

We Create **Fortune**

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Yuanta  
Bank



2010 Annual Report



**Yuanta  
Bank**

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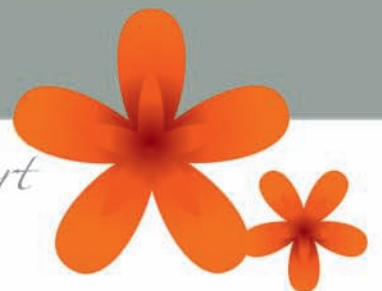
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Yuanta Bank

# 1

*2010 Annual Report*  
We Create **Fortune**



Letter to Shareholders



# I. Letter to Shareholders

## 1. Business Report for 2010

### Changes in the Financial Environment

Struck by the sovereign debt crisis and the fiscal consolidation policy in Europe, the global financial market was exposed to overall weak confidence in 2010. U.S.A executed the second-round quantitative easing monetary policy and bought USD 600 billion of debt in order to recover U.S economy while Peoples Bank of China halted its easing policy and, instead, chose to raise its interest rates and required reserve ratios in response to inflation. These policies fully mirrored the trend asymmetry of the main economy entities. In general, U.S and European countries tend to face a sluggish economic recovery and thus higher jobless rates. Meanwhile, fiscal improvement measures led to slowing economic growth. It is estimated that, in 2011, U.S and Europe economies will grow slowly. Extra attention must be placed onto the system risk in Europe financial system. In emerging and Asia markets, their better economic data echo their stronger recovery drive. Nevertheless, U.S quantitative easing policy brought in hot money and simultaneously a risk to hoist exchange rates and inflation. World Economic Outlook Report released on January 25th 2011 by International Monetary Fund forecasted the global economy growth rate in 2010 to be 5% and in 2011 to be 4.4%.

Domestic economy benefited from both the gradually stabilizing recovery of global economy and ECFA. Consequently, domestic production constantly ascended. Export volume in electronic, chemical, plastic and rubber, and transportation products hiked to a new record. In 2010, trade surplus amounted to USD 23.25 billion. Meanwhile, the government practiced a wide variety of policies to stimulate domestic demand, expand infrastructure and fortify local constructions, for which private consumption and fixed investment may progressively rebound. According date from Directorate General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate of 2010 is 10.47%, a new record since 1990's, while that of 2011 is estimated to be 4.92%. World Bank also forecasted Real GDP of Taiwan will grow by 5% in 2011, which indicates that domestic economy will sustain its stable recovery in 2011.

### Organizational Change

In order to intensify the advanced preview on launched products and safeguard operation benefit and risk management, the Bank established Financial Product Evaluation Committee in Nov 2009 and New Product Preview Committee in Apr 2010. In addition, to well structure the Bank's corporate governance, the Bank established Compensation Committee, whose major duty lies in developing standards for appraisal of manager's performance and remuneration and the structure and system of director remuneration in Sep 2010. Also, it examines the comprehensive human resource strategies of the Bank to assist the Board of Directors with developing a fair and reasonable compensation system and elevating information transparency





Further, after generally assuming 18 branches of Chinfon Commercial Bank in April 2010, the Bank adopted regional income distribution in Taiwan as the major indicator. In 2010, the Bank added 11 new domestic branches and achieved a total of 81 branches from 70. Among these branches, branches in metro Taipei stood for 42% and 7 new locations are expected. The Bank will possess 88 branches, among which branches in metro Taipei will rise to 47%. In order to utilize the synergy, the Bank adopted a distribution strategy to open its branches on the same address as the securities firms. As of the end of 2010, 23 branches sat on the same address as the securities firms and will expectedly increase to 29 in 2011.

## Actual Accomplishments in 2010

After the Bank elevated its asset quality and actively improved the operation structure, better performance has been gradually manifested. As of December 2010, the Bank possessed 81 branches, the asset up to NTD 455.7 billion, total deposits of NTD 329.6 billion, total loan (excluding the receivables) of NTD 260.7 billion, earning per share of NTD 0.60, and yearly accumulated after tax income of NTD 1.317 billion, an increase of NTD 872 million from NTD 445 million of accumulated after tax income in 2009. Splendid profit was fully shown. Meanwhile, NPL ratio and the coverage rate amounted to 0.49% and 359.08% respectively. The overall asset quality excelled in the industry and completely exhibited the resolve of the Bank to grow stably. The Bank's main services are delineated as follows:

### (1) Deposits:

In addition to continuously utilizing the advantageous resources in brokerage from Yuanta Securities, a subsidiary of the group and further developing security transfer deposits, the Bank also aggressively advances general deposits and broaden its customer base in order to maximize the scope of asset management and boost the growth of financial services.

In 2010, the Bank possessed total deposits of NTD 329.6 billion, an increase of NTD 36.1 billion from NTD 293.5 billion in 2009. Meanwhile, demand deposits in 2010 totaled NTD 185.3 billion, a NTD 40.5 billion increase from NTD 144.8 billion in 2009. Its weight over total deposits hiked from 49.31% in 2009 to 56.20%.

### (2) Loans:

In respect of corporate loan, the Bank not only intensified its service and relationship with large-sized enterprises, but offered customized project-based financing to corporate customers (such as securities corporate clients) in correspondence with their demands. Furthermore, The Bank, according to its capital structure, carried out "The Short-Term Capital Financing Program" in order to maximize the balance utilization rate of corporate credit accounts. In customer loans, the Bank targeted quality customer segments through customer segment analysis to realize differentiated marketing. Meanwhile, cooperation with original car manufacturers will be broadened to maximize the Bank's market share.

In 2010, the Bank possessed total loan of NTD 260.7 billion, increased by NTD 29.3 billion over NTD 231.4 billion in 2009. Meanwhile, total corporate loan to corporate finance in 2010 totaled NTD 161.2 billion or 61.82% of total loan and total consumer loans reached NTD 99.5 billion or 38.18% of the total.





### **(3) Foreign Exchange:**

The Bank has established direct cross-strait remittance links with China offices of 27 foreign banks and head offices of 29 Chinese banks in an aim to satisfy the demand of Taiwanese companies in fund dispatching and aggressively applied for establishing International Banking Units in order to expand the Bank's business. As of the end of December 2010, the Bank has possessed up to 30 International Banking Units. In the meantime, the Bank started the bookless foreign exchange deposits and fortified automated services to perfect its operations and elevate its service quality.

In 2010, foreign exchange sales of the Bank reached USD 20.6 billion, a growth of 36% from USD 15.1 billion in 2009. Meanwhile, remittance service weighted 92.26%, import for 5.52% and export for 2.22% of total sales.

### **(4) Trust Business:**

In respect of trust service, the Bank not only aggressively introduced new fund products, but also actively expanded its custody services such as fund custody and custody for foreign investors to replenish fee income. As of the end of 2010, the Bank has added 3 custodian funds with the fund size increased by NTD 25 billion, 17 foreign-investor custodian accounts with the balance increased by NTD 1.5 billion and 80 accounts of discretionary custody with the balance increased by NTD 1 billion. In addition, the Bank served as the solicitor of the shareholder proxy form for 14 companies and the trustee of corporate bond issuance for 10 companies.

Total balance of the Bank's trust asset amounted to NTD 111.1 billion in 2010, a NTD 32.1 billion increase or a growth by 40.66% over 2009.

### **(5) Wealth Management:**

With regard to wealth Management Services, through tiered designation of financial Consultants teams serving different classes of clients according to their specific needs, we helped the clients to increase the holdings of different financial products and asset classes. Aided by promotional campaigns and assertive marketing of the balance-based income and insurance services, the fee income margins were increased.

The Bank's net fee income of wealth management amounted to NTD 572 million in 2010, a NTD197 million increase or a growth by 52.5% over 2009.

### **(6) Credit Card:**

To grasp more quality customers with asset of high net worth, the Bank initially launched Fortune Infinite Card and provided a wide variety of honored and premium benefits in an aim to increase its customers with high-net-worth asset and thus hoist transaction value of credit cards amount through customized services.

In 2010, the Bank issued 290 thousand outstanding credit cards, an active card rate at 42.85%, equivalent to the number at the end of 2009.





## Budget Utilization, Financial Status and Profitability

2010 net income amounted to NTD 6.141 billion, among which net interest income stood for NTD 4.219 billion and various net non-interest income totaled NTD 1.922 billion. Compared with NTD 5.552 billion of 2009 net income, it was seen an increase by NTD 589 million. Major differences from 2009 are itemized and described as follows:

- (1) Net Interest Income: An increase by NTD 615 million from 2009, which originated from the increases of deposits and loans from 2009 by NTD 36.1 billion and NTD 29.3 billion respectively.
- (2) Net non-interest income: A decrease by NTD 26 million from 2009, which originated from the decreases of financial product transactions and net exchange income from 2009.
- (3) The considerable elevation of the Bank's asset quality procured gain on reversal of bad debt of NTD 175 million in 2010 or a decrease of NTD 530 million from NTD 355 million of 2009 bad debt expense. Meanwhile, operating expense totaled NTD 4.582 billion, an increase of NTD 242 million from NTD 4.34 billion of 2009 operating expense.
- (4) In conclusion, the Bank manifested NTD 1.734 billion for its 2010 pretax income and, after deduction of NTD 417 million for income tax expense, NTD 1.317 billion for after tax income, an increase of NTD 872 million from NTD 445 million of after tax income in 2009.

## Research and Development

- (1) Actively mastered the industry trends, fully executes risk management for risk pricing and differentiated marketing and launched innovative products to maximize sales volume and profitability.
- (2) Integrated a variety of novel financial products such as foreign exchange, interest rates, equities and credit, intensified marketing and designing of structured financial products and expanded business of financial transactions.
- (3) Launched Fortune Infinite Card to maximize the transaction value and service fee income.
- (4) Added Value Averaging, a fund investment service, advanced collection of securities and trust, and other trust services in money and real estate from transfer and sale of development rights.
- (5) Risk Management:
  - A. Credit Risk: It is estimated to accomplish the establishment of mortgage application and behavior scorecards during the 2nd quarter of 2011 to enhance the Bank's coverage of the internal ratings/scores system to over 90%.
  - B. Market Risk: The Bank strengthens the techniques and timeliness of the middle office on various financial transactions, market risk and credit risk management.
  - C. Operational Risk: The Bank reinforced system functions of operational risk, established analysis of risk indicators and planned to apply employing Standardized Approach for capital charge measurement.





- (6) Information System Development and Upgrade: The Bank established critical information projects including new core banking system, the large exposure platform, the group financial and accounting system, the financial transaction system, the collateral system, the new data warehousing project Phase1, establishment of the new HR system, the notes system, construction of the remote backup, the new internet banking and FXML B2B customer transference project to maximize efficiency and safety of system operation.

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

In prospect of Year 2011, international economy is seen with high uncertainty while domestic financial market also needs to face a surrounding with sluggish interest spread and higher risks those results from fierce competition. Nevertheless, boosted by stable economic recovery, returning of overseas funds, and opening of Taiwanese banks in China, corporate and personal fund and finance demands will drive the growth of overall service of the Bank. In addition, because the risk awareness is elevated, and the government intensifies domestic supervision measures in response to international finance reform, the quality of the Bank's asset will remain sustained. As a result, profitability is forecasted to steadily hike.

**In addition, impacts of relevant regulation changes are as elaborated:**

**(1) The third amendment to “Accounting for Financial Instruments” in “Amendment to Financial Accounting Standard No.34”, announced on December 4th 2008**

The effective date starts on January 1st 2011. Early applicability is acceptable. This amendment is centered on incorporating loans and receivables originated by the Bank into the scope of the Standards. It requires the valuing of loans and receivables at fair value and evaluation on the impairment loss. The impairment provision adopted the concept “the loss has occurred”, which recognizes the impairment loss after forecasting the future cash flow of the loan through objective evidence on that loss that has existed and happened according to the difference between the net present value discounted at the original effective interest rates and the book value. During the evaluation of impairment, all credit risk exposure should be considered. The Bank has conducted tentative calculation with existing data. The book value of allowance for bad debt does not require provision because of the third amendment in “Amendment to Financial Accounting Standard No.34”. The Bank will continue its supervision on all possible factors of the increase in impairment loss to sustain its fine loan quality.

**(2) “Directions for Banks Conducting Financial Derivatives Businesses” amended on December 31st 2009.**

Some stipulations took effect on March 30th, 2010 and June 30th. The amendment focuses on introducing customer classification system and strengthening marketing management. The amendment also requires the bank association to develop self-displayed standards on details such as the products that regular customers can write. Huge emphasis is placed on protecting customer rights. Operation procedures and the trading platform must be adjusted and capital expenditure and operation cost will be increased in correspondence to regulations on related services. Meanwhile, restrictions on the product types that regular





customers may write and the addition of marketing management will impact directly on derivatives. Further business and product development plans should be developed according to customer segmentation.

**(3) "Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution Between the Taiwan Area and the Mainland Area" amended by Financial Supervisory Commission, Executive Yuan on March 16th 2009.**

Financial Supervisory Commission renamed "Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area" Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution Between the Taiwan Area and the Mainland Area". The Article 12 of the amendment loosened its previous restriction on credit granting against Taiwan businesses in China. Every well-operated bank may raise its upper credit limit on Taiwanese businesses in China from 30% of net worth of OBU (Offshore Banking Unit) to 50%. This amendment has a positive effect on the Bank's OBU crediting service.

**(4) Regulations Governing the Extension of Housing loans in Specific Areas by Financial Institutions" declared by Central Bank on June 24th 2010.**

For the borrower who has secured loan for over one house in Taipei City and specific areas in 10 county-controlled cities including Taipei County, restrictive conditions on loans should be applied, including no grace period is available, the lending quota shall not exceed 70% of the valuation amount of houses, no application of addition loans is acceptable for renovation, working fund or any other reason. Only few risky borrowers fall under this regulation. However, the Bank always strictly controls its crediting risk and primarily accepts quality clients and house mortgage cases with fine collateral. Huge attention is surely placed onto the liquidity of borrowers. Therefore the Bank is less affected by this policy than other financial institutes.

