	3,570,504
Notes and bonds payable under repurchase agreements		—	100,170	209,596	7,325,426	7,909,694
Deposits and remittances		437,944,350	381,466,045	300,054,276	294,594,534	262,844,440
Financial debentures payable		15,147,060	15,094,120	9,800,000	9,800,000	12,166,000
Preferred stock liabilities		—	—	—	—	—
Accrued pension liabilities		125,404	114,780	54,998	—	—
Other financial liabilities		5,826,442	3,119,273	3,304,142	258,667	464,752
Other liabilities		9,140,072	10,299,003	11,381,044	7,620,383	9,454,905
Total liabilities	**Before distribution**	**477,998,142**	**430,924,940**	**341,422,681**	**335,544,506**	**324,674,459**
	After distribution	**477,998,142**	**430,924,940**	**341,422,681**	**335,544,506**	**324,674,459**
Capital stock		25,108,131	21,811,335	21,500,000	22,000,000	24,000,000
Additional paid-in capital		2,850,363	1,377,456	1,377,456	—	—
Retained earnings	**Before distribution**	2,234,905	1,450,280	444,764	(3,254,911)	(2,014,728)
	After distribution	2,234,905	528,506	133,429	(3,254,911)	(2,014,728)
Unrealized profit or loss on available-for-sale financial assets		(72,775)	217,213	366,427	(113,754)	(156,492)
Cumulative translation adjustment		—	—	—	—	—
Other shareholders' equity		(14,615)	(43,743)	(38,848)	—	—
Total shareholders' equity	**Before distribution**	**30,106,009**	**24,812,541**	**23,649,799**	**18,631,335**	**21,828,780**
	After distribution	**30,106,009**	**23,890,767**	**23,338,464**	**18,631,335**	**21,828,780**

(2) Condensed Income Statement for Past Five Years

Unit: NT$1,000

Item \ Year		Financial information over the past five years (Note)				
		2011	2010	2009	2008	2007
Net Interest income		5,034,939	4,273,444	3,603,495	4,333,741	5,483,699
Net Non-interest income		1,735,769	1,867,598	1,948,133	(22,030)	1,110,464
Bad debts losses (Provision reversal gain)		(294,923)	(174,808)	354,966	3,201,826	4,099,417
Operating expenses		5,020,267	4,582,261	4,339,552	5,048,074	5,089,484
Continuing operating income before tax		2,045,364	1,733,589	857,110	(3,938,189)	(2,594,738)
Continue operating income after tax		1,706,399	1,316,851	444,764	(3,240,183)	(2,001,242)
Discontinued operation income (net after tax)		—	—	—	—	—
Extraordinary income (net after tax)		—	—	—	—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—	—	—	—
Net Income		1,706,399	1,316,851	444,764	(3,240,183)	(2,001,242)
EPS(NT$)	Before adjustment	0.74	0.60	0.21	(1.47)	(1.26)
	After adjustment	0.74	0.58	0.20	(1.62)	(1.68)

(3) Independent Auditors Over the Past Five Years and their Audit Opinions

Year	Independent auditing firm	CPA	Auditor's opinion
2007	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2008	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Modified unqualified opinion
2009	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2010	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2011	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion

(4) Selected Financial Data

Item	Year	Financial Analysis over the past five years				
		2011	2010	2009	2008	2007
Operating performance	Ratio of deposits to loans (%)	79.76	74.24	77.61	78.20	88.04
	NPL ratio (%)	0.19	0.49	0.95	1.75	1.32
	Ratio of interest cost to annual average deposits (%)	0.60	0.41	0.72	1.74	1.66
	Ratio of interest income to annual average loans outstanding (%)	2.09	1.94	2.25	3.75	3.84
	Total assets turnover (times)	0.01	0.01	0.02	0.01	0.02
	Average operation revenue per employee (thousand NT$)	2,640	2,433	2,395	1,651	2,302
	Average profit per employee (thousand NT$)	665	522	192	(1,240)	(699)
Profitability	Return on tier I capital (%)	8.24	7.66	4.00	(19.26)	(15.41)
	Return on assets (%)	0.35	0.32	0.12	(0.92)	(0.58)
	Return on shareholders' Equity (%)	6.21	5.43	2.10	(16.02)	(11.18)
	Net income ratio (%)	25.2	21.44	8.01	(75.15)	(30.35)
	EPS (NT$)	0.74	0.58	0.21	(1.73)	(1.61)
Financial Structure	Ratio of Liabilities to Assets (%)	94.07	94.56	93.52	94.73	93.70
	Ratio of Fixed Assets to Equity (%)	8.42	10.54	11.28	13.68	10.38
Growth rate	Rate of Assets growth (%)	11.49	24.83	3.08	2.21	0.24
	Rate of earnings growth (%)	17.98	102.26	121.76	(51.78)	54.16
Cash flow	Cash flow ratio (%)	2.55	4.92	138.66	Note 2	21.17
	Cash flow adequacy ratio (%)	1,451.84	1,311.50	1,248.32	487.02	480.43
	Cash flow coverage ratio (%)	(0.78)	(2.01)	84.01	Note 2	68.41
Ratio of liquidity reserve (%)		29.20	31.30	28.30	26.80	21.70
Total balance of secured loans of related parties (thousand NT$)		5,378,015	3,551,953	2,717,158	3,819,169	3,252,631
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.36	1.12	1.06	1.54	1.26
Operating scale	Asset market share (%)	1.47	1.39	1.19	1.20	1.24
	Net-worth market share (%)	1.37	1.19	1.22	1.03	1.22
	Deposits market share (%)	1.60	1.46	1.24	1.32	1.27
	Loans market share (%)	1.64	1.45	1.29	1.29	1.36

Note 1: The net cash outflow from operating activities in the cash flow statement is excluded from the calculation of the cash flow ratio.
Note 2: The formulas of various ratios are as following:

1. Operating performance
   (1) Ratio of deposits to loans＝Annual average loans outstanding／Annual average deposit (Including postal savings re-deposits)
   (2) NPL ratio＝Total NPL／Total loans outstanding
   (3) Ratio of interest cost to annual average deposits＝Total interest cost／Annual average deposits
   (4) Ratio of interest income to annual average loans outstanding＝Total interest income／Annual average amount of loans outstanding
   (5) Total assets turnover (times)＝Operating income／Average total assets
   (6) Average operation revenue per employee (Note 6)＝Operating Revenues／Annual average total number of eemployees
   (7) Average profit per employee＝Net income after tax／total employees
2. Profitability
   (1) Return on tier I capital =Before-tax profit or loss／Total amount of 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／Total operating revenues
   (5) EPS＝Income after income tax-preferred stock dividend／Weighted average number of shares issued (Note 5)
3. Financial structure
   (1) Ratio of Liabilities to Assets＝Liabilities／Total assets (Note 4)
   (2) Ratio of Fixed Assets to Equity＝Fixed assets／Shareholders' equity
4. Growth rate
   (1) Rate of Assets growth=(Total assets for current year－ Total assets for previous year)／Total assets for previous year
   (2) Rate of earnings growth = (Before-tax profit or loss for current year)－(Before-tax profit or loss for previous year) ／Before-tax profit for previous year
5. Cash flow (Note 7)
   (1) Cash flow ratio＝Net cash flow from operating activities／ (interbank lending and overdraft＋Financial liabilities at fair value of payable commercial paper through income statement＋RP＋Payable accounts-current portion)
   (2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the latest five years／(Capital expenditure for the latest five years＋cash dividends)
   (3) Cash flow coverage ratio＝Net cash flow from operating activities／net cash flow from investing activities
6. Ratio of liquidity reserve＝Liquidity assets defined by Central Bank／Accrual liquidty reserve liabilities
7. Scale of operations:
   (1) Asset market share = total assets/total assets of all financial institutions able to engage in deposit and loan business
   (2) Net-worth market share = net value/total net worth of all financial holding institutions able to engage in deposit and loan business
   (3) Deposit market share = total value of deposits/total value of deposits at all financial institutions able to engage in deposit and loan business
   (4) Loan market share = total value of loans/total value of loans at all financial institutions able to engage in deposits and loan business

Note 3: The total liabilities have deduct allowance for gurantee liability, allowance for breach of traded secrutities and allowance for accidental loss
Note 4: The following shall be noted in the equations of EPS of the preceding paragraph:

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 5: The income means the total interest income and non-interest income.
Note 6: The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

Capital Adequacy

Unit: NT$1,000

Item		Year	Capital adequacy ratio over the past five years				
			2007	2008	2009	2010	2011
Self-owned capital	Tier I capital	Common stock	24,000,000	22,000,000	21,500,000	21,811,335	25,108,131
		Non-cumulative preferred stock	0	0	0	0	0
		Non-cumulative subordinated debts without maturity dates	0	0	0	0	0
		Capital collected in advance	0	0	0	0	0
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	0	0	1,377,456	1,377,456	2,850,363
		Legal reserve	0	0	0	133,429	528,484
		Special reserve	0	0	0	0	22
		Retained earnings	0	0	444,764	1,316,851	1,706,399
		Minority equity	0	0	0	0	0
		Other shareholders' equity	(156,492)	(118,564)	(49,843)	(55,572)	(178,462)
		Less: Goodwill	1,319,535	0	0	1,924,395	1,924,395
		Less: Unamortized loss on sale of NPL	0	0	0	0	0
		Less: Capital deductions	1,451,384	2,059,483	250,204	429,283	655,051
		Total Tier I capital	**21,072,589**	**19,821,953**	**23,022,173**	**22,229,821**	**27,435,491**
	Tier II capital	Cumulative perpetual preferred stock	0	0	0	0	0
		Cumulative subordinated debts without maturity dates	3,000,000	3,000,000	3,000,000	3,000,000	0
		Reserve for revaluation of fixed assets	0	0	0	0	0
		45% of Unrealized gain on financial assets in available-for-sale	0	47,235	169,840	103,068	40,982
		Convertible bonds	0	0	0	0	0
		Operating reserve and allowance for bad debt	1,064,971	2,456,202	1,047,494	815,098	0
		Long-term subordinated bonds	4,440,000	3,080,000	1,720,000	5,418,264	13,717,745
		Non- perpetual preferred stock	0	0	0	0	0
		Total of non-cumulative perpetual stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	0	0	0	0	0
		Less: Capital deductions	1,451,384	2,059,483	250,204	429,283	232,905
		Total Tier II capital	**7,053,587**	**6,523,954**	**5,687,130**	**8,907,147**	**13,525,822**

	Tier III capital	Short-term subordinated debts	0	0	0	0	0
		Non-perpetual preferred stock	0	0	0	0	0
		Total Tier III capital	**0**	**0**	**0**	**0**	**0**
	Self-owned capital		**28,126,176**	**26,345,907**	**28,709,303**	**31,136,968**	**40,961,313**
Weighted risk-based assets	Credit risk	Standardized approach	212,632,661	212,605,116	210,651,610	267,322,507	332,266,318
		Internal ratings-based approach	—	—	—	—	—
		Securitization of assets	427,472	261,206	155,696	122,537	45,591
	Operational risk	Basic indicator approach	13,090,763	12,041,788	11,057,163	12,306,100	—
		Standardized approach/Optional standardized approach	—	—	—	—	11,744,813
		Advanced measurement approach	—	—	—	—	—
	Mark et risk	Standardized approach	10,785,088	10,062,775	16,318,538	10,456,938	7,140,763
		Internal models approach	—	—	—	—	—
	Total weighted risk-based assets		**236,935,984**	**234,970,885**	**238,183,007**	**290,208,082**	**351,197,485**
Capital adequacy ratio			**11.87**	**11.21**	**12.05**	**10.73**	**11.66**
Ratio of Tier I capital in risk-based assets			**8.89**	**8.44**	**9.67**	**7.66**	**7.81**
Ratio of Tier II capital in risk-based assets			**2.98**	**2.77**	**2.38**	**3.07**	**3.85**
Ratio of Tier III capital in risk-based assets			**0**	**0**	**0**	**0**	**0**
Ratio of common capital stock in total assets			**6.93**	**6.21**	**5.89**	**4.79**	**4.94**

Note 1: Self-owned capital＝Tier I capital＋Tier II capital＋Tier III capital

Note 2: Total weighted risk-based assets＝Credit risk weighted risk-based assets＋capital charge of (operational risk＋market risk)×12.5

Note 3: Capital adequacy ratio＝Self-owned capital／Total weighted risk-based assets

Note 4: Ratio of Tier I capital in risk-based assets＝Tier I capital／Total weighted risk-based assets

Note 5: Ratio of Tier II capital in risk-based assets＝Tier II capital／Total weighted risk-based assets

Note 6: Ratio of Tier III capital in risk-based assets＝Tier III capital／Total weighted risk-based assets

Note 7: Ratio of common capital stock in total assets＝Common capital stock／total assets

Consolidated Capital Adequacy

Unit: NT$1,000

Item		Year	Consolidated capital adequacy ratio over the past five years				
			2007	2008	2009	2010	2011
Self-owned capital	Tier I capital	Common stock	24,000,000	22,000,000	21,500,000	21,811,335	25,108,131
		Non-cumulative perpetual preferred stock	0	0	0	0	0
		Nonsol non-cumulative subordinated debts without maturity dates	0	0	0	0	0
		Capital collected in advance	0	0	0	0	0
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	0	0	1,377,456	1,377,456	2,850,363
		Legal reserve	0	0	0	133,429	528,484
		Special reserve	0	0	0	0	22
		Retained earnings	0	0	444,764	1,316,851	1,706,399
		Minority equity	2,838	2,728	2,853	1,127	0
		Other shareholders' equity	(156,492)	(118,564)	(49,843)	(55,572)	(178,462)
		Less: Goodwill	1,319,535	0	0	1,924,395	1,924,395
		Less: Unamortized loss on sale of NPL	0	0	0	0	0
		Less: Capital deductions	1,379,803	1,992,890	182,185	403,861	634,164
		Total Tier I capital	**21,147,008**	**19,891,274**	**23,093,045**	**22,256,370**	**27,456,378**
	Tier II capital	Cumulative perpetual preferred stock	0	0	0	0	0
		Cumulative subordinated debts without maturity dates	3,000,000	3,000,000	3,000,000	3,000,000	0
		Reserve for revaluation of fixed assets	0	0	0	0	0
		45% of Unrealized gain on financial assets in available-for-sale	0	47,235	169,840	103,068	40,982
		Convertible bonds	0	0	0	0	0
		Operating reserve and allowance for bad debt	1,064,971	2,456,202	1,047,494	815,098	0
		Long-term subordinated bonds	4,440,400	3,080,000	1,720,000	5,418,264	13,728,189
		Non- perpetual preferred stock	0	0	0	0	0
		Total of non-cumulative perpetual preferred stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	0	0	0	0	0
		Less: Capital deductions	1,379,803	1,992,890	182,185	403,861	212,018
		Total Tier II capital	**7,125,168**	**6,590,547**	**5,755,149**	**8,932,569**	**13,557,153**

	Tier III capital	Short-term subordinated debts	0	0	0	0	0
		Non- perpetual preferred stock	0	0	0	0	0
		Total Tier III capital	0	0	0	0	0
	Self-owned capital		**28,272,176**	**26,481,821**	**28,848,194**	**31,188,939**	**41,013,531**
Weighted risk-based assets	Credit risk	Standardized approach	212,725,652	212,636,576	210,677,639	267,354,070	332,276,102
		Internal ratings-based approach	—	—	—	—	—
		Securitization of assets	427,472	261,206	155,696	122,537	45,591
	Operational risk	Basic indicator approach	13,862,963	12,254,313	11,189,675	12,448,688	—
		Standardized approach/optional standardized approach	—	—	—	—	11,877,200
		Advanced measurement approach	—	—	—	—	—
	Market risk	Standardized approach	10,785,088	10,106,000	16,518,538	10,456,938	7,140,763
		Internal models approach	—	—	—	—	—
	Total weighted risk-based assets		**237,801,175**	**235,258,095**	**238,541,548**	**290,382,233**	**351,339,656**
Capital adequacy ratio (%)			**11.89**	**11.26**	**12.09**	**10.74**	**11.67**
Ratio of Tier I capital in risk-based assets (%)			**8.89**	**8.46**	**9.68**	**7.66**	**7.81**
Ratio of Tier II capital in risk-based assets (%)			**3.00**	**2.80**	**2.41**	**3.08**	**3.86**
Ratio of Tier III capital in risk-based assets (%)			**0**	**0**	**0**	**0**	**0**
Ratio of common capital stock in total assets (%)			**6.93**	**6.21**	**5.89**	**4.79**	**4.94**

Note1: Self-owned capital＝Tier I capital＋Tier II capital＋Tier III capital

Note2: Total weighted risk-based assets＝Credit risk weighted risk-based assets＋capital charge of (operational risk＋market risk)×12.5

Note3: Capital adequacy ratio＝Self-owned capital／Total weighted risk-based assets。

Note4: Ratio of Tier I capital in risk-based assets＝Tier I capital／Total weighted risk-based assets。

Note5: Ratio of Tier II capital in risk-based assets＝Tier II capital／Total weighted risk-based assets。

Note6: Ratio of Tier III capital in risk-based assets＝Tier III capital／Total weighted risk-based assets。

Note7: Ratio of common capital stock in total assets＝Common capital stock／Total assets

pwc 資誠

(101)PWCR11000380

REPORT OF INDEPENDENT ACCOUNTANTS

To: Yuanta Commercial Bank Co., Ltd.

We have audited the accompanying balance sheets of Yuanta Commercial Bank Co., Ltd. as of December 31, 2011 and 2010, and the related statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Commercial Bank Co., Ltd. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of Yuanta Commercial Bank Co., Ltd. and its subsidiaries (not presented herein) as of and for the year ended December 31, 2011, on which we have issued an unqualified opinion thereon.

PricewaterhouseCoopers, Taiwan

March 15, 2012

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

資誠聯合會計師事務所 *PricewaterhouseCoopers, Taiwan*
11012 臺北市信義區基隆路一段333號27樓 / 27F, 333, Keelung Road, Sec. 1, Xinyi Dist., Taipei City 11012, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2757 6371, www.pwc.com/tw

Yuanta Commercial Bank Co., Ltd
Balance Sheets
December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2011 Amount	December 31, 2010 Amount	Change Percentage %
Cash and cash equivalents	IV(1)	$ 6,335,318	$ 5,436,600	17
Due from Central Bank and call loans to banks	IV(2)	104,082,173	119,213,436	(13)
Financial assets at fair value through profit or loss – net	IV(3) and V(2)	14,569,643	10,248,106	42
Investments in notes and bonds under resale agreements	IV(4) and V(2)	1,546,544	1,691,578	(9)
Receivables – net	IV(5) and V(2)	12,533,591	14,895,036	(16)
Bills discounted and loans – net	IV(6) and V(2)	348,783,971	284,751,517	22
Available-for-sale financial assets – net	IV(7) and VI	13,243,700	10,680,673	24
Held-to-maturity financial assets	IV(8)	151,450	151,840	-
Equity investments accounted for under the equity method– net	IV(9) and V(2)	41,774	399,896	(90)
Other financial assets – net	IV(10)	431,978	439,175	(2)
Property, plant and equipment	IV(11) and (27)			
Cost:				
Land		1,285,037	1,315,941	(2)
Buildings		560,982	620,992	(10)
Office equipment		456,215	741,174	(38)
Transportation equipment		25,233	30,873	(18)
Miscellaneous equipment		811,257	1,151,535	(30)
Subtotal		3,138,724	3,860,515	(19)
Less: Accumulated depreciation		(720,572)	(1,296,279)	(44)
Construction in progress		116,049	51,236	126
Property, plant and equipment - net		2,534,201	2,615,472	(3)
Intangible assets	IV(12) and (27)	2,326,540	2,456,470	(5)
Other assets				
Other assets – others	IV(13)	1,173,423	1,931,260	(39)
Deferred income tax assets	IV(28)	349,845	826,422	(58)
Other assets – total		1,523,268	2,757,682	(45)
TOTAL ASSETS		$ 508,104,151	$ 455,737,481	11

(CONTINUED ON NEXT PAGE)

Yuanta Commercial Bank Co., Ltd
Balance Sheets (continued)
December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY	Note	December 31, 2011 Amount	December 31, 2010 Amount	Change Percentage %
Due to Central Bank and other banks	IV(14)	$ 7,080,166	$ 16,807,124	(58)
Financial liabilities at fair value through profit or loss – net	IV(15)	2,734,648	3,924,425	(30)
Notes and bonds payable under repurchase agreements	IV(4), V(2) and VI	-	100,170	(100)
Payables	IV(16) and (28)	8,348,665	9,952,864	(16)
Deposits and remittances	IV(17) and V(2)	437,944,350	381,466,045	15
Financial debentures payable	IV(18)	15,147,060	15,094,120	-
Accrued pension liabilities	IV(19)	125,404	114,780	9
Other financial liabilities	IV(20)	5,826,442	3,119,273	87
Other liabilities	IV(21)	791,407	346,139	129
TOTAL LIABILITIES		477,998,142	430,924,940	11
STOCKHOLDERS' EQUITY				
Common stock	IV(22)	25,108,131	21,811,335	15
Additional paid-in capital	IV(23)	2,850,363	1,377,456	107
Legal reserve	IV(24)	528,484	133,429	296
Special reserve	IV(24)	22	-	-
Unappropriated earnings	IV(25) and (28)	1,706,399	1,316,851	30
Other stockholders' equity				
Unrealized profit or loss on available-for-sale financial assets	IV(7)	(72,775)	217,213	(134)
Unrealized net loss on accrued pension cost	IV(19)	(14,615)	(43,743)	(67)
TOTAL STOCKHOLDERS' EQUITY		30,106,009	24,812,541	21
COMMITMENTS AND CONTINGENCIES	VII			
TRUST ASSETS	X(4)			
SUBSEQUENT EVENTS	IX			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 508,104,151	$ 455,737,481	11

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

Yuanta Commercial Bank Co., Ltd.
Statements of Income
For the Years Ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	2011 Amount	2010 Amount	Change Percentage %
Interest income	V(2)	$ 7,933,540	$ 6,039,419	31
Less: Interest expense	V(2)	(2,898,601)	(1,765,975)	64
Net interest income		5,034,939	4,273,444	18
Net non-interest income				
Net service fee and commission income	V(2)	1,217,544	1,111,946	9
Net gain (loss) on financial assets and liability es at fair value through profit or loss	IV(3) and (15)	(692,225)	103,184	(771)
Net realized gain on available-for-sale financial assets	IV(7)	107,461	300,749	(64)
Net income on investment accounted for under the equity method	IV(9)	22,177	32,093	(31)
Net foreign exchange gain	X(3)	998,390	239,683	317
Gain (loss)on reversal of asset impairment -net		1,096	(8,955)	(112)
Other non-interest income		81,326	88,898	(9)
Net non-interest income		1,735,769	1,867,598	(7)
Net revenues		6,770,708	6,141,042	10
Bad debt expense and gain on recovered bad debt	IV(6)	294,923	174,808	69
Operating expenses				
Personnel expenses	IV(19), (27) and (2)	(2,824,311)	(2,522,779)	11
Depreciation and amortization	IV(27)	(516,891)	(529,080)	(2)
Other general and administrative expenses	V(2)	(1,679,065)	(1,500,402)	12
TOTAL OPERATING COST		(5,020,267)	(4,582,261)	10
Income before income tax		2,045,364	1,733,589	18
Income tax expense	IV(28)	(338,965)	(416,738)	(19)
Net income		$ 1,706,399	$ 1,316,851	30
Basic earnings per share	IV(29)	Before Tax / After Tax	Before Tax / After Tax	
Net income		$ 0.89 / $ 0.74	$ 0.76 / $ 0.58	

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

Yuanta Commercial Bank Co., Ltd.
Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Additional paid-in capital	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Unrealized (loss) gain on available-for-sale financial assets	Unrealized net loss on accrued pension cost	Total
For the year ended December 31, 2010								
Balance, January 1, 2010	$ 21,500,000	$ 1,377,456	$ -	$ -	$ 444,764	$ 366,427	($ 38,848)	$ 23,649,799
Appropriation of 2009 earnings (Note)								
Legal reserve appropriated	-	-	133,429	-	(133,429)	-	-	-
Retained earnings transferred to capital	311,335	-	-	-	(311,335)	-	-	-
Change in unrealized (loss) gain on available-for-sale financial assets	-	-	-	-	-	(149,214)	-	(149,214)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	(4,895)	(4,895)
Net income for the year ended December 31, 2010	-	-	-	-	1,316,851	-	-	1,316,851
Balance, December 31, 2010	$ 21,811,335	$ 1,377,456	$ 133,429	$ -	$ 1,316,851	$ 217,213	($ 43,743)	$ 24,812,541
For the year ended December 31, 2011								
Balance, January 1, 2011	$ 21,811,335	$ 1,377,456	$ 133,429	$ -	$ 1,316,851	$ 217,213	($ 43,743)	$ 24,812,541
Appropriation and distribution of 2010 earnings (Note)								
Legal reserve appropriated	-	-	395,055	-	(395,055)	-	-	-
Special reserve appropriated	-	-	-	22	-	-	-	22
Retained earnings transferred to capital	921,796	-	-	-	(921,796)	-	-	-
Cash capital increase	2,375,000	1,425,000	-	-	-	-	-	3,800,000
Change in unrealized (loss) gain on available-for-sale financial assets	-	-	-	-	-	(289,988)	-	(289,988)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	29,128	29,128
Treasury stock of the parent company distributed to employee	-	47,783	-	-	-	-	-	47,783
Change in equities of investee company accounted for under equity method	-	124	-	-	-	-	-	124
Net income for the year ended December 31, 2011	-	-	-	-	1,706,399	-	-	1,706,399
Balance, December 31, 2011	$ 25,108,131	$ 2,850,363	$ 528,484	$ 22	$ 1,706,399	($ 72,775)	($ 14,615)	$ 30,106,009

(Note) Bonus to employees amounting to $29,744 thousand and $7,559 thousand respectively for the years 2011 and 2010 has been recognized under operating expenses, not appropriation of earning.