### 3. Latest Credit Ratings

The Bank receives recognitions from credit rating companies because of its performance of improving asset quality and elevating profitability. Taiwan Ratings Corp and Standard & Poor's (S&P) raised its credit outlook from Stable to Positive. The Fitch Ratings Corporate Group (Fitch) upgraded the Bank's individual rating from D to C/D. The latest credit ratings

Type of rating	Rating agency	Date	Latest Credit Ratings		
			Long-term rating	Short-term rating	Outlook
International rating	S&P	2011.01.18	BBB	A-2	Positive
	Fitch	2011.01.26	BBB	F3	Stable
Domestic rating	Taiwan Ratings	2011.01.18	twAA-	twA-1+	Positive
	Fitch	2011.01.26	A+ (tw)	F1 (tw)	Stable





## 4. Business Plan in 2010 and Outlook

In prospect of Year 2010, 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:

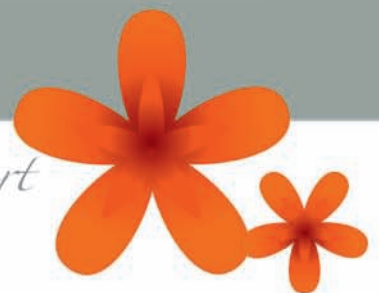
- (1) **Business Development:** Centered on corporate finance to drive the balanced development in consumer banking, financial management, trust and financial transactions and advance the scope of overall services. The Bank will also integrate e-commerce service to turn itself into the fund procurement 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
- (2) **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.
- (3) **Channel Management:** Follow the overall wealth distribution of Taiwan and Focus on Metro Taipei to accelerate its expansion of the physical channels, escalate the scope and the depth of business development. In addition, the Bank will also aggressively establish its overseas service locations, structure the topology and scheme of overseas business, integrate the resources of the financial holdings to develop diverse cash flow and develop business opportunities in Greater China.
- (4) **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.
- (5) **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.
- (6) **Training:** Fortify employee training to elevate personnel quality and solidify its basis for future development.





# 2

*2010 Annual Report*  
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Bank Profile and Corporate Governance

## II. 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 14th 1992 and launched its operation on February 12th 1992. Afterwards, in conformity with the development of the financial market and Government's financial reform, the Bank joined Fuhwa FHC on August 1st 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 2nd 2007, Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23rd 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 Touliao 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, the Bank will conform to the overall wealth distribution in Taiwan and focus its branch arrangement on Metro Taipei. In addition, the Bank aggressively applies for and plans such overseas service locations as Hong Kong Branch to fortify its arrangement for foreign and domestic service locations.

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

◆ Overseas Office: Hong Kong Representative Office

◆ Affiliate:

Yuanta Leasing Co., Ltd

Yuanta Property Insurance Agent Company

Yuanta Life Insurance Agent Company

Chin Yin Asset Management Corp





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. °

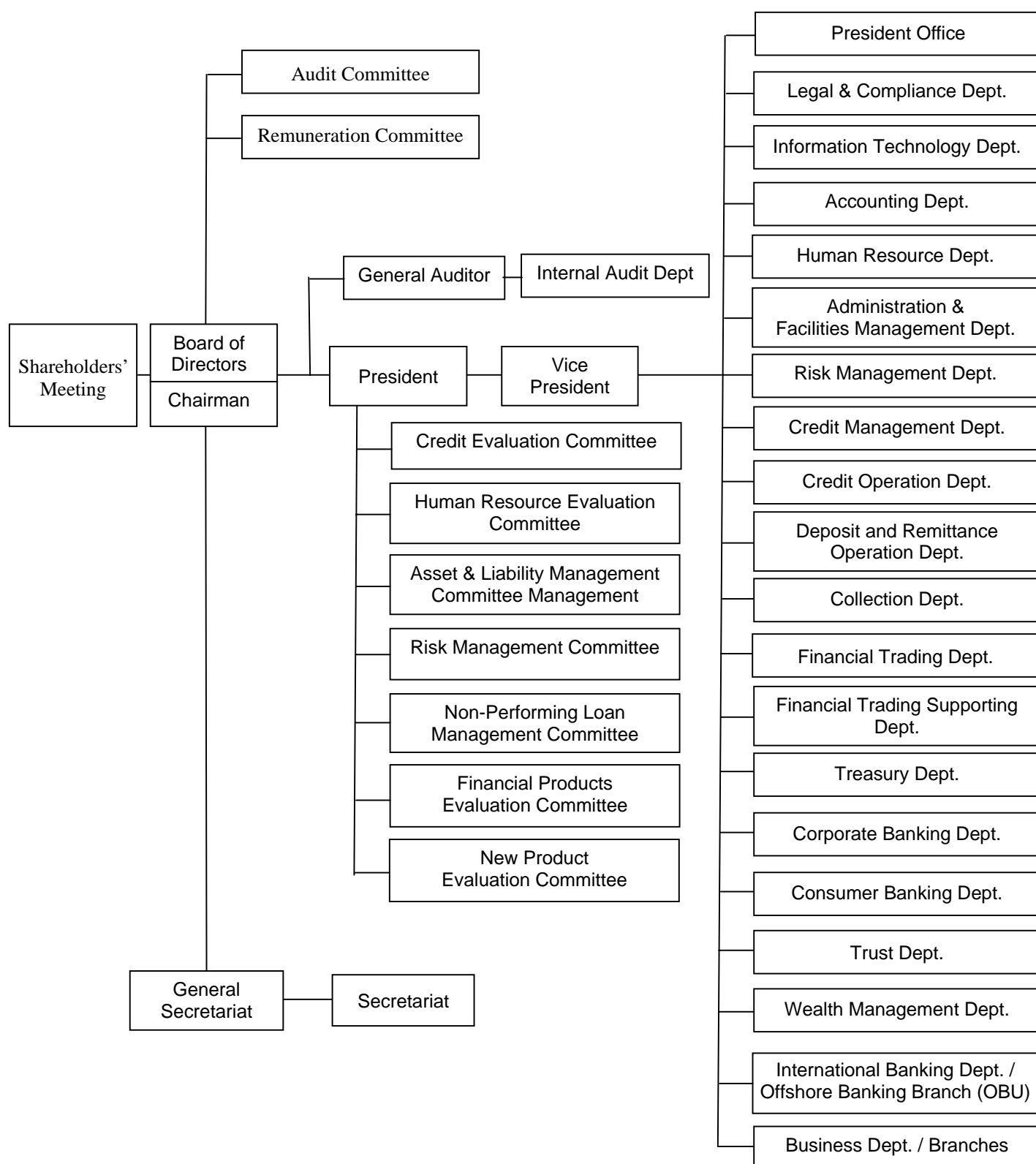




## 2. Organization

### (1) Organization Chart

Base Date: Feb. 28, 2011



**(2) Major Departments**

Base Date: Feb.28, 2011

<b>Departments</b>	<b>Function</b>
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.	Develop the accounting system and procedures, process and manage accounting operations, summarize the Bank's budge, settle accounts and conduct tax related matters.
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.
Credit Operation Dept.	Manage the Bank's crediting operation and according regulations.
Deposit and Remittance Operation 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.



Treasury Dept.	Manage the Bank's asset and liability. Based on the Bank's outlook, initiate proactive deposit strategy, manage capital and liquidity gap.
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.
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.
International Banking Dept. / Offshore Banking Branch (OBU)	Process foreign exchange business. Develop, plan and manage operational regulations.
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: Feb.28, 2011

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 ;		<ul style="list-style-type: none"> <li>● L.L.M, University of Michigan</li> <li>● R.O.C. Representative permanent to the World Trade Organization ; Minister and Deputy Minister, Ministry of Finance &amp; Political</li> </ul>	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	—
	Jin-Long Fang	06.29.2010	06.28.2013	06.29.2007	Shareholding when Elected: 2,150,000,000	—	<ul style="list-style-type: none"> <li>● Provincial Chiayi Senior Vocational High School</li> <li>● Supervisor of Yuanta Core Pacific Securities Co., Ltd.</li> <li>● Bachelor of Business administration, U.S. Southwestern University</li> <li>● Chairman of Taichung Securities ; Standing Director of Asia Pacific Bank ; Director of Asia Pacific Investment &amp; Trust Co. ; Director of International Securities ; Chairman of Asia Pacific Leasing Co., Ltd. ; Chairman of Fuan Insurance Agent Co., Ltd.</li> </ul>	Chairman of Yuan Kun Construction Co., Ltd. ; Chairman of Yuanta United Steel Corporation Co. Ltd. ; Chairman of Li Ching Industrial Co., Ltd	Vice President, Eric K Chiu, Kin with the second degree
Director : Representative of Yuanta Financial Holdings	Hsien-Tao Chiu	06.29.2010	06.28.2013	06.30.2005	Current Shareholding: 2,181,133,469	—	<ul style="list-style-type: none"> <li>● Master of Public Finance of National Chengchi University</li> <li>● CSO, Chinatrust Financial Holdings ; SEVP, Chinatrust Commercial Bank ; President, Jih Sun Financial Holdings</li> </ul>	Chairman of Yuanta Securities Asia Financial Services, Ltd. ; CSO, Yuanta Financial Holdings	
	Cheng-Hsin Wang	06.29.2010	06.28.2013	09.16.2008					





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			<ul style="list-style-type: none"> <li>● Bachelor of Business Administration, National Chengchi University</li> <li>● 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</li> </ul>	President of Yuanta Commercial Bank ; Liquidator of Yuanta Leasing Co., Ltd. ; Director of Yuanta Life Insurance Agent Co., Ltd. ; Director of Yuanta Asset Management Co., Ltd. ; Supervisor of Yuanta Financial Consulting Co., Ltd.	—
	Yu-De Chuang (Note 2)	05.08.2009	06.28.2010	05.08.2009	100% owned by Yuanta FHC ;		<ul style="list-style-type: none"> <li>● Master of Public Finance, National Chengchi University</li> <li>● Chairman of Yuanta Security Finance Co., Ltd. ; President of Fuhwa Securities Finance Co., Ltd. ; Section Chief of Bureau of Monetary Affairs, Ministry of Finance</li> </ul>	Director and Executive VP of Yuanta Financial Holdings ; Chairman of Yuanta Security Finance ; Director of Yuanta foundation Co., Ltd.	
	Wu-Tien Lin (Note 3)	05.08.2009	06.28.2010	05.08.2009	Shareholding when Elected: 2,150,000,000 Current Shareholding: 2,181,133,469	—	<ul style="list-style-type: none"> <li>● PhD, Industrial and Business, The Macau University of Science and Technology</li> <li>● Executive VP, Yuanta Financial Holdings ; Chairman of Yuanta Asset Management Co., Ltd. ; Director of Fuhwa Commercial Bank</li> </ul>	Director and COO of Yuanta Financial Holdings ; Director and CEO of Yuanta Foundation ; Director of Yuanta Venture Capital Co., Ltd. ; Director of Yuanta I Venture Capita Co., Ltd. ; Chairman of Yuanta Asset Management Co., Ltd. ; Director of Digimedia technologies Co., Ltd.(Gayman)	
	Dan Chang (Note 4)	05.08.2009	06.28.2010	05.08.2009			<ul style="list-style-type: none"> <li>● MBA, National Chengchi University</li> <li>● Chief Strategy Officer of Yuanta Financial Holdings ; Executive VP of Yuanta Commercial Bank ; President Manager of Yuanta Securities Co., Ltd. ; President of Yuanta Core Pacific Securities Co., Ltd. ; Deputy Manager of Tingkong Securities Co., Ltd.</li> </ul>	Chief Finance Officer of Yuanta Financial Holdings ; Executive VP of Yuanta Securities Co., Ltd. ; Liquidator of Yuanta Financial Consulting; Supervisor of Yuanta Asset Management Co., Ltd. ; Supervisor of Yuanta Venture Capital Co., Ltd. ; Supervisor of Yuanta I Venture Capital Co., Ltd. ; Director of Yuanta Securities (Hong Kong) ; Director of Yuanta Securities Asia Financial Services ; Supervisor of Yuanta Securities Finance Co., Ltd. ; Director of Yuanta Securities Holding (B.V.I.)	





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	Sam Lee	06.29.2010	06.28.2013	05.08.2009	100% owned by Yuanta FHC ;  Shareholding when Elected: 2,150,000,000 Current Shareholding: 2,181,133,469	—	<ul style="list-style-type: none"> <li>● Master of Public Finance, National Chengchi University</li> <li>● Managing Director of Citigroup Global Markets Taiwan Co., Ltd.; Vice President of Investment Banking, JP Morgan Chase &amp; Co.; Deputy Manager of Corporate Financing, ABN AMRO Bank N.V.</li> </ul>	Director of Yuanta Securities (Hong Kong) ; Executive VP of Yuanta Securities Co., Ltd.	—
	Dah-Hsian Seetoo	06.29.2010	06.28.2013	06.29.2007			<ul style="list-style-type: none"> <li>● PhD. in Business administration, Northwestern University ; MBA, University of Illinois</li> <li>● 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</li> </ul>	Independent director of Yuanta Financial Holdings	
	Jung-Hsien Huang	06.29.2010	06.28.2013	03.19.2008			<ul style="list-style-type: none"> <li>● Bachelor of Public Finance of National Chengchi University.</li> <li>● Independent director of Yuanta Securities Co., Ltd ; Chairman of Central Trust of China. Co., Ltd. ; Counselor of Ministry of Finance &amp; Political ; President of Taipei Bank ; Vice President of Chiao Tung Bank.</li> </ul>	—	



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	Chao-Lin Yang	06.29.2010	06.28.2013	10.01.2009	100% owned by Yuanta FHC ;  Shareholding when Elected: 2,150,000,000  Current Shareholding: 2,181,133,469	—	<ul style="list-style-type: none"> <li>● Department of Accounting and Statistics, National Cheng Kung University</li> <li>● Chief operations officer of Formosa Plastic Group ; Executive Director, Formosa Plastics Corp. ; Executive Director of Formosa Chemical &amp; Fiber Corp. ; Executive Director of Formosa Petrochemical Corp.</li> </ul>	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 ; Chairman of FPC Management Consulting ; 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.	—

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 elected as the Chairman.

Note 2: Director Yu-De Chuang resigned his commission as the Bank's Director on June 28, 2010.

Note 3: Director Wu-Tien Lin resigned his commission as the Bank's Director on June 28, 2010.

Note 4: Director Dan Chang resigned his commission as the Bank's Director on June 28, 2010.