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

Yuanta Commercial Bank Co., Ltd.
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

	2011	2010
Cash Flows From Operating Activities		
Net income	$ 1,706,399	$ 1,316,851
Adjustments to reconcile net income to net cash provided by operating activities		
Share-based Compensation	47,218	-
Depreciation	301,689	318,927
Amortization	215,202	210,153
Bad debt expense and gain on recovered bad debt	(294,923)	(174,808)
Realized gains on disposal of available-for-sale financial assets	(107,461)	(300,749)
Investment income accounted for under the equity method	(21,801)	(32,093)
Gain on disposal of equity investments accounted for under the equity method	(376)	-
Cash dividends received from equity method investees	32,962	12,418
Loss on disposal and retirement of fixed assets	32,219	29,454
Loss on disposal and retirement of intangible assets	-	7,788
Loss on disposal and retirement of idle assets	2,842	-
Loss on disposal and retirement of other assets	276	111
(Gain on reversal of) impairment loss on non-financial assets	(1,096)	8,955
Construction in progress transferred to expenses	438	-
Changes in assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(4,321,537)	538,385
Decrease in receivables	2,324,862	49,186
Decrease in other financial assets	7,197	80,632
Decrease in deferred income tax assets	476,577	716,928
(Decrease) increase in financial liabilities at fair value through profit or loss	(1,189,777)	260,560
Decrease in payables	(1,668,998)	(1,581,161)
Increase in income tax payable	64,799	71,129
Increase in accrued pension liabilities	41,584	56,718
Increase (decrease) in other financial liabilities	2,744,926	(268,733)
Net cash provided by operating activities	393,221	1,320,651

(CONTINUED ON NEXT PAGE)

Yuanta Commercial Bank Co., Ltd.
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

	2011	2010
Cash Flows From Investing Activities		
Decrease (increase) in due from Central Bank and call loans to banks	$ 15,131,263	($ 42,978,622)
Decrease (increase) in investments in notes and bonds under resale agreements	145,034	(1,691,578)
Increase in notes discounted and loans	(63,459,700)	(44,879,990)
(Increase) decrease in available-for-sale financial assets	(2,745,283)	5,154,103
Decrease in held-to-maturity financial assets	390	49,412
Proceeds from disposal of equity investments accounted for under the equity method	349,156	-
Increase in equity investments accounted for under the equity method	(1,401)	-
Acquisition of property, plant and equipment	(328,500)	(292,878)
Proceeds from disposal of property, plant and equipment	1,220	90,409
Increase in intangible assets	(4,286)	(5,254)
Proceeds from disposal of idle assets	53,700	-
Decrease in other assets	693,502	115,070
Indemnities due to acquisition of Chinfon Bank Package A	-	17,898,724
Cash from acquisition of Chinfon Bank Package A	-	810,623
Net cash used in investing activities	(50,164,905)	(65,729,981)
Cash Flows From Financing Activities		
Decrease in cash in Central Bank and other banks	(9,726,958)	(5,905,726)
Decrease in investments in notes and bonds under repurchase agreements	(100,170)	(109,426)
Decrease in lease payables	(37,757)	(17,512)
Increase in savings and deposits	56,478,305	64,207,218
Proceeds from the issuance of financial debentures	10,000,000	5,000,000
Repayment of financial debentures	(9,947,060)	(147,800)
Increase in other liabilities	204,042	123,126
Capital injection with cash	3,800,000	-
Net cash provided by financing activities	50,670,402	63,149,880
Net increase (decrease) in cash and cash equivalents	898,718	(1,259,450)
Cash and cash equivalents at beginning of year	5,436,600	6,696,050
Cash and cash equivalents at end of year	$ 6,335,318	$ 5,436,600
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 2,728,828	$ 1,613,285
Income tax paid	$ 104,842	$ 87,893

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

Yuanta Commercial Bank Co., Ltd.
Notes to Financial Statements
December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

I. Organization and business

1. Yuanta commercial Bank (”the Bank”), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China (R.O.C.) and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific commercial Bank was approved to be renamed Fuhwa Commercial Bank.

2. On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. Under the approval of shareholders’ meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.

3. As of December 31, 2011, the Bank has a trust department, an international banking department, an offshore banking unit, and 85 branches including the business department and 1 overseas representative office.

4. In order to increase the number of branches, improve business and enhance market status and competitiveness, the Bank acquired the operations, assets and liabilities of 18 branches of Chinfon Commercial Bank on April 3, 2010.

5. The Bank's parent company is Yuanta Financial Holdings Co., Ltd. As of December 31, 2011, the number of the Bank's employees was 2,565.

II. Summary of significant accounting policies

The accompanying financial statements of the Bank are prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Public Banks” and accounting principles generally accepted in the Republic of China. Due to the nature of the banking industry, assets and liabilities in the accompanying financial statements are not classified into current and non-current items. Nevertheless, accounts are properly categorized according to the nature of each account and sequenced by the liquidity of assets and liabilities. A summary of the Bank’s significant accounting policies and the measurement basis used in preparing the financial statements is as follows:

1. Principles for preparation of the financial statements

(1) The financial statements include the accounts of the head office, its branches and offshore banking unit. All intra office balances and transactions have been eliminated for preparation of the financial statements.

(2) Trust department of the Bank, for internal management purposes, should maintain separate accounts and prepare separate sets of financial statements for the entrusted funds managed by the Bank. All the entrusted assets are booked in the memo account.

2. Foreign currency transactions

(1) Except for accounts of its offshore banking unit (OBU) that are maintained in US dollars, other accounts of the Bank are maintained in New Taiwan dollars.

(2) Foreign currency transactions of non-derivative instruments are recorded based on the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date, and the exchange gains or losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are measured at historical exchange rates at the date of the transaction. However, non-monetary assets or liabilities denominated in foreign currencies measured at fair value shall be translated based on the spot exchange rate at the balance sheet date. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. Conversely, when a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

4. Preparation basis of cash flow

The statements of cash flows were prepared based on cash and cash equivalents.

5. Cash and cash equivalents

Cash on hand, foreign currency on hand, checks for clearing and due from banks are considered as cash and cash equivalents.

6. Financial assets and liabilities at fair value through profit or loss

(1) The Bank recognizes the purchases or sales of such financial assets, including stocks, beneficiary certificates and convertible corporate bonds and derivative financial instruments, using trade date accounting and of other financial assets in this category using settlement date accounting. These financial instruments are initially recognized at fair value plus acquisition or issuance cost.

(2) Financial assets and liabilities at fair value through profit or loss include debt securities, equity shares and derivative instruments held or issued by the Bank. These financial assets and liabilities can be classified into two subcategories:

financial assets and liabilities held for trading purposes and designated financial assets and liabilities at fair value through profit or loss. Derivative financial instruments are foreign exchange forward contracts, currency swaps, interest rate swaps, currency and interest rate swaps, and options, which are entered into by the Bank in foreign exchange, interest rate and capital markets. Derivative financial instruments are for trading purposes except those accounted for under hedge accounting. Trading purposes include market creation, customer services and other arbitrage relevant activities.

(3) The main purpose for acquisition or issuance of financial instruments held for trading purposes is to be sold or repurchased within a short period. The criteria used to designated financial assets and liabilities at fair value through profit or loss are as follows:

A. Hybrid (combined) instruments;

B. The designation can eliminate or significantly reduce the inconsistency of accounting measurement or recognition; or

C. The designation is in compliance with the risk management or investment strategy specified by the Bank to evaluate the performance of assets or liabilities based on the fair values.

(4) Financial instruments at fair value through profit or loss should be measured at their fair values. Fair values are the prices of financial instruments purchased or sold in an arm's-length transaction between transaction parties. A quoted market price, if available, in an active market is the best evidence of fair value. The fair value of listed or OTC stocks is the market closing price on the balance sheet date. The market price of open-end funds is the net value on the balance sheet date. The fair value of domestic bonds is the OTC's quoted market price on the balance sheet date. However, if a quoted market price is not available, the fair value of financial instruments should be estimated using information available or pricing models. Estimation of fair value is usually based on recent trading prices of similar financial instruments and supplemented by related valuation methods available.

(5) The realized and unrealized gain or loss, including the amortization of discount and premium and the evaluation at fair values of derivative financial instruments for trading purpose, of financial instruments whose changes in fair value should be recognized in the current year's net income or loss. Cash dividends received during the holding period are recorded under "Net gain on financial instruments at fair value through profit or loss". Stock dividends are not recognized as income but treated as increases in the number of shares held.

(6) After initial recognition, a financial instrument cannot be reclassified into the category of financial instruments at fair value through profit or loss and a derivative financial instrument cannot be reclassified out of such category. In accordance with explanatory letter Ji-Mi-Zih No. 296 issued in 2006 by the Accounting Research and Development Foundation, after the adoption of R.O.C. SFAS No. 34 "Financial Instruments: Recognition and Measurement", financial assets held for trading purposes which are provided as collateral for loans or refundable deposits should still be recognized as financial assets held for trading purposes.

(7) Derivative financial instruments measured at fair value whose offsetting right has legal effect and are intended to be settled by net balance should be recorded as financial assets and liabilities at their net value.

(8) When the embedded derivative financial instruments meet the requirements in R.O.C. SFAS No. 34, they shall be recognized separately with the main contract and shall be regarded as derivative financial instruments. The main contract shall be treated in accordance with related standards as financial or non-financial instruments.

7. Available-for-sale financial assets

(1) Except for stocks, beneficiary certificates and convertible corporate bond recognized using trade date accounting; the Bank recognizes the purchases or sales of such financial assets using settlement-date accounting. These financial instruments are initially recognized at fair value plus acquisition or issuance cost.

(2) Available-for-sale financial assets are recorded at fair value, and the change in market value will be recorded in the stockholders' equity adjustment account; the accumulated profit or losses at derecognition shall be recognized as profit or loss of the period. Fair value is based on the quoted market price or estimated amount if the quoted market price is not available. The settlement prices on the balance sheet date for stocks listed on the TSE or OTC and the net asset value of open-end funds on the balance sheet date are adopted.

(3) When there is an indication of impairment in the value of available-for-sales financial assets, the impairment loss should be recognized. If there is an indication that the impairment loss recognized has decreased in a subsequent period, debt securities of available-for-sale financial assets should be recorded as gains or losses, and equity securities of available-for-sale financial assets should be recorded as the adjustments of stockholders' equity. Accumulated unrealized gain or loss recorded under the equity account is recognized in the current year's income or loss when those financial assets are sold or derecognized. Interest income and cash dividend are recorded under "interest income" and "realized gain on available-for-sale financial assets", respectively. Cash dividends are recognized as revenue on the ex-dividend date or the date of the shareholder’s meeting. However, the dividend amount, if announced before the investment date, will be deducted from the investment cost. Stock dividends are not recognized as income but treated as increases in the number of shares held.

8. Held-to-maturity financial assets

(1) The Bank recognizes the purchases or sales of held-to-maturity financial assets using settlement-date accounting. These financial instruments are initially recognized at fair values plus acquisition or issuance costs.

(2) The amortized cost, interest income or interest expense of held-to-maturity financial assets are calculated by the effective interest rate. If there is any objective evidence that the financial asset is impaired, impairment loss is recognized in profit or loss. If the fair value of the financial assets subsequently increases, and the increase can be objectively related to an event occurring after the impairment was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

9. Financial assets carried at cost

(1) Equity investments are recorded at cost using trade date accounting when their fair values are not measurable.

(2) If there is any objective evidence of impairment, the impairment loss is recognized. Such impairment loss shall not be reversed.

10. Accounts receivable

(1) The spending of the Bank's credit card holders is recorded as receivable based on the payment request for the products, not included as unearned profit. Interest income is recognized using the effective interest rate method on accrual basis.

(2) The Bank engages in factoring and management businesses, and the interest and handling fees generated from such businesses are recorded as income of the period; possible allowance for doubtful loans is provided based on the assessment of factoring balance at period end. The unpaid factoring proceeds are accounted under "payables".

(3) Principal, interest and other advances of credit card spending overdue for 90 days that has not been paid shall stop accruing interest and shall be recorded as overdue receivables. The interest is recognized as income upon receipt during the non-accrual period.

(4) Starting from January 1, 2011, the Bank adopted the newly revised SFAS No. 34 "Financial Instruments: Recognition and Measurement", in which loans and receivables originated by the Bank are included in the scope. Please refer to Note 2 (11) for details of the policy of provision for doubtful loans and for accounts receivable.

11. Loans

(1) All loans are recorded initially at the actual amount lent out and purchase price, and reported at their outstanding principal balances net of any allowance for credit losses. The credit period of short-term loans is within one year, the credit period of medium-term loans is one to seven years, and the credit period of long-term loans is more than seven years. Loans with pledged assets are recorded as secured loans

(2) Principal or interest overdue over three months is categorized as non-performing loans. In addition, when principal or interest has not been paid for over six months, the said principal and interest are transferred to "non-accrual loans". When this occurs, interest is calculated and booked only in the memo account.

(3) Starting from January 1, 2011, in accordance with SFAS No. 34 "Financial Instruments: Recognition and Measurement," loans and receivables (including overdue receivables and interest receivables) are assessed on the balance sheet date whether objective evidence exists which indicates material individual financial assets are impaired, and immaterial individual financial assets are considered impaired individually or on a collective basis. If objective evidence indicates that the financial asset is impaired, the impairment amount is the difference between the financial assets' book value and present value of estimated future cash flows discounted using

the original effective interest rate, and the impairment amount shall be recorded as bad debt expenses in the income statement. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amounts do not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years.

(4) In accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans issued by the Financial Supervisory Commission (FSC) of the Executive Yuan, the Bank assesses the collectability of credit assets based on the clients' financial condition and principal and interest payments or overdue payments after taking into account the related collateral values. According to the abovementioned regulation, before January 1, 2011, the minimum credit loss provision is 2% of the outstanding balance for Special Mentioned credit assets; 10% of the outstanding balance for Substandard credit assets; 50% of the outstanding balance for Doubtful credit assets; and 100% of the outstanding balance for loans classified as Losses. Starting from January 1, 2011, the minimum credit loss provision for unsound credit assets is calculated based on the abovementioned standard plus 0.5% of the outstanding balance for normal credit assets.

(5) Reserves for guarantee liability are provided when the possibility of doubtful loans is evaluated from the ending balance for guarantees receivable and acceptances receivable.

12. Notes and bonds under resale and repurchase agreements

Notes and bonds under resale or repurchase agreements are accounted for under the financing method. Notes and bonds sold under repurchase agreements are recorded as "Notes and bonds payable under repurchase agreements" at the sale date. Notes and bonds invested under resale agreements are recorded as "Investments in notes and bonds under resale agreements" at the purchase date. The difference between the cost and the repurchase price is recorded as interest expense between the sale date and the repurchase date. The difference between the cost and the resale price is recorded as interest income between the purchase date and the resale date.

13. Non-financial asset impairment

The Bank adopts ROC SFAS No. 35 "Impairment of Assets". In accordance with ROC SFAS No. 35, the Bank assesses on the balance sheet date whether there are any indications that assets (other than assets that are inapplicable and goodwill) may have been impaired. If such indications exist, the Bank estimates the recoverable amount of the assets (the higher of its fair value less costs to sell and its value in use). The Bank recognizes impairment losses for assets whose carrying values are higher than the recoverable amounts. The Bank assesses the goodwill of cash generating units on an annual basis and recognizes impairment losses for the excess of carrying value over the recoverable amount. The Bank reverses impairment losses recognized in prior periods for assets other than goodwill if there are any indications that the impairment losses recognized no longer exist or have decreased. The carrying amount of an asset after the reversal of impairment loss should not exceed the carrying amounts of the asset that

would have been determined net of depreciation or amortization had no impairment loss been recognized for the asset in prior years.

14. Equity investments accounted for under the equity method

(1) Equity investments in which the Bank owns at least 20% of the investees' voting stock interests or exercises significant influence over the investees are accounted for under the equity method. Such equity investments are evaluated pursuant to the investment costs plus or minus the net income or loss and changes in stockholders' equity of the investee recognized proportionally according to the percentage of the investee's ownership held by the Bank. For stock dividends received from the distribution by the investees, the Bank does not need to increase the investment amount and recognize the investment income, but makes a memorandum entry to record additional shares that have been received.

(2) When the Bank disposes an equity investment accounted for under the equity method, the difference between the cost and the selling price at the disposal date is recorded as gain (loss) on disposal of equity investment. If there is any capital surplus arising from equity investment under the equity method, such capital surplus is transferred to current income or loss in proportion to the percentage of disposal.

15. Property, plant and equipment, leased assets and idle assets

(1) Property, plant and equipment are stated at acquisition cost. Interest incurred on the loans used to bring the assets to the condition and location necessary for their intended uses are capitalized. Major renewals and betterments of fixed assets are capitalized, while maintenance and repairs are expensed.

(2) Apart from land, depreciation is calculated on a straight-line method based on the asset's estimated useful lives. In addition, the residual value may be depreciated over the estimated remaining useful life of the fixed assets. Gains or losses on the disposal of property and equipment are recorded as non-interest income or losses. The estimated useful lives of property, plant and equipment are listed as follows:

Buildings	3~55 years
Office equipment	3~5 years
Transportation equipment	3~5 years
Leasehold improvements	3~10 years
Other equipment	3~20 years

(3) Rents paid on capital leases are capitalized and depreciated accordingly. If the lease contract contains a bargain purchase option or allows the transfer of ownership at the end of the term, then the depreciation should be determined based on the leased property's useful economic life. The lease term is used otherwise.

(4) The Bank adopted the ROC's SFAS No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements", wherein the property, plant and equipment that are idle or have no value in use are reclassified to "other assets - idle assets" at original cost together with their respective accumulated depreciation and accumulated impairment. The idle assets are depreciated continuously. In accordance with ROC SFAS No. 35 "Impairment of Assets", the Bank evaluates impairment of the idle assets and performs the impairment test accordingly.

16. Intangible assets

Computer software expenditures are stated at the acquisition cost and amortized over 3 to 5 years.

17. Goodwill

(1) The net assets acquired by the Bank were carried into account at fair value in compliance with the accounting treatment for business combination; the net value of the excess of the acquisition cost over the fair value of tangible and identifiable intangible assets deducting liabilities assumed was recognized as goodwill. In accordance with ROC SFAS No. 35 “Impairment of Assets”, the Bank shall evaluate impairment and perform the impairment test accordingly. The impairment loss recognized shall not be reversed. Also, in accordance with the revised R.O.C. SFAS No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements", goodwill shall not be amortized.

(2) The Bank determines allocation period for acquisition price in pursuant to R.O.C. SFAS No. 25 “Business Combinations – Accounting Treatment under Purchase Method”. It is a period of time that the acquiring company takes to allocate its acquisition costs to specific assets and liabilities so that the fair value of assets obtained and liabilities assumed may be identified and determined. When the acquiring company cannot obtain further information to identity and determine the fair value of assets obtained and liabilities assumed, the allocation period of the acquisition price is consummated. The allocation period of the acquisition price varies depending on circumstances but may not exceed one year after the date of acquisition.

18. Deferred expenses

Deferred expenses, mainly telecommunication system, renovation cost, computer network and CPU installation costs, are amortized on a straight-line basis over 3 to 5 years.

19. Bonds payable

Financial debentures are issued and stated at face value. The related interest expenses are calculated at face value multiplied by the stated interest rate every month. The annual fee paid to the GreTai Securities Market is recognized as operating expense.

20. Reserve for operation and liabilities

(1) Securities trading loss reserve

According to the Regulations Governing Securities Firms, if the profit for trading securities for its own account exceeds the amount of loss, 10% of the proportion in excess should be allocated on a monthly basis as the trading loss reserves. The trading loss reserve shall not be used except for the purpose of covering the amount of trading loss in excess of the amount of trading profit. When the accumulated amount of trading loss reserve reaches $200 million, allocation may be suspended. Such reserve can only be used to offset the losses from securities trading. In addition, according to the revised Regulations Governing Securities Firms dated on Jan 11,

2011 pursuant to the Letter from the Financial Supervisory Commission dated Jan 13, 2011, the provision for trade loss reserve shall be ceased. Additionally, trade loss reserve accrued as of Dec 2010 is transferred to special reserve after the Letter is pronounced.

(2) Reserve for losses on guarantees

The reserve for losses on guarantees is determined by evaluating the potential losses on guarantees and commitments. The aforementioned reserve is recorded as “bad debt expense” and “other liability”.

21. Retirement plan

(1) The original employee retirement plan of the Bank was established in 1992 for the benefit of all eligible employees. Effective from May 1, 1997, such plan was modified in order to comply with the Labor Standards Law. Pension payments are computed based on employees’ years of service and average monthly salaries for the last six months prior to retirement. Effectively July 1, 2005, the Bank established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Employees have the option to be covered under the New Plan. Under the New Plan, the Bank contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The amounts contributed are recognized as expenses.

(2) The year-end date is the measurement date of the actuarial report for the defined benefit plan. The minimum pension liability is recognized when the accumulated benefit obligation exceeds the fair value of pension plan assets. Under the defined contribution pension plan, net periodic pension cost are recognized as incurred, including service cost, amortization of net transition asset, prior service cost, and unrecognized pension gain or loss based on employees’ average residual service years using the straight-line method. The minimum pension liability usually occurs due to the existence of unrecognized prior service cost and unrecognized transitional net assets or net benefit obligation. If the minimum pension liability does not exceed the sum of unrecognized prior service cost and unrecognized transitional net assets or net benefit obligation, then the deferred pension cost should be charged; otherwise, net loss not yet recognized as net pension cost should be charged. Deferred pension cost is classified in other assets; unrecognized pension cost is classified as the reduction of stockholders' equity.

22. Income tax

(1) Income tax is estimated based on the accounting income. Deferred income tax is determined based on the differences between the tax basis of an asset or liability and its book value that will result in taxable or deductible amounts by using the enacted tax rate in future year when the recorded asset or liability is recovered or settled, respectively. The income tax effects attributable to temporary differences are recognized as deferred income tax liabilities. The income tax effects attributable to deductible temporary differences, loss carryforwards, and income tax credits are recognized as deferred income tax assets. The realization of deferred income tax assets is evaluated, and a valuation allowance is recognized accordingly.

(2) The 10% surtax on undistributed earnings, computed according to the ROC Income Tax Act, is accounted for as income tax expense in the year of earnings distribution based on the resolution of the shareholders.

(3) In accordance with the Article 49 of the Financial Holding Company Act, Yuanta Financial Holdings, the parent company of the Bank and the taxpayer, has adopted the consolidated income tax return system for income tax filings and 10% surtax on undistributed earnings from 2003 with its qualified subsidiaries, including the Bank. When the Bank prepares its financial statements, the Bank accounts for its income tax in conformity with ROC SFAS No. 22 "Income Taxes". However, the Bank also adjusts the income tax in a reasonable and systematic way to reflect the differences under filing a consolidated income tax return system with Yuanta Financial Holding, the taxpayer. The adjustments resulting from filing a consolidated income tax return system are recorded under receivable from (payable to) related parties.

(4) Effective on January 1, 2006, in accordance with the Alternative Minimum Tax Act, the Bank calculates the alternative minimum tax in addition to the regular income tax. If the regular income tax is lower than the alternative minimum tax, the difference is accrued as an income tax adjustment.

(5) When a change in the tax laws is enacted, the deferred tax liability or asset should be recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, should be recognized as an adjustment to income tax expense (benefit) for income from continuing operations in the current period.

23. Share-based payment

In accordance with "Buyback of Own Shares and Transfer to Employees" set up by the parent company, Yuanta Financial Holdings Co., Ltd., eligible employees of the Bank are entitled to subscribe to the parent company's shares. Treasury stocks transferred to employees as compensation are recognized as expenses using the fair value method pursuant to the Explanatory Note (96) Ji-Mi-Zi No. 266 "Interpretation of Accounting Treatments for Treasury Stocks Transferring to Employees" of the Accounting Research and Development Foundation of the R.O.C. dated October 12, 2007. The service costs are estimated based on the option valuation model on grant date, recorded as service cost expenses and amortized over the vesting period.

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

The Bank adopted R.O.C. SFAS No. 39, "Accounting for Share-based Payment" and EITF 96-052 of the Accounting Research and Development Foundation, R.O.C. "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year.

25. Recognition of interest income

Revenues are recognized on the accrual basis when the earning process is substantially completed and are realized or realizable. Costs and expenses are recognized as incurred.

26. Contingency loss

If from the circumstances, it is probable that an asset has been impaired or a liability has been incurred by the date of the financial statements; and the amount of loss can be reasonably estimated, a loss should be recognized. If the loss cannot be reasonable estimated, the estimate amount of loss should be disclosed in the notes to the financial statements.

27. Operating segments

Information of operating segments of the Bank is reported in the same method as the internal management report provided to the Chief Operating Decision-Maker (CODM). The CODM is in charge of allocating resources to operating segments and evaluating their performance.
In accordance with SFAS No. 41 "Operating Segments", the Bank discloses segment information in the financial statements.