**(2) Major Institutional Shareholders:**

Base Date: July.15,2010

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	4.32%
	Yuan Hung Investment Co., Ltd.	3.52%
	Yuan Hsiang Investment Co., Ltd.	3.19%
	Yu Yang Investment Co., Ltd.	3.09%
	Bank of Taiwan Co., Ltd.	2.61%
	Hsin Kuang Hua Investment Holdings Co., Ltd	2.40%
	Land Bank of Taiwan Co., Ltd.	2.23%
	Dedicated investment account managed by HSBC on behalf of First Worldsec Securities	2.21%
	Dedicated investment account managed by JP Morgan Chase Bank , N.A., Taipei Branch on behalf of the Saudi Arabia Monetary Agency	2.00%
	Lien Ta Investment Co., Ltd.	1.93%

**(3) Key Shareholders of Major Institutional Shareholders:**

Base Date: Feb.28, 2011

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.	18.42%
	Chiu Ta Investment Co., Ltd.	17.31%
	Lien Heng Investment Co., Ltd	15.92%
	Hsing Tsai Investment Co., Ltd	10.08%
	Victor Ma	8.27%
	Judy Tu Ma	4.69%
	Yung-Tsang Lin	3.08%
	Er-Tai Ma	1.68%
	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%
Yu Yang Investment Co., Ltd.	Jen-Jay Investment Co., Ltd.	100.00%
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd	100.00%
Hsin Kuang Hua Investment Holdings Co., Ltd.	Central Investment Holdings Co., Ltd.	100.00%
Land Bank of Taiwan Co., Ltd.	Ministry of Finance	100.00%
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: April 15, 2011

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	<ul style="list-style-type: none"> <li>● President</li> <li>● Bachelor of Business Administration, National Chengchi University</li> </ul>	Director of Yuanta Commercial Bank ; Liquidator of Yuanta Leasing ; Director of Yuanta Life Insurance Agent ; Director of Yuanta Asset Management ; Supervisor of Yuanta Financial Consulting	N/A
General Auditor	Ji-Sheng Wang	08.10.2005		<ul style="list-style-type: none"> <li>● General Auditor</li> <li>● LL.M, National Taiwan University</li> </ul>	Supervisor of Yuanta Life Insurance Agent ; Supervisor of Yuanta Leasing	
Executive Vice President	Tze-Fen Lin	07.01.2008		<ul style="list-style-type: none"> <li>● Supervisor of Risk Management Dept.</li> <li>● Ph.D. of Finance, National Taiwan University</li> </ul>	N/A	
Senior Vice President	Jhong-Ping Lyu	10.31.2008		<ul style="list-style-type: none"> <li>● Supervisor of President Office., Deposit and Remittance Operation Dept.</li> <li>● Master of Accounting, National Chengchi University</li> </ul>	N/A	
	Kang Wonglee	08.08.2008		<ul style="list-style-type: none"> <li>● Supervisor of Corporate Banking Dept.</li> <li>● Master of Information Management, National Taiwan University</li> </ul>	N/A	
	Lawrence Lou	07.31.2008		<ul style="list-style-type: none"> <li>● Supervisor of Treasury Dept., Financial Trading Dept., and Financial Trading Supporting Dept.</li> <li>● Bachelor of Accounting, Soochow University</li> </ul>	N/A	
	Hung-Lin Wu	08.08.2008		<ul style="list-style-type: none"> <li>● Head of Wealth Management Dept. ; Supervisor of Wealth Management Dept., Trust Dept.</li> <li>● IEMBA, National Taipei University</li> </ul>	Director of Yuanta Life Insurance Agent	
	Hsin-Ying Chen	09.22.2009		<ul style="list-style-type: none"> <li>● Supervisor of Legal &amp; Compliance Dept.</li> <li>● Master of Law, Columbia University</li> </ul>	Supervisor of Yuanta Asset Management	
Vice President	Yung-Chung Huang	04.18.2008		<ul style="list-style-type: none"> <li>● Supervisor of International Banking Dept., Collection Dept., and Credit Operation Dept.</li> <li>● Bachelor of Business Administration, Tamkang University</li> </ul>	Liquidator of Chin Yin Asset Management Corp	
	Eric K. Chiu	05.27.2008		<ul style="list-style-type: none"> <li>● Supervisor and Head of Consumer Banking Dept.</li> <li>● MBA, The University of Queensland, Australia</li> </ul>	N/A	
Senior Assistant President	Ming-Wang Yang	10.12.2010		<ul style="list-style-type: none"> <li>● Supervisor of Administration &amp; Facilities Management Dept.,</li> <li>● Feng Chia University Department of Finance and Taxation</li> </ul>	N/A	



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	Chen-Rong Chen	12.01.2007	N/A	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Master of Financial Operations, NKFUST</li> </ul>	N/A	N/A
	Wen-Jeng Chang	10.14.2005		<ul style="list-style-type: none"> <li>● Chief of Hong Kong Representative Office and Business Supervisor</li> <li>● MBA, George Washington University</li> </ul>		
	Wen-Hsiang Chang	10.31.2008		<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Bachelor of Cooperative Economics, National Chung Hsing University</li> </ul>		
	Sin-Yu Lin	10.31.2008		<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● MBA, Arizona State University</li> </ul>		
	Yu Chang	05.17.2010		<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Master of Public Administration, National Chengchi University</li> </ul>		
	Ting-Yu Chang	08.28.2009		<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Bachelor of Public Finance, Fengchia University.</li> </ul>		
	Francis Wang	06.02.2008		<ul style="list-style-type: none"> <li>● Manager of Treasury Dept</li> <li>● Bachelor of International Trade, Fu Jen Catholic University</li> </ul>		
	Yi-Chao Lin	10.17.2008		<ul style="list-style-type: none"> <li>● Manager of Financial Trading Dept</li> <li>● EMBA, National Chengchi University</li> </ul>		
	Shu-Chuan Chuang	11.01.2007		<ul style="list-style-type: none"> <li>● Manager of Trust Dept</li> <li>● Master of Insurance, National Chengchi University</li> </ul>		
	Hsiao-Keng Chang	10.01.2005		<ul style="list-style-type: none"> <li>● Manager of Human Resource Dept.</li> <li>● Bachelor of History, National Taiwan University</li> </ul>		
	Siao-Jyuan Zeng	07.01.2008		<ul style="list-style-type: none"> <li>● Manager of Credit Management Dept.</li> <li>● Dept. of Accounting and Statistics, Shih Chien College</li> </ul>		
	Siou-Mei Chen	04.13.2007		<ul style="list-style-type: none"> <li>● Manager of Information Technology Dept.</li> <li>● Bachelor of Economics, National Chung Hsing University</li> </ul>		
	Yi-Liang Su	06.23.2006		<ul style="list-style-type: none"> <li>● Manager of Risk Management Dept.</li> <li>● Master of Accounting, Soochow University</li> </ul>		
	Yu-Ching Su	12.29.2006		<ul style="list-style-type: none"> <li>● Manager of Accounting Dept.</li> <li>● Bachelor of Accounting, Tamkang University</li> </ul>		
	Ming-Yue Liu	04.01.2011		<ul style="list-style-type: none"> <li>● Manager of Corporate Banking Dept.</li> <li>● Ming Chuan Commercial College for Girls Department of Accounting &amp; Statistics</li> </ul>		
Assistant President	Chih-Hsun Chiang	07.01.2008	N/A	<ul style="list-style-type: none"> <li>● Manager of Financial Trading Supporting Dept.</li> <li>● Bachelor of Business Administration, Tamkang University</li> </ul>	N/A	N/A
	Mei-Ju Chen	04.01.2009		<ul style="list-style-type: none"> <li>● Manager of Legal &amp; Compliance Dept.</li> <li>● Master of Law School of Fu Jen Catholic University</li> </ul>		





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	Yeong-Jen Chen	05.28.2010	N/A	<ul style="list-style-type: none"> <li>• Business Supervisor</li> <li>• Financial finance department of Aletheia University</li> </ul>	N/A	N/A
	Ming-Shing Chen	07.13.2010		<ul style="list-style-type: none"> <li>• Manager of Collection Dept.</li> <li>• B.A. in Law, Taiwan University</li> </ul>		
	Hsiao-Shen Lou	02.02.2009		<ul style="list-style-type: none"> <li>• Manager of International Banking Dept. and Offshore Banking Branch (OBU)</li> <li>• Bachelor of Business Administration, Soochow University</li> </ul>		
	Ciou-Yan Chen	07.01.2008		<ul style="list-style-type: none"> <li>• Manager of Credit Operation Dept.</li> <li>• Bachelor of Political Science, National Chengchi University</li> </ul>		
	Mei-Jhu Jhang	07.01.2008		<ul style="list-style-type: none"> <li>• Manager of Deposit and Remittance Operation Dept</li> <li>• Dept. of Management, National Taipei College of Business</li> </ul>		
	Joseph Huang	10.31.2008		<ul style="list-style-type: none"> <li>• Manager of Administration &amp; Facilities Management Dept.</li> <li>• Master of Accounting, Soochow University</li> </ul>		
Manager	Rita Yuan	03.19.2010	N/A	<ul style="list-style-type: none"> <li>• Manager of President Office</li> <li>• Master of Graduate Institute of National Development, National Taiwan University</li> </ul>	N/A	N/A





**B. Branch Managers:**

Base Date: April 15, 2011

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	<ul style="list-style-type: none"> <li>● Manager of Business Department</li> <li>● Bachelor of International Trade; National Chengchi University</li> </ul>	N/A	N/A
Assistant President	Hsiu-Pao Lu	03.15.2010		<ul style="list-style-type: none"> <li>● Manager of Chengjiong Branch</li> <li>● Bachelor of Public Finance, National Chung Hsing University</li> </ul>		
Manager	Janiffer Chiu	10.31.2008		<ul style="list-style-type: none"> <li>● Manager of Chingmei Branch</li> <li>● Tamkang University International trade Department</li> </ul>		
Senior Manager	Jeng-Hwa Cherng	03.24.2006		<ul style="list-style-type: none"> <li>● Manager of Nanking E. Road Branch</li> <li>● Bachelor of Business Administration, Fu Jen Catholic University</li> </ul>		
Senior Manager	Li Chang Lu	05.28.2010		<ul style="list-style-type: none"> <li>● Manager of Shihlin Branch</li> <li>● National Taipei College of Business</li> </ul>		
Senior Manager	Ming-Sung Tu	08.28.2009		<ul style="list-style-type: none"> <li>● Manager of Guting Branch</li> <li>● National Taiwan University MBA Degree</li> </ul>		
Senior Manager	Pei-Ying Wang	05.28.2010		<ul style="list-style-type: none"> <li>● Manager of Neihu Branch</li> <li>● St. John's University, New York-MBA</li> </ul>		
Manager	Yung Li Huang	11.26.2010		<ul style="list-style-type: none"> <li>● Manager of Sinyi Branch</li> <li>● National Chengchi University Banking Department</li> </ul>		
Assistant President	Michael Wang	10.15.2008		<ul style="list-style-type: none"> <li>● Manager of Songjiang Branch</li> <li>● Master, Finance Department Ming Chuan University</li> </ul>		
Manager	Wen-Hsiung Shih	08.08.2008		<ul style="list-style-type: none"> <li>● Manager of Tianmu Branch</li> <li>● Bachelor of Business Administration, National Chung Hsing University</li> </ul>		
Manager	Chun-Huang Lu	07.01.2010		<ul style="list-style-type: none"> <li>● Manager of Minsheng Branch</li> <li>● Department of Business Administration (MBA), National Taipei University</li> </ul>		
Assistant President	Guor-Liang Wang	05.28.2010		<ul style="list-style-type: none"> <li>● Manager of Jhongshanbeilu Branch</li> <li>● National Chengchi University Department of Banking</li> </ul>		
Senior Manager	Leon Chen	05.28.2010		<ul style="list-style-type: none"> <li>● Manager of Jhongsiao Branch</li> <li>● National Cheng Kung University Accounting Dep</li> </ul>		
Senior Manager	Chien-Pin Wu	03.28.2008		<ul style="list-style-type: none"> <li>● Manager of Chengde Branch</li> <li>● Bachelor of Business Administration, National Chung Hsing University</li> </ul>		
Senior Assistant President	Hung-To Liu	04.03.2010		<ul style="list-style-type: none"> <li>● Manager of Yanji Branch</li> <li>● Business Administration Department of Soochow University</li> </ul>		
Senior Manager	Shih-Hsien Cheng	06.15.2006		<ul style="list-style-type: none"> <li>● Manager of Hsintien Branch</li> <li>● Dept. of General Administration, Yu Da High School of Commerce and Home Economics</li> </ul>		
Manager	Justice Chang	08.17.2007		<ul style="list-style-type: none"> <li>● Manager of Yonghe Branch</li> <li>● EMBA of The National Chengchi University</li> </ul>		





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	Zu-Jen Lee	07.01.2010	N/A	<ul style="list-style-type: none"> <li>• Manager of Jhonghe Branch</li> <li>• Chihlee College of Business International Trade Department</li> </ul>	N/A	N/A
Assistant President	Sam Liu	05.28.2010		<ul style="list-style-type: none"> <li>• Manager of Sanchong Branch</li> <li>• Department of Accounting Tamkang University</li> </ul>		
Senior Manager	Ta-Hsiang Yuan	10.15.2009		<ul style="list-style-type: none"> <li>• Manager of Sinjhuang Branch</li> <li>• University Of Southern Queensland</li> </ul>		
Senior Assistant President	Hong-Chih Lin	05.28.2010		<ul style="list-style-type: none"> <li>• Manager of Banciao Branch</li> <li>• Soochow University Department of International Business</li> </ul>		
Manager	Yen-Shan Lee	04.03.2010		<ul style="list-style-type: none"> <li>• Manager of Daan Branch</li> <li>• National Chung Hsing University Department of Statistics</li> </ul>		
Assistant President	Chung-Hsi Chuang	02.02.2009		<ul style="list-style-type: none"> <li>• Manager of Chungli Branch</li> <li>• Administration junior college of the National Chengchi University of Department Eminent Public Administration</li> </ul>		
Senior Manager	Chen-kang Yang	02.27.2009		<ul style="list-style-type: none"> <li>• Manager of Taoyuan Branch</li> <li>• Department of Economics Soochow University</li> </ul>		
Assistant President	Ching-Sung Chen	05.08.2009		<ul style="list-style-type: none"> <li>• Manager of Pingjhen Branch</li> <li>• MBA at University of South Australia</li> </ul>		
Senior Manager	Li-Ching Yu	03.13.2009		<ul style="list-style-type: none"> <li>• Manager of Nankan Branch</li> <li>• Bachelor of International Trade, Tung-Hai University</li> </ul>		
Manager	Chien-Chen Lin	10.31.2008		<ul style="list-style-type: none"> <li>• Manager of Linkou Branch</li> <li>• Dept.of International Trade, Open College Affiliated with National Taipei College</li> </ul>		
Senior Manager	Tai-Yuan Huang	07.01.2010		<ul style="list-style-type: none"> <li>• Manager of Hsinchu Branch</li> <li>• University of North Alabama U.S.A Master of Business Administration</li> </ul>		
Manager	Yu-Chien Hsu	05.08.2009		<ul style="list-style-type: none"> <li>• Manager of Jhubei Branch</li> <li>• National Chaio Tung University Department of Management Science</li> </ul>		
Manager	Sheng-Feng Chen	03.12.2007		<ul style="list-style-type: none"> <li>• Manager of Hsinchu Science Park Branch</li> <li>• Master of Economics, Feng Chia University</li> </ul>		
Senior Manager	Chun-Chieh Wu	01.02.2008		<ul style="list-style-type: none"> <li>• Manager of Luodong Branch</li> <li>• National Taiwan University Bachelor of Commerce</li> </ul>		
Manager	Chih-Ming Chung	07.01.2008		<ul style="list-style-type: none"> <li>• Manager of Kinmen Branch</li> <li>• National Kaohsiung First University of Science and Technology-Department of Risk Management and Insurance-EMBA</li> </ul>		
Manager	Chi-Chen Lin	09.25.2009		<ul style="list-style-type: none"> <li>• Manager of Hualien Branch</li> <li>• Louisiana State University, Master of Science in Finance</li> </ul>		
Senior Manager	Yu-Ling Hsu	11.23.2007		<ul style="list-style-type: none"> <li>• Manager of Miaoli Branch</li> <li>• MBA, National Central University</li> </ul>		