28. Reclassification

The reclassification of certain accounts in the financial statements for the year ended of December, 31 2010, is consistent with the financial statement presentation for the year ended December 31, 2011.

III. Changes in accounting principles

1. Loans and receivables

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

2. Operating segments

Starting from January 1, 2011, the Bank adopted the revised SFAS No. 41 "Operating Segments" to replace SFAS No. 20 "Segment Reporting". At initial adoption, the Bank restated the segment information for the previous period pursuant to conform to the revised accounting standard. This change in accounting principle had no impact on the net income and earnings per share for the years of 2011 and 2010.

IV. Details of significant accounts

1. Cash and cash equivalents

	December 31, 2011	December 31, 2010
Cash on hand	$ 2,634,333	$ 2,587,030
Foreign currency on hand	262,221	233,856
Checks for clearing	2,108,988	619,363
Due from banks	1,329,776	1,996,351
Total	$ 6,335,318	$ 5,436,600

2. Due from Central Bank and call loans to banks

	December 31, 2011	December 31, 2010
Reserve for deposits – account A	$ 5,341,690	$ 6,196,010
Reserve for deposits – account B	11,495,413	10,107,100
Reserve for deposits – foreign currency account	60,580	45,552
Reserve for deposits - Inter-bank clearing fund	210,938	210,921
Time deposits	76,990,000	86,700,000
Call loans to banks	9,983,552	15,953,853
Total	$ 104,082,173	$ 119,213,436

3. Financial assets at fair value through profit or loss - net

	December 31, 2011	December 31, 2010
Financial assets held for trading purpose		
Commercial paper	$ 2,342,889	$ 4,341,589
Beneficiary certificates	300,000	128,390
Government bonds	9,013,560	48,231
Corporate bonds	-	1,947,392
Convertible corporate bonds	24,177	-
Derivatives	2,886,805	3,435,810
Valuation adjustment for financial assets for trading purposes – non-derivatives	(18,398)	19,545
Subtotal	14,549,033	9,920,957
Designated financial assets at fair value through profit or loss		
Corporate bonds	-	506,301
Convertible corporate bonds	22,444	322,956
Valuation adjustment for designated financial assets at fair value through profit or loss	(1,834)	(502,108)
Subtotal	20,610	327,149
Total	$ 14,569,643	$ 10,248,106

(1) For the years ended December 31, 2011 and 2010, the net gain (loss) on financial assets at fair value through profit or loss (including dividend revenues) were loss ($1,330,217) and gain $1,072,531, respectively.

(2) Financial instruments designated at fair value through profit or loss is for hybrid (combined) instruments.

(3) The trading items and contract information of derivatives are as follows:

Financial instruments	December 31, 2011 Contract amount (Notional amount)	December 31, 2011 Credit risk	December 31, 2010 Contract amount (Notional amount)	December 31, 2010 Credit risk
For trading purpose:				
Exchange rate options purchased	$ 22,380,065	$ 251,100	$ 6,866,441	$ 162,838
Options purchased – asset swaps	736,400	27,655	630,900	92,146
FX contracts (FX swaps, forwards and cross currency swap)	59,740,371	739,469	28,176,722	669,353
Non-delivery forwards	302,900	1,217	3,127,904	51,175
Asset swap, interest rate swap and other interest rate swap	141,283,482	1,783,967	168,546,377	2,422,821
Futures contract (Note)	-	83,397	15,184	37,305
Purchased CDS	-	-	30,000	172

Note: The unrealized gains of unsettled futures contract were $0 and $112 as of December 31, 2011 and 2010, respectively. The ending deposits were $83,397 and $37,193, respectively.

4. Investments in notes and bonds under resale agreement and notes and bonds payable under repurchase agreement

	December 31, 2011	December 31, 2010
Investments in notes and bonds under resale agreement	$ 1,546,544	$ 1,691,578
Interest rate (%)	0.89%	0.53%~0.54%
Contract resale amount	$ 1,547,868	$ 1,691,750
Notes and bonds payable under repurchase agreement	$ -	$ 100,170
Interest rate (%) (Note)	-	0.32%
Contract repurchase amount	$ -	$ 100,196

As of Dec 31, 2011, the Bank has no assets related to investment in notes and bonds under repurchase agreements treated as financing transactions. In addition, as of December 31, 2010, the assets related to investment in notes and bonds under repurchase agreements treated as financing transactions were recognized as the available-for-sale financial asset of $96,537 .

5. Receivables – net

	December 31, 2011	December 31, 2010
Accounts receivable factoring	$ 3,235,528	$ 3,081,730
Affiliated company receivable	2,771,945	2,465,364
Demand remittance receivable	2,684,284	5,852,265
Credit card receivable	1,758,480	1,883,835
Interest receivable	776,128	545,383
Acceptances receivable	694,582	807,936
Underwriting receivable and other receivables	759,953	330,829
Subtotal	12,680,900	14,967,342
Less: allowance for credit losses	(147,309)	(72,306)
Total	$ 12,533,591	$ 14,895,036

6. Bills discounted and loans, net

	December 31, 2011	December 31, 2010
Import-export negotiations and bills discounted	$ 226,203	$ 205,839
Short-term loans and overdrafts	46,253,980	31,793,570
Short-term loans and overdraft secured	27,600,177	27,730,984
Medium-term loans	84,383,737	54,265,987
Medium-term loans secured	72,702,404	58,215,903
Long-term loans	9,413,670	11,769,771
Long-term loans secured	111,901,173	104,750,412
Accounts receivable factoring	317,927	171,512
Non-performing loans	543,882	990,999
Subtotal	353,343,153	289,894,977
Less: allowance for credit losses	(4,559,182)	(5,143,460)
Total	$ 348,783,971	$ 284,751,517

Assessment of allowance for doubtful loans and receivables

Loans and interest receivables:

Items		Loans and interest receivables December 31, 2011	Allowance for doubtful accounts December 31, 2011
With individual objective evidence of impairment	Individual assessment	$ 3,043,737	$ 2,276,884
	Collective assessment	749,224	373,932
Without individual objective evidence of impairment	Collective assessment	350,020,051	1,908,366
Total		$ 353,813,012	$ 4,559,182

Receivables:

Items		Receivables December 31, 2011	Allowance for doubtful accounts December 31, 2011
With individual objective evidence of impairment	Individual assessment	$ -	$ -
	Collective assessment	14,146	13,942
Without individual objective evidence of impairment	Collective assessment	116,005,965	152,786
Total		$ 116,020,111	$ 166,728

Note: The amount of receivables is the original amount, (including due from Central Bank and call loans to banks, bills investments under resale agreement, receivables (not including spot exchange receivables, yield receivables and tax return receivables amounting to $2,684,632), short-term advances, non-accrual loans transferred from other accounts and refundable deposits) not deducting allowance for doubtful accounts and not deducting (adding) discount (premium) adjustments; the amount is $397,622, not including interest receivables.

The movements of allowance for doubtful accounts for loans and receivables are as follows:

Loans	2011 Amount
Beginning balance	$ 5,143,460
Add: Provision for doubtful accounts	551,183
Foreign exchange translation adjustment and others	8,248
Less: Transferred to other allowance accounts	(238,242)
Write-off loans and advances	(905,467)
Ending balance	$ 4,559,182

Receivables	2011 Amount
Beginning balance	$ 93,372
Add: Provision for doubtful accounts	1,196
Recovery of written-off loans, advances and overdue receivables	41,409
Transferred from other allowance accounts	85,828
Less: Write-off loans and advances	(54,602)
Foreign exchange translation adjustment and others	(475)
Ending balance	$ 166,728

	For the year ended December 31, 2010		
	Specific provision	General provision	Total
Beginning balance	$ 4,640,664	$ -	$ 4,640,664
Add: Recovery of doubtful accounts	657,985	-	657,985
Acquisition of Chinfon Commercial Bank Package A	1,437,686	-	1,437,686
Foreign exchange translation adjustment and others	12,246	-	12,246
Less: Write-off	(174,808)	-	(174,808)
Foreign exchange translation adjustment and others	(1,336,941)	-	(1,336,941)
Ending balance	$ 5,236,832	$ -	$ 5,236,832

As of December 31, 2011 and 2010, loans and advances not accruing interest were $543,882 and $990,999, respectively. As of December 31, 2011 and 2010, the amounts of interest receivables that were not accrued from loans and advances were $50,590 and $85,738, respectively.

7. Available-for-sale financial assets – net

	December 31, 2011		
	Cost after amortization	Valuation adjustment	Fair value
Government bonds	$ 5,083,854	$ 31,116	$ 5,114,970
Corporate bonds	6,221,352	55,156	6,276,508
Listed (TSE and OTC) stocks	621,006	(163,835)	457,171
Financial debentures	1,300,018	4,671	1,304,689
Beneficiary securities	90,236	126	90,362
Total	$ 13,316,466	($ 72,766)	$ 13,243,700

	December 31, 2010		
	Cost after amortization	Valuation adjustment	Fair value
Government bonds	$ 5,354,734	$ 57,944	$ 5,412,678
Corporate bonds	3,976,659	56,393	4,033,052
Listed (TSE and OTC) stocks	994,399	96,861	1,091,260
Financial debentures	289	3	292
Beneficiary securities	137,649	5,742	143,391
Total	$ 10,463,730	$ 216,943	$ 10,680,673

Please refer to Note VI for details of available-for-sale financial assets pledged as collateral as of December 31, 2011 and 2010.

8. Held-to-maturity financial assets

	December 31, 2011	December 31, 2010
Corporate bonds	$ 151,450	$ 151,840

9. Equity investments accounted for under the equity method - net

	December 31, 2011		December 31, 2010	
	Book Value	Percentage of ownership	Book Value	Percentage of ownership
Equity method:				
Yuanta Property Insurance Agent Company	$ 7,968	100.00	$ 4,501	80.00
Yuanta Life Insurance Agent Company	33,806	100.00	46,344	99.99
Yuanta Leasing Co., Ltd.	-	-	105,172	98.56
Chinfon Asset Management Co., Ltd.	-	-	243,879	100.00
	$ 41,774		$ 399,896	

For the years ended December 31, 2011 and 2010, the investment income of the Bank accounted for under the equity method was based on the investee's audited financial statements for the corresponding periods.

Chinfon Asset Management Co., Ltd. was founded on August 14, 2006, a wholly-owned subsidiary of Chinfon Commercial Bank. The Bank acquired the operation and assets and liabilities of the 18 branches of Chifon Commercial Bank on April 3, 2010 and therefore obtained 100% shares and had control over Chinfon Asset Management Co., Ltd. It was resolved that Chinfon Asset Management Co., Ltd. would be dissolved on May 27, 2010, with the effective date on May 31, 2010. In pursuant to the Explanatory Note (88) No. 233 of the Accounting Research and Development Foundation of the R.O.C., the investment income of Chinfon Asset Management Co., Ltd. ceased to be accounted for under the equity method starting from the effective date. Chinfon Asset Management Co., Ltd. has completed the liquidation on February 28, 2011.

It was also resolved that Yuanta Leasing Co., Ltd. would be dissolved on June 22, 2010, with the effective date on October 31, 2010. In pursuant to the Explanatory Note (88) No. 233 of the Accounting Research and Development Foundation of the R.O.C., the investment income of Yuanta Leasing Co., Ltd. ceased to be accounted for under the equity method starting from the effective date. Yuanta Leasing Co., Ltd. has completed the liquidation on Apr 30, 2011.

The Bank acquired 20% of Yuanta Property Insurance Agent Company and 0.3% of Yuanta Life Insurance Agent Company from Yuanta Asset Management Co., Ltd. on Oct 20, 2011. As of Dec 31, 2011, Yuanta Property Insurance Agent Company and Yuanta Life Insurance Agent Company were 100% owned subsidiaries of the Bank. Please refer to Note V (2) and Note XI (2).

10. Other financial assets – net

	December 31, 2011		December 31, 2010	
	Book value	Percentage of ownership	Book value	Percentage of ownership
Financial assets carried at cost:				
Taiwan Asset Management Co., Ltd.	$ 157,650	0.85	$ 157,650	0.85
Financial Information Service Co., Ltd.	120,725	2.29	120,725	2.29
Grand Bills Finance Co., Ltd.	64,800	1.36	64,800	1.36
Taiwan Futures Exchange	39,302	0.45	39,302	0.45
VISA Inc.	15,853	-	15,853	-
Taiwan Depository& Clearing Corporation	9,749	0.08	9,749	0.08
Taiwan Aerospace Corp.	4,892	0.31	4,892	0.31
Mirae Asset Securities Investment Trust Co., Ltd (Note 1)	4,729	1.27	4,729	1.27
Yang Guang Asset Management Company	3,149	4.77	3,149	4.77
MasterCard International	2,665	-	2,665	-
Taipei Forex Inc.	800	0.40	800	0.40
Ornatube Enterprise Co., Ltd.	155	0.05	155	0.05
Fu-Chi Enterprise Management Advisor Co., Ltd. (Note 2)	-	1.97	-	1.97
Subtotal	424,469		424,469	
Less: accumulated impairment	(155)		(155)	
	424,314		424,314	
Others				
Advance and bills purchased	7,664		14,861	
Non-loans reclassified to non-accrual loans	19,419		21,067	
Subtotal	27,083		35,928	
Less: provision for credit losses	(19,419)		(21,067)	
	7,664		14,861	
Total	$ 431,978		$ 439,175	

Note 1: TLG Asset Management Co., Ltd. was renamed as Mirae Asset Securities Investment Trust Co., Ltd. in the first half year of 2011.

Note 2: Fubon Financial Securities Co. Ltd. was renamed as Fu-Chi Enterprise Management Advisor Co., Ltd. in 2010, and made a capital decrease announcement in Dec 2010 and Jun 2011. After the capital decrease, the book value of the Bank is zero and the stock on hold was decreased to 39 thousand shares.

The financial assets carried at cost were accounted for by the cost method since there are no quoted market prices and fair values available.

The Bank exchanged existing debts of Taichung Machinery Works Co., Ltd. for 95 thousands shares of its stock in June 2006. Since full provision for such debts was made, the Bank recorded the number of shares received with zero cost.

In 2007, China Daily News Co., Ltd. reduced its capital by $331,000 and then infused additional capital of $452,200. The Bank has 83 shares of China Daily News Co., Ltd., with a shareholding percentage of 0.0002%.

The Bank acquired the operation and assets and liabilities of 18 branches of Chinfon Commercial Bank on April 3, 2010, including Taiwan Asset Management Corporation, Financial Information Service Co., Ltd., Sunshine Asset Management (HK) Limited, Taiwan Aerospace Corp., Taiwan Depository & Clearing Corporation, Taiwan Futures Exchange, Mirae Asset Securities Investment Trust Co., Ltd., Asia Trust and Investment Corp. and Emivest Aerospace Corporation ("EAC") that were accounted for at the fair value on the effective date, and such investment was listed under financial assets carried at cost. The fair value of Asia Trust and Investment Corp. and EAC was zero, so 2,142 thousand shares and 1,999 thousand shares, were noted respectively.

11. Property, plant and equipment

As of December 31, 2011 and 2010, the details of property, plant and equipment were as follows:

	December 31, 2011		
	Cost	Accumulated depreciation	Net book value
Land	$ 1,285,037	$ -	$ 1,285,037
Buildings	560,982	(77,521)	483,461
Office equipment	456,215	(219,216)	236,999
Transportation equipment	25,233	(20,894)	4,339
Miscellaneous equipment	811,257	(402,941)	408,316
Construction in progress	116,049	-	116,049
	$ 3,254,773	($ 720,572)	$ 2,534,201

	December 31, 2010		
	Cost	Accumulated depreciation	Net book value
Land	$ 1,315,941	$ -	$ 1,315,941
Buildings	620,992	(110,226)	510,766
Office equipment	741,174	(516,272)	224,902
Transportation equipment	30,873	(23,787)	7,086
Miscellaneous equipment	1,151,535	(645,994)	505,541
Construction in progress	51,236	-	51,236
	$ 3,911,751	($ 1,296,279)	$ 2,615,472

12. Intangible assets

	December 31, 2011	December 31, 2010
Goodwill	$ 1,924,395	$ 1,924,395
Computer software	402,145	532,075
	$ 2,326,540	$ 2,456,470

The 18 branches of Chinfon Commercial Bank acquired by the Bank on April 3 2010 are treated in accordance with the R.O.C. SFAS No. 25 "Business Combination", and the

differences between the net value of assets and liabilities at fair value and the indemnification from the RTC were recognized as goodwill. Please refer to Note X (7).

13. Other assets - others

	December 31, 2011	December 31, 2010
Idle assets	$ 192,259	$ 223,495
Less: accumulated depreciation	(30)	(297)
Less: accumulated impairment loss	(149,437)	(150,533)
Subtotal	42,792	72,665
Lease assets	130,742	114,817
Less: accumulated impairment loss	(4,612)	(2,464)
Subtotal	126,130	112,353
Refundable deposit-out	765,665	1,509,946
Other deferred expenses	118,575	148,829
Others	120,261	87,467
Total	$ 1,173,423	$ 1,931,260

14. Due to Central Bank and other banks

	December 31, 2011	December 31, 2010
Due to other banks	$ 1,028	$ 1,071
Overdrafts from banks	7,729	141,409
Call loans from banks	1,917,987	7,585,206
Redeposits from the directorate general of postal remittance	5,153,422	9,079,438
Total	$ 7,080,166	$ 16,807,124

15. Financial liabilities at fair value through profit or loss - net

	December 31, 2011	December 31, 2010
Derivatives	$ 2,734,648	$ 3,924,425

(1) For 2011 and 2010, net (losses) gains of the financial liabilities at fair value through profit or loss were profit $637,992 and loss $969,347, respectively.

(2) The trading items and contract information of derivatives are as follows:

Financial instruments	December 31, 2011 Contract amount (Notional amount)	December 31, 2011 Credit risk	December 31, 2010 Contract amount (Notional amount)	December 31, 2010 Credit risk
For trading purpose:				
Exchange rate options written	$ 22,006,603	$ -	$ 6,747,578	$ -
Equity options written	627,900	-	519,100	-
Asset swap options written	163,000	-	192,000	-
Asset swap, interest rate swap and other interest rate swap	151,288,506	-	152,542,555	-
FX contracts (FX swaps, forwards and cross currency swap)	57,560,414	-	41,590,867	-
Non-delivery forwards	302,900	-	3,127,904	-

16. Payables

	December 31, 2011	December 31, 2010
Demand remittance payable	$ 2,684,130	$ 5,876,462
Checks for clearing	2,108,988	619,363
Interest payable	712,404	542,631
Accrued expenses	709,777	575,408
Bankers' acceptances	700,812	807,936
Underwriting payables	520,534	765,520
Accounts payable	243,046	206,680
Taxes payable	170,706	105,907
Collections payable for customers	108,677	126,359
Compensation payable	29,004	34,172
Other payables	360,587	292,426
Total	$ 8,348,665	$ 9,952,864

The Bank provided reserves in accordance with the Financial Supervisory Commission, Executive Yuan and the Bankers Association of the Republic of China's resolution on principles for dealing with disputes of structured notes of Lehman Brothers. The Bank provided the compensation of structured notes amounting to $215,464 and unpaid balance amounting to $29,004 as of December 31, 2011.

17. Deposits and remittances

	December 31, 2011	December 31, 2010
Checking deposits	$ 3,659,963	$ 3,084,599
Demand deposits	52,000,467	56,372,135
Time deposits	148,513,801	93,093,465
Demand savings deposits	154,741,556	161,089,086
Time savings deposits	78,791,439	67,771,382
Remittances	237,124	55,378
Total	$ 437,944,350	$ 381,466,045

18. Financial debentures

In order to increase the regulatory capital adequacy ratio and raise medium-term and long-term operating funds, the Board of Directors of the Bank decided to issue financial debentures on December 22, 2005, September 21, 2006, March 4, 2010 and February 24, 2011. The issuances of financial debentures were approved by the Bureau of Monetary Affairs through the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin (6) No. 09500034970 on February 15, 2006, the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin (6) No. 09500480850 on November 2, 2006, the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin No. 009001490260 on April 29, 2010, and the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin No. 1000110840 on April 25, 2011.

In accordance with the original issuance plan, the Bank issued the first series of subordinate financial debentures at par on February 24, 2006 and made the principal repayment on August 24, 2011. The second series of general financial debentures and subordinate financial debentures both within the quota of $5,000,000 were approved on November 2, 2006. The second issuance of the first series of subordinate financial debentures totaling $1,800,000 and the second issuance of the second series of accumulated subordinate financial debentures with no maturity date totaling $3,000,000 were issued at par on December 22 and 27, 2006, respectively, and were redeemed prior to the maturity on December 22, 2011 and December 27, 2011, respectively in compliance with the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin No. 1000379600.

In accordance with the original issuance plan, the Bank issued the subordinate financial debentures within the quota of $5,000,000 approved on April 29, 2010 at par on June 10, 2010.

In accordance with the original issuance plan, the Bank issued the long-term subordinate financial debentures within the quota of $ 10,000,000 approved on April 25, 2011. The Bank issued the first series of subordinate financial debentures, the second series of subordinate financial debentures and the third series of subordinate financial debentures totaling to $2,450,000, $2,350,000 and $5,200,000, issued at par on June 27, 2011, August 22, 2011 and October 27, 2011, respectively.

Also, the operation and assets and liabilities acquired from Chinfon Commercial Bank on April 3, 2010, included part of the unmatured subordinate financial debentures totaling $441,920. As of December 31, 2011, the unmatured subordinate financial debentures were totaling to $147,060.

The details of financial debentures as of December 31, 2011 were as follows:

First series of subordinate financial debentures in 2005, first issuance (carried forward from Chinfon Bank)

	Floating interest rate
Outstanding value	$ 147,060
Stated interest rate	Time saving deposit floating rate plus 1.375%
Period	Seven years
Interest payment date	Payable semi-annually
Term of principal payment	20% of principal paid annually in 5 sequences since 3rd year
Issue price	Price at face value on issuing date

First series of subordinate financial debentures in 2010

	Fixed interest rate
Par value	$ 5,000,000
Stated interest rate	Fixed interest rate at 2.30%
Period	Seven year
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

First series of subordinate financial debentures in 2011

	Fixed interest rate
Par value	$ 2,450,000
Stated interest rate	Fixed interest rate at 1.75%
Period	Seven years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

Second series of subordinate financial debentures in 2011

	Fixed interest rate
Par value	$ 2,350,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

Third series of subordinate financial debentures in 2011(debenture A)

	Fixed interest rate
Par value	$ 700,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

Third series of subordinate financial debentures in 2011 (debenture B).

	Fixed interest rate
Par value	$ 4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

As of December 31, 2011 and 2010, the details of financial debentures were as follows:

	2011	2010
Beginning balance	$ 15,094,120	$ 9,800,000
Increase of the period	10,000,000	5,000,000
Acquisition of Chinfon Commercial Bank Package A	-	441,920
Repayment of the period	(9,947,060)	(147,800)
Ending balance	$ 15,147,060	$ 15,094,120

19. Accrued pension liabilities

(1) The Bank has set up a defined benefit pension plan in accordance with the Labor Standards Law of the R.O.C., covering all formal employees who serve in the Company prior to the implementation of the Labor Pension Act on July 1, 2005 and who choose continuously to be applicable to the Labor Standards Law after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation for the last six months prior to retirement. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one point for each additional year of service after the 15th year, subject to a maximum of 45 points. The Bank contributes monthly an amount equal to 2% of the employees' monthly salaries, and such funds are deposited with the Bank of Taiwan under the names of the Bank's independent retirement fund committees. Pension expenses recognized for the years ended December 31, 2011 and 2010 were $61,163 and $$70,667, respectively.

(2) The following sets forth the pension information based on the actuarial report:

	2011	2010
Discounted rate	1.90%	1.75%
Expected rate of return on plan assets	2.50%	2.50%
Rate of compensation increase	1.90%	1.75%

(3) Funded status of the pension plan

	December 31, 2011	December 31, 2010
Vested benefit obligation	$ 184,313	$ 160,798
Non-vested benefit obligation	410,096	407,784
Accumulated benefit obligation	594,409	568,582
Effect of future salary increments	259,798	262,928
Projected benefit obligation	854,207	831,510
Fair value of plan assets	(469,005)	(453,802)
Funded status	385,202	377,708
Unrealized net transition obligation	(8,363)	(10,454)
Unrecognized service cost in prior period	1,639	1,898
Unrecognized loss on plan assets	(274,413)	(306,671)
Additional minimum pension liabilities	21,339	52,299
Accrued pension	$ 125,404	$ 114,780
Vested benefit	$ 236,057	$ 202,392

(4) Net pension cost comprises the following:

	2011	2010
Service cost	$ 39,573	$ 45,603
Interest cost	14,551	17,701
Actual return on plan assets	(7,941)	(9,730)
Amortization	14,980	17,093
Net pension cost	$ 61,163	$ 70,667

(5) Effective from July 1, 2005, the Bank established a defined contribution plan (the "New plan") for employees who are R.O.C. nationals pursuant to the Labor Pension Act (the "Act"). In accordance with the New Plan, the Bank contributes monthly an amount based on 6% of the employees' monthly salaries to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are portable when the employment is terminated. Under the New plan, pension expenses recognized for the years ended December 31, 2011 and 2010 were $86,856 and $79,835, respectively.

20. Other financial liabilities

	December 31, 2011	December 31, 2010
Principal of structured notes on the fixed-income	$ 5,722,465	$ 2,940,914
Appropriated loan fund	98,135	134,760
Lease payables	5,842	43,599
Total	$ 5,826,442	$ 3,119,273

21. Other liabilities

	December 31, 2011	December 31, 2010
Collections in advance	$ 513,438	$ 301,254
Reserve for losses on guarantees	229,034	-
Others	48,935	44,885
Total	$ 791,407	$ 346,139

22. Common stock

(1) As of December 31, 2011, the Bank′s authorized and issued capital was $27,000,000 and $25,108,131, respectively, consisting of 2,700,000 thousand shares and 2,510,813 thousand shares of common stock with $10 (in dollars) par value per share. As of December 31, 2010, the Bank′s authorized and issued capital was $22,000,000 and $21,811,335, respectively, consisting of 2,200,000 thousand shares and 2,181,134 thousand shares of common stock with $10 (in dollars) par value per share.

(2) The Board of Directors resolved on August 25, 2011 to infused cash capital amounting to $3,800,000 (with a par value of $16 per share) through private equity, which was approved by the Financial Supervisory Commission of the Executive Yuan, effective on Nov 25, 2011. The Bank has completed the corporate registration amendment for the above change.

(3) The Board of Directors resolved on May 19, 2011 to capitalize retained earnings amounting to $921,796, which was approved by the Financial Supervisory Commission of the Executive Yuan, effective on June 28, 2011.The Bank has completed the corporate registration amendment for the above change.

(4) The Board of Directors resolved on April 1, 2010 to capitalize retained earnings amounting to $311,335, which was approved by the Financial Supervisory Commission of the Executive Yuan, effective on June 19, 2010. The Bank has completed the corporate registration amendment for the above change.

23. Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from issuance of common stock in excess of par value and donations to the Bank can be used to offset accumulated deficits or to distribute stock or cash dividends to shareholders in proportion to the number of shares being held by shareholders, provided that the company has no

accumulated deficit. Further, according to the R.O.C. Securities and Exchange Act, the amount of capital surplus mentioned above to be capitalized should not exceed 10% of the common stock issued each year. Capital surplus should not be used to offset accumulated deficit unless the legal reserve and special reserve is insufficient.

24. Legal reserve and special reserve

The Bank's Articles of Incorporation states that 30% of current year's earnings after paying all taxes and offsetting any accumulated deficit, should be set aside as the legal reserve. Until the legal reserve balance equals the total amount of capital, the maximum cash earnings distribution shall not exceed 15% of total amount of capital. Provided that the legal reserve equals the total amount of capital or the criteria of sound financial structure outlined by the competent authorities is met, the above rule may be exemptible. Special reserve for unrealized loss of financial instruments accounted in current year's stockholders' equity should be recognized from the current year's earnings after tax and prior year's undistributed earnings. Unless there is a reversal for the unrealized loss of financial instruments in stockholders' equity, distribution of earnings may be allowed only for the reversal amount and no other purpose is allowed.

25. Unappropriated earnings and dividend policy

(1) According to the Bank's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior years' operating losses, and then to set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. The remaining earnings are then distributed as follows: (1) 0.01% ~ 5% as employees' bonus (2) the remaining earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the Ordinary Stockholders' Meeting for approval.

(2) In order to continuously expand its operations, increase earning capacity, and to maintain the capital adequacy ratio, the Bank has adopted the residual dividend policy. The ratio between cash dividends and stock dividends distributed is determined by the resolution of the Board of Directors in consideration of the related industry conditions, market perceptions, and the Bank's business strategies. During the growing period of the Bank, in principle, stock dividends distributed shall not be lower than 80% of the distributed earnings unless the change approved by the Board of Directors and the shareholders' meeting as deemed necessary. Cash dividends shall be distributed after the distribution of earnings proposal is resolved by the stockholders, while stock dividends are distributed after obtaining approval documents from the supervising authority.

(3) After the Bank became a subsidiary of Yuanta Financial Holding Company, the rights of the stockholders were exercised by the Board of Directors.

(4) The Board of Directors has approved for the distribution of earnings for the year 2010 on May 19, 2011 and the distribution of earnings for the year 2009 on April 1, 2010, and details are shown as follows：

	2010		2009	
	Amount	Stock dividends per share (dollar)	Amount	Stock dividends per share (dollar)
Legal reserve	$ 395,055		$ 133,429	
Stock dividends	921,796	$ 0.4226	311,335	0.1448
	$ 1,316,851		$ 444,764	

(5) Earnings distribution for the year 2011 and capital increase transferred from capital for year 2012 with the approval of the Board of Directors on March 15, 2012 are as follows:

	2011	
	Amount	Stock dividends per share (dollar)
Legal reserve	$ 511,920	
Special reserve	72,775	
Stock dividends	1,121,704	$ 0.4467
	$ 1,706,399	

The appropriation of the Bank's 2011 earnings has been approved by the Board of Directors on March 15, 2012 and is pending until the confirmation from the Board of Directors on behalf of stockholders. In addition, the capital increase transferred from earnings used for new share issuance amounted to $1,121,704, shall apply for the approval from the governing authority after the confirmation from the Board of Directors on behalf of stockholders. For more information regarding the earnings distribution and capital increase transferred from earnings are available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange.

(6) Through the approval from the Board of Directors on behalf of stockholders meeting on May 19, 2011, the Bank's employee bonus for the year 2010 was set to be $7,559 which is in consistency with the employee bonus recognized in the financial statements of 2010. The Bank's Board of Directors has approved for the employee bonus for year 2011 amounted to $29,744 and is pending until the confirmation from the Board of Directors on behalf of stockholders. The estimate of the Bank is based on the net income after tax for the current period minus legal reserve that should be set aside as required by the Bank and then multiple the amount with the most appropriate estimate according to allocated threshold. If any difference, then recognize it as gain (loss) of next year.

26. SHARE-BASED PAYMENT – EMPLOYEE INDEMNIFICATION PLAN

(1) As of December 31, 2011, the Bank's share-based payment transactions are set forth below：

Type of arrangement	Grant date	Quantity Granted	Contract Period	Vesting conditions	Actual resignation rate in the current Period	Estimated future resignation Rate
Treasury stock of the parent company transferred to employees	Note	6,052	100.4.18~ 100.4.29	The vested service period is 0.03 year	0.00%	0.00%

Note: The grant day is in the second quarter of 2011.

(2) The above stock option plan are as follows:

	December 31, 2011	
	No. of shares (in thousand shares)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	-	-
Options granted	6,052	11.89
Options exercised	(6,052)	(11.89)
Stock warrants can be issued by the end of 2011	-	-

(3) The Bank uses Black-Scholes option evaluation module to estimate the fair value of stock options, details are as follows:

Type of arrangement	Contract period	Stock price	Exercise Price	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
Treasury stock of the parent company transferred to employees	100.4.18~ 100.4.29	19.75	11.89	29.88%	0.03	4.56%	0.16%	7.8021

(4) Expenses from the above-mentioned share-based transactions:

	2011
Equity settled	$ 47,218

27. Personnel, depreciation, and amortization expenses

Personnel, depreciation, and amortization expenses incurred for the years ended December 31, 2011 and 2010 were summarized as follows:

	2011	2010
Personnel expenses	$ 2,824,311	$ 2,552,779
Salaries	2,427,735	2,178,112
Labor and health insurance	159,483	141,476
Pension	148,019	150,502
Others	89,074	82,689
Depreciation	301,689	318,927
Amortization	215,202	210,153

28. Income tax

(1) Income tax expense and income tax payable are reconciled as follows:

	2011	2010
Income tax at the statutory tax rate	$ 347,712	$ 294,710
Tax effect of permanent differences	(40,172)	(135,069)
Tax effect of amendments to the tax laws	-	226,191
Tax effect of valuation allowance	(45,325)	(39,814)
Under provision of prior year's income tax	76,750	68,810
Separate income tax	-	1,910
Income tax expense	338,965	416,738
Net changes on deferred income tax assets	(476,577)	(490,737)
Tax effect of amendments to the tax laws	-	(226,191)
Separate income tax	-	(1,910)
Under provision of prior year's income tax	(76,750)	(68,810)
Effects of adopting the consolidated income tax return system	214,362	370,910
Prior years' income tax payable	170,706	105,907
Income tax payable	$ 170,706	$ 105,907

(2) The details of adopting the consolidated income tax return system are as follows:

	December 31, 2011	December 31, 2010
Consolidated income tax return receivable – parent company	$ 2,771,945	$ 2,465,364

(3) Details of temporary differences, loss carryforwards and investment tax credits resulting in deferred income tax assets and liabilities were as follows:

	December 31, 2011		December 31, 2010	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets (liabilities)				
Unrealized exchange gain	($ 163,244)	($ 27,751)	($ 180,832)	($ 30,742)
Increase in allowance for credit losses in excess of tax limitation	415,133	70,572	1,463,521	248,799
Unrealized valuation (gain) loss on derivatives	(91,117)	(15,490)	491,784	83,603
Unrealized valuation gain on commercial paper	(106)	(18)	-	-
Unrealized impairment loss on idle assets	149,436	25,404	150,532	25,591
Unrealized compensation loss	29,004	4,931	34,172	5,809
Other financial assets impairment loss	155	26	155	26
Effect of amortization of goodwill	1,447,428	246,063	1,688,050	286,968
Loss carryforwards	1,718,652	292,171	2,826,735	480,545
	$ 3,505,341	595,908	$ 6,474,117	1,100,599
Investment tax credits		-		12,791
Subtotal		595,908		1,113,390
Valuation allowance		(246,063)		(286,968)
Deferred income tax assets – net		$ 349,845		$ 826,422

According to the revised Income Tax Act dated on June 15, 2010, the tax rate is adjusted down to 17%, effective from 2010.

(4) According to the revised Income Tax Act dated January 21, 2009, the losses could be carried forward for 10 years as deduction against the future taxable income. As of December 31, 2011, the details of the Bank's loss carryforwards were as follows:

Year loss was incurred	Declared amount of loss	Year of expiration	Assessed by tax authority
2006	$ 1,718,652	2016	Assessed

(5) Imputation tax credit account for stockholders and its related information

	December 31, 2011	December 31, 2010
Balances of the imputation tax credit account for stockholders	$ 20,108	$ 194,270

The creditable tax rate is estimated to be 1.18% for 2011 and the actual creditable tax rate was 15.86% for 2010.

(6) Unappropriated earnings (accumulated deficit)

	December 31, 2011	December 31, 2010
Prior 1997 (including 1997)	$ -	$ -
Post 1998	1,706,399	1,316,851
	$ 1,706,399	$ 1,316,851

(7) The Bank's annual income tax returns through 2006 were assessed by the Tax Authority. The Bank and the National Tax Authority agreed that the withholding taxes on interest income from bonds pertaining to the former purchaser as of December 31, 2006 to be deducted by 65% based on the related tax returns, which has been appropriately treated in its accounting.

The Bank's annual income tax returns for 2003 to 2006 were assessed by the Tax Authority and received assessment reports. The Tax Authority disallowed the amortization of goodwill and bond investments. The Bank disagreed with the assessment and has filed a petition for reexamination. A tax payable accrual has been made regarding the above income tax reexamination.

29. Earnings per common share

	For the year ended December 31, 2011				
	Amount		Adjusted weighted average outstanding common stock	Earnings per share (in NT dollars)	
	Before tax	After tax	(In thousand shares)	Before tax	After tax
Net income	$ 2,045,364	$ 1,706,399	2,297,388	$ 0.89	$ 0.74

	For the year ended December 31, 2010				
	Amount		Adjusted weighted average outstanding common stock	Earnings per share (in NT dollars)	
	Before tax	After tax	(In thousand shares)	Before tax	After tax
Net income	$ 1,733,589	$ 1,316,851	2,273,313	$ 0.76	$ 0.58

Retroactive adjustments of the abovementioned weighted-average outstanding stocks have been made based on the proportion of earnings transferred for capital increase.

30. Capital adequacy ratio

(1) In compliance with the Banking Act and other relevant regulations, the ratio between eligible capital and risk assets of banks shall not be less than eight percent (8%). If the actual ratio of banks is lower than the required ratio, the Competent Authority may prohibit such banks from paying dividends and/or take other necessary actions.

(2) As of December 31, 2011 and 2010, capital adequacy ratio was 11.66% and 10.73%, respectively.

V. Related party transactions

1. Names and relationship of related parties

Names of related parties	Relationship with the Bank
Yuanta Financial Holdings Co., Ltd. (“Yuanta Financial Holdings”)	Parent company of the Bank
Yuanta Securities Co., Ltd. (“Yuanta Securities”)	Affiliated company controlled by the same company as the Bank
Yuanta Securities Investment Trust Co., Ltd. (“Yuanta Securities Investment Trust”)	Affiliated company controlled by the same company as the Bank
Yuanta Asset Management Co., Ltd. (“Yuanta Asset Management”)	Affiliated company controlled by the same company as the Bank
Yuanta Futures Co., Ltd. (“Yuanta Futures”)	Affiliated company controlled by the same company as the Bank
Yuanta Securities Finance Co., Ltd. (“Yuanta Securities Finance”)	Affiliated company controlled by the same company as the Bank
Yuanta Securities Investment Consulting Co.,Ltd. (“Yuanta Securities Investment Consulting”)	Affiliated company controlled by the same company as the Bank
Yuanta Venture Capital Co., Ltd, (“Yuanta Venture Capital”)	Affiliated company controlled by the same company as the Bank
Yuanta Securities Asia Financial Services Co., Ltd. (“Yuanta Securities Asia Financial Services")	Affiliated company controlled by the same company as the Bank
Yuanta International Insurance Broker Co., Ltd. (“Yuanta International Insurance Broker”)	Affiliated company controlled by the same company as the Bank
Yuanta I Venture Capital Co., Ltd. (“Yuanta I Venture Capital”)	Affiliated company controlled by the same company as the Bank
Yuanta Securities (Hong Kong) Co., Ltd. (“Yuanta Securities (Hong Kong)”)	Affiliated company controlled by the same company as the Bank
Yuanta Securities Holding (BVI) Limited (“Yuanta Securities Holding (BVI)”)	Affiliated company controlled by the same company as the Bank
Yuanta International Financial Consultant Co.,Ltd.	Affiliated company controlled by the same company as the Bank
Polaris Investment Management (Cayman) Ltd (Note)	Affiliated company controlled by the same company as the Bank
Polaris Insurance Agency Co., Ltd.(P.I.A.Co (Note)	Affiliated company controlled by the same company as the Bank
Polaris MF Global Futures (HK) Ltd (Note)	Affiliated company controlled by the same company as the Bank
Polaris MF Global Futures Co., Ltd. (P.MF. Co.) (Note)	Affiliated company controlled by the same company as the Bank
Polaris Holdings (Cayman) Ltd (Note)	Affiliated company controlled by the same company as the Bank
Polaris Securities (Hong Kong) Limited	Affiliated company controlled by the same

Names of related parties	Relationship with the Bank
(P.S.H.K)(Note)	company as the Bank
Polaris International Securities Investment Trust Co., Ltd. (P.I.S. Co.)(Note)	Affiliated company controlled by the same company as the Bank
Polaris Securities Investment Advisory Co., Ltd. (P.S.I.A. Co.)(Note)	Affiliated company controlled by the same company as the Bank
Polaris Securities Co., Ltd. (P.S. Co.) (Note)	Affiliated company controlled by the same company as the Bank
Pao Jiu Insurance Agents Co., Ltd. (P.J.I.A. Co.) (Note)	Affiliated company controlled by the same company as the Bank
Polaris Capital (Asia) Limited (Note)	Affiliated company controlled by the same company as the Bank
GC Structured Product Limited (Note)	Affiliated company controlled by the same company as the Bank
Yuanta Life Insurance Agent Company (Yuanta Life Insurance Agent)	Investee controlled by the Bank
Yuanta Property Insurance Agent Company (Yuanta Property Insurance Agent)	Investee controlled by the Bank
Yuanta Leasing Co., Ltd. (Yuanta Leasing)	Investee controlled by the Bank (completed the liquidation on Apr 30, 2011)
Chinfon Asset Management Co., Ltd.	Investee controlled by the Bank (completed the liquidation on Feb 28, 2011)
Funds managed by Yuanta Securities Investment Trust	Funds raised by Yuanta Securities Investment Trust
Trust Funds of Polaris Investment Trust (Note)	Funds raised by Polaris Securities Investment Trust
MF Global Future Trust Co., Ltd. (Note)	Related party in substance
Grand Asia Management	Related party in substance
Kim Eng Holdings Limited	Related party in substance
Grand Asia Services (Singapore)	Related party in substance
Yuanta Foundation	Related party in substance
Polaris Culture and Education Foundation (Note)	Related party in substance
HannStar Display Corporation (HannStar Display)	Related party in substance
Brightpro Resources Limited Corp. (Brightpro Resources)	Related party in substance
Jing Cai Yue Xin	Related party in substance

Names of related parties	Relationship with the Bank
Hannspree Inc. (Hannspree)	Related party in substance
Yao Hua Enterprise Management Advisor Co., Ltd.	Related party in substance
Tsun Chueh Investment	Related party in substance
Modern Investment	Related party in substance
Hsu Tong Investment	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	Related party in substance
Yuan Ding International Construction Co., Ltd.	Related party in substance
Taipei World Trade Center International Trade Building	Related party in substance
Ding Jie Venture (Hong Kong) Ltd.	Related party in substance
YT Traver Service Co., Ltd.	Related party in substance
Ci Er Shih investment Co., Ltd. (Note)	Related party in substance
Jhuang Shuo Construction Co., Ltd. (Note)	Related party in substance
Dong-Nan Investment Co., Ltd. (Note)	Related party in substance
Siang You Ltd. (Note)	Related party in substance
Polaris Research Institute (Note)	Related party in substance
Ho's Holding Company (Note)	Related party in substance
FCC Partners (Taipei) Inc. (Note)	Related party in substance
Kuan Yang Construction Ltd. (Note)	Related party in substance
Others (each related party's deposits and loans are not over 1% of total deposits and loans)	The Bank's affiliated companies and directors, supervisors and managers, and their relatives

(Note): Yuanta Financial Holdings Co., Ltd. acquired Polaris Securities Co., Ltd. and its subsidiary on Oct 3, 2011. The above affiliates became a related party of the Company on the same day.

2. Significant transactions and balances with related parties

(1) Deposits

December 31, 2011			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	$ 20,088,325	4.59	0.00~6.42

December 31, 2010			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	$ 21,151,857	5.54	0.00~6.20

Apart from 6.42% and 6.20% interest rate on employees' certain demand savings deposits, for the years ended December 31, 2011 and 2010, the range of interest rate on other related parties' demand savings deposits was 0.00%~1.42% and 0.00%~2.78%, respectively. The interest rates and other terms provided to related parties were the same as those offered to the general public.

For the years ended December 31, 2011 and 2010, interest expenses on the above deposits were $133,762 and $54,808, respectively.

(2) Loans

December 31, 2011

(Expressed in thousands of New Taiwan dollars)

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties
				Normal loans	Overdue accounts		
Consumer loans	73	$ 14,486	$ 8,377	$ 8,377	$ -	None, movables	None
Home mortgage loans	189	2,351,108	1,844,909	1,844,909	-	Real estate	None
Other loans	HannStar Display	732,170	193,840	193,840	-	Real estate & Equipment	None
	24(Note)	89,866	46,027	41,990	4,037	Real estate & deposits	None
Total			2,093,153	2,089,116	4,037		

December 31, 2010

(Expressed in thousands of New Taiwan dollars)

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties
				Normal loans	Overdue accounts		
Consumer loans	77	$ 12,904	$ 7,554	$ 7,554	$ -	None, movables	None
Home mortgage loans	154	1,723,645	1,424,944	1,424,944	-	Real estate	None
Other loans	HannStar Display	1,329,670	581,170	581,170	-	Equipment	None
	Yuanta Construction Development	3,100,000	-	-	-	Real estate	None
	17 (Note)	94,491	40,801	35,349	5,452	Real estate & deposits	None
Total			2,054,469	2,049,017	5,452		

Note: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually.

In 2011 and 2010, loans to related parties were under the same terms as those to other customers, except for interest rates on loans to affiliated companies, ranging from 1.92% to 2.67% and 1.48% to 2.73%, respectively, and on loans to bank staffs, ranging from 1.19% to 5.25% and 1.05% to 5.02%, respectively.

During 2011 and 2010, interest income resulting from the above loans were $32,637 and $66,829, respectively.

(3) Fee and commission income

As of and for the years ended December 31, 2011 and 2010, details of fee and commission income and related receivables were as follows:

	For the year ended December 31, 2011	
Name	Fee and commission income	Accounts receivable
Yuanta Life Insurance Agent	$ 248,019	$ 24,942
Yuanta Property Insurance Agent	5,173	272
Yuanta Securities Investment Trust	14,534	2,070
Polaris Securities Investment Trust	161	39
Total	$ 267,887	$ 27,323

	For the year ended December 31, 2010	
Name	Fee and commission income	Accounts receivable
Yuanta Life Insurance Agent	$ 171,172	$ 22,218
Yuanta Property Insurance Agent	4,821	366
Yuanta Securities Investment Trust	22,765	2,274
Total	$ 198,758	$ 24,858

The above income was mainly from commissions from sales of mutual funds and insurance.

(4) Rental expenses

For the years ended December 31, 2011 and 2010, details of rental expenses were as follows:

		For the years ended December 31,	
Name	Usage	2011	2010
Yuanta Securities	Office premises	$ 177,909	$ 172,408
Yuanta Securities Finance	Office premises	2,538	4,905
Polaris Securities	Office premises	2,451	-
Total		$ 182,898	$ 177,313

(5) Donations

Name	For the years ended December 31, 2011	For the years ended December 31, 2010
Yuanta Foundation	$ 5,000	$ 5,000

(6) Consulting fee

Name	For the years ended December 31, 2011	For the years ended December 31, 2010
Yuanta Securities Investment Consulting	$ 11,856	$ 10,000
Yuanta Securities	2,475	1,900
	$ 14,331	$ 11,900

(7) Commission expense

Name	For the years ended December 31, 2011	For the years ended December 31, 2010
Yuanta Securities	$ 13,966	$ 13,527

(8) Other receivables

Name	December 31, 2011	December 31, 2010
Yuanta Financial Holding, Co., Ltd.	$ 2,771,945	$ 2,465,364

The above receivable represents the consolidated income tax return receivable from parent company.

(9) Property transactions

A. As of and for the years ended December 31, 2011 and 2010, the details of the Bank's investments in open-end funds were as follows:

	For the year ended December 31, 2011		
	Investment during the period	Ending balance	Gain on disposal
Funds managed by Yuanta Securities Investment Trust	$ 1,500,000	$ -	$ 2,322

	For the year ended December 31, 2010		
	Investment during the period	Ending balance	Loss on disposal
Funds managed by Yuanta Securities Investment Trust	$ 1,530,000	$ -	$ 2,705

B. The index funds issued by the affiliated parties are as follows:

	For the year ended December 31, 2011		
	Investment during the period	Ending balance	Loss on disposal
Funds managed by Polaris Securities Investment Trust	$ 142,708	$ -	$ 1,366

No related trade in 2010.

C. For the years ended December 31, 2011 and 2010, the details of the Bank's engaging in outright purchase and sell transactions with affiliates in the open market were as follows:

	For the year ended December 31, 2011		
	Type	Purchase price	Selling price
Yuanta Securities	Bond	$ 2,118,066	$ 311,649

	For the year ended December 31, 2010		
	Type	Purchase price	Selling price
Yuanta Securities	Bond	$ 1,855,214	$ 2,829,818

D. For the years ended December 31, 2011 and 2010, the details of the Bank's engaging in beneficiary securities transactions with affiliates in the open market were as follows:

	For the year ended December 31, 2011		
	Ending balance	Highest balance	Interest income
Yuanta Securities	$ -	$ 45,243	$ 5,229

	For the year ended December 31, 2010		
	Ending balance	Highest balance	Interest income
Yuanta Securities	$ 45,243	$ 91,338	$ 4,584

(10) Others

A. Notes and bonds investment (payable) under resale (repurchase) agreement

For the years ended December 31, 2011 and 2010, transaction details of notes and bonds under repurchase or resale agreement with affiliated parties were as follows:

No related trade in 2011.

Name	For the year ended December 31, 2010				
	Highest balance	Ending balance	Interest rate (Note)	Interest revenue (expense)	Handling fee revenue
Resale transactions:					
Yuanta Securities	$ 448,301	$ -	0.25	$ 3	$ -
Repurchase transactions:					
Funds managed by Yuanta Securities Investment Trust:					
Yuanta Wan Tai Bond Fund	$ 1,000,000	$ -	0.16~0.17	($ 38)	$ -
Yuanta Securities	209,596	-	-0.20~0.00	(13)	32
Total		$ -		($ 51)	$ 32

Note: To comply with the GreTai Securities Market (GTSM)'s automatic notes and bonds under repurchase agreement (RP) trading of excess long positions by the computerized negotiation trading system, the Bank engaged in relevant transactions and, therefore, generated negative interest rate.

B. Securities lending from the related parties:

	For the year ended December 31, 2011		
	Ending balance	Highest balance	Borrowing income
Yuanta Securities	$ -	$ 114,814	$ 600

No related trade in 2010.