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
Assistant President	Chih-Sheng Pan	10.31.2008	N/A	<ul style="list-style-type: none"> <li>• Manager of Taichung Branch</li> <li>• Tunghai University MBA</li> </ul>	N/A	N/A
Senior Manager	Tsung-Chieh Lee	10.23.2009		<ul style="list-style-type: none"> <li>• Manager of Wunsin Branch</li> <li>• Master of Accounting, National Yunlin University of Science and Technology</li> </ul>		
Deputy Manager	Kun-Ming Wu	05.10.2010		<ul style="list-style-type: none"> <li>• Manager of Fusing Branch</li> <li>• National Cheng Kung University Accounting Dep</li> </ul>		
Manager	Shih-Ming Chen	02.27.2009		<ul style="list-style-type: none"> <li>• Manager of ChongDe Branch</li> <li>• Master of Information Management, Chaoyang University of Technology</li> </ul>		
Manager	Yeh-Lu Lee	10.23.2009		<ul style="list-style-type: none"> <li>• Manager of Chung Gang Branch</li> <li>• Economics Of Tunghai University</li> </ul>		
Senior Assistant President	Kuang-Chung Liao	06.30.2007		<ul style="list-style-type: none"> <li>• Manager of Shalu Branch</li> <li>• MBA, National Sun Yat-Sen University</li> </ul>		
Assistant President	Chi-Wen Tso	06.30.2007		<ul style="list-style-type: none"> <li>• Manager of Fongyuan Branch</li> <li>• Master of Finance, Chaoyang University of Technology</li> </ul>		
Senior Manager	Pei-Pei Fang	10.23.2009		<ul style="list-style-type: none"> <li>• Manager of Caotun Branch</li> <li>• National Chengchi University Banking Department</li> </ul>		
Manager	Sheng-Wen Chien	10.31.2008		<ul style="list-style-type: none"> <li>• Manager of Dali Branch</li> <li>• MBA, Chaoyang University of Technology</li> </ul>		
Manager	Shu-Chen Liao	10.31.2008		<ul style="list-style-type: none"> <li>• Manager of Dajia Branch</li> <li>• Lintung College Of Business</li> </ul>		
Assistant President	Chang-Sen Wang	05.01.2007		<ul style="list-style-type: none"> <li>• Manager of Changhua Branch</li> <li>• Dept. of Accounting and Statistics, Transworld Junior College of Commerce</li> </ul>		
Manager	Ping-Hwang Hu	06.30.2007		<ul style="list-style-type: none"> <li>• Manager of Yuanlin Branch</li> <li>• Fu-Jen Catholic University</li> </ul>		
Senior Manager	An-Kuo Hung	11.23.2007		<ul style="list-style-type: none"> <li>• Manager of Lugang Branch</li> <li>• Dept. of Business Administration, Transworld Institute of Technology</li> </ul>		
Senior Manager	Chung-Lin Yeh	02.27.2009		<ul style="list-style-type: none"> <li>• Manager of Beidou Branch</li> <li>• Master of Accounting ,Chung Yuan Christian University</li> </ul>		
Manager	Li-Fen Chang	03.19.2010		<ul style="list-style-type: none"> <li>• Manager of Taiping Branch</li> <li>• Dept. of Business Management, Ling Tung Junior College of Technology</li> </ul>		
Assistant President	Jui-Chien Hsieh	10.31.2008		<ul style="list-style-type: none"> <li>• Manager of Doushin Branch</li> <li>• Dept. of Statistic, National Taipei College of Business</li> </ul>		
Senior Manager	Luke Hsieh	11.23.2007		<ul style="list-style-type: none"> <li>• Manager of Huwei Branch</li> <li>• Dept. of Banking Management, Tamsui Institute of Business Administration</li> </ul>		
Manager	Hao Tsai	05.01.2007		<ul style="list-style-type: none"> <li>• Manager of Dounan Branch</li> <li>• Dept of International Trade, Taichung College of Commerce</li> </ul>		





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	Steven Wu	11.26.2010	N/A	<ul style="list-style-type: none"> <li>● Manager of Fuchen Branch</li> <li>● National Sun Yat-Sen University Institute of Interdisciplinary Studies for Social Sciences Economics Division</li> </ul>	N/A	N/A
Manager	Victor Wang	05.08.2009		<ul style="list-style-type: none"> <li>● Manager of Jiali Branch</li> <li>● Bachelor of Statistics, Tung-Hai University</li> </ul>		
Senior Manager	Jih-Shun Pan	05.08.2009		<ul style="list-style-type: none"> <li>● Manager of Tainan Branch</li> <li>● National Kaohsiung First University Of Science And Technology Financial Operations EMBA</li> </ul>		
Manager	Chien-Sheng Wang	11.26.2010		<ul style="list-style-type: none"> <li>● Manager of Chiayi Branch</li> <li>● National Yunlin University of Science and Technology of The Department of Finance Master of Business Administration</li> </ul>		
Manager	Chin-Hao Wang	05.08.2009		<ul style="list-style-type: none"> <li>● Manager of Fudong Branch</li> <li>● Far Eastern Business College Enterprise Management Division</li> </ul>		
Manager	Ming-Sheng Chen	11.03.2008		<ul style="list-style-type: none"> <li>● Manager of KaiYuan Branch</li> <li>● TaTung Junior College of Commerce Department of Bank Insurance</li> </ul>		
Manager	Chien-Nan Tseng	07.12.2007		<ul style="list-style-type: none"> <li>● Manager of Anhe Branch</li> <li>● Department of food nutrition, Chung Hwa University of Medical Technology</li> </ul>		
Senior Manager	Ching-Chi Huang	05.08.2009		<ul style="list-style-type: none"> <li>● Manager of Kaohsiung Branch</li> <li>● National Kaohsiung First University of Science and Technology, Evening Master Program of Money and Banking</li> </ul>		
Senior Manager	Bih-Ru Liao	11.26.2010		<ul style="list-style-type: none"> <li>● Manager of Yongkang Branch</li> <li>● Master of Financial Management, NKFUST</li> </ul>		
Manager	Woody Lin	11.26.2010		<ul style="list-style-type: none"> <li>● Manager of Boai Branch</li> <li>● Business Administration Dept. National Cheng-Chi University</li> </ul>		
Manager	Wen-Pin Lu	11.28.2008		<ul style="list-style-type: none"> <li>● Manager of Fongshan Branch</li> <li>● Department of Business Administration Cheng Shiu University</li> </ul>		
Senior Manager	Ming-Chai Tsai	11.28.2008		<ul style="list-style-type: none"> <li>● Manager of Sanmin Branch</li> <li>● Institute of Economics National Sun Yat-Sen University</li> </ul>		
Manager	Fu-Min Yang	09.12.2006		<ul style="list-style-type: none"> <li>● Manager of Pingtung Branch</li> <li>● Feng Chia University , School of Business , Department of Accounting, Bachelor of Accounting Degree</li> </ul>		
Manager	Cherng-Jer Lee	11.26.2010		<ul style="list-style-type: none"> <li>● Manager of Tungshin Branch</li> <li>● National Kaohsiung First University of Science and Technology, Evening Master Program of Money and Banking</li> </ul>		
Assistant President	Yin-Wen Hung	05.10.2010		<ul style="list-style-type: none"> <li>● Manager of Songshan Branch</li> <li>● Bachelor of Law, Chinese Culture University</li> </ul>		
Manager	Ming-Hui Wu	04.03.2010		<ul style="list-style-type: none"> <li>● Manager of Beisanhong Branch</li> <li>● Department of Business Management, National Sun Yat-sen University</li> </ul>		



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	William Chiang	05.20.2010	N/A	<ul style="list-style-type: none"> <li>• Manager of Datong Branch</li> <li>• National Taiwan University of Science and Technology Department of Industrial Management</li> </ul>	N/A	N/A
Manager	Chien-Chung Wu	06.21.2010		<ul style="list-style-type: none"> <li>• Manager of Jinhe Branch</li> <li>• Chang Jung Christian University</li> </ul>		
Senior Manager	Jin-Ren Syu	07.01.2010		<ul style="list-style-type: none"> <li>• Manager of Taipei Branch</li> <li>• Bachelor of Business Administration, Soochow University</li> </ul>		
Senior Manager	Luin-Chian Lin	03.22.2010		<ul style="list-style-type: none"> <li>• Manager of Tucheng Branch</li> <li>• Banking dept.of Tamkang University</li> </ul>		
Assistant President	Chien-Wei Pan	09.27.2010		<ul style="list-style-type: none"> <li>• Manager of Beitou Branch</li> <li>• California State University, MBA</li> </ul>		
Manager	Spencer Lu	03.19.2010		<ul style="list-style-type: none"> <li>• Manager of Taosin Branch</li> <li>• Bachelor Degree in Business Administration of National Chengchi University</li> </ul>		
Senior Manager	Cheng Liao	03.05.2010		<ul style="list-style-type: none"> <li>• Manager of Lujhou Branch</li> <li>• Master of Chung Hsing University</li> </ul>		
Manager	Rachel Tu	04.03.2010		<ul style="list-style-type: none"> <li>• Manager of Datong Branch</li> <li>• University of Reading, UK Master of Science; Major in International Banking &amp; Financial</li> </ul>		
Senior Manager	Jui-Yi Chien	06.17.2010		<ul style="list-style-type: none"> <li>• Manager of Shangsinjhuang Branch</li> <li>• Dept.of News Administration, Shin-Hsin College</li> </ul>		
Manager	Neng-Che Shih	09.13.2010		<ul style="list-style-type: none"> <li>• Manager of Yanping Branch</li> <li>• Master of Business Administration (MBA)</li> </ul>		
Manager	Shih-Ho Tsai	10.04.2010		<ul style="list-style-type: none"> <li>• Manager of Wende Branch</li> <li>• Fu Jen Catholic University Bachelor of Laws</li> </ul>		
Senior Manager	Hui-Jen Chen	10.05.2010		<ul style="list-style-type: none"> <li>• Manager of Dunnan Branch</li> <li>• Dept of International Trade, China College</li> </ul>		
Manager	Yu-Chao Cheng	12.06.2010		<ul style="list-style-type: none"> <li>• Manager of Zuoying Branch</li> <li>• The University of Chinese Culture</li> </ul>		
Senior Manager	Jeng-Huei Chen	04.15.2011		<ul style="list-style-type: none"> <li>• Manager of Puqian Branch</li> <li>• Executive Master of Business Administration, School of Management , Ming Chuan University</li> </ul>		







## 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
<p>1. Equity structure and shareholder equity of the Bank :</p> <p>(1) Methods used by the Bank to handle shareholder suggestion and complaints</p> <p>(2) The Bank maintains the list of major shareholders actually controlling it and the ultimate controllers of these major shareholders</p> <p>(3) The approach of establishing risk control mechanism and the firewall between the Bank and its affiliates.</p>	<p>(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.</p> <p>(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.</p> <p>(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.</p>	Conformity
<p>2. Composition and responsibilities of the board of directors :</p> <p>(1) Status of the Bank’s independent directors</p> <p>(2) Regular evaluation of the independence of the CPA</p>	<p>(1) The Bank now set up 9 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.</p> <p>(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.</p>	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) The Bank has built the website ( <a href="http://www.yuantabank.com.tw/bank/">http://www.yuantabank.com.tw/bank/</a> ) to disclose financial services and the Bank's corporate governance for the reference of the general public.  (2) To maximize the correctness and timeliness for disclosure of critical information, the Bank appointed as the Bank's speaker a person who possess comprehensive understanding on finance and business and is able to coordinate all departments to provide according 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 16th 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".		





Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	<p>7. Other important information enabling better understanding of the Bank's corporate governance status :</p> <p>(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.</p> <p>(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.</p> <p>(3) Director's and Supervisor's Further Education: The Bank developed "Director Further Education Procedures" (Please refer to Director's Further Education.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	
	<p>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 :</p> <p>Since the Bank launched the corporate governance system in 2007, three independent directors have been providing assistance professionally and responsibly and promoting effectively the transparency of corporate business strategies and operation management; the Audit Committee, comprised by all of independent directors, not only demonstrates a well-rounded organization and a sound structure, but also realizes regulations of corporate governance. In particular, the Committee fully conforms to all of stipulations of stakeholder transactions in the Bank Law. It also intensifies the mechanism of internal control, internal audit and risk management.</p> <p>According to "The Self Assessment Procedures of the Audit Committee". The members of the Audit Committee have finished and filed The 2010 Audit Committee Self Assessment in written. The assessment was conducted by three independent directors filling the 11 assessment questionnaires, including authority regulations ( 9 questions in total), qualifications and appointment ( 3 questions in total), meeting convention ( 8 questions in total), training and related resources ( 7 questions in total), the review of financial statements ( 4 questions in total), internal control and risk management of finance ( 4 questions in total), the internal audit process ( 11 questions in total), The review of the certified accountant audit process ( 18 questions in total), the dispute system ( 1 question in total), The relation with the Board of Directors ( 3 questions in total) and the communication with shareholders ( 4 questions in total). Excellent overall performance is witnessed.</p>	



**(3) Implementation of social responsibility:**

Item	Operation
<p>1. Exercising Corporate Governance</p> <p>(1) The Bank declares its corporate social responsibility policy and examines the results of its implementation.</p> <p>(2) The Bank establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies.</p> <p>(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.</p>	<p>(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 &amp; OTC Listed Company Corporate Responsibility Best-Practice Principles" and established Corporate Social Responsibility Promotion Center as the dedicated unit of the Group.</p> <p>(2) All subsidiaries observe the comprehensive regulations and objectives set by Yuanta Financial Holding.</p> <p>(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.</p>
<p>2. Fostering a Sustainable Environment</p> <p>(1) The Bank endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment.</p> <p>(2) The Bank establishes proper environmental management systems based on the characteristics of their industries.</p> <p>(3) The Bank establishes dedicated units or assigns personnel for environment management to maintain the environment.</p> <p>(4) The Bank monitors the impact of climate change on its operations and should establish company strategies</p>	<p>(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:</p> <p>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.</p> <p>B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome.</p> <p>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.</p> <p>(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:</p> <p>A. We set internal management rules that follow the Taipei City Government's regulations for air conditioning temperatures in office buildings.</p> <p>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.</p> <p>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.</p>





Item	Operation
for energy conservation and carbon and greenhouse gas reduction.	<p>D. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control.</p> <p>E. The headquarter building's management committee functions as a dedicated environmental management unit to maintain the environment.</p>
<p>3. Preserving Public Welfare</p> <p>(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.</p> <p>(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.</p> <p>(3) The Bank establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints.</p>	<p>(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.</p> <p>(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.</p> <p>A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life.</p> <p>B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness.</p> <p>C. Regular public safety reports and inspections.</p> <p>D. Regular disinfection and sanitation of the environment.</p> <p>E. Confirming that office surveillance systems at all business locations function normally.</p> <p>F. Delivering a smoke-free work environment, providing a comfortable, healthy and fresh workspace.</p> <p>G. Regular occupational safety and firefighting trainings and drills as required by law.</p> <p>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.</p> <p>(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.</p> <p>B. The Bank uses the following avenues and procedures to handle customer complaints:</p> <p>a. Customer Feedback Forms are placed in the business hall of business units.</p> <p>b. The Bank's Hotline: 0800-688-168.</p> <p>c. E-mail: <a href="mailto:service@yuanta.com">service@yuanta.com</a></p> <p>d. As soon as any complaint is made by consumers, according units will be instantly informed for response while case status and</p>





Item	Operation
<p>(4) The Bank cooperates with its suppliers to jointly foster a stronger sense of corporate social responsibility.</p> <p>(5) The Bank, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.</p>	<p>responses will stay fully controlled.</p> <p>(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 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.</p> <p>(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 also, at end of December 2010, the Bank started to cooperate with Formosa Cancer Foundation to jointly promote donation to Southern Cancer Patient Care Center so cancer patients can benefit from more medical care. Furthermore, in November 2011, the Bank started to co-sponsored “Yuanta · Original Voice”, a fundraising event, with Vox Nativa Association so indigenous resonant voice can spread across the world. Also, 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:</p> <p>A. In education respect:</p> <ol style="list-style-type: none"> <li>Provide summer thesis scholarship to graduate students a real financial environment to integrate theories and practice to present feasible reports.</li> <li>In order to examine the teaching performance of Harvard case study, the Bank exclusively sponsored and jointly organized, with NTU College of Management and NCCU College of Commerce, “EMBA Inter-College Case Competition” and invite domestic and foreign universities to join the competition.</li> <li>Hosted “The College Speech of Financial Management” to reinforce college students’ knowledge on finance and investment.</li> </ol> <p>B. The following workshops are held:</p> <ol style="list-style-type: none"> <li>“Corporate Governance and Taiwan Financial Reform” Seminar.</li> <li>“Global Competency and Taiwan Financial Reform” Seminar.</li> <li>“Academy and Practice Development of Financial Risk Management” Seminar.</li> <li>“The Cross-Strait Financial Development during the Post-ECFA ERA” Seminar.</li> <li>“2010 Corporate Governance International Summit” Seminar.</li> <li>“Securities and Financial Market Theories and Practice” Seminar.</li> <li>“Beijing-Taiwan Science and Technology Forum”, Financial Sub-Forum;</li> <li>“2010 the Eighth Chinese Business Leader” Summit.</li> </ol> <p>C. In charity respect:</p> <ol style="list-style-type: none"> <li>Placed considerable emphasis on disease prevention education. Sponsored the hepatitis screening events hosted in various locations by Liver Disease Prevention &amp; Treatment Research Foundation every year. Staff of the local security offices and branches serves as</li> </ol>





Item	Operation
	<p>volunteers.</p> <p>b. Promote “Five-A-Day” through long cooperation with The Formosa Cancer Foundation to teach pupils anti-cancer concepts.</p> <p>c. Invite disadvantaged students in remote areas to visit “Giant of Ice Ages: Special Exhibit of Woolly Mammoth Specimen” for the purpose of science education.</p> <p>d. Granted reimbursement to three non-for-profit organizations to hire afterschool teachers for enhancing schoolwork of disadvantaged students.</p> <p>e. Sponsored Rainbow Family Life Education Association to promote Children Life Education Project.</p> <p>f. Cohosted “Do Something Nice, Floral Expo for You at Once” with Mandarin Daily News to encourage students in junior high schools and elementary schools to do charity.</p> <p>g. Subsidiaries of Yuanta Financial Holding exercise their sympathy to donate USD one million through Foundation to victims in Sichuan Earthquake.</p> <p>h. Typhoon Morakot drowned many schools in remote areas. The Foundation assisted those schools to re-stock their books. The Bank donated books to 60 elementary schools and village/ township libraries in total.</p> <p>D. In culture respect:</p> <p>a. Sponsored “Harmony and Integrity: The Emperor Yongzheng and his Time” and hosted “Yuanta Historical Journey-Yongzheng Cultural Relics Workshop” and “Yongzheng Thesis Contest”, which not only initiated the cross-strait cultural interaction, but urged graduate students to probe into the research on its value and positioning in the contemporary history.</p> <p>b. Started the sponsorship to Vox Nativa Taiwan at its establishment. Vox Nativa Music School, which it established, not only forges the steadfast learning basis for indigenous elites, but also makes their singing flair globally known.</p> <p>c. To popularize traditional music, the Bank hosted When East Meets West, a concert across eastern and western music.</p> <p>d. Co-hosted, with Chang Yung-Fa Foundation, Yuanta New Year Concert, a charitable concert led by Cho-Liang Lin (Veaon Lin).</p> <p>e. Sponsored the Interbreeding Field in Tainan National University of the Arts to participate in the 11th Venice Architectural Biennale and made the debut of Taiwan architecture in Giardini- Padiglione Italia.</p> <p>f. Sponsored the exhibition of a freshly popular photographer, David LaChapelle, in Taipei.</p> <p>g. Sponsored the master pianist Rueibin Chen for Chopin's Two Hundredth Birthday Global Concert Tour in Taipei.</p>
<p>4. Enhancing Information Disclosure</p> <p>(1) The measures of disclosing relevant and reliable information relating to corporate social responsibility.</p> <p>(2) The Bank produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.</p>	<p>(1) Relevant information is posted on the Bank's parent company Yuanta Financial Holding website.</p> <p>(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.</p>



Item	Operation
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.	
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.



# 3

*2010 Annual Report*  
We Create **Fortune**



Fund Raising and Operational Highlights

# 1. Capital and Shares

## (1) Sources of Capital:

Unit: NT\$1,000, thousand shares ; Base Date: Feb.28, 2011

Date of Issue	Issue price	Authorized Capital		Issued Shares		Remarks	
		Shares	Amount	Shares	Amount	Source of Capital	Others
Dec. 2002	\$10	1,211,514	12,115,136	1,211,514	12,115,136		
Dec. 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	Note 1
Feb. 2004	\$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares	Note 1
July. 2004	\$10	1,400,000	14,000,000	1,400,000	14,000,000	Recapitalization of earnings, 50,000 thousand shares	Note 2
July. 2005	\$10	1,800,000	18,000,000	1,800,000	18,000,000	Recapitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares.	Note 3
Oct. 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	Note 4
Mar. 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	Note 5
Mar. 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	Note 6
Mar. 2009	\$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares	Note 7
June. 2010	\$10	2,200,000	22,000,000	2,181,134	21,811,335	Recapitalization of earnings, 31,134 thousand shares	Note 8

Note 1: Tai-Tsai-Rong-(2) - 0920047493 dated November 17, 2003

Note 2: Tai-Tsai-Cheng-(1)-0930126570 dated June 15, 2004

Note 3: Jin-Kuan-Cheng-(1)-0940115706 dated May 16, 2005 and Jin-Kuan-Yin-(6)-0940013937 dated June 17, 2005

Note 4: Jin-Kuan-Cheng-(1)-0960054153 dated October 9, 2007 and Jin-Kuan-Yin-(6)-09600427560 dated October 5, 2007

Note 5: Jin-Kuan-Cheng-(1) - 0970009643 dated March 19, 2008.

Note 6: Jin-Kuan-Cheng-(1) - 0980008865 dated March 17, 2009.

Note 7: Jin-Kuan-Yin-(6) - 09800093260 dated March 26, 2009.

Note 8: Jin-Kuan-Cheng-Fa - 0990024290 dated May 21, 2010.

Unit: thousand shares ; Base Date: Feb.28, 2011

Type of stock	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	2,181,134	18,866	2,200,000	Public offering

## (2) Major Shareholders: 2,181,134 Shares and 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		2009	2010	Feb.28, 2011
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	NT\$ 11.38	NT\$ 11.52
	After distribution	NT\$ 11	NT\$ 11.38	NT\$ 11.52
EPS	Weighted average shares (thousand shares)		2,112,986	2,181,134
	EPS	Before adjustment	NT\$ 0.21	NT\$ 0.60
		After adjustment	NT\$ 0.21	NT\$ 0.19
Dividend/Share (NTD/Share)	Cash dividends		—	—
	Stock dividends	By earnings	NT\$ 0.14	Note 2
		By capital surplus	—	—
	Accumulated unpaid dividends		—	—
Return on investment	P/E ratio		Note 1	Note 1
	Dividend yield		Note 1	Note 1
	Cash dividend yield		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 2010 has not been resolved by the shareholders' meeting



## 2. Financial Debentures and Capital Utilization Plan

### (1) Issuance of Financial Debentures:

Type of financial debentures	1 <sup>st</sup> term financial debentures 2006	1 <sup>st</sup> financial debentures at 2 <sup>nd</sup> term 2006	2 <sup>nd</sup> financial debentures at 2 <sup>nd</sup> term 2006
Date of approval & approval document No.	Jin-Kuan-Yin-(6)-09500034970 dated 2.15.2006	Jin-Kuan-Yin-(6)-09500480850 dated 11.2.2006	Jin-Kuan-Yin-(6)-09500480850 dated 11.2.2006
Date of issuance	2.24.2006	12.22.2006	12.27.2006
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$5 billion	NT\$1.8 billion	NT\$3 billion
Interest rate	2.55%	2.5%	3.25% within 5 years upon the issue date, and 4.25% upon expiration of the 5-year period, if the bonds are not redeemed
Duration	Duration: 5 years and 6 months Maturity: 8.24.2011	Duration: 6 years Maturity: 12.22.2012	Unless redeemed, no maturity applicable to the bonds
Priority	Second junior subordinated financial debentures	Second junior subordinated financial debentures	Second junior subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Chien Yeh Law Offices: C. Y. Tsai; Y. F. Tseng	Chien Yeh Law Offices: C. Y. Tsai; Y. F. Tseng	Chien Yeh Law Offices: C. Y. Tsai; Y. F. Tseng
Certification CPA	KPMG CPA: Ann-Tien Yu	KPMG CPA: L. L. Lue	KPMG CPA: L. L. Lue
Certification financial Institution	Grand Bills Finance Co., Ltd.	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	No maturity applicable; to be redeemed after five years
Outstanding balance	NT\$5 billion	NT\$1.8 billion	NT\$3 billion
Paid-in capital for previous year	NT\$18,000,000 thousand	NT\$18,000,000 thousand	NT\$18,000,000 thousand
Net value upon final account in the previous year	NT\$18,729,255 thousand	NT\$18,729,255 thousand	NT\$18,729,255 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	Yuanta Commercial Bank is entitled to early redeem the bonds at par value in whole upon expiration of each year after two years upon the issue date. The underwriter or bondholder shall not reject the redemption.	Yuanta Commercial Bank is entitled to early redeem the bonds at par value in whole upon expiration of each year after five years upon the issue date. The underwriter or bondholder shall not reject the redemption.
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	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 (%)	50.72%	60.33%	76.35%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	1.19.2011 Taiwan Ratings: twAA- (Bank rating)	1.19.2011 Taiwan Ratings: twAA- (Bank rating)	1.19.2011 Taiwan Ratings: twAA- (Bank rating)





Type of financial debentures	1 <sup>st</sup> term financial debentures 2010	Chinfon Bank's 1-1 <sup>st</sup> term financial debentures 2005
Date of approval & approval document No.	Jin-Kuan-Yin-kong-09900149260 dated 4.29,2010	Jin-Kuan-Yin-(4)-0940009832 dated 5.4,2005
Date of issuance	6.10.2010	6.28.2005
Par value	NT\$10,000,000	NT\$100,000、NT\$1,000,000、NT\$5,000,000、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\$5 billion	NT\$2.5 billion (Note)
Interest rate	2.3%	The interest rate is based on the one-year time savings deposit flexible rate 1.375%
Duration	Duration: 7 years Maturity: 6.10,2017	Duration: 7 years Maturity: 6.28,2012
Priority	Second junior subordinated financial debentures	Second junior subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	None
Certification CPA	Pricewaterhouse Coopers James Huang	KPMG CPA Janice Lai
Certification financial Institution	None	China Development Industrial Bank
Repayment	Repayment in a lump sum upon maturity	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.
Outstanding balance	NT\$5 billion	NT\$294,120 thousand
Paid-in capital for previous year	NT\$21,500,000 thousand	4.3.2010 Merged by Yuanta Bank
Net value upon final account in the previous year	NT\$23,649,799 thousand	4.3.2010 Merged by Yuanta Bank
Performance	None	Normal
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	Loan
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	62.58%	51.26%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	1.19,2011 Taiwan Ratings: twA + (Debentures rating)	1.19,2011 Taiwan Ratings: twA + (Debentures rating)

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



## (2) Acquisitions or Assignment of Other Financial Institutes:

- A. The Bank, on October 27th 2009, bid for Tranche A of 18 Domestic Branches of Chinfon Commercial Bank's asset, debt and operation (including foreign exchange and trust service) with NT\$ 19.3 billions compensate from the Resolution Trust Corporation (RTC). The general assignment and assumption of the bidden asset, liabilities and services are on April 3rd 2010. The according matters are all compliant to The Financial Institutions Merger Act, The Banking Act of The Republic of China, Securities and Exchange Act, Company Act and Fair Trade Act.

This assignment does not involve any stock swap or issuance. Yu-shin Certified Public Accountants Firm was appointed for reviewing price rationality. Certified Accountants expressed appropriateness and rationality for the Bank adopted general accepted practice regarding the self evaluated pricing model and the computed results of this price.

- 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 NTD 5 billion on February 15th 2006, and issued subordinated debentures and General debentures each of NTD 5 billion on November 2nd 2006. In the first half of 2009, the bank expect to issue NTD 5 billion 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.

The Bank merged with Chinfon Commercial Bank on April 3rd 2010 and Purchase and. Assumption the business, asset and liability of 18 domestic branches, including part of its subordinated debentures with face value of NTD 2.5 billion, approved in Jin-Kuan-Yin-(4)-0940009832 on May 4th 2005 ( The actual amount of undue debentures is NTD 441,920,000).





**B. As of Feb 28st 2011, the Bank issued debentures totaling NTD15,094.12 million Applying amount and the according execution are itemized as follows:**

Date of approval & approval document No.	Total amount	Execution
<b>Jin-Kuan-Yin-(6)-09500034970 dated February 15<sup>th</sup> 2006</b>	The subordinated financial debentures for NTD 5 billion	The 1 <sup>st</sup> term financial debentures 2006 were issued on February 24 <sup>th</sup> 2006 and the applying capital was executed completely before the deadline.
<b>Jin-Kuan-Yin-(6)-09500480850 dated November 2<sup>nd</sup> 2006</b>	General financial debentures for NTD 5 billion.	General financial debentures of NTD 5 billion were originally applied to change the issuance to be USD General debentures of USD 150 million. The execution has been suspended upon re-evaluation.
	The subordinated financial debentures for NTD 5 billion	<ul style="list-style-type: none"> <li>The 2006 2<sup>nd</sup> term first subordinated financial debentures for NTD1.8 billion were issued on December 22<sup>nd</sup> 2006.</li> <li>The 2006 2<sup>nd</sup> term second subordinated financial debentures for NTD 3 billion were issued on December 27<sup>th</sup> 2006. NTD 4.8 billion in total applying capital has been executed. As the Bank's capital adequacy rate has reached the requirement of the competent authorities, NTD 200 million is not issued upon the expiration date.</li> </ul>
<b>Jin-Kuan-Yin-kong-09900149260 dated April 29<sup>nd</sup> 2010</b>	The subordinated financial debentures for NTD 5 billion	The 1 <sup>st</sup> term financial debentures 2010 were issued on June 10 <sup>th</sup> 2010 and the applying capital was executed completely before the deadline.
<b>Jin-Kuan-Yin-(4)-0940009832 dated May 4<sup>nd</sup> 2005</b>	The subordinated financial debentures for NTD 2.5 billion (Note)	The 1 <sup>st</sup> term financial debentures 2005 were issued on June 28 <sup>th</sup> 2005 and the applying capital was executed completely before the deadline.

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

### 3. Business Overview

#### (1) Business Performance for 2009~2010:

##### A. Deposit:

Unit: NT\$ in million、%

Year Item	Dec.31, 2010		Dec.31, 2009		Comparison with 2009	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Checking deposits	3,085	0.81	2,453	0.82	632	25.76
Demand deposits	56,372	14.78	39,749	13.25	16,623	41.82
Demand saving deposits	161,089	42.23	136,753	45.59	24,336	17.80
Time deposits	93,093	24.41	55,157	18.39	37,936	68.78
Time savings deposits	67,771	17.77	65,829	21.95	1,942	2.95
<b>Total</b>	<b>381,410</b>	<b>100.00</b>	<b>299,941</b>	<b>100.00</b>	<b>81,469</b>	<b>27.16</b>

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





**B. Loan:**

Unit: NT\$ in million、%

Item \ Year	Dec.31, 2010		Dec.31, 2009		Comparison with 2009	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
<b>Corporate Loans</b>	<b>178,802</b>	<b>61.68</b>	<b>146,256</b>	<b>61.30</b>	<b>32,546</b>	<b>22.25</b>
General corporate loans	114,787	39.60	104,751	43.90	10,036	9.58
Small-and-medium business loans	58,610	20.22	40,533	16.99	18,077	44.60
Strategic loans	5,000	1.72	0	0.00	5,000	-
Delinquent	405	0.14	972	0.41	(567)	(58.33)
<b>Consumer Loans</b>	<b>111,093</b>	<b>38.32</b>	<b>92,352</b>	<b>38.70</b>	<b>18,741</b>	<b>20.29</b>
Mortgage	103,010	35.53	84,475	35.40	18,535	21.94
Car loans	3,899	1.34	1,520	0.64	2,379	156.51
Consumer unsecured loans	3,441	1.19	5,294	2.22	(1,853)	(35.00)
Delinquent	585	0.20	977	0.41	(392)	(40.12)
Other (Note)	158	0.05	86	0.04	72	83.72
<b>Total</b>	<b>289,895</b>	<b>100.00</b>	<b>238,608</b>	<b>100.00</b>	<b>51,287</b>	<b>(21.49)</b>

Note: Including certificate of deposit loan, composite overdraft.

**C. Foreign Exchange:**

Unit: US\$ 1,000、%

Item \ Year	2010		2009		Comparison with 2009	
	Volume	Proportion (%)	Volume	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Import business	1,135,129	5.52	863,935	5.70	271,194	31.39
Export business	457,319	2.22	355,748	2.35	101,571	28.55
Outward Remittance	9,159,399	44.56	6,772,339	44.73	2,387,060	35.25
Inward Remittance	9,804,476	47.70	7,149,558	44.22	2,654,918	37.13
<b>Total</b>	<b>20,556,323</b>	<b>100.00</b>	<b>15,141,580</b>	<b>100.00</b>	<b>5,414,743</b>	<b>35.76</b>

**D. Trust Business:**

Unit: NT\$ 1,000、%

Item \ Year		2010	2009	Comparison with 2009	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Total balance of trust assets		111,059,945(Note1)	78,955,582(Note2)	32,104,363	40.66
Total revenue of trust business service fee		664,992	404,701	260,291	64.32
Scale of assets under custody of investment insurance policy		3,309,284	4,450,535	(1,141,251)	(25.64)
The custody asset in discretionary investment account		1,445,570	761,486	684,084	89.84
Scale of assets under custody of foreign investment		3,637,366	1,999,852	1,637,514	81.88
Scale of assets under custody of business guarantee bond		3,045,000	3,060,000	(15,000)	(0.49)
Custodian service fee income		38,195	18,677	19,518	104.50
Certification of securities	Amount of certification	16,486,030	51,006,022	(34,519,992)	(67.68)
	Revenue of certification service charges	2,040	4,570	(2,530)	(55.36)

Note 1: including OBU trust property in the amount of NTD\$526,521 thousand.

Note 2: including OBU trust property in the amount of NTD\$307,643 thousand



**E. Credit card:**

Unit: NT\$ in million 、%

Item \ Year	2010	2009	Comparison with 2009	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Number of cards issued (card)	863,871	837,630	26,241	3.13
Number of cards in circulation (card)	292,080	301,837	(9,757)	(3.23)
Total amount charged (NTD in million )	9,379	9,509	(130)	(1.37)
Revolving credit (NTD in million )	992	1,230	(238)	(19.35)

**F. Investment:**

Unit: :NT\$ in million 、%

Item \ Year	2010	2009	Comparison with 2009	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Bond trading volume	428,125	903,795	(475,670)	(52.63)
Bill trading volume	454,400	651,434	(197,034)	(30.25)

Unit: US\$ in million

Item \ Year	2010	2009	Comparison with 2009	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Spot transaction	42,382	30,563	11,819	38.67
Forward exchange transaction	3,132	2,943	189	6.42
Foreign exchange SWAP	15,031	8,809	6,222	70.63
Option transaction	42,371	27,271	15,100	55.37

**G. E-Banking:**

Unit: in thousands

Item \ Year		2010	2009	Comparison with 2009	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Analysis of E-banking transactions	Total Internet banking transactions (in thousands)	1,564	1,109	455	41.03
	Total phone banking transactions (in thousands)	406	450	(44)	(9.7)
	Total web-ATM(SuperATM) transactions(in thousands)	350	284	66	23.24

**(2) 2010 Operating Plan:**

After the Bank elevated its asset quality and actively improved the operation structure, better performance has been gradually manifested.

In the future, Yuanta Commercial Bank will strive to enlarge service items and sizes, reinforce asset quality, build its brand image and aggressively maximize its profit as its goal on the premise of an operation mission to balance between quantity and quality. Meanwhile, under effective risk control, the Bank will aggressively elevate the market share of the Bank's services and fortify its comprehensive competency.



The Bank has developed its business plans for 2010 as follows:

- A.** Center the Bank's business on four cores, corporate banking, consumer banking, wealth management and financial trading and drive the business with corporate banking.
- B.** Target securities clients for the deposit business, actively manage clients and increase the transaction breadth and depth.
- C.** Continue managing core clients, carry out customer segmentation and risk-based pricing and maximize customer contribution.
- D.** Promote staff marketing and maximize operating efficiency of each branch.
- E.** Maximize the quality of workforce corresponding to business development.
- F.** Strengthen auditing, internal control and risk management, minimize loss contingency and maximize operating efficiency.
- G.** Master major economic developments, expand and adjust operation network, utilize local advantages and increase the market share of each business.
- H.** Aggressively engage in the overseas service network, integrate resources inside the group to develop diverse cash flow and develop business opportunities in the Greater China area.
- I.** Utilize the niche, amass core resources, and achieve the economies of scale through M&As to maximize overall competitiveness.

### **(3) Research and Development**

In response to globalization of the financial market and emergence of Chinese financial institutes, the Bank is going to actively and realistically place attention and master the industrial trend in aims at business expansion, risk alarming, integrated marketing, and the elevation of customer satisfaction and profitability. The future research and development plans are elaborated as follows:

#### **A. Banking service research and development:**

- a.** Through integration and utilization of physical and electronic channels and customer streaming, minimize the Bank's operation cost, satisfy diverse customer segments and develop potential customers in order to maximize the profitability and solidify the Bank's core competency.
- b.** In response to the expansion of overseas locations and businesses, develop plans on Trade Financing Marketing Examination and broaden customer foundation.





- c. Combine with various export insurance policies of credit insurance institutions and reduce the credit risks of customers on export countries and buyers. The Bank will offer supplement on the pre- and post-export financing demands.
- d. Respond to authorities' policy on dematerialization of securities and short-term transaction instruments and plan the issuance of negotiable certificate of deposit in registration (dematerialization).
- e. Research on effective investment of the fund and, in collaboration with insurance companies, launch customized discretionary investment linked insurance policies.
- f. Collaborate with insurance companies, customize discretionary investment linked insurance policies and serve as the custodian bank.

#### **B. Risk Management:**

- a. Building a credit-rating model that meet the Basel quantified and qualified criteria, including the corporate finance credit rating model, the mortgage scorecard and the credit loan scorecard.
- b. In response to the establishment of Risk Data Mart and launching of the Collateral Management System, integrate risk data from auditing and the account system, Collateral Management System and Scorecard Management Platform to accomplish the risk report automation and analysis platform.
- c. In the future, the Bank will plan on the market liquid reserve of financial transactions and Risk Adjusted Performance Measurement (RAPM) and strengthen the mechanism for Asset-Liability Management (ALM).
- d. The Bank will assist with establishing the market risk management system of the Financial Holdings in order to advance the effectiveness of risk management, and the validity of the stress testing and back testing in hope for an aid in risk analysis and management.
- e. Persistently advance the loss database and research on the solution models that the Bank can adopt if advanced measurement approach is employed on operational risk capital charge.
- f. Combine qualitative and quantitative indicators of operational risk for the comprehensive assessment as the operational risk scoring basis and construct Dash Board to integrate operational risk indicators for supervisors.

#### **C.IT research and development projects:**

In the future, the Bank will continue to collaborate on integration of information technology in the Group aggressively and the system advancement, elevate effectiveness of risk management and improve appraisal and evaluation of financial performance. It is expected to launch critical information projects, including New Wealth Management Project, establishment of mobile banking, the



new data warehouse system phase III, the responsive development project to Financial Collection System (FCS) of Taiwan Clearing House, the mortgage scorecards, establishment of the new consumer finance auditing and reviewing system, WPS and the networking restructure of exterior branch ATM.

#### **(4) The Long Term and Short Term Business Plans**

##### **A.Short Term Business Development Plans:**

- a.** Expand the asset side and develop the Bank to be a mid-sized urban bank.
  - i.** On the premise of building the through structure, the Bank will endeavor, other than certificate deposits of the Group, common deposit from customers in an aim to elevate the market share of deposit for the foundation of service development.
  - ii.** Drive the expansion through synergy of various services and further increase the total asset size with turning into a mid-sized urban Bank of over NTD 500 billion as its goal.
- b.** Develop physical channels and escalate the scope and the depth of business development
  - i.** Follow the overall wealth distribution of Taiwan and Focus on Metro Taipei to accelerate it's the scheme of service locations undertaken from Chinfon Commercial Bank, effectively expand the customer size and reinforce the foundation of service promotion.
  - ii.** Aggressively establish overseas locations. The application for establishment of the Bank's Hong Kong Branch is going to be submitted soon to Hong Kong Monetary Authority. With cross-strait policies being loosened and financial policies being gradually opened up, the Bank will provide more convenient financial services to Taiwanese businesses in Greater China.
- c.** Fortify employee training to elevate personnel quality and solidify the Bank's basis for future development.
  - i.** Advance expertise, fully carry out the rotation system and nurture multi-functional bank talents in response to the need for future businesses and the establishment of the image as a professional bank.
  - ii.** Fully carry out the connecting between performance and personal KPI and KRA to construct a fair and objective appraisal mechanism.
- d.** Target at the highly contributing customer segment and develop new customers.
  - i.** Target at the highly contributing customer segment, 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. In addition, lure new customers to build business relations as the basis for further service.
  - ii.** Promote loan service and target at quality customers and collaterals at the equilibrium between asset quality and profitability.
- e.** Solidify risk management and guard excellent asset quality.
  - i.** Persistently solidify risk management and, on the premise of guarding the asset quality, aggressively promote crediting business.





- ii. In response to revision of Statements of Financial Accounting Standards (SFAS), amendment of financial reporting standards and the connection with International Financial Reporting Standards (IFRS), conduct the variation analysis and evaluate the impact on the Bank for developing according responsive strategies.