C. The Bank acquired 20% of Yuanta Property Insurance Agency Ltd. and 0.3% of Yuanta Life Insurance Agent with a price of $1,400 and $1 on Oct 20, 2011. As a result, Yuanta Property Insurance Agency Ltd. and Yuanta Life Insurance Agent are 100% owned subsidiaries of the Bank as of Dec 31, 2011.

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

	2011	2010
Salaries	$ 45,071	$ 44,553
Bonus	49,588	54,945
Service execution	4,172	1,081
Earnings distribution	767	-
Total	$ 99,598	$ 100,579

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

B. Bonus includes bonus and reward.

C. Service execution fee includes transportation allowance, special expenditures, various allowances, dormitory, housing and vehicle benefits, etc.

D. Earnings distribution includes estimated remunerations to be paid to supervisors and directors and bonus to be paid to employees in 2011.

E. Please refer to the Bank's annual report for relevant information.

VI. Pledged assets

As of December 31, 2011 and 2010, the details of pledged assets were as follows:

Items	December 31, 2011	December 31, 2010	Purpose of pledge
Available-for-sale financial assets – government bonds	$ -	$ 96,537	Notes and bonds payable under repurchase agreement
Available-for-sale financial assets – government bonds	25,722	29,687	Provisional seizure
Available-for-sale financial assets – government bonds	51,887	51,669	Operating deposits of proprietary trading bills
Available-for-sale financial assets – government bonds	72,642	72,336	Trust fund reserve
Available-for-sale financial assets – government bonds	-	310,013	Deposits at the Resolution Trust Corporation (RTC)
Available-for-sale financial assets – government bonds	10,377	10,334	Operating deposits of proprietary trading securities
Available-for-sale financial assets – government bonds	3,836	3,720	International card payment reserves
Total	$ 164,464	$ 574,296	

VII. Commitments and contingencies

1. Operating leases

The Bank has entered into certain operating lease agreements for its branches. As of December 31, 2011, future lease contract commitments were as follows:

Fiscal year	Rental amount
2012	$ 443,138
2013	402,848
2014	266,788
2015	136,848
2016 and the after	71,453
	$ 1,321,075

2. Significant purchase agreements

As of December 31, 2011 and 2010, the Bank entered into agreements for asset acquisitions amounting to $257,099 and $138,661, respectively. The unpaid amounts of those agreements were $141,050 and $87,425, respectively.

3. Others

	December 31, 2011	December 31, 2010
Consignment collection for others	$ 11,463,639	$ 11,307,411
Traveler's checks held on consignment for sale	92,935	92,719
Consignment securities, underwriting goods and custodial goods	14,077,400	11,696,695
Trust assets	109,380,522	111,059,945
	$ 135,014,496	$ 134,156,770
Credit lines provided but not used	$ 2,296,202	$ 2,663,742
Credit commitment on credit card	$ 67,836,746	$ 66,372,597
Other guarantees	$ 36,698,280	$ 22,104,723
Unused L/C balance	$ 3,801,459	$ 3,791,306
Securities commitment under repurchase agreement	$ -	$ 100,196
Securities commitment under resale agreement	$ 1,547,868	$ 1,691,750

VIII. Significant catastrophe loss: None.

IX. Significant subsequent events: None.

X. Others

1. Disclosure of financial instruments

(1) Information of fair value hierarchy of financial instruments：

	December 31, 2011			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading purposes				
Bond investments	$ 9,018,541	$ 1,575,733	$ 7,442,808	$ -
Others	2,643,687	300,692	2,342,995	-
Financial instruments designated at fair value at initial recognition	20,610	20,610	-	-
Available-for-sale financial assets				
Stock investments	457,171	457,171	-	-
Bond investments	12,696,167	-	12,696,151	16
Others	90,362	-	90,362	-

	December 31, 2011			
	Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 2,886,805	$ 83,397	$ 2,754,447	$ 48,961
Liabilities				
Financial liabilities at fair value through profit or loss	2,734,648	-	2,685,687	48,961

Note 1: The table shows the Bank's measurement method of financial assets and liabilities, which can be applied on financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets.

Note 2: Level 1: In accordance with R.O.C SFAS No. 34, if the market for the financial instrument is active, the fair value of the financial instrument is represented by the quoted prices of the same instruments. An active market refers to a market that meets all of the following conditions:

(A) the financial instrument traded in the market are homogeneous;

(B) willing sellers and buyers can be found at all times;

(C) price information is available to the public.

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

(A) The quoted prices of similar financial instruments in an active market represent the fair value of the financial instruments held by the Bank are derived by recent transaction prices of similar financial instruments, which are decided based on their features and transaction terms. The fair value of financial instruments needs to be adjusted based on observable transaction prices of similar financial instruments; adjustment elements might include time lag of the last financial instrument transactions, differences of transaction terms, transaction prices involving related parties, relevance between observable transaction prices of similar financial instruments and the prices of financial instruments held.

(B) Public quotation of the same or similar financial instruments in a non-active market.

(C) Fair value is measured with valuation model, and the inputs (e.g. interest rate, yield curve, volatility rate) used in the model are based on obtainable data from the market (e.g. observable inputs obtained from market data, which reflect market participants' expectation).

(D) Most inputs are derived from observable market data, or that the relevance can be verified by observable market data.

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

Note 5: The classification of this table is consistent with the relative book value stated in the balance sheet.

Note 6: When using valuation model to measure the fair value of financial instruments, if the inputs include observable market data and non-observable inputs, the Bank shall judge if the non-observable inputs would have significant impact on the measurement; if so, the fair value of such financial instruments shall be classified to the lowest level.

Note 7: There was no significant change in the valuation model or hierarchy level for the same financial instruments of the Bank for the year ended December 31, 2011.

(2) Movements of financial assets classified into Level 3 of fair value are as follows:

Item	Beginning balance	Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' Equity	Addition		Reduction		Ending balance
			Purchased or issued	Transferred to Level 3 (Note 1)	Sold, disposed or settled	Transferred from Level 3 (Note 1)	
Financial assets at fair value through profit or loss							
Derivative financial assets	$ 24,414	$ 97,447	$ 1,158	$ 5,713	$ 79,771	$ -	$ 48,961
Available-for-sale financial assets	292	3	-	-	279	-	16
Total	$ 24,706	$ 97,450	$ 1,158	$ 5,713	$ 80,050	$ -	$ 48,977

Movements of financial liabilities classified into Level 3 of fair value are as follows:

Item	Beginning balance	Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' Equity	Addition		Reduction		Ending balance
			Purchased or issued	Transferred to Level 3 (Note 1)	Sold, disposed or settled	Transferred from Level 3 (Note 1)	
Financial liabilities at fair value through profit or loss							
Derivative financial assets	$ 24,242	$ 28,450	$ 83,304	$ 5,713	$ 92,748	$ -	$ 48,961

Note 1:These are financial assets and liabilities of Level 3 mutually transferred.

(3) Fair value of financial instruments

	December 31, 2011		
		Fair value	
Non-Derivative financial instruments	Book value	Quotations in an active market	Estimated using a valuation technique
Assets			
Financial assets with fair value equal to book value	$ 125,263,291	$ -	$ 125,263,291
Financial assets at fair value through profit or loss, net	11,682,838	1,897,035	9,785,803
Bills discounted and loans, net	348,783,971	-	348,783,971
Available-for-sale financial assets, net	13,243,700	457,171	12,786,529
Held-to-maturity financial assets	151,450	-	151,450
Other financial assets	7,664	-	7,664
Liabilities			
Financial liabilities with fair value equal to book value	$ 15,455,656	$ -	$ 15,455,656
Deposits and remittances	437,944,350	-	437,944,350
Financial debentures	15,147,060	-	15,147,060
Other financial liabilities	5,826,442	-	5,826,442

	December 31, 2011		
		Fair value	
Derivative financial instruments	Book value	Quotations in an active market	Estimated using a valuation technique
Assets			
Exchange rate options purchased	$ 251,100	$ -	$ 251,100
Options purchased – asset swaps	27,655	-	27,655
FX contracts (FX swaps, forwards and cross currency swap)	739,469	-	739,469
Non-delivery forwards	1,217	-	1,217
Asset swap, interest rate swap and other interest rate swap	1,783,967	-	1,783,967
Futures contracts	83,397	83,397	-
Liabilities			
Exchange rate options written	$ 242,958	$ -	$ 242,958
Equity options written	26,828	-	26,828
Asset swap options written	1,733	-	1,733
FX contracts (FX swaps, forwards and cross currency swap)	622,537	-	622,537
Non-delivery forwards	1,098	-	1,098
Asset swap, interest rate swap and other interest rate swap	1,839,494	-	1,839,494

	December 31, 2010		
		Fair value	
Non-Derivative financial instruments	Book value	Quotations in an active market	Estimated using a valuation technique
Assets			
Financial assets with fair value equal to book value	$ 142,746,596	$ -	$ 142,746,596
Financial assets at fair value through profit or loss, net	6,812,296	454,955	6,357,341
Bills discounted and loans, net	284,751,517	-	284,751,517
Available-for-sale financial assets, net	10,680,673	1,091,260	9,589,413
Held-to-maturity financial assets	151,840	-	151,840
Other financial assets	14,861	-	14,861
Liabilities			
Financial liabilities with fair value equal to book value	$ 26,882,375	$ -	$ 26,882,375
Deposits and remittances	381,466,045	-	381,466,045
Financial debentures	15,094,120	-	15,094,120
Other financial liabilities	3,119,273	-	3,119,273

	December 31, 2010		
		Fair value	
Derivative financial instruments	Book value	Quotations in an active market	Estimated using a valuation technique
Assets			
Exchange rate options purchased	$ 162,838	$ -	$ 162,838
Options purchased – asset swaps	92,146	-	92,146
FX contracts (FX swaps, forwards and cross currency swap)	669,353	-	669,353
Non-delivery forwards	51,175	-	51,175
Asset swap, interest rate swap and other interest rate swap	2,422,821	-	2,422,821
Futures contracts	37,305	37,305	-
Purchased CDS	172	-	172
Liabilities			
Exchange rate options written	$ 156,940	$ -	$ 156,940
Equity options written	77,167	-	77,167
Asset swap options written	29,077	-	29,077
FX contracts (FX swaps, forwards and cross currency swap)	1,070,194	-	1,070,194
Non-delivery forwards	49,608	-	49,608
Asset swap, interest rate swap and other interest rate swap	2,541,439	-	2,541,439

(4) The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

A. The book values of the financial instruments which have a short maturity period are considered as their fair value. This assumption is used in evaluating the following accounts: cash and cash equivalents, due from Central Bank and call loans to banks, investments in notes and bonds under resale agreements, receivables, refundable deposit-out, other financial assets (excluding financial assets carried at costs and debt investments with non-active market), due to Central Bank and other banks, notes and bonds payable under repurchase agreements, payables, refundable deposits-in, financial debentures (excluding designated financial liabilities at fair value through profit or loss), other financial liabilities and other payables.

B. If financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets have quoted prices in an active market, the quoted prices are regarded as fair values. If there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value. The estimations and assumptions of the valuation technique are consistent with those

used by market participants for the pricing of financial instruments. The discounted rates used are consistent with the expected rates of returns of financial instruments with the same terms and conditions. The terms and conditions include debtor's credit rating, the remaining period of the fixed interest rate contract, the remaining period for principal repayment, and the currency paid, etc.

Among the derivative financial instruments, exchange rate options are evaluated by the Black-Scholes model; stock options embedded in convertible bonds and interest rate swaps are evaluated by the quotes of the Bloomberg system; forward contracts, interest rate swaps and currency swaps are evaluated by discounting future cash flows using exchange rates from the Bloomberg system.

C. Since bills discounted and loans are interest-earning assets, the fair values of bills discounted and loans are their book values.

D. Other financial assets: If there are transaction prices or quoted market prices for debt instruments with non-active market, the fair values of such debt instruments will be determined by the latest actual transaction prices or quoted market prices. Moreover, if there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value by discounting future cash flows.

E. Deposits and remittances are financial liabilities bearing interests; therefore, the book values approximate the fair values.

F. The fair value measurement is not applicable to equity investments accounted for under the equity method. In addition, there is no quoted market price in an active market for the unlisted stocks under financial assets carried at cost, and the variances in the range of reasonable fair value estimates is significant and their probability of the various estimates within the range cannot be reasonably assessed, so the fair value of the unlisted stocks cannot be reliably measured. As a result, information of the book value and the fair value with respect to these financial assets is not disclosed.

(5) The Bank has recognized net (losses) profits on changes in fair value arising from valuation technique amounting to ($596,262) and $14,240 for the years ended December 31, 2011 and 2010, respectively.

(6) As of December 31, 2011 and 2010, the Bank had financial assets with fair value risk arising from interest rate changes amounting to $206,062,365 and $184,402,421, respectively.

(7) As of December 31, 2011 and 2010, the Bank had financial assets with cash flow risk arising from interest rate changes amounting to $274,979,149 and $240,597,695, respectively.

(8) For the years ended December 31, 2011 and 2010, total interest income for financial assets or financial liabilities that are not at fair value through profit or loss amounted to $7,835,420 and $5,984,696, respectively; total interest expense on financial assets or financial liabilities that are not at fair value through profit or loss amounted to $2,898,601 and $1,765,975, respectively. For available-for-sale financial assets, (losses) gains recognized directly in equity were ($182,527) and $151,265, and the amounts removed from equity and recognized in profit and loss were $107,461 and

$300,749 during the years ended December 31, 2011 and 2010, respectively. Adjustments from available-for-sale financial assets accounted for under the equity method were $270 for the year ended December 31, 2010.

(9) Risk management and hedging strategy (including financial hedge)

A. The Bank engages in risk management and hedge under the principles of not only serving customers but also conforming to the Bank's operational goals, overall risk tolerance limit, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and, moreover, to maximize the benefits of customers, shareholders, and employees. The Bank mainly faces the credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and instrument risk), operation risk, and liquidity risk regardless whether those risks are on or off balance sheets.

B. The Bank's Board of Directors has the ultimate approval right in risk management. Major risk control items which include the bank-wide risk management policy, risk tolerance limit, and authority must be approved by the Board of Directors. The Bank has set up a risk management committee, which is responsible to review, supervise, report, and coordinate bank-wide risk management.

C. The goal of market risk (interest rate risk) management of the Bank is to achieve optimal risk position, maintain proper liquidity position, and manage all market risk as a whole by considering the economic environment, competition condition, market value risk, and impact on net interest income. In order to achieve this risk management goal, the hedge activities of the Bank were concentrated on risk transfer and risk management of net interest income and market value risk. The Bank sets the strategy of fair value hedge of interest rate exposures according to the fund transfer pricing principle. The Bank primarily uses interest rate swaps for financial hedge purpose, and also to hedge interest rate exposures of certain fixed-rate loans and fixed-rate liabilities.

(10)Financial risk information

To build a good risk management system and improve business development, the Bank established a risk management policy to achieve operation goals and to increase stockholders' values. The risk management policy approved by the Board of Directors is to fulfill the implementation of the risk control system and to create stable and high-quality profits for stockholders.

The Bank follows the risk management policy and strives to quantify, assess, and manage risks for risk pricing and to obtain the optimal capital allocation.

The risks the Bank encountered were as follows:

A. Market risk

Market risk means changes of market prices such as interest rates, exchange rates, and the prices of equity securities and instruments which may result in losses, either on or off the balance sheet. The Bank has developed a market risk management standard. Through the market risk management system, the Bank is able to evaluate and control the market risk of all positions. The Bank also sets the

limit approval, position limit, and stop loss limit and management control procedures for its investments in marketable securities according to different degrees of risk for each specific product.

B. Credit risk

Credit risk is the risk that borrowers or counterparties may not be able to fulfill contracts. The Bank has developed a credit risk management standard which is able to evaluate and control possible credit risk resulting from business operations by establishing and implementing the management structure.

For all financial instruments held by the Bank, the maximum credit exposures were as follows:

	December 31, 2011	
Non-derivative financial assets	Book value	Maximum credit exposure
Financial assets with fair value equal to book value	$ 125,263,291	$ 125,263,291
Financial assets at fair value through profit or loss, net	11,682,838	11,682,838
Bills discounted and loans, net	348,783,971	348,783,971
Available-for-sale financial assets, net	13,243,700	13,243,700
Held-to-maturity financial assets	151,450	151,450
Other financial assets	7,664	7,664
Off-balance sheet accounts		
Guarantees receivable	-	36,698,280
L/C receivable	-	3,801,459

	December 31, 2011	
Derivative financial assets	Book value	Maximum credit exposure
Exchange rate options purchased	$ 251,100	$ 251,100
Options purchased – asset swaps	27,655	27,655
FX contracts (FX swaps, forwards and cross currency swap)	739,469	739,469
Non-delivery forwards	1,217	1,217
Asset swap, interest rate swap and other interest rate swap	1,783,967	1,783,967
Futures contracts	83,397	83,397

Non-derivative financial assets	December 31, 2010 Book value	Maximum credit exposure
Financial assets with fair value equal to book value	$ 142,746,596	$ 142,746,596
Financial assets at fair value through profit or loss, net	6,812,296	6,812,296
Bills discounted and loans, net	284,751,517	284,751,517
Available-for-sale financial assets, net	10,680,673	10,680,673
Held-to-maturity financial assets	151,840	151,840
Other financial assets	14,861	14,861
Off-balance sheet accounts		
Guarantees receivable	-	22,104,723
L/C receivable	-	3,791,306

Derivative financial assets	December 31, 2010 Book value	Maximum credit exposure
Exchange rate options purchased	$ 162,838	$ 162,838
Options purchased – asset swaps	92,146	92,146
FX contracts (FX swaps, forwards and cross currency swap)	669,353	669,353
Non-delivery forwards	51,175	51,175
Asset swap, interest rate swap and other interest rate swap	2,422,821	2,422,821
Futures contracts	37,305	37,305
Purchased CDS	172	172

The Bank conducts cautious credit assessments before providing loans, loan commitments, and guarantees. Loans with collateral amounted to 60.13% of the total loans. In order to obtain credit lines from the Bank, borrowers and guarantors are asked to provide collaterals such as cash, real estate, marketable securities, and other assets. Furthermore, in order to reduce credit risk, the Bank follows credit policies and negotiates credit limits with counterparties. In addition, the Bank may sign master netting agreements with the counterparty to reduce credit risk.

Concentration of credit risk refers to the significant concentration of credit risks from all financial instruments, whether the risks are from an individual counterparty or a group of counterparties. Group concentration of credit risks exists if a number of counterparties are engaged in similar activities or activities in the same region, or have similar economic characteristics that would cause their abilities to fulfill contractual obligations simultaneously affected by changes in economic or other conditions. There was no significant concentration of credit risk from counterparties of the Bank. The related information can be found as follows:

	December 31, 2011	December 31, 2010
Loans by regions		
Domestic	$ 321,712,223	$ 273,993,419
Overseas	31,703,167	15,962,459
Total	$ 353,415,390	$ 289,955,878

	December 31, 2011	December 31, 2010
Loans by industries		
Manufacturing	$ 76,978,069	$ 62,972,722
Private enterprises	31,059,590	21,392,274
Construction	3,889,401	9,402,340
Private individual	148,351,680	136,998,208
Others	93,136,650	59,190,334
Total	$ 353,415,390	$ 289,955,878

C. Liquidity risk

Liquidity risks include market liquidity risk and capital liquidity risk. Market liquidity risk is the risk that market prices may encounter obvious changes due to market disorder. Capital liquidity risk is the risk that payment obligations cannot be fulfilled due to inability to convert assets into cash or acquire enough cash. The Bank made related regulations for various funding demands to control overall market liquidity risks. The treasury department of the Bank manages daily funding and responds to funding demands for various situations or events that may cause systematic risk.

In addition, the Bank and its subsidiaries plan their future cash demands with financing tools, including money markets, foreign exchange markets and suitable current assets.

The liquidity reserve ratio for the Bank was 29.2% and 31.3% for the years ended December 31, 2011 and 2010, respectively. In addition, the Bank's capital and working capital were sufficient to fulfill all obligations. Thus, there was no material liquidity risk that could prevent the Bank from meeting the obligation.

Analyses for time to maturity of the Bank's assets and liabilities were as follows:

	December 31, 2011						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Assets							
Non-derivative financial instruments							
Cash and cash equivalents	$ 6,335,318	$ -	$ -	$ -	$ -	$ -	$ 6,335,318
Due from Central Bank and call loans to banks	64,683,033	12,407,895	15,268,859	8,066,204	3,656,182	-	104,082,173
Investments in notes and bonds under resale agreements	1,546,544	-	-	-	-	-	1,546,544
Financial assets held for trading purpose							
Government bonds	8,994,999	-	-	-	-	-	8,994,999
Convertible corporate bonds	23,542	-	-	-	-	-	23,542
Beneficiary certificates	300,692	-	-	-	-	-	300,692
Commercial paper	2,342,995	-	-	-	-	-	2,342,995
Designated financial assets at fair value through profit or loss							
Convertible corporate bonds	20,610	-	-	-	-	-	20,610
Bills discounted and loans	30,304,164	31,608,493	18,600,817	26,603,160	64,032,301	182,194,218	353,343,153
Available-for-sale financial assets							
Government bonds	-	1,057,738	-	-	2,514,790	1,542,442	5,114,970
Corporate bonds	-	-	-	-	1,850,315	4,426,193	6,276,508
Financial debentures	-	16	-	-	1,304,673	-	1,304,689
Beneficiary securities	-	90,362	-	-	-	-	90,362
Listed (TSE and OTC) stocks	457,171	-	-	-	-	-	457,171
Held-to-maturity financial assets							
Corporate bonds	-	-	151,450	-	-	-	151,450
Derivative financial instruments							
Financial assets at fair value through profit or loss – derivatives							
Option contracts purchased	65,550	15,793	93,078	83,961	20,373	-	278,755
FX contracts (forwards, swaps and cross currency swap)	184,021	362,142	154,385	38,921	-	-	739,469
Non delivery forward	-	841	376	-	-	-	1,217
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	8,660	24,724	216,322	179,978	1,001,068	353,215	1,783,967
Futures contracts	83,397	-	-	-	-	-	83,397
Total assets	115,350,696	45,568,004	34,485,287	34,972,224	74,379,702	188,516,068	493,271,981

	December 31, 2011						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	$ 2,542,952	$ 1,178,462	$ 2,962,532	$ 396,220	$ -	$ -	$ 7,080,166
Deposits and remittances	66,477,301	67,179,749	71,029,322	109,616,546	123,637,092	4,340	437,944,350
Financial debentures	-	-	147,060	-	-	15,000,000	15,147,060
Other financial liabilities	273,209	1,451	1,764	1,464	3,500,419	2,048,135	5,826,442
Derivative financial instruments							
Financial liabilities held for trading purpose - derivatives							
Option contracts written	62,302	13,726	92,598	81,396	21,497	-	271,519
FX contracts (forwards, swaps and cross currency swap)	186,451	326,605	93,916	15,565	-	-	622,537
Non delivery forwards	-	794	304	-	-	-	1,098
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	14,469	38,255	252,032	159,253	966,430	409,055	1,839,494
Total liabilities	69,556,684	68,739,042	74,579,528	110,270,444	128,125,438	17,461,530	468,732,666
Net liquidity gap	$ 45,794,012	($ 23,171,038)	($ 40,094,241)	($ 75,298,220)	($ 53,745,736)	$ 171,054,538	$ 24,539,315

	December 31, 2010						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Assets							
Non-derivative financial instruments							
Cash and cash equivalents	$ 5,436,600	$ -	$ -	$ -	$ -	$ -	$ 5,436,600
Due from Central Bank and call loans to banks	45,163,312	44,421,391	18,638,562	3,395,454	7,594,717	-	119,213,436
Investments in notes and bonds under resale agreements	1,691,578	-	-	-	-	-	1,691,578
Financial assets held for trading purpose							
Government bonds	48,115	-	-	-	-	-	48,115
Corporate bonds	1,967,647	-	-	-	-	-	1,967,647
Beneficiary certificates	127,806	-	-	-	-	-	127,806
Commercial paper	4,341,579	-	-	-	-	-	4,341,579
Designated financial assets at fair value through profit or loss							
Convertible corporate bonds	-	-	20,423	10,696	248,809	47,221	327,149
Bills discounted and loans	20,265,534	23,981,420	18,864,226	34,171,982	49,550,552	143,061,263	289,894,977
Available-for-sale financial assets							
Government bonds	1,250,545	608,502	-	312,458	3,241,173	-	5,412,678
Corporate bonds	-	-	350,693	815,181	1,867,976	999,202	4,033,052
Financial debentures	-	-	-	259	33	-	292
Beneficiary securities	-	49,937	-	-	93,454	-	143,391
Listed (TSE and OTC) stocks	1,091,260	-	-	-	-	-	1,091,260
Held-to-maturity financial assets							
Corporate bonds	-	-	-	-	151,840	-	151,840
Derivative financial instruments							
Financial assets at fair value through profit or loss – derivatives							
Option contracts purchased	40,133	37,220	49,319	54,358	73,954	-	254,984
FX contracts (forwards, swaps and cross currency swap)	144,458	197,203	243,519	78,449	5,724	-	669,353
Non delivery forward	7,274	404	21,222	22,275	-	-	51,175
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	817	5,859	45,606	136,793	1,842,731	391,015	2,422,821
Futures contracts	37,305	-	-	-	-	-	37,305
CDS purchased	-	-	172	-	-	-	172
Total assets	81,613,963	69,301,936	38,233,742	38,997,905	64,670,963	144,498,701	437,317,210

	December 31, 2010						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	$ 7,872,754	$ 471,140	$ 2,349,598	$ 3,030,684	$ 3,082,948	$ -	$ 16,807,124
Notes and bonds payable under repurchase agreements	100,170	-	-	-	-	-	100,170
Deposits and remittances	51,359,763	45,245,239	40,754,029	88,452,848	155,651,801	2,365	381,466,045
Financial debentures	-	-	-	5,000,000	2,094,120	8,000,000	15,094,120
Other financial liabilities	14,092	6,842	40,591	18,530	1,404,457	1,634,761	3,119,273
Derivative financial instruments							
Financial liabilities held for trading purpose - derivatives							
Option contracts written	39,686	36,991	47,705	56,324	82,478	-	263,184
FX contracts (forwards, swaps and cross currency swap)	230,342	384,925	159,022	133,997	79,427	82,481	1,070,194
Non delivery forwards	7,034	385	20,733	21,456	-	-	49,608
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	3,045	3,947	60,016	129,531	1,941,087	403,813	2,541,439
Total liabilities	59,626,886	46,149,469	43,431,694	96,843,370	164,336,318	10,123,420	420,511,157
Net liquidity gap	$ 21,987,077	$ 23,152,467	($ 5,197,952)	($ 57,845,465)	($ 99,665,355)	$ 134,375,281	$ 16,806,053

D. Operation risk

Operation risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank and its subsidiaries have prepared guidelines for operational risk management; procedures and flow of operational risk management are made based on the analysis of operation and transaction flows to effectively supervise and control operational risk.

E. Legal risk

Legal risk is the risk of potential loss resulting from noncompliance with related statutory regulations of the government and from ineffective contract which lacks legal effect, has omissions. The Legal Affairs Department is set up to assist the Bank and its subsidiaries to comply with regulations of the competent authority, provide professional legal consultancy and review procedures on the legality of internal regulations and various transaction agreements to make sure the Bank comply with the regulations in its overall financial and operational activities.

In order for the risk management system to be successful, other than the abovementioned criteria, the support from the high level decision makers is also crucial. Under full authorization of high level management, the Bank has gradually implemented risk management system, which has been showing management results.

F. Cash flow risk and fair value risk arising from changes in interest rates

Cash flow risk arising from changes in interest rates for future cash flows of floating rate assets and liabilities held by the Bank may fluctuate due to changes in interest rates. Thus, the Bank has entered into the interest rate swap contract after consideration of risk level and operation requirements to mitigate such risk.

(A) Expected repricing date or expected maturity date

As of December 31, 2011 and 2010, the expected repricing date or expected maturity date were not affected by the contract date. The following table presents the book values of financial assets and financial liabilities classified by the earlier of the expected repricing date or expected maturity date; it also shows the interest rate risk of the Bank:

	December 31, 2011						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Assets							
Non-derivative financial instruments							
Due from other banks	$ 1,329,776	$ -	$ -	$ -	$ -	$ -	$ 1,329,776
Due from Central Bank and call loans to banks	57,983,552	10,600,000	24,827,758	5,000,000	-	-	98,411,310
Investments in notes and bonds under resale agreements	1,546,544	-	-	-	-	-	1,546,544
Financial assets held for trading purpose							
Government bonds	8,994,999	-	-	-	-	-	8,994,999
Convertible corporate bonds	23,542	-	-	-	-	-	23,542
Commercial paper	2,342,995	-	-	-	-	-	2,342,995
Designated financial assets at fair value through profit or loss							
Convertible corporate bonds	20,610	-	-	-	-	-	20,610
Bills discounted and loans	116,933,830	196,148,843	6,064,481	3,094,274	15,423,724	15,134,119	352,799,271
Available-for-sale financial assets							
Government bonds	-	1,057,738	-	-	2,514,790	1,542,442	5,114,970
Corporate bonds	-	500,421	-	-	1,850,315	3,925,772	6,276,508
Financial debentures	-	16	-	-	1,304,673	-	1,304,689
Beneficiary securities	-	90,362	-	-	-	-	90,362
Held-to-maturity financial assets							
Corporate bonds	-	-	151,450	-	-	-	151,450
Derivative financial instruments							
Financial assets held for trading purpose -derivatives							
Option contracts purchased	-	-	-	7,282	20,373	-	27,655
FX contracts (forwards, swaps and cross currency swap)	184,021	362,142	154,385	38,921	-	-	739,469
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	8,660	24,724	216,322	179,978	1,001,068	353,215	1,783,967
Futures contracts	83,397	-	-	-	-	-	83,397
Total assets	189,451,926	208,784,246	31,414,396	8,320,455	22,114,943	20,955,548	481,041,514

	December 31, 2011						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	$ 7,080,166	$ -	$ -	$ -	$ -	$ -	$ 7,080,166
Deposits and remittances	116,845,473	41,373,167	226,889,577	47,220,333	1,444,939	1,840	433,775,329
Financial debentures	147,060	-	-	-	-	15,000,000	15,147,060
Other financial liabilities	272,465	-	-	-	3,500,000	1,950,000	5,722,465
Derivative financial instruments							
Financial liabilities held for trading purpose – derivatives							
Option contracts written	-	-	914	6,150	21,497	-	28,561
FX contracts (forwards, swaps and cross currency swap)	186,450	326,605	93,916	15,566	-	-	622,537
Interest rate swaps (including asset swap interest rate swaps and other interest rate swaps)	14,469	38,255	252,032	159,253	966,430	409,055	1,839,494
Total liabilities	124,546,083	41,738,027	227,236,439	47,401,302	5,932,866	17,360,895	464,215,612
Interest-rate-sensitivity gap	$ 64,905,843	$ 167,046,219	($ 195,822,043)	($ 39,080,847)	$ 16,182,077	$ 3,594,653	$ 16,825,902

Financial instruments	December 31, 2010						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Assets							
Non-derivative financial instruments							
Due from other banks	$ 1,996,351	$ -	$ -	$ -	$ -	$ -	$ 1,996,351
Due from Central Bank and call loans to banks	81,153,853	17,500,000	11,107,100	3,000,000	-	-	112,760,953
Investments in notes and bonds under resale agreements	1,691,578	-	-	-	-	-	1,691,578
Financial assets held for trading purpose							
Government bonds	48,115	-	-	-	-	-	48,115
Corporate bonds	1,967,647	-	-	-	-	-	1,967,647
Commercial paper	4,341,579	-	-	-	-	-	4,341,579
Designated financial assets at fair value through profit or loss							
Convertible corporate bonds	-	-	20,423	10,696	248,809	47,221	327,149
Bills discounted and loans	99,663,659	158,779,379	4,271,280	2,475,204	9,254,977	14,459,479	288,903,978
Available-for-sale financial assets							
Government bonds	1,250,545	608,502	-	312,458	3,241,173	-	5,412,678
Corporate bonds	500,213	299,970	350,693	515,211	1,867,976	498,989	4,033,052
Financial debentures	-	-	-	259	33	-	292
Beneficiary securities	-	49,937	-	-	93,454	-	143,391
Held-to-maturity financial assets							
Corporate bonds	-	-	-	-	151,840	-	151,840
Derivative financial instruments							
Financial assets held for trading purpose -derivatives							
Option contracts purchased	-	-	2,744	15,572	73,830	-	92,146
FX contracts (forwards, swaps and cross currency swap)	144,458	197,203	243,519	78,449	5,724	-	669,353
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	817	5,859	45,606	136,793	1,842,731	391,015	2,422,821
Futures contracts	37,193	-	-	-	-	-	37,193
Total assets	192,796,008	177,440,850	16,041,365	6,544,642	16,780,547	15,396,704	425,000,116

	December 31, 2010						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
Financial instruments	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	$ 16,807,124	$ -	$ -	$ -	$ -	$ -	$ 16,807,124
Notes and bonds payable under repurchase agreements	100,170	-	-	-	-	-	100,170
Deposits and remittances	93,056,920	27,921,775	215,941,417	33,363,415	8,041,376	1,165	378,326,068
Financial debentures	294,120	-	-	5,000,000	1,800,000	8,000,000	15,094,120
Other financial liabilities	10,693	-	30,221	-	1,400,000	1,500,000	2,940,914
Derivative financial instruments							
Financial liabilities held for trading purpose – derivatives							
Option contracts written	-	-	3,938	19,953	82,353	-	106,244
FX contracts (forwards, swaps and cross currency swap)	230,342	384,925	159,022	133,997	79,427	82,481	1,070,194
Interest rate swaps (including asset swap interest rate swaps and other interest rate swaps)	3,045	3,947	60,016	129,531	1,941,087	403,813	2,541,439
Total liabilities	110,502,414	28,310,647	216,194,614	38,646,896	13,344,243	9,987,459	416,986,273
Interest-rate-sensitivity gap	$ 82,293,594	$ 149,130,203	($ 200,153,249)	($ 32,102,254)	$ 3,436,304	$ 5,409,245	$ 8,013,843

(B) Effective interest rates

As of December 31, 2011 and 2010, the effective interest rates for financial instruments (except for financial instruments at fair value through profit or loss) held or issued by the Bank were as follows:

December 31, 2011		
Items	NT$	US$
Available-for-sale financial assets		
Government bonds	1.06%~2.09%	-
Corporate bonds	1.33%~3.05%	-
Beneficiary securities	2.20%~2.43%	-
Financial debentures	1.03%~1.37%	2.90%
Loans and advances		
Short-term loans	1.72%	2.08%
Short-term secured loans	2.30%	2.67%
Mid-term loans	1.94%	2.12%
Mid-term secured loans	2.52%	2.20%
Long-term loans	2.82%	1.40%
Long-term secured loans	2.16%	2.33%
Financial debentures	1.75%~2.75%	-
Deposits		
Demand deposits	0.17%	0.03%
Time deposits	0.43%~1.40%	0.1%~1.00%
Redeposits from the Directorate general of postal remittance	1.38%	-
Demand savings deposits	0.27%	-
Time savings deposits	0.52%~1.42%	-

	December 31, 2010	
Items	NT$	US$
Available-for-sale financial assets		
Government bonds	1.09%~2.43%	-
Corporate bonds	0.88%~3.29%	-
Beneficiary securities	1.70%~3.17%	-
Financial debentures	-	2.90%~3.50%
Loans and advances		
Short-term loans	1.69%	1.31%
Short-term secured loans	2.12%	1.93%
Mid-term loans	1.80%	1.52%
Mid-term secured loans	2.33%	1.75%
Long-term loans	2.49%	1.59%
Long-term secured loans	1.97%	1.99%
Financial debentures	2.17%~3.25%	-
Deposits		
Demand deposits	0.10%	0.03%
Time deposits	0.10%~0.85%	0.10%~1.00%
Redeposits from the Directorate general of postal remittance	1.13%	-
Demand savings deposits	0.15%	-
Time savings deposits	0.16%~0.89%	-

2. Disclosures in accordance with the Statement of Financial Accounting Standards No. 28 “Disclosure in the Financial Statements of Banks”.

(1) Non-performing loans and non-performing loan asset quality

Expressed in Thousands of New Taiwan Dollars, %

Business / Items			December 31, 2011					December 31, 2010				
			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for credit losses	Coverage ratio (Note 3)	Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for credit losses	Coverage ratio (Note 3)
Corporate Banking	Secured loans		140,656	94,556,376	0.15%	1,155,583	821.57%	217,664	85,494,829	0.25%	494,710	227.28%
	Unsecured loans		258,106	137,015,657	0.19%	3,024,586	1171.84%	479,948	93,368,158	0.51%	1,430,568	298.07%
Consumer banking	Residential mortgage loans (Note 4)		178,062	80,610,769	0.22%	122,146	68.60%	515,184	81,035,074	0.64%	1,080,345	209.70%
	Cash card services		-	-	-	-	-	-	-	-	-	-
	Small amount of credit loans (Note 5)		69,982	2,164,799	3.23%	191,177	273.18%	113,071	3,527,371	3.21%	1,705,810	1508.62%
	Others (Note 6)	Secured loans	29,828	37,643,827	0.08%	65,478	219.52%	96,881	25,161,704	0.39%	381,222	393.50%
		Unsecured loans	239	1,423,962	0.02%	212	88.70%	9,647	1,368,742	0.70%	50,804	526.63%
Gross loan business			676,873	353,415,390	0.19%	4,559,182	673.57%	1,432,395	289,955,878	0.49%	5,143,459	359.08%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			7,205	1,782,845	0.40%	115,904	1608.66%	21,067	1,916,571	1.10%	55,230	262.16%
Without recourse factoring (Note 7)			-	3,235,529	-	-	-	-	3,081,730	-	-	-

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

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

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

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

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

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

Note 7: Pursuant to the Banking Bureau (5) Letter No. 09400494 dated July 19, 2005, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

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

Expressed in Thousands of New Taiwan Dollars

	December 31, 2011		December 31, 2010	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	941,244	10,430	1,216,558	12,438
Perform in accordance with debt liquidation program and restructuring program (Note 2)	384,638	4,615	471,757	7,571
Total	1,325,882	15,045	1,688,315	20,009

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 of the FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 of the FSC dated September 15, 2008.

(2) Contract amounts of remarkable credit risk concentration were as follows:

Expressed In Thousands of New Taiwan Dollars, %

December 31, 2011			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total stockholders' Equity
1	Group A – Integrated Circuits Manufacturing	$ 5,258,321	17.47
2	Group B – Integrated Circuits Manufacturing	4,731,580	15.72
3	Group C – Liquid Crystal Panel and Components Manufacturing	3,401,579	11.30
4	Group D –Buildings Construction	2,808,340	9.33
5	Group E –Liquid Crystal Panel and Components Manufacturing	2,070,245	6.88
6	Group F –Other Metalworking Machinery Manufacturing	1,987,913	6.60
7	Group G –Real Estate Leasing	1,732,740	5.76
8	Group H –Ocean Water Transportation	1,585,332	5.27
9	Group I –Real Estate Leasing	1,222,742	4.06
10	Group J– Pulp Manufacturing	1,211,600	4.02

Expressed In Thousands of New Taiwan Dollars, %

December 31, 2010			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total stockholders' Equity
1	Group A – Integrated Circuits Manufacturing	$ 4,634,079	18.68
2	Group B – Integrated Circuits Manufacturing	4,350,931	17.54
3	Group C – Liquid Crystal Panel and Components Manufacturing	3,223,706	12.99
4	Group D –Civil Air Transportation	2,143,858	8.64
5	Group E –Other Metalworking Machinery Manufacturing	1,991,913	8.03
6	Group F –Integrated Circuits Manufacturing	1,859,612	7.49
7	Group G – Electronic Equipments and Components Retailing	1,803,499	7.27
8	Group H – Buildings Construction	1,785,500	7.20
9	Group I –Real Estate Development	1,107,000	4.46
10	Group J – Real Estate Development	972,000	3.92

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by "code" plus "industry type" (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with "Standard Industrial Classification System" of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

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

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

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

Sensitivity analysis of interest rate for assets and liabilities (NT$)

December 31, 2011

Expressed in Thousands of New Taiwan Dollars, %

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	368,086,554	26,293,653	11,131,768	28,648,043	434,160,018
Interest-rate-sensitive liabilities	127,973,627	219,397,815	41,293,896	21,896,779	410,562,117
Interest-rate-sensitive gap	240,112,927	(193,104,162)	(30,162,128)	6,751,264	23,597,901
Total stockholders' equity					29,861,205
Ratio of interest-rate-sensitive assets to liabilities					105.75
Ratio of interest-rate-sensitive gap to stockholders' equity					79.03

Note: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic branches and overseas branches.

Sensitivity analysis of interest rate for assets and liabilities (US$)

December 31, 2011

Expressed in thousands of US dollars, %

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest–rate-sensitive assets	664,642	154,313	24,865	436,492	1,280,312
Interest–rate-sensitive liabilities	1,052,055	223,442	187,531	-	1,463,028
Interest-rate-sensitive gap	(387,413)	(69,129)	(162,666)	436,492	(182,716)
Total stockholders' equity					8,082
Ratio of interest–rate-sensitive assets to liabilities					87.51
Ratio of interest–rate–sensitive gap to stockholders' equity					(2,260.78)

Note: The amounts listed above represent the items denominated in U.S. dollars for head office, domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (NT$)

December 31, 2010

Expressed in Thousands of New Taiwan Dollars, %

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	348,831,491	11,758,075	4,891,114	22,767,439	388,248,119
Interest-rate-sensitive liabilities	100,924,622	213,788,193	37,894,741	13,908,598	366,516,154
Interest-rate-sensitive gap	247,906,869	(202,030,118)	(33,003,627)	8,858,841	21,731,965
Total stockholders' equity					24,524,986
Ratio of interest-rate-sensitive assets to liabilities					105.93
Ratio of interest-rate-sensitive gap to stockholders' equity					88.61

Note: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic branches and overseas branches.

Sensitivity analysis of interest rate for assets and liabilities (US$)

December 31, 2010

Expressed in thousands of US dollars, %

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest–rate-sensitive assets	505,615	119,369	39,211	248,965	913,160
Interest–rate-sensitive liabilities	1,020,092	62,032	234,401	-	1,316,525
Interest-rate-sensitive gap	(514,477)	57,337	(195,190)	248,965	(403,365)
Total stockholders' equity					9,469
Ratio of interest–rate-sensitive assets to liabilities					69.36
Ratio of interest–rate–sensitive gap to stockholders' equity					(4,259.85)

Note: The amounts listed above represent the items denominated in U.S. dollars for head office, domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

(4) Profitability

Expressed in %

Items		December 31,	
		2011	2010
Return on total assets	Before tax	0.42	0.42
	After tax	0.35	0.32
Return on stockholders' equity	Before tax	7.45	7.15
	After tax	6.21	5.43
Net profit margin ratio		25.20	21.44

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

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

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

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

.

(5) Structure analysis of time to maturity

Structure analysis of time to maturity (NT$)

December 31, 2011

Expressed in Thousands of New Taiwan Dollars

	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	105,426,416	41,370,889	35,117,654	45,791,557	233,366,691	461,073,207
Primary funds outflow upon maturity	41,522,117	63,130,197	67,518,651	104,988,574	177,108,327	454,267,866
Gap	63,904,299	(21,759,308)	(32,400,997)	(59,197,017)	56,258,364	6,805,341

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

Structure analysis of time to maturity (US$)

December 31, 2011

Expressed in Thousands of U.S. Dollars

	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	434,469	349,114	178,746	26,289	431,777	1,420,395
Primary funds outflow upon maturity	945,679	183,957	232,412	189,298	9,830	1,561,176
Gap	(511,210)	165,157	(53,666)	(163,009)	421,947	(140,781)

Note : The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units, except otherwise indicated, included based on the carrying amount, for those not listed, disclosure is required (e.g. negotiable certificates of deposits, bonds and stocks under preparation for issuance).

Structure analysis of time to maturity (NT$)

December 31, 2010

Expressed in Thousands of New Taiwan Dollars

	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	115,300,180	36,931,717	18,228,000	40,087,536	206,305,030	416,852,463
Primary funds outflow upon maturity	29,522,306	44,676,316	42,314,590	90,175,598	197,782,969	404,471,779
Gap	85,777,874	(7,744,599)	(24,086,590)	(50,088,062)	8,522,061	12,380,684

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

Structure analysis of time to maturity (US$)

December 31, 2010

Expressed in Thousands of US Dollars

	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	418,537	261,819	140,210	41,419	254,040	1,116,025
Primary funds outflow upon maturity	1,019,240	130,439	74,624	236,914	10,552	1,471,769
Gap	(600,703)	131,380	65,586	(195,495)	243,488	(355,744)

Note : The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units, except otherwise indicated, included based on the carrying amount, for those not listed, disclosure is required (e.g. negotiable certificates of deposits, bonds and stocks under preparation for issuance).

(6) Average value and average interest rates of interest-earning assets and interest-bearing liabilities

	2011	
Interest-earning assets	Average value	Average rate of return (%)
Due from other banks	$ 1,615,636	0.01
Due from Central Bank and call loans to other banks (excluding account A)	99,511,853	0.81
Financial assets at fair value through profit or loss	8,019,729	1.22
Investment in notes and bonds under resale agreements	2,751,207	0.81
Bills discounted and loans (excluding non-accrual loan) – Gross	316,469,031	2.09
Available-for-sale financial assets	10,001,699	1.77
Held-to-maturity financial assets	147,394	-
Credit card receivables	1,267,430	7.72
Accounts receivables factoring	2,297,803	1.46
Interest-bearing liabilities		
Due to Central Bank and other banks	$ 9,431,192	1.12
Notes and bonds payable under repurchase agreements	222,715	0.43
Demand deposits	204,923,528	0.15
Time deposits	163,021,967	1.11
Negotiable certificates of deposit	27,896,126	0.95
Financial debentures	16,203,407	2.46
Appropriated loan funds	116,078	1.26
Structured notes (deposit)	7,500,374	0.32

Interest-bearing liabilities	2010 Average value	2010 Average rate of return (%)
Due from other banks	$ 2,010,680	0.03
Due from Central Bank and call loans to other banks (excluding account A)	70,910,312	0.62
Financial assets at fair value through profit or loss	6,359,228	0.86
Investment in notes and bonds under resale agreements	4,550,984	0.41
Bills discounted and loans (excluding non-accrual loan) – Gross	261,266,880	1.94
Available-for-sale financial assets	12,390,563	1.93
Held-to-maturity financial assets	167,383	0.37
Credit card receivables	1,435,072	10.12
Accounts receivables factoring	1,275,255	1.22
Interest-bearing liabilities		
Due to Central Bank and other banks	$ 12,691,033	0.78
Notes and bonds payable under repurchase agreements	972,379	0.20
Demand deposits	182,932,918	0.12
Time deposits	122,647,322	0.81
Negotiable certificates of deposit	13,327,434	0.66
Financial debentures	12,865,501	2.65
Appropriated loan funds	147,950	1.03
Structured notes (deposit)	3,842,782	0.40

3. Net position for major foreign currency transactions

	December 31, 2011			December 31, 2010		
	Currency (in thousands)		NT$ (in thousands)	Currency (in thousands)		NT$ (in thousands)
Net position for major foreign currency transactions (Market Risk)	USD	26,635	806,757	USD	12,992	394,549
	CNY	14,069	67,643	EUR	1,925	78,094
	EUR	1,507	59,070	CNY	11,722	54,015
	AUD	1,188	36,536	JPY	128,284	47,886
	JPY	58,127	22,716	HKD	1,993	7,991

Note 1: The major foreign currencies are the top 5 currencies by position, which is expressed in New Taiwan dollars after exchange rate conversion.

Note 2: Net position represents an absolute value of each currency.

The exchange rate the Bank adopted on December 31, 2011 was 1 USD: 30.29 NTD. The major foreign currency position (including forward contracts) is mainly US dollar assets, amounting to USD3,439,419 thousand and USD2,548,616 thousand as of December 31, 2011 and 2010, respectively; liabilities were USD3,412,784 thousand and USD2,535,624 thousand, respectively.

4. Trust assets and liabilities

In accordance with Article 17 of the Trust Enterprise Law, the disclosures of the trust balance sheet, income statement and schedule of investments for trust business are as follows:

Trust Balance Sheet
December 31, 2011

Trust assets		Trust liabilities	
Bank deposits	$ 2,105,263	Payable- Customers' securities under custody	$ 33,723,334
Stocks	15,410,947	Pecuniary trust	56,441,928
Funds (Note)	49,824,152	Securities trust	14,159,982
Bonds	3,029,519	Real estate trust	5,371,683
Real estate	5,287,307	Co-Trust Fund	580,403
Customers' securities under custody	33,723,334	Total net income	10,220
		Accumulated deficit	(907,028)
Total trust assets	$ 109,380,522	Total trust liabilities	$ 109,380,522

Trust Balance Sheet
December 31, 2010

Trust assets		Trust liabilities	
Bank deposits	$ 1,760,718	Payable- Customers' securities under custody	$ 41,509,715
Stocks	12,306,257	Pecuniary trust	53,991,070
Funds (Note)	47,808,002	Securities trust	10,756,602
Bonds	3,778,313	Real estate trust	3,962,375
Real estate	3,896,940	Co-Trust Fund	656,938
Customers' securities under custody	41,509,715	Total net income	35,645
		Retained earnings	147,600
Total trust assets	$ 111,059,945	Total trust liabilities	$ 111,059,945

Note: Includes mutual funds in money market.

Trust Income Statement

	For the years ended December 31,	
	2011	2010
Trust income:		
Interest income	$ 13,533	$ 8,665
Rental income	25,358	20,089
Dividend income	33,798	17,575
Investment income	17,846	23,547
	90,535	69,876
Trust expenses:		
Management fees	26,840	18,136
Tax expenses	21,639	3,737
Service fees	6	22
Loss on investment	30,809	11,788
	79,294	33,683
Net income before income tax	11,241	36,193
Income tax expense	(1,021)	(548)
Net income after income tax	$ 10,220	$ 35,645

Schedule of investments for trust business

December 31, 2011		December 31, 2010	
Invested items	Book value	Invested items	Book value
Bank deposits	$ 2,105,263	Bank deposits	$ 1,760,718
Bonds	3,029,519	Bonds	3,778,313
Stocks	15,410,947	Stocks	12,306,257
Funds	49,824,152	Funds	47,808,002
Real estate		Real estate	
Land	5,287,307	Land	3,896,940
Customers' securities under custody	33,723,334	Customers' securities under custody	41,509,715
	$ 109,380,522		$ 111,059,945

Foreign currency pecuniary trust operated by the Offshore Banking Unit (OBU) as of December 31, 2011 and 2010, was included in the trust balance sheet and schedule of investments for the trust business.