**B. Long-Term Development Plan:**

- a. Fortify service integration, utilize the Group's resources for maximum benefits
  - i. Through utilization of the Group's resources, furnish thorough services to clients and boost the scope, depth and overall contribution of clients.
  - ii. Persistently reinforce cooperation with the subsidiary companies of the Group, enlarge service items and size and, under effective risk control, aggressively elevate the market share of the Bank's services and total asset side in order to further maximize profitability and shareholders' equity and aim to become crucial profit driver of the Financial Holdings.
- b. Construct thorough product lines and satisfy diverse demands of customers
  - i. 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
  - ii. Aggressively launch new services and lucrative derivatives and build a thorough product line in order to maximize profits and satisfy customers.
- c. Develop scale economies and boost comprehensive profits.

On the premise of guarding asset quality, actively expand business and hoist deposit, loan and other services of the Bank to the appropriate scale of economies in order to fortify over profitability.
- d. Aggressively establish the Bank's overseas service locations, structure the topology and scheme of overseas business, integrate the resources of the financial holdings to develop diverse cash flow and develop business opportunities in Greater China.
- e. Cement the Bank's ability on risk management and advance operation efficiency.
  - i. Persistently reinforce the Bank's ability on risk management, perfect its financial structure and boost the operation efficiency for maximum cost effectiveness.
  - ii. Cement the collection system and maximize the collection efficiency to further revenue.





**(5) Employee Composition :**

Year		2009	2010	Feb.28, 2011
Number of staff		2,318	2,524	2,526
Average age		36.63	37.11	36.72
Average seniority		5.74	5.8	5.92
Education level ratio	PhD	0.04 %	0.04 %	0.04 %
	Master	11.48 %	11.61 %	11.68 %
	University & College	83.05 %	83.56 %	83.49 %
	High School	5.39 %	4.75 %	4.75 %
	Below High School	0.04 %	0.04 %	0.04 %
Certificates and licenses held by Yuanta Commercial Bank employees	Certificates/Licenses	Number of staff	Certificates/Licenses	Number of staff
	Internal Control	1,794	Investment Insurance Salesperson	860
	Trust Salesperson	1,709	Financial Knowledge and Ethics	1,368
	Life Insurance Salesperson	1,878	Financial Planning Specialist	503
	Property Insurance Salesperson	1,134	Other Financial Certificates/Licenses	4,131

**(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 NTD 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, the Bank draws up budget for IT investment projects. It is not only persistently advances the Bank's IT infrastructure and management every year, but also strengthens functions of electronic services in response to business development.





The Bank's future plans of the information system development are described as following:

- a. The bank collaborates on integration of information technology with the Group and the system advancement, elevates it's effectiveness of risk management and improves appraisal and evaluation of financial performance. It is going to develop and construct the New Wealth Management Project, the new data warehousing project phase III (customer contribution analysis), the mortgage scorecard, the new consumer finance auditing and reviewing system and the new business application integration platform (WPS).
- b. To restructure the networking of exterior branch ATMs, and provide the fail-over mechanism in order to perfect the smooth operation.
- c. In response to the popularity of smart phones, the Bank is going to construct a Mobile Banking platform to satisfy different customer segments and provide diverse services to customers.

**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.



## 4

*2010 Annual Report*



Financial Information and Risk Management

# 1. Financial Review 2006~2010

## (1) Condensed Balance Sheet for Past Five Years

Unit: NT\$1,000

Item	Year	Financial information over the past five years (Note)					Feb.28, 2011
		2010	2009	2008	2007	2006	
Cash and cash equivalents, Due from Central Bank and call loans to banks		124,650,036	82,930,864	42,407,254	64,336,771	63,275,717	114,267,480
Financial assets at fair value through profit or loss – net		10,256,154	10,809,287	44,581,784	5,940,952	12,071,805	8,073,783
Investments in notes and bonds under resale agreements		1,691,578	—	1,644,337	397,522	611,200	999,027
Receivables - net		14,886,988	14,926,753	9,829,041	15,034,704	16,832,116	22,462,145
Assets held for sale		—	—	—	778,668	—	—
Bills discounted and loans – net		284,751,517	234,054,597	232,873,593	236,802,168	226,180,652	291,534,258
Available-for-sale financial assets – net		10,680,673	15,683,511	15,639,774	14,345,346	16,667,948	9,319,610
Held-to-maturity financial assets		151,840	201,252	597,276	849,150	325,960	148,770
Equity investments accounted for under the equity method – net		399,896	136,040	133,187	143,162	160,555	406,178
Other financial assets – net		439,175	326,805	482,593	1,312,653	2,101,809	437,900
Property, plant and equipment		2,615,472	2,667,779	2,549,695	2,265,556	3,088,194	2,597,228
Intangible assets		2,456,470	607,896	232,017	1,466,021	1,446,600	2,431,102
Other assets		2,757,682	2,727,696	3,205,290	2,830,566	2,925,277	2,741,975
<b>Total assets</b>		<b>455,737,481</b>	<b>365,072,480</b>	<b>354,175,841</b>	<b>346,503,239</b>	<b>345,687,833</b>	<b>455,419,456</b>
Due to Central Bank and other banks		16,807,124	12,954,760	11,865,082	28,264,164	26,328,167	9,884,547
Financial liabilities at fair value through profit or loss – net		3,924,425	3,663,865	4,080,414	3,570,504	2,479,646	4,078,596
Notes and bonds payable under repurchase agreements		100,170	209,596	7,325,426	7,909,694	12,140,286	700,283
Deposits and remittances		381,466,045	300,054,276	294,594,534	262,844,440	267,431,677	372,354,694
Financial debentures payable		15,094,120	9,800,000	9,800,000	12,166,000	12,166,000	15,095,390
Preferred stock liabilities		—	—	—	—	—	—
Accrued pension liabilities		114,780	54,998	—	—	21,783	122,701
Other financial liabilities		3,119,273	3,304,142	258,667	464,752	501,190	7,773,518
Other liabilities		10,299,003	11,381,044	7,620,383	9,454,905	10,656,957	20,285,395
<b>Total liabilities</b>	<b>Before distribution</b>	<b>430,924,940</b>	<b>341,422,681</b>	<b>335,544,506</b>	<b>324,674,459</b>	<b>331,725,706</b>	<b>430,295,124</b>
	<b>After distribution</b>	<b>430,924,940</b>	<b>341,422,681</b>	<b>335,544,506</b>	<b>324,674,459</b>	<b>331,725,706</b>	<b>430,295,124</b>
Capital stock		21,811,335	21,500,000	22,000,000	24,000,000	18,000,000	21,811,335
Additional paid-in capital		1,377,456	1,377,456	—	—	14,673	1,377,456
Retained earnings	<b>Before distribution</b>	1,450,280	444,764	(3,254,911)	(2,014,728)	(4,028,159)	1,869,251
	<b>After distribution</b>	1,450,280	133,429	(3,254,911)	(2,014,728)	(4,028,159)	1,869,251
Unrealized profit or loss on available-for-sale financial assets		217,213	366,427	(113,754)	(156,492)	15,273	110,033
Cumulative translation adjustment		—	—	—	—	—	—
Other shareholders' equity		(43,743)	(38,848)	—	—	(39,660)	(43,743)
<b>Total shareholders' equity</b>	<b>Before distribution</b>	<b>24,812,541</b>	<b>23,649,799</b>	<b>18,631,335</b>	<b>21,828,780</b>	<b>13,962,127</b>	<b>25,124,332</b>
	<b>After distribution</b>	<b>24,812,541</b>	<b>23,338,464</b>	<b>18,631,335</b>	<b>21,828,780</b>	<b>13,962,127</b>	<b>25,124,332</b>

Note: The financial information from 2006 to 2010 has been audited and certified by CPA. The financial information for the period ended Feb 28, 2011 was related to the accounts closed by the Bank independently.





## (2) Condensed Income Statement for Past Five Years

Unit: NT\$1,000

Unit: NT\$,000

Year Item		Financial information over the past five years (Note)					Feb.28, 2011
		2010	2009	2008	2007	2006	
Net Interest income		4,218,721	3,603,495	4,333,741	5,483,699	5,551,436	741,908
Net Non-interest income		1,922,321	1,948,133	(22,030)	1,110,464	1,585,949	284,293
Bad debts losses ( Provision reversal gain)		(174,808)	354,966	3,201,826	4,099,417	8,394,810	(280,564)
Operating expenses		4,582,261	4,339,552	5,048,074	5,089,484	4,402,563	816,697
Continuing operating income before tax		1,733,589	857,110	(3,938,189)	(2,594,738)	(5,659,988)	490,068
Continue operating income after tax		1,316,851	444,764	(3,240,183)	(2,001,242)	(4,777,022)	418,949
Discontinued operation income (net after tax)		—	—	—	—	—	—
Extraordinary income (net after tax)		—	—	—	—	—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—	—	—	11,158	—
Net Income		1,316,851	444,764	(3,240,183)	(2,001,242)	(4,765,864)	418,949
EPS(NT\$)	Before adjustment	0.60	0.21	(1.47)	(1.26)	(2.65)	0.19
	After adjustment	0.60	0.21	(1.70)	(1.59)	(4.30)	0.19

Note: The financial information from 2006 to 2010 has been audited and certified by CPA. The financial information for the period ended Feb 28, 2011 was related to the accounts closed by the Bank independently.

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

Year	Independent auditing firm	CPA	Auditor's opinion
2006	KPMG Certified Public Accountants	Andrew Yu & Lily Lu	Modified unqualified opinion
2007	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Modified unqualified opinion
2008	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2009	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2010	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion





## (4) Selected Financial Data

Item		Financial Analysis over the past five years					Feb.28, 2011
		12.31.2010	12.31.2009	12.31.2008	12.31.2007	12.31.2006	
Operating performance	Ratio of deposits to loans (%)	74.24	77.61	78.20	88.04	81.72	77.55
	NPL ratio (%)	0.49	0.95	1.75	1.32	1.22	0.46
	Ratio of interest cost to annual average deposits (%)	0.41	0.72	1.74	1.66	1.58	0.08
	Ratio of interest income to annual average loans outstanding (%)	1.94	2.25	3.75	3.84	3.89	0.32
	Total assets turnover (times)	0.01	0.02	0.01	0.02	0.02	—
	Average operation revenue per employee (thousand NT\$)	2,433	2,395	1,651	2,302	2,471	406
	Average profit per employee (thousand NT\$)	522	192	(1,240)	(699)	(1,650)	166
Profitability	Return on tier I capital (%)	7.66	4.00	(19.26)	(15.41)	(37.71)	2.17
	Return on assets (%)	0.32	0.12	(0.92)	(0.58)	(1.46)	0.09
	Return on shareholders' Equity (%)	5.43	2.10	(16.02)	(11.18)	(29.16)	1.68
	Net income ratio (%)	21.44	8.01	(75.15)	(30.35)	(66.77)	40.83
	EPS (NT\$)	0.60	0.21	(1.73)	(1.61)	(4.36)	0.19
Financial Structure	Ratio of Liabilities to Assets (%)	94.56	93.52	94.73	93.70	95.92	94.48
	Ratio of Fixed Assets to Equity (%)	10.54	11.28	13.68	10.38	22.12	10.34
Growth rate	Rate of Assets growth (%)	24.83	3.08	2.21	0.24	11.92	(0.07)
	Rate of earnings growth (%)	102.26	121.76	(51.78)	54.16	(7,739.65)	(70.73)
Cash flow	Cash flow ratio (%)	4.92	138.66	Note2	21.17	Note2	—
	Cash flow adequacy ratio (%)	1,311.50	1,248.32	487.02	480.43	210.59	—
	Cash flow coverage ratio (%)	2.01	84.01	Note2	68.41	Note2	—
Ratio of liquidity reserve (%)		31.30	28.30	26.80	21.70	20.00	30.70
Total balance of secured loans of related parties (thousand NT\$)		3,551,953	2,717,158	3,819,169	3,252,631	3,523,263	4,929,257
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.12	1.06	1.54	1.26	1.46	1.52
Operating scale	Asset market share (%)	1.39	1.19	1.20	1.24	1.26	1.38( 1.31.2011)
	Net-worth market share (%)	1.19	1.22	1.03	1.22	0.83	1.19( 1.31.2011)
	Deposits market share (%)	1.46	1.24	1.32	1.27	1.32	1.45( 1.31.2011)
	Loans market share (%)	1.45	1.29	1.29	1.36	1.35	1.43( 1.31.2011)
<p>Explain the causes of financial various ratio changes within the past two years (not necessary, if the increase/decrease in the changes is no more than 20%).</p> <p>During 2010, the Bank persisted in developing all of its services in order to shield its asset quality. Although impacted by the sliding market interest rates, the Bank still embraced significantly rising profitability indexes from 2009.</p>							

Note 1: The financial information from 2006 to 2010 has been audited and certified by CPA. The financial information for the period ended February 28, 2011 was related to the accounts closed by the Bank independently, and not annualized.

Note 2: The net cash outflow from operating activities in the cash flow statement is excluded from the calculation of the cash flow ratio.





Note 3: 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 employees
- (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 liquidity 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 4: The total liabilities have deduct allowance for gurantee liability, allowance for breach of traded securtities and allowance for accidental loss

Note 5: 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 6: The income means the total interest income and non-interest income.