5. Capital adequacy ratio

			December 31, 2011	December 31, 2010
Eligible capital		Tier 1 Capital	$ 27,435,491	$ 22,229,821
		Tier 2 Capital	13,525,822	8,907,147
		Tier 3 Capital	-	-
		Self-owned capital, net	40,961,313	31,136,968
Total risk - weighted assets	Credit risk	Standardized Approach	332,266,318	267,322,507
		Internal Ratings-Based Approach	-	-
		Asset securitization	45,591	122,537
	Operation risk	Basic Indicator Approach	-	12,306,100
		Standardized Approach / Alternative Standardized Approach	11,744,813	-
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	7,140,763	10,456,938
		Internal Models Approach	-	-
	Total risk-weighted assets		351,197,485	290,208,082
Capital adequacy ratio			11.66%	10.73%
Tier 1 Risk-based Capital Ratio			7.81%	7.66%
Tier 2 Risk-based Capital Ratio			3.85%	3.07%
Tier 3 Risk-based Capital Ratio			-	-
Stockholders' equity/Total assets			4.94%	4.79%
Gearing ratio			5.72%	5.45%

Note 1: The consolidated capital adequacy ratio as of December 31, 2011 and 2010 was 11.67% and 10.74%, respectively.

Note 2: The eligible capital and risk-weighted assets in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy Ratio of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note 3: The relevant formulas are as follows:

1: Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital

2: Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets

4. Tier 1 Risk-based Capital Ratio = Tier 1 capital / Total risk-weighted assets

5. Tier 2 Risk-based Capital Ratio = Tier 2 capital / Total risk-weighted assets

6. Tier 3 Risk-based Capital Ratio = Tier 3 capital / Total risk-weighted assets

7. Stockholders' equity to total assets ratio = Shareholder's equity/Total assets

8. Gearing ratio = Tier 1 capital / averaged assets after adjustments (average assets – tier 1 capital – goodwill – unamortized loss on sale of non-performing loans and amounts should be deducted from the tier 1 capital pursuant to "calculation method and table of self-owned capital and risk-weighted assets".

6. Cross-selling marketing strategies implemented between the Bank, the Yuanta Financial Holding Co. and its subsidiaries

(1) In order to achieve the integrated benefit for financial holding company, the Group adopts the cross-selling marketing approach to take advantage of the operation channels, branches and staff to satisfy various needs of the clients, to increase the Group's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to regulate the Bank, the Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients' rights.

(2) Information exchange

As the Bank, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach; such entities should comply with Article 11 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to disclose, transfer or exchange client information. Details of the rules are as follows:

A. Transaction information and other related information shall be based on clients' written agreement and cannot be gathered or utilized outside the permitted range;

B. Once the clients cease to permit the exchange of their personal information, transaction information and other related information, the Bank, the Yuanta Financial Holdings Co. and its subsidiaries shall stop using the information immediately.

(3) Common use of operation facilities or place

As the Bank, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business.

There was no major common business marketing and information exchanged as of December 31, 2011.

7. Others

(1) Disclosure items of the Bank's acquisition of part of the assets and liabilities of 18 domestic branches of Chinfon Commercial Bank (CCB) according to Explanatory Letter Jin-Guan-Zheng (6) No. 0930004183(September 3, 2004) of the FSC are as follows:

A. Brief introduction of the transferring company: Chinfon Commercial Bank Co., Ltd. was founded in July 1971 as Cathay Investment and Trust Company. It changed its name to Chinfon Commercial Bank on October 11, 1994. The scope of business includes: businesses approved in the Banking Act of the Republic of China, trust fund management, international financial businesses, and other related businesses approved by the Competent Authority. CCB had business department, foreign department, trust department and credit card department; 33 domestic branches, an offshore banking unit, an overseas branch and sub-branch (Hanoi Branch and Ho Chi Minh City Sub-branch in Vietnam). The Bank acquired 18 domestic branches among them.

B. Objective, Laws and Regulations

(A) Objective: The Bank expects benefits from combining the 18 branches' channels; through the expansion of channels, The Bank aims to reinforce business development, market status and core competitiveness and to improve long-term profit making.

(B) Laws and Regulations: Articles 58 and 62-4 of the Banking Act of the Republic of China, and Articles 5, 16 and 18 of the Financial Institutions Merger Act.

C. Effective Date: April 3, 2010.

D. The category, number and amount of securities issued due to the transfer: Not applicable

E. Accounting related items of the transfer:

(A) Accounting method: The Bank acquired the operation and assets and liabilities of the 18 domestic branches of CCB and the differences between the net value of assets and liabilities at fair value and the indemnification from the RTC were recognized as goodwill.

(B) Items and amounts of assets and liabilities:

	Amount
Assets	$ 7,987,682
Liabilities	27,810,801
Liabilities – net	19,823,119
Less: indemnification from the RTC	17,898,724
Goodwill	$ 1,924,395

F. The Bank received indemnification from the RTC amounting to $19,300,000 on April 6, 2010 and returned the excess amount of $1,401,276 to the RTC on July 13, 2010.

G. In accordance with SFAS No. 25 "Business Combinations", the Bank adjusted the net fair value of part of the transferred fixed assets and loans and decreased goodwill by $306,984.

H. The pro forma operating income information disclosed based on SFAS No. 25 (provided that the operating results from the beginning of 2010 had included CCB's 18 branches)

	2010
Net interest income	$ 4,183,311
Net non-interest income	1,656,755
Net revenues	5,840,066
Bad debt expense and gain on recovered bad debt	173,129
Operating expenses	(4,680,755)
Net income before income tax	1,332,440
Income tax expense	(416,738)
Net income after income tax	$ 915,702

	Before Tax	After Tax
Earnings per share	$ 0.61	$ 0.42

XI. Other Disclosure Items

1. Related information on material transaction items:

(1) Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

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

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

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

(5) Information regarding receivables from related parties for which the amount exceeded NT$300 million or 10% of the Bank's paid-in capital:

The company listed accounts receivable	Counterparty	Relationship	Accounts receivable from related party	Turnover rate	Amount overdue		Amount received subsequently	Amount of allowance
					Amount	Handling method		
Yuanta Commercial Bank	Yuanta Financial Holdings	Parent Company	$ 2,771,945 (Note 1)	-	-	-	-	-

Note 1: The amount above represents income tax refundable arising from the consolidated income tax return system.

(6) Information regarding selling non-performing loans: None.

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

(8) Other material transaction items which were significant to decision maker who use the information in the financial statement: None.

2. Supplementary disclosure regarding investee companies:

(1) Supplementary disclosure regarding investee companies

Expressed in Thousands of New Taiwan Dollars, Thousands of shares

Name of the Investor	Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties				Note
							Number of ready shares	Number of pro-forma shares	Total		
									Number of shares	Percentage of ownership (%)	
Yuanta Commercial Bank	Yuanta Life Insurance Agent	7F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Life insurance agency	100	$ 33,806	$ 19,792	300	None	300	100	
Yuanta Commercial Bank	Yuanta Property Insurance Agent	7F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Property insurance agency	100	7,968	2,009	-	None	-	100	

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

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

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

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

(6) Information regarding selling non-performing loans: None.

(7) Information on and categories of securitized commodities which are approved by the Financial Asset Securitization Act or the

Real Estate Securitization Act: None.

(8) Other material transaction items which were significant to people who use the information in the financial statements: None.

(9) Lending to other parties: not applicable to Yuanta Leasing, for which this is one of its registered operating activities. Other investees: None.

(10) Guarantees and endorsements for other parties: None.

(11) Information regarding securities held as of December 31, 2011:

Expressed in Thousands of New Taiwan Dollars

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	As of December 31, 2011				Note
				Number of Shares (In thousands)	Book value	Percentage of ownership (%)	Market value	
Yuanta Life Insurance Agency Co., Ltd	Government bond 2011 central bond A9	-	Available-for-sale financial assets	-	$ 999	-	$ 999	Note 1
Yuanta Property Insurance Agency Ltd.	Government bond 2011 central bond A9	-	Available-for-sale financial assets	-	$ 400	-	$ 400	Note 1

Note 1: It is pledged as operating guarantee deposits。

(12) Information regarding securities for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

(13) Information regarding trading in derivative financial instruments: None.

3. Investments in People’s Republic of China: None.

XII. Segment Information:

1. General information –the products and services of income sources for each reporting segment

   The Bank has three reporting segments: corporate banking, consumer banking and wealth management. The products and services of main income sources are set out below:

   Corporate banking: general corporate loans, policy finance, guarantees and acceptances, receivables finance and small and medium enterprise loans, etc.

   Consumer banking: mortgage loans, auto loans, consumer loans and credit cards, etc.

   Wealth management: The segment consolidates deposits, wealth management, trust business and various financial products, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.

2. Measurement of segment information

   (1) Measurement of the profit and loss and assets and liabilities of operating segments

   The Bank's measurement principles of profit and loss and assets and liabilities of operating segments are consistent with significant accounting policies stated in Note 2, and the measurement of profit and loss performance is based on pre-tax profit and loss.

   In order to create a fair and reasonable evaluation system, the funding among segments is regarded as a lending to the third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.

   Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated to operating segments. For those expenses that cannot be reasonably allocated should be listed under "other segment".

   (2) Recognition element for reporting segment

   The performance appraisal for the Bank's reporting segments based on specific performance indicators which are reviewed and evaluated by the management on a regular basis is a reference for resource allocation.

Unit: Expressed in Thousands of New Taiwan Dollars

2011

Segment Information

	Corporate banking	Consumer banking	Wealth management	Other segments	Consolidated
Net interest income	$ 2,010,588	$ 1,470,987	$ 1,103,361	$ 450,003	$ 5,034,939
Net service fee and commission income (loss)	310,910	80,266	842,328	(15,960)	1,217,544
Other operating incomes(Note 1)	90,536	32,713	124,504	247,199	494,952
Operating expenses	1,448,620	1,202,008	2,350,397	19,242	5,020,267
Other significant non-cash accounts					
Gains on reversal of asset impairment	-	-	-	1,096	1,096
Bad debt expense and gain on recovered bad debt	(157,644)	452,567	-	-	294,923
Net income on investment accounted for under the equity method	-	-	-	22,177	22,177
Segmental income (loss) before tax	$ 805,770	$ 834,525	($ 280,204)	$ 685,273	$ 2,045,364
Segment assets					
Equity investments accounted for under the equity method– net	$ -	$ -	$ -	$ 41,774	$ 41,774
Bills discounted and loans-Total	231,572,033	121,843,357	-	-	353,415,390

Note 1: It includes net gain (loss) on financial assets and liabilities at fair value through profit or loss, net realized gain (loss) on available-for-sale financial assets, net foreign exchange gain (loss) and other non-interest income.

Unit: Expressed in Thousands of New Taiwan Dollars

2010

Segment Information

	Corporate banking	Consumer banking	Wealth management	Other segments	Consolidated
Net interest income	$ 1,777,078	$ 1,226,722	$ 798,193	$ 471,451	$ 4,273,444
Net service fee and commission income (loss)	203,040	75,070	850,070	(16,234)	1,111,946
Other operating incomes (Note 1)	59,902	34,270	153,407	484,935	732,514
Operating expenses	1,321,727	1,063,665	1,989,626	207,243	4,582,261
Other significant non-cash items					
Losses on asset impairment	-	-	-	(8,955)	(8,955)
Bad debt expense and gain on recovered bad debt	75,026	101,973	(2,191)	-	174,808
Net income on investment accounted for under the equity method	-	-	-	32,093	32,093
Segmental income (loss) before tax	$ 793,319	$ 374,370	($ 190,147)	$ 756,047	$ 1,733,589
Segment assets					
Equity investments accounted for under the equity method– net	$ -	$ -	$ -	$ 399,896	$ 399,896
Bill discounted and loans- Total	178,862,987	111,092,891	-	-	289,955,878

Note 1: It includes net gain (loss) on financial assets and liabilities at fair value through profit or loss, net realized gain (loss) on available-for-sale financial assets, net foreign exchange gain (loss) and other non-interest income.

XIII. Relevant Information Adoption of IFRSs

In accordance with the Financial Supervisory Commission (hereinafter referred to as the FSC), Executive Yuan, domestic banks, financial holding companies and bills finance corporations should prepare their financial reports in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards, International Financial Reporting Standards Interpretations (IFRICs) and Interpretations of the International Accounting Standards (SICs) approved by the FSC, starting from the fiscal year of 2013.

The Bank should pre-disclose the information below before the adoption of IFRSs in accordance with Jin-Guan-Zheng-Shen Letter No. 0990004943 dated on February 2, 2010 and Jin-Guan-Yi-Fa Letter No. 10000073410 dated on Apr 7, 2011:

1. Important information and summary regarding IFRSs adoption plan

The Bank has already set up an ad hoc team with regards to IFRSs adoption following Yuanta Financial Holdings. The CFO is in charge of the conversion to IFRSs for the Yuanta Group and the Bank's accounting manager is in charge of the conversion to IFRSs for the Bank. Important content and executive statuses are as follows:

Working Items for IFRSs Conversion Project	Main executive department	Status and estimated completion date
1. Set up an ad hoc team.	Accounting department	Completed as of August 2009.
2. Establish an adoption plan for IFRSs conversion.	Accounting department	Completed as of June 2011.
3. Complete the identification of differences between current accounting policy and IFRSs.	Accounting department	Completed as of March 2011.
4. Complete the identification of consolidation entities under the IFRSs framework.	Accounting department	In progress (to be completed by December 2012)
5. Complete the evaluation of the impact of various exemptions and options under IFRS No. 1 First-time Adoption of International Financial Reporting Standards.	Accounting department	Completed as of October 2011. Note: Other than the "designation of previously recognized financial instruments", it has been revised as of December 2011 based on the "Regulation Governing the Preparation of Financial Reports by Public Banks" and is scheduled to be discussed by the Board of Directors during the first quarter of 2012.

Working Items for IFRSs Conversion Project	Main executive department	Status and estimated completion date
		Evaluations for the remaining items have been completed.
6. Complete the evaluation of adjustments required for information systems.	Information technology department & Accounting department	Completed as of October 2011.
7. Complete the evaluation of adjustments required for internal controls.	Related department	In progress (to be completed by June 2012)
8. Decide on adopted IFRSs accounting policies.	Accounting department	Completed as of December 2011.
9. Decide on selection of various exemptions and options under IFRS No. 1.	Accounting department	Completed as of December 2011. Note: Other than the "designation of previously recognized financial instruments", it has been revised as of December 2011 based on the "Regulation Governing the Preparation of Financial Reports by Public Banks" and is scheduled to be discussed by the Board of Directors during the first quarter of 2012. Evaluations for the remaining items have been completed.
10. Complete the preparation of IFRSs statement of financial position on the transition date.	Accounting department	In progress (to be completed by March 2012)
11. Complete the preparation of IFRSs comparative financial information for 2012.	Accounting department	In progress (to be completed by March 2013)
12. Complete the adjustments required for relevant internal controls (including financial reporting processes and relevant information systems).	Related department	In progress (to be completed by December 2012)

2. The significant differences that may occur between current accounting standards and the standards adopted in accordance with IFRSs and "Regulation Governing the Preparation of Financial Reports by Public Banks" in the future are as follows:

Accounting issues	Explanation for differences
Financial instruments	1. Pursuant to the "Regulation Governing the Preparation of Financial Reports by Public Banks", the unlisted stock held by the Bank with no material influence is measured at cost. After the IFRSs conversion, only the above stocks which are traded in non-active market and whose fair values cannot be reasonably measured can be measured at cost. 2. According to ROC's generally accepted accounting standards, stocks and bonds may respectively elect for trade date accounting or settlement date accounting. Based on IFRSs, similar financial assets should adopt the same accounting treatment. Accordingly, bond trades should be changed from settlement date accounting to trade date accounting. 3. According to ROC's generally accepted accounting standards, when a convertible corporate bond asset is entered into an asset swap transaction, companies should derecognize the convertible corporate bonds immediately when it is sold and recognize the option bought and interest rate swap contract. Owing to the fact that the Bank does not transfer or retain almost all the risks and rewards of the financial assets and still retain the control over the underlying financial instruments, the condition for derecognition is not met. Therefore, the assets and relevant liabilities should continue to be recognized.
Employee benefits	1. According to ROC's generally accepted accounting standards, "additional minimum pension liabilities" should be provided when the amount of accumulated obligations exceeds the pension fund assets at fair value. However, there is no such requirement in IAS No. 19, "Employee Benefits". 2. According to ROC's generally accepted accounting standards, if the unamortized actuarial gain (loss) exceeds 10% of fair value of the pension fund assets or the projected benefit obligations in the beginning period (whichever is greater), the excess amount should be amortized through the straight-line method over the expected remaining life of service and recognized as current net pension cost. After the IFRSs conversion, gain and loss of actuarial calculation should be immediately recognized in other comprehensive income.
Customer Loyalty Program	The Bank has a reward points program for its credit card business. According to ROC's generally accepted accounting standards, relevant expenses and payables are recognized when the reward points take places and relevant payables should be written off upon the actual exchange for goods. According to IFRIC No.13 "Customer Loyalty Program", reward points should be estimated based on the exchange rate and fair value. Additionally, the income should be deferred and should not be recognized until the customers' exchange is made.

With regard to the above differences, some items may be exempt under IFRS No. 1 "First-time Adoption of International Financial Reporting Standards" and therefore no impact on amounts during the translation shall be incurred.

3. The Bank evaluates the above significant differences between current accounting policies and accounting policies pursuant to IFRSs as approved by the FSC and the "Regulations Governing the Preparation of Financial Reports by Public Banks" expected to be effective in 2013. The current assessment result may be affected by the revisions of IFRSs, IASs, IFRICs and SICs, approved or pronounced by the FSC and the revised "Regulations Governing the Preparation of Financial Reports by Public Banks" in the future. Therefore, the assessment result may be different from the actual adoption of IFRSs in the future.

3. Risk Management and Other Significant Issues

(1) Information of Credit Risk Management:

A. Credit Risk Management System in 2011

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	1. Strategies and objectives: (1) Follow Basel II requirements to upgrade the Bank's ability in risk management and internationalism. (2) Well found and fully implement the various risk management systems and control procedures. (3) Strengthen the information integration, analysis and precautionary effect to exert the risk management actively. 2. Policies: (1) Cultivate the business strategies and organizations valuing credit risk management, and master the qualitative and quantitative management approaches as the reference in strategy making. (2) Establish the overall credit risk management system to control possible business risks within the risk tolerance during the process of operation, in hopes of ensuring the Bank's achievement of credit risk strategic objectives. (3) Authorize independent credit risk management units and personnel to exercise job duties to ensure that the Bank's credit risk management systems is implemented effectively and to help the Board of Directors and management perform their duties fully to fulfill the bank's credit risk management systems. (4) Establish effective methods and controlling procedures to ensure the adequacy of capital reservation, and express business performance in a proper manner through the risk adjustment, and create the objective for maximization of shareholders' value. 3. Management procedure: Credit risk identification, measurement, control and management, credit risk report and performance management.
2. Structure and organization of credit risk management	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity for risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire credit risk management objectives. (2) Establish Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities. 2. Senior managers: Asset & Liability Management Committee, Risk Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the president. 3. Risk Management Dept: (1) Responsible for researching or suggesting the amendments of the Bank's credit risk management policies and guidelines to be proposed to Board of Directors for approval. (2) Establish the Bank's entire structure of measuring, controlling and evaluating quantitative risk. (3) Responsible for enforcing and controlling the Bank's credit risk management and credit risk management regulations for the various businesses to ensure that all businesses may apply strictly with the Bank's credit risk management policies and guidelines. 4. Risk Management Dept. and other business units: Manage credit risks of crediting cases according to stratified empowerment, including crediting review, crediting management and post-loan management. 5. Internal audit: The independent internal audit entities will review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.

Item	Contents
3. Scope and characteristics of credit risk report and measurement systems	1. Scope and characteristics of credit risk report: (1) Report of Board of Directors. (Regularly)/(Integrated risk report) (2) Report of Audit Committee. (Regularly)/(Integrated risk report) (3) Monthly report of Asset & Liability Management Committee. (Integrated risk report) (4) Monthly report of Risk Management Committee. (Integrated risk report) (5) Monthly corporate and consumer banking asset quality report. (6) Monthly disclosure of information about the individual limits in the various countries and industries. 2. Credit risk measurement systems include: (1) Capital charge calculation platform information system. (2) The credit information and investigation system Credit rating. (3) The collection system: Asset appraisal. (4) The Bank's credit risk alarming system: The credit risk alarming mechanism. (5) Mid-term crediting management platform (Including post loan management and the review platform.) (6) Step-by-step establish consumer banking scorecard and corporate probability of default model. (7) Step-by-step complete the establishment of the large exposure system.
4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools	1. Credit risk hedging or risk reduction policies: (1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses. (2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel II. 2. Strategies and procedures for controlling effectiveness of hedging and risk reduction: Establish the collateral management system in accordance with Basel II risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.
5. Approach for regulatory capital charge	Standardized Approach.

B. Exposure and accrued capital charge upon risk reduction under credit risk standardized approach

Unit: NT$1,000；December 31, 2011

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	101,820,671	969
Non Central –Government Public Sector Entities	417,662	6,683
Banks (Multilateral Development Banks included)	25,722,892	869,003
Cooperates(Securities firms and insurance companies included)	231,933,401	16,662,090
Retailed credit	68,981,618	4,780,916
Residential Property	93,982,884	3,883,636
Equity-securities investment	4,892	1,565
Other assets	9,289,273	376,443
Total	532,153,293	26,581,305

(2) Information of Asset Securitization Management:

A. Asset Securitization Management System in 2011

Item	Contents
1. The strategies and procedure of asset securitization risk management	The procedure of securitized product investment: Before the business division invests in any securitized product, investment analysis must be conducted on product security, liquidity and profitability and such investment must be approved by the authorized levels according to the investment objectives.
2. The organization and structure of asset securitization management	1. In terms of asset securitization, at present, we engage only in securities investments and booked in banking book. We are not the originating bank. 2. The investment of asset securitization in banking book, the Asset and Liability Management Committee is the top management, the Treasury Department is the business execution unit, the Risk Management Department is the risk monitoring and control unit, and the Financial Trading Supporting Department is the operation settlement unit of this bank.
3. Scope and characteristics of asset securitization risk report and measurement systems	1. The Asset and Liability Management Committee discloses every month the positions of investment in asset securitization. When the loss on valuation exceeds the specific proportion of cost, the business execution unit should make real-time reviews and propose corresponding solutions, and report the solutions to the Asset and Liability Management Committee for reference. 2. Asset securitization products with a quotation on the public market should be evaluated according to such quotation every day. If there is no quotation on the public market, products should be evaluated according to the quotation of the counterparty.
4. The hedge of asset securitization or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When there is a larger risk exposure risk, assessments will be conducted to reduce risk exposure; or the approved risk reduction methods will be implemented to reduce risk to a controllable range.
5. Approach for regulatory capital charge	Standardized Approach.

B. Engagement in Asset Securitization:

No information is to be disclosed, for the Bank has never been the originator for asset securitization.

C. Risk exposure and accrual capital charge for asset securitization :

Unit: NT$1,000；December 31, 2011

Type	Non- Originating bank		Originating bank					
	Purchase or Possession of Securitization Risk Exposure	Capital Charge	Exposure					Capital Charge before securitization
			Non-asset backed commercial paper				Asset backed commercial paper	
			Traditional		Portfolio			
			Retained position	Unrestrained position	Retained position	Unrestrained position		
Real Estate Asset Trust	91,181	3,647	—					
Collateralized Debt Obligation	0	0						
Other	0	0						
Total	91,181	3,647						

D. Information of investment in asset securitization products :

Unit: NT$1,000；December 31, 2011

Item	Listed Accounting Codes	Original cost	Accumulated value income	Accumulated impairment	Book Value
Other securitized products	Held-to-maturity	0	0	0	0
Notes issued at Structured Investment Vehicle (SIV)	At fair value through income statement	0	0	0	0
Assets Backed Securities Consumer Loan Obligations, ties asset-backed securities (ABS): including Collateralized Loan Obligations (CLO), Collateralized Bond Obligations (CBO), Credit Card Receivables Obligations, Auto Loan Obligations, Consumer Loan Obligations, Lease Receivables Obligations and other securitization securities or assets backed securities	Available-for-Sale	0	0	0	0
Real-estate Investment Trust Security: Refers to Real Estate Asset Trust (REAT)	Available-for-Sale	90,236	126	0	90,362

(3) Information of Operational Risk Management:

A. Operational Risk Management System in 2011

Item	Contents
1、 The strategies and procedure of operational risk management	1. Formed a risk-oriented operation model and straightened business development to achieve its operation goals and maximize shareholder value. The Bank developed risk management policies, operational risk management principles, defined the scope and duties of operational risk management, and executed risk identification, risk evaluation and reporting processes including operational risk assessment and process analysis. 2. In response to existing or potential operational risks, all divisions in the Bank take effective improvement practices and persistently tract the according implementation. Before the undertaking or during the planning of new services, all related operational risks must be identified and the controls of the process marked. The Bank additionally constructed

	contingency plans and conducted necessary simulation to assure incessant operation amid possible severe accidents.
2、 The organization and structure of operational risk management	1. Board of Directors: The supreme authority in the Bank, in charge of approving risk management policies and according principles and monitoring execution of all systems in order to achieve the comprehensive goals. 2. Senior managers: The New Product Review Committee and Risk Management Committee are established under the President. The Risk Management Committee supervises the implementation and promotion of risk management and reviews risk management reports of individual units, in order to ensure the effectiveness of the bank's risk management. 3. Risk Management Department: (1) Develop the operational risk management guidelines and related policies of the Bank. (2) Supervise the Bank's major operational risks and loss exposure. (3) Coordinate operational risk management with all divisions and branches. 4. All departments in Head Office, supervising divisions and branches : According to operational risk management regulations, all departments and supervising divisions developed according business regulations as standards for execution of all business divisions. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the performance of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.
3、 Scope and characteristics of operational risk report and measurement systems	We identify measure and monitor operational risk with various risk management instruments, such as operational risk loss data collection, operational risk and control self-assessment, and operational risk indicators. All divisions in the Bank conduct online risk event reporting and self assessment through the operation risk report system and the self-assessment system. Risk Management Dept. conducts operation process examination, compiled analysis and improvement practice tracking with the trend of risk indicator changes, internal and external losses, and the self- assessment of all divisions on control. The result of risk identification, measurement and monitoring are periodically reported to the executives.
4、 Operational risk hedging or risk reduction policies, and strategies procedures for controlling the continuously effectiveness of hedging and risk reduction tools	The Bank developed regulations on operation risk hedging or risk mitigation. The Bank responds to loss amount and the frequency of operation risks with according risk mitigation strategies, such as strengthening personnel training, improving operation processes, solidifying system control, and transferring risk through insurance or operation outsourcing. Periodical risk evaluation, benefit or claim capability should be conducted on outsourcing activities and insurance companies to safeguard the effectiveness of risk mitigation vehicle.
5、 Approach for regulatory capital charge	Standardized Approach.

B. Accrued Capital Charge of Operational Risk :

Unit: NT$1,000；December 31, 2011

Year	Gross Income	Capital Charge
2009	6,336,800	
2010	6,210,252	
2011	7,339,930	
Total	19,886,982	939,585

(4) Information of Market Risk Management:

A. Market Risk Management System in 2011 :

Item	Content
1. Market risk management strategies and processes	1. In order to establish the fair risk management system and well found the development of business to boost the proper risk management-oriented business model and achieve the operational objectives and increase shareholders' value, the Bank's Board of Directors approves the risk management policies to fulfill the well-founded risk management system and create stable and high-quality profitability for shareholders. 2. Based on the existing risk management policies and guidelines, fulfill the quantification of market risk step by step and establish the management and appraisal mechanism for value at risk and optimal allocation of capital. 3. Scope of business and underwritten products: enact the market risk management guidelines, define the scope of market risk management; the scope of businesses may include transactions in foreign exchange market, money market and capital market, and transactions of financial derivatives. 4. Define the risk management procedure and application methods (e.g. sensitivity analysis, value at risk calculation, scenario simulation and stress testing, etc.); require the relevant entities to set the limits of the various financial product transactions, e.g. the limit of position, stop-loss limit, and also the approving authority and guidelines to process the excess in the limit. In order to enhance the transparency of the information about market risk, the risk management entities shall inspect and submit the risk management report on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.
2. Market risk management organization and structure	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity of risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire market risk management objectives. (2) Establish Audit Committee to review the risk-related motions before proposing them to the Board of Directors and communicate with the risk implementation entities. 2. Senior management: Asset & Liability Management Committee and Risk Management Committee are subordinated to the president. (1) Develop the Bank's market risk management guidelines and rules according to the market risk management policies approved by Board of Directors, and ensure that the Bank has the express functions and operations for market risk management, effective market risk management procedure and proper market risk management system. (2) Authorize competent employees to execute the market risk management operation and ensure that they have the ability and expertise affordable to execute the market risk management business and comply with the relevant policies and procedures. 3. Risk Management Dept: (1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk guidelines to be proposed to Board of Directors for approval. (2) Work with proprietary trading entities to research and draft or amend the various financial products business control rules, and propose them to the president for approval. (3) Plan and establish the Bank's structure of identifying, measuring and controlling market risk, execute the limit management report and inspection to alert excess in limit, in order to ensure that the various financial products businesses may strictly comply with the Bank's risk management policies and regulations. 4. Business Unit: In charge of securities and financial derivatives trading, and cross-Bank capital management, as well as executing transactions within limit according to the Bank's risk-control standard.

Item	Content
	5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the Market of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.
3. Scope and characteristics of market risk report and measurement systems	1. To provide the market risk daily management reports to disclose the positions, value at risk, profit and loss of the various financial products. 2. The Bank measures and supervises market risks according to related risk management guidelines and employs the VaR model for quantitative integrated management of market risks. Through daily presentation of the market risk report and position analysis, the Bank is full aware of any changes in risks.
4. The hedge of market risk or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When the market risk exposure is getting higher, the Bank will take some approaches such as risk exposure deduction or approved hedge to lower the market risk to the controllable level.
5. Approach for regulatory capital charge.	Standardized Approach.

B. Accrued Capital Charge of Market Risk :

Unit: NT$1,000；December 31, 2011

Type of Risk	Accrued capital charge
Interest rate risk	363,461
Equity securities risk	121,257
Foreign exchange risk	86,543
Commodity risk	0
Total	571,261

C. Value at Risk for Trading Position (99%, one day, unit: NT$1,000) :

Item	2011			
	December 31, 2011	Average VaR	Minimum VaR	Maximum VaR
Interest rate	2,384	4,063	1,916	10,051
Equity securities	533	8,560	494	19,914
Foreign exchange	1,630	5,813	557	20,971
Commodity	—	—	—	—
Subtotal	4,546	18,436	—	—
Diversified effect	19.73%	32.46%	—	—
Total value at risk	3,649	12,451	2,827	33,457

(5) Information of Liquidity Risk Management:

A. Structure analysis of time to maturity (NT$)

Unit: NT$1,000；December 31, 2011

	Total	1-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	461,073,207	105,426,416	41,370,889	35,117,654	45,791,557	233,366,691
Primary funds outflow upon maturity	454,267,866	41,522,117	63,130,197	67,518,651	104,988,574	177,108,327
Gap	6,805,341	63,904,299	(21,759,308)	(32,400,997)	(59,197,017)	56,258,364

Note: This table only contains the NT$ amount of Head Office and foreign/domestic branches.
(Exclusive of foreign currencies).

B. Structure analysis of time to maturity (US$)

Unit: thousand US$；December 31, 2011

	Total	1-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	1,420,395	434,469	349,114	178,746	26,289	431,777
Primary funds inflow upon maturity	1,561,176	945,679	1,83,957	232,412	189,298	9,830
Gap	(140,781)	(511,210)	165,157	(53,666)	(163,009)	421,947

C. The Bank's Asset-Liability Management, Liquidity Risks, Banking Book Interest Rate Risk Management and Funding Gap Management:

The Bank's asset-liability management plan aims to fully utilize the asset-liability gap and strive for the maximum profit for the Bank under controllable risks. Security, liquidity and profitability are adopted as principles for banking book current asset arrangement.

Since the "Asset-Liability Management System" (ALM) was established in August 2008, the Bank has been systematically supervising the liquidity of asset inside and outside the balance sheet, liability and owner's equity periodically, including deposit, loans and investment, and the future tendency of interest rates. In addition to following the related regulations of the competent authorities, the Treasury Department adjusts every day the allocation of current assets at the appropriate time according to the deposit and loan gaps and the capital demand and supply status on the market. Furthermore, the Asset and Liability Management Committee observes and analyses the liquidation of major assets and liabilities and the changes in interest rate sensitivity, sets various indicators and alert points, and performs scenario simulation and stress tests every month, in order to take advance control of asset/liability liquidation or interest rate changes.

We adopt the fund transfer pricing (FTP) system to centralize the control of risk of deposit and loan interest rates at the Treasury Department. We also establish individual FTP interest rates according to the currency, undertaking period, and interest rate characteristics of assets and liabilities; and adjust these rates according to the deposit-to-loan ratio and the status of market funding liquidity and business promotion.

(6) Effect of changes in foreign/domestic important policies and regulations on the Bank's financial business, and responsive action thereof

A. Promulgation of the Financial Consumer Protection Act and Its Bylaws -

The Financial Consumer Protection Act was promulgated on 29 June, 2011. It was approved to be implemented on 30 December, 2011 by the Executive Yuan. The FSC announced six regulatory orders on 12 December, 2011. The Act provides a legal basis for establishing an ombudsman body for settling financial consumer disputes. The Act has also specifies that when advertizing, soliciting business, launching promotional events, financial service institutions should not make overly-optimistic, deceitful, obscure or false information to mislead the public. Before providing products or services, financial service institutions should fully understand the information pertaining to consumers to ensure the suitability of products and services. Financial service institutions should also fully inform consumers of the important contents and associated risks. Therefore, we have revised and updated the relevant internal codes and contracts, in order to protect the rights and benefits of consumers.

B. Amendment of Article 12-1 and establishment of Article 12-2 of The Banking Act of the Republic of China -

Article 12-1 and Article 12-2 of the Banking Act have been promulgated on November 9, 2011 provided that the restrictions governing the request of (joint and several) guarantor(s) for self-use residence loan or consumer loan became stricter. In this new version, the validity of the guaranty period is even specified. We have already amended the related contracts and operating procedures to comply with the mandatory requirements.

C. Announcement of Regulations of Credit Card Penalty Charges -

On February 9, 2011 the Financial Supervisory Commission of the Executive Yuan announced the Regulations of Credit Card Penalty Charges. In these regulations, the charging methods, the installments and maximum amount of credit card penalty have been specified thereof. We have already amended the related terms of the credit card contracts and the related operating procedures, in order to comply with the regulatory requirements.

D. Announcement of the Regulations for the Provision of Card Payment by Installment Service by Credit Card Issuing Banks -

On August 11, 2011 the Financial Supervisory Commission of the Executive Yuan announced the Regulations for the Provision of Card Payment by Installment Service by Credit Card Issuing Banks. In these regulations, the types of payment by installment service; the calculation and charging of the commission, service fee, and interest; the handling of advance clearance or overdue payments; and the disclosure of important information are specified. We have already amended the related contract terms for the credit card in compliance with the regulatory requirements.

E. Amendment of the Specimen of Standard Contract for the ATM Card Affiliated to Current (Savings) Deposit Accounts; establishment of the Mandatory Items for the Standard Contract for the ATM Card Affiliated to Current (Savings) Deposit Accounts, and announcement of the Prohibitive Particulars to be indicated upon the Standard Contract for the ATM Card Affiliated to Current (Savings) Deposit Accounts -

On Octobe r 24, 2011 the Financial Supervisory Commission of the Executive Yuan announced the Specimen of Standard Contract for the ATM Card Affiliated to Current (Savings) Deposit Accounts; the Mandatory Items for the Standard Contract for the ATM Card Affiliated to Current (Savings) Deposit Accounts, and the Prohibitive Particulars to be indicated upon the Standard Contract for the ATM Card Affiliated to Current (Savings) Deposit Accounts. We have adjusted and revised the ATM Card Contract accordingly.

F. Announcement of the Requirements of Establishing Product Suitability Rules for Non-Professional Investors of Trusts -

On November 17,2011 the Trust Association of the ROC announced the Requirements of Establishing Product Suitability Rules for Non-Professional Investors of Trusts in accordance with Paragraph 5, Article 22 of the Regulations Governing the Scope of Business, Restrictions on Transfer of Beneficiary Rights, Risk Disclosure, Marketing, and Conclusion of Contract by Trust Enterprises. We have amended and updated the operating specifications for investment risk scale grading and product suitability assessments, in order to comply with the regulatory requirements.

(7) The effect of changes in the Bank's image on the Bank's financial business , and responsive action thereof:

The Bank always conform to our philosophy "Sincerity, Stability, Service, Innovation and Attentiveness" and to the obedience with regulations and competent authority's requirements to supply clients with more diverse, more complete and more comprehensive professional financial services and strive toward its ultimate goal-"provide ideal services to clients, create the most interest for shareholders and supply the feedback to the society wholeheartedly."

(8) The expected effect, risks and responsive actions of M&A and expansion :

On November 5, 2009 the Bank obtained approval from the Board of Director (on behalf of shareholders' meeting) and won an auction and acquired 18 branches of Chin-Fon Bank with payout of NT$ 19.3 billion to Resolution Trust Corporation (Funds). February 29, 2012 have already started practice 15, rest 3 branches will be opened upon the completion of relocation to Metro Taipei.

This merger signifies the Bank's successful acquisition of domestic branches after the Bank succeed to merge with Tainan 6th Credit Cooperative. Upon the completion of merger in April 2010, the Bank's service locations will hike from 70 to 88 branches. In addition to expanding the service locations, the Bank also strengthens the flexibility of its

channel strategies, follows the Financial Holding's comprehensive strategies and moves its operation north to significantly raise the Bank's operating value in Metro Taipei and further achieve its goal in expanding its operation, increasing its service locations and maximize its competence.

Please refer to "Acquisitions or Assignment of Other Financial Institutes:" in III. Fundraising (Page 44) for the details of such merger.

(9) Risks and Reponses for Service Centralization.

A. Group Centralization Risk:

The Bank developed regulations and set the limits for trading groups and companies. These limits are adjusted timely to avoid over-centralized risks and decentralize credit risks of services the Bank undertakes.

B. Industry Centralization Risk:

The Bank developed regulations and set the industry limits on different transacting industries. These limits are adjusted timely to avoid over-centralized credit risks and decentralize credit risks of services the Bank undertakes.

C. Country Centralization Risk:

The Bank developed regulations and set the country limits on different transacting risky countries. These limits are adjusted timely to avoid over-centralized credit risks and decentralize credit risks of services the Bank undertakes.

(10) The effect, risks and responsive actions of changes in the management rights:

The Bank is a subsidiary 100% held by Yuanta Financial Holdings. Management rights did not change.

(11) Litigation and Non-Litigation:

There's no significant litigation.

(12) Information of Crisis Management

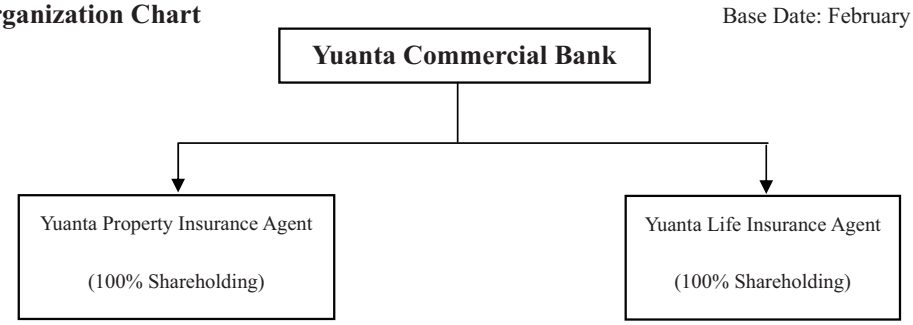
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies" and "Procedures and Crisis Management Response Manual", so that supervisors of related units may report the emergency via the various channels and research and draft responsive practices in the case of any risk or likelihood of risk, so as to restore the operation of the Bank's businesses expeditiously and effectively to minimize the damage. Meanwhile, the Bank has defined the SOP for the various emergencies (e.g. fire, robbery, or mass protest); periodically conduct safety drill run for rapid and effective response to emergency.

V. Special Notes

1. Information of Affiliates

(1) Organization Chart

Base Date: February 29, 2012



Corporate	Date of Establishment	Address	Paid-in Capital (NT$1,000)	Scope of Business
Yuanta Property Insurance Agent Ltd.	October 02,1999	7F, No.66, Sec.1, Dunhua S. Rd., Taipei City	3,600	Property Insurance Agent
Yuanta Life Insurance Agent Co., Ltd.	November 20,2001	7F, No.66, Sec.1, Dunhua S. Rd., Taipei City	3,000	Life Insurance Agent

(2) Directors, Supervisors and Managers

Base Date: February 29, 2012

Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Yuanta Property Insurance Agent Ltd.	Chairman President	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chi Yi-Tsung Lian	(a limited company) 100.00%
Yuanta Life Insurance Agent Co., Ltd.	Chairman Director Supervisor President	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chi **Yuanta Commercial Bank Statutory Representatives:** Kang Wonglee, Hung-Lin Wu **Yuanta Commercial Bank Statutory Representatives:** Ji-Sheng Wang Yi-Tsung Lian	300,000 shares 100.00%

(3) Business Overview

Unit:NT$1,000；Base Date: December 31, 2011

Corporate	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT$) (after tax)
Yuanta Property Insurance Agent Ltd.	3,600	10,142	2,174	7,968	13,729	2,693	2,425	6.74
Yuanta Life Insurance Agent Co., Ltd.	3,000	74,655	40,849	33,806	335,855	23,828	19,793	65.98

Milestones of Yuanta Commercial Bank in 2011

January	"Sinjhuang Branch" was relocated.
	Launched "Dreams Come True" E-Banking Fund Competition.
	Launched the promotional events for the "Easy Dreams" periodic (variable) payment plan.
	Launched "Grasp the Web: Celebration of ROC Centenary" to promote the e-banking service.
	Launched the third "Lively Baby Financial Camp" (Northern, Central Districts).
February	Mobile banking went live (iPhone and Android platforms)
March	Launched the Mobile Group HIGH NT$ current savings account project: Phase I.
April	Originally Taoyuan Branch of Chin-Fon Bank was relocated and renamed "Puqian Branch".
	Won "excellent group work" in the 1st National Wealth Management Competition.
	Organized the Investment Explained keynote talk for wealth management (2 sessions across Taiwan).
May	Re-opened the Foreign Currency Product Options business.
	Originally Beitaoyuan Branch of Chin-Fon Bank was relocated and renamed "Gongguan Branch".
	Organized the Investment Explained keynote talk for wealth management (6 sessions across Taiwan).
	Launched the "Stock-Secured Loan" for customers to raise loans secured by their stocks to make further investments.
June	Launched the Mobile Group HIGH NT$ current savings account project: Phase II.
July	Launched the Foreign Currency Time Deposit Markup project.
	Launched the Fourth "Lively Baby Financial Camp".
	Originally Chungli Branch of Chin-Fon Bank was relocated and renamed "Sindian Jhongjheng Branch".
August	"Yonghe Branch" was relocated.
September	Yanji Branch was relocated and renamed "Guanqian Branch".
October	Established "Financial Planning Product Department".

December	Launched “Gold Passbook Business”.
	Originally Taichung Branch of Chin-Fon Bank was relocated and renamed “Heping Branch”.
	The 16th Co-organized painting & article solicitation of “Our Sweet Home” for Wan Ja Shan.
	Passed the ISO 27001:2005 Information Security Management System accreditation.
	The corporate e-banking won the “Progress Award” in the Financial XML Promotion Competition organized by the Bankers’ Association of the Republic of China.
	Won the following prizes from the 4th Best Brands Awards organized by Business Today, including 4th prize in Internet Banking Brands and 6th prize in Physical Bank Brands.

Branches and Overseas Offices

Base Date: March.15, 2012

Name	Tel	Fax	Address
Business Department	(02) 2173-6680	(02) 2772-1909	No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.38, Sec. 2, Dunhua S. Rd. , Taipei City 106, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St. , Taipei City 116, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.219, Sec. 3, Nanjing E. Rd., Taipei City 104, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Jhongjheng Rd. , Taipei City 111, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.618, Rueiguang Rd. , Taipei City 114, Taiwan
Sinyi Branch	(02) 2703-2569	(02) 2701-2259	No.236-1, Sec. 4, Sinyi Rd., Taipei City 106, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Taipei City 104, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd. Taipei City 111, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. R d., Taipei City 105, Taiwan
Jhongshanbeilu Branch	(02) 2521-7888	(02) 2521-0678	No.135 Sec. 2, Jhongshan N. Rd., Jhongshan D istrict, Taipei City 104, Taiwan
Jhongsiao Branch	(02) 8786-7778	(02) 8786-7758	No.238, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Datong District, Taipei City 103, Taiwan
Chengjhong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Jhongjheng District, Taipei City 100, Taiwan
Guanqian Branch	(02) 2388-3938	(02) 2388-3218	No.15, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Datong Branch	(02) 2558-5869	(02) 2554-8830	No.66, Nanjing W. Rd., Datong Dist., Taipei City 103, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Daan Branch	(02) 2395-8199	(02) 2395-6619	No.148-1, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Neihu Dist., Taipei City 114, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Beitou Dist., Taipei City 112, Taiwan

Name	Tel	Fax	Address
Dunnan Branch	(02) 2700-5818	(02) 2700-5278	No.271, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Heping Branch	(02) 2368-8066	(02) 2368-6158	No.212, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan
Sindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan
Sindian Jhongjheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan
Jinhe Branch	(02) 8228-2656	(02) 8228-2339	No.419, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 8245-7669	No.1 & No.3, Taihe St., Zhonghe Dist., New Taipei City 235, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd. , Sanchong City , New Taipei County 241, Taiwan
Beisanchong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., Sanchong City, New Taipei County 241, Taiwan
Shangsinjhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Sinjhuang Branch	(02) 2996-7999	(02) 8992-6321	No.246, Xintai Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Banciao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., Banqiao City, New Taipei County 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Jhongyang Rd., Tucheng City, New Taipei County 236, Taiwan
Lujhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., Luzhou Dist., New Taipei City 247, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Jhongjheng Rd. , Lujhu Township , Taoyuan County 338, Taiwan
Chungli Branch	(03) 426-6007	(03) 426-6017	No.7, Jhongyang E. Rd. , Jhongli City, Taoyuan County 320, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan City, Taoyuan County 330, Taiwan
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan City, Taoyuan County 330, Taiwan
Pingjhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd. , Pingjhen City , Taoyuan County 324, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.236 & No.238, Fusing 1st Rd., Gueishan Township , Taoyuan County 333, Taiwan
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd. , Hsinchu City 300, Taiwan

Name	Tel	Fax	Address
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Zhubei City, Hsinchu County 302, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., East District, Hsinchu City 300, Taiwan
Datong Branch	(03) 523-6600	(03) 525-7700	No.196, Linsen Rd., East Dist., Hsinchu City 300, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Jhongjheng N. Rd., Luodong Township, Yilan County 265, Taiwan
Kin men Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Jincheng Township, Kinmen County 893, Taiwan
Hualien Branch	(03) 831-1708	(03) 832-1169	No.74, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli City, Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd., Central Dist., Taichung City 400, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd. , Situn District, Taichung City 407, Taiwan
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., South District, Taichung City 402, Taiwan
ChongDe Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd. , Beitun District, Taichung City 406, Taiwan
ChungGang Branch	(04) 2465-0889	(04) 2465-0989	No.102-10, Sec. 3, Taichung Port Rd., Situn District, Taichung City 407
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Jhongshan Rd. , Shalu Township , Taichung County 433, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd. , Fongyuan City , Taichung County 420, Taiwan
Dali Branch	(04) 2492-2288	(04) 2493-2355	No.724, Tucheng Rd. , Dali City , Taichung County 412, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Jhongshan Rd. , Dajia Township , Taichung County 437, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No.53, Zhongxing Rd., Taiping City, Taichung County 411, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Caotun Township, Nantou County 542, Taiwan
Changhua Branch	(04) 726-7001	(04) 726-6992	No.898, Sec. 2, Jhongshan Rd. , Changhua City , Changhua County 500, Taiwan
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd. , Yuanlin Township , Changhua County 510, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Jhongshan Rd. , Lugang Township , Changhua County 505, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd. , Beidou Township , Changhua County 521, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd. , Douliou City , Yunlin County 640, Taiwan

Name	Tel	Fax	Address
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd. , Huwei Township , Yunlin County 632, Taiwan
Dounan Branch	(05) 597-1138	(05) 597-1139	No.67, Jhongshan Rd. , Dounan Township , Yunlin County 630, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Jhongsing Rd. , Chiayi City 600, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1228	No.511, Siaodong Rd. , Yongkang City , Tainan County 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd. , Jiali Township , Tainan County 722, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Yonghua Rd., West Central District, Tainan City 700, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., West Central District, Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., East District, Tainan City 701, Taiwan
KaiYuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., North District, Tainan City 704, Taiwan
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd. , Annan District, Tainan City 709, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Zuoying Dist., Kaohsiung City 813, Taiwan
Kaohsiung Branch	(07)282-2101	(07)282-2160	No.143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City 801, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd. , Zuoying District, Kaohsiung City 813, Taiwan
Fongshan Branch	(07) 715-2700	(07) 715-8500	No.280, Wujia 2nd Rd. , Fongshan City , Kaohsiung County 830, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.715, Jiangong Rd. , Sanmin District, Kaohsiung City 807, Taiwan 8
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Jhonghua Rd. , Taitung City , Taitung County 950, Taiwan

Overseas Office	Tel	Fax	Address
Hong Kong Representative Office	852-2810-9313	852-2810-9310	RM 1206, 12F., FarEast Consortium Building, No.121 Des Voeux Road Central, Central, Hong Kong

Affiliate	Tel	Fax	Address
Yuanta Property Insurance Agent Company	(02) 2173-6879	(02) 2772-1995	7F, No.66, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan
Yuanta Life Insurance Agent Company	(02) 2173-6879	(02) 2772-1466	7F, No.66, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan

Yuanta Commercial Bank Co., Ltd.