Note 7: 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				
			2006	2007	2008	2009	2010
Self-owned capital	Tier I capital	Common stock	18,000,000	24,000,000	22,000,000	21,500,000	21,811,335
		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)	14,673	0	0	1,377,456	1,377,456
		Legal reserve	737,705	0	0	0	133,429
		Special reserve	0	0	0	0	0
		Retained earnings	(4,765,864)	0	0	444,764	1,316,851
		Minority equity	0	0	0	0	0
		Other shareholders' equity	(58,178)	(156,492)	(118,564)	(49,843)	(55,572)
		Less: Goodwill	1,319,535	1,319,535	0	0	1,924,395
		Less: Unamortized loss on sale of NPL	0	0	0	0	0
		Less: Capital deductions	226,859	1,451,384	2,059,483	250,204	429,283
		Total Tier I capital	12,381,942	21,072,589	19,821,953	23,022,173	22,229,821
	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	3,000,000
		Reserve for revaluation of fixed assets	0	0	0	0	0
		45% of Unrealized gain on financial assets in available-for-sale	15,206	0	47,235	169,840	103,068
		Convertible bonds	0	0	0	0	0
		Operating reserve and allowance for bad debt	13,144	1,064,971	2,456,202	1,047,494	815,098
		Long-term subordinated bonds	6,304,400	4,440,000	3,080,000	1,720,000	5,418,264
		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	226,858	1,451,384	2,059,483	250,204	429,283
		Total Tier II capital	9,105,892	7,053,587	6,523,954	5,687,130	8,907,147
	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			21,487,834	28,126,176	26,345,907	28,709,303





Weighted risk-based assets	Credit risk	Standardized approach	217,610,839	212,632,661	212,605,116	210,651,610	267,322,507
		Internal ratings-based approach	—	—	—	—	—
		Securitization of assets	—	427,472	261,206	155,696	122,537
	Operational risk	Basic indicator approach	—	13,090,763	12,041,788	11,057,163	12,306,100
		Standardized approach/Optional standardized approach	—	—	—	—	—
		Advanced measurement approach	—	—	—	—	—
	Market risk	Standardized approach	15,819,906	10,785,088	10,062,775	16,318,538	10,456,938
		Internal models approach	—	—	—	—	—
	Total weighted risk-based assets		233,430,745	236,935,984	234,970,885	238,183,007	290,208,082
	Capital adequacy ratio		9.21	11.87	11.21	12.05	10.73
Ratio of Tier I capital in risk-based assets		5.31	8.89	8.44	9.67	7.66	
Ratio of Tier II capital in risk-based assets		3.90	2.98	2.77	2.38	3.07	
Ratio of Tier III capital in risk-based assets		0	0	0	0	0	
Ratio of common capital stock in total assets		5.21	6.93	6.21	5.89	4.79	

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

Unit: NT\$1,000

Item \ Year			Consolidated capital adequacy ratio over the past five years				
			2006	2007	2008	2009	2010
Self-owned capital	Tier I capital	Common stock	18,000,000	24,000,000	22,000,000	21,500,000	21,811,335
		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)	14,673	0	0	1,377,456	1,377,456
		Legal reserve	737,705	0	0	0	133,429
		Special reserve	0	0	0	0	0
		Retained earnings	(4,765,864)	0	0	444,764	1,316,851
		Minority equity	0	2,838	2,728	2,853	1,127
		Other shareholders' equity	(58,178)	(156,492)	(118,564)	(49,843)	(55,572)
		Less: Goodwill	1,319,535	1,319,535	0	0	1,924,395
		Less: Unamortized loss on sale of NPL	0	0	0	0	0
		Less: Capital deductions	146,581	1,379,803	1,992,890	182,185	403,861
		Total Tier I capital	12,462,220	21,147,008	19,891,274	23,093,045	22,256,370
	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	3,000,000
		Reserve for revaluation of fixed assets	0	0	0	0	0
		45% of Unrealized gain on financial assets in available-for-sale	15,206	0	47,235	169,840	103,068
		Convertible bonds	0	0	0	0	0
		Operating reserve and allowance for bad debt	13,144	1,064,971	2,456,202	1,047,494	815,098
		Long-term subordinated bonds	6,304,400	4,440,400	3,080,000	1,720,000	5,418,264
		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	146,580	1,379,803	1,992,890	182,185	403,861
		Total Tier II capital	9,186,170	7,125,168	6,590,547	5,755,149	8,932,569
	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			21,648,390	28,272,176	26,481,821	28,848,194





Weighted risk-based assets	Credit risk	Standardized approach	218,702,184	212,725,652	212,636,576	210,677,639	267,354,070
		Internal ratings-based approach	—	—	—	—	—
		Securitization of assets	—	427,472	261,206	155,696	122,537
	Operational risk	Basic indicator approach	—	13,862,963	12,254,313	11,189,675	12,448,688
		Standardized approach/optional standardized approach	—	—	—	—	—
		Advanced measurement	—	—	—	—	—
	Market risk	Standardized approach	15,819,906	10,785,088	10,106,000	16,518,538	10,456,938
		Internal models approach	—	—	—	—	—
	Total weighted risk-based assets		234,522,090	237,801,175	235,258,095	238,541,548	290,382,233
	Capital adequacy ratio (%)		9.23	11.89	11.26	12.09	10.74
Ratio of Tier I capital in risk-based assets (%)		5.31	8.89	8.46	9.68	7.66	
Ratio of Tier II capital in risk-based assets (%)		3.92	3.00	2.80	2.41	3.08	
Ratio of Tier III capital in risk-based assets (%)		0	0	0	0	0	
Ratio of common capital stock in total assets (%)		5.19	6.93	6.21	5.89	4.79	

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







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## 2. Financial Statement for 2010

(100)PWCR10000270

### 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, 2010 and 2009, 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, 2010 and 2009, 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", "Business Entity Accounting Act", "Regulation on Business Entity Accounting Handling" 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, 2010, on which we have issued an unqualified opinion thereon.

February 22, 2011

*PricewaterhouseCoopers, Taiwan*

February 22, 2011

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.





## Yuantan Commercial Bank Co., Ltd

## Balance Sheets

December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars)

	2010	2009	Change Percentage		2010	2009	Change Percentage
	Amount	Amount	%		Amount	Amount	%
<b>ASSETS</b>				<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Cash and cash equivalents (Note IV(1))	\$ 5,436,600	\$ 6,696,050	( 19 )	Due to Central Bank and other banks (Note IV(14))	\$ 16,807,124	\$ 12,954,760	30
Due from Central Bank and call loans to banks (Note IV(2))	119,213,436	76,234,814	56	Financial liabilities at fair value through profit or loss – net (Note IV(15))	3,924,425	3,663,865	7
Financial assets at fair value through profit or loss – net (Notes IV(3), V(2) and VI)	10,256,154	10,809,287	( 5 )	Notes and bonds payable under repurchase agreements (Notes IV(4), V(2) and VI)	100,170	209,596	( 52 )
Investments in notes and bonds under resale agreements (Notes IV(4), V(2) and VI)	1,691,578	-	-	Payables (Note IV(16))	9,952,864	11,172,514	( 11 )
Receivables – net (Notes IV(5) and V(2))	14,886,988	14,926,753	-	Deposits and remittances (Notes IV(17) and V(2))	381,466,045	300,054,276	27
Bills discounted and loans – net (Notes IV(6) and V(2))	284,751,517	234,054,597	22	Financial debentures payable (Note IV(18))	15,094,120	9,800,000	54
Available-for-sale financial assets – net (Notes IV(7) and VI)	10,680,673	15,683,511	( 32 )	Accrued pension liabilities (Note IV(19))	114,780	54,998	109
Held-to-maturity financial assets (Note IV(8))	151,840	201,252	( 25 )	Other financial liabilities	3,119,273	3,304,142	( 6 )
Equity investments accounted for under the equity method – net (Note IV(9))	399,896	136,040	194	Other liabilities	346,139	208,530	66
Other financial assets – net (Note IV(10))	439,175	326,805	34	<b>TOTAL LIABILITIES</b>	<b>430,924,940</b>	<b>341,422,681</b>	<b>26</b>
Property, plant and equipment (Notes IV(11) and (24))				<b>STOCKHOLDERS' EQUITY</b>			
Cost:				Common stock (Note IV(20))	21,811,335	21,500,000	1
Land	1,315,941	1,243,893	6	Additional paid-in capital (Note IV(21))	1,377,456	1,377,456	-
Buildings	620,992	554,343	12	Legal reserve (Note IV(22))	133,429	-	-
Office equipment	741,174	1,154,114	( 36 )	Unappropriated earnings (Notes IV(23) and (25))	1,316,851	444,764	196
Transportation equipment	30,873	40,581	( 24 )	Other stockholders' equity			
Miscellaneous equipment	1,151,535	1,177,455	( 2 )	Unrealized profit or loss			
Subtotal	3,860,515	4,170,386	( 7 )	financial assets (Note IV(7))	217,213	366,427	( 41 )
Less: Accumulated depreciation	( 1,296,279 )	( 1,598,805 )	( 19 )	Unrealized net loss on accrued pension cost	( 43,743 )	( 38,848 )	13
Construction in progress	51,236	96,198	( 47 )	<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>24,812,541</b>	<b>23,649,799</b>	<b>5</b>
Property, plant and equipment – net	2,615,472	2,667,779	( 2 )	<b>COMMITMENTS AND CONTINGENCIES</b>			
Intangible assets (Note IV(12))	2,456,470	607,896	304	(Note VII)			
Other assets				TRUST ASSETS (Note X(4))			
Other assets – others (Note IV(13))	1,931,260	1,184,346	63	SUBSEQUENT EVENTS (Note IX)			
Deferred income tax assets (Note IV(25))	826,422	1,543,350	( 46 )	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 455,737,481</b>	<b>\$ 365,072,480</b>	<b>25</b>
Other assets – total	2,757,682	2,727,696	1				
<b>TOTAL ASSETS</b>	<b>\$ 455,737,481</b>	<b>\$ 365,072,480</b>	<b>25</b>				

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, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
			<u>%</u>
Interest income	\$ 5,984,696	\$ 6,048,323	( 1)
Less: Interest expense	( 1,765,975)	( 2,444,828)	( 28)
Net interest income	<u>4,218,721</u>	<u>3,603,495</u>	17
Net non-interest income			
Net service fee and commission income	1,111,946	655,308	70
Gain on financial assets and liabilities at fair value through profit or loss			
(Notes IV(3), (15) and X(3))	157,907	887,516	( 82)
Realized gain on available-for-sale financial assets (Note IV(7))	300,749	185,831	62
Income from equity investments accounted for under the equity method (Note IV(9))	32,093	9,676	232
Foreign exchange gain (loss) – net (Note X(3))	239,683	( 2,290)	( 10567)
Gain on reversal of asset impairment (loss) – net	( 8,955)	1,666	( 638)
Other non-interest income	<u>88,898</u>	<u>210,426</u>	( 58)
Net non-interest income	<u>1,922,321</u>	<u>1,948,133</u>	( 1)
Net revenues	6,141,042	5,551,628	11
Provision reversal gain (bad debts losses) (Note IV(6))	174,808	( 354,966)	( 149)
Operating expenses			
Personnel expenses (Note IV(24))	( 2,522,779)	( 2,279,152)	12
Depreciation and amortization (Note IV(24))	( 529,080)	( 545,386)	( 3)
Other general and administrative expenses	<u>( 1,500,402)</u>	<u>( 1,515,014)</u>	( 1)
Income before income tax	1,733,589	857,110	102
Income tax expense (Note IV(25))	( 416,738)	( 412,346)	1
Net income	<u>\$ 1,316,851</u>	<u>\$ 444,764</u>	196
<u>Basic earnings per share</u> (Note IV(26))			
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>
Net income	<u>\$ 0.79</u>	<u>\$ 0.60</u>	<u>\$ 0.41</u>
			<u>\$ 0.21</u>

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





Yuantia Commercial Bank Co., Ltd.  
Statements of Changes in Stockholders' Equity  
For the Years Ended December 31, 2010 and 2009  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings			Unrealized		Unrealized net loss on accrued pension cost	Total
	Common stock	Additional paid-in capital	Legal reserve	Unappropriated earnings / (Accumulated deficit)	(loss) gain on available-for-sale financial assets		
<u>For the year ended December 31, 2009</u>							
Balance, January 1, 2009	\$ 22,000,000	\$ -	\$ -	(\$ 3,254,911)	(\$ 113,754)	\$ -	\$ 18,631,335
Issuance of common stock	2,754,911	1,377,456	-	-	-	-	4,132,367
Capital reduction for cover accumulated deficit	( 3,254,911)	-	-	3,254,911	-	-	-
Net income for the year ended December 31, 2009	-	-	-	444,764	-	-	444,764
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	480,181	-	480,181
Change in net loss not recognized as pension cost	-	-	-	-	-	( 38,848)	( 38,848)
Balance, December 31, 2009	\$ 21,500,000	\$ 1,377,456	\$ -	\$ 444,764	\$ 366,427	(\$ 38,848)	\$ 23,649,799
<u>For the year ended December 31, 2010</u>							
Balance, January 1, 2010	\$ 21,500,000	\$ 1,377,456	\$ -	\$ 444,764	\$ 366,427	(\$ 38,848)	\$ 23,649,799
Appropriation of 2009 earnings (Note)	-	-	133,429	( 133,429)	-	-	-
Legal reserve appropriated	311,335	-	-	( 311,335)	-	-	-
Stock dividends of common stock	-	-	-	-	-	-	-
Changes in unrealized 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	-	-	-	-	-	-	-
Balance, December 31, 2010	\$ 21,811,335	\$ 1,377,456	\$ 133,429	\$ 1,316,851	\$ 217,213	(\$ 43,743)	\$ 24,812,541

(Note) Bonus to employees amounting to \$1,557 thousand has been recognized under operating expense, not appropriation of earnings.

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

Yuanta Commercial Bank Co., Ltd.Statements of Cash FlowsFor the Years Ended December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars)

	<u>2010</u>	<u>2009</u>
<u>Cash Flows From Operating Activities</u>		
Net income	\$ 1,316,851	\$ 444,764
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	318,927	383,079
Amortization	210,153	162,307
(Provision reversal gain) bad debts losses	( 174,808)	354,966
Realized gains on disposal of available-for-sale financial assets	( 300,749)	( 185,831)
Investment income accounted for under equity method	( 32,093)	( 9,676)
Cash dividends received from equity method investees	12,418	9,640
Loss on disposal and retirement of fixed assets	29,454	14,105
Loss on disposal and retirement of intangible assets	7,788	-
Gain on disposal of idle assets	-	( 103)
Loss on disposal and retirement of other assets	111	4,092
(Gain on reversal of) impairment loss on non-financial assets	8,955	( 1,666)
Loss on disposal of collaterals assumed	-	116
Changes in assets and liabilities		
Decrease in financial assets at fair value through profit or loss	553,133	33,772,497
Decrease (increase) in receivables	34,438	( 5,184,942)
Decrease in deferred income tax assets	716,928	568,870
Decrease in other financial assets	80,632	155,788
Increase (decrease) in financial liabilities at fair value through profit or loss	260,560	( 416,549)
(Decrease) increase in payables	( 1,581,161)	3,766,627
Increase in income tax payable	71,129	33,280
Increase in accrued pension liabilities	56,718	16,150
Decrease in other financial liabilities	( 268,733)	( 140,905)
Net cash provided by operating activities	<u>1,320,651</u>	<u>33,746,609</u>





Yuanta Commercial Bank Co., Ltd.  
Statements of Cash Flows (Continued)  
For the Years Ended December 31, 2010 and 2009  
 (Expressed in Thousands of New Taiwan Dollars)

	2010	2009
<u>Cash Flows From Investing Activities</u>		
Decrease in available-for-sale financial assets	\$ 5,154,103	\$ 619,458
Decrease in held-to-maturity financial assets	49,412	396,024
Acquisition of property, plant and equipment	( 292,878)	( 1,074,585)
Proceeds from disposal of property, plant and equipment	90,409	969
Proceeds from disposal of idle assets	-	840
Proceeds from disposal of collaterals	-	1,550
Indemnities due to acquisition of Chinfon Bank Package A	17,898,724	-
Cash from acquisition of Chinfon Bank Package A	810,623	-
Increase in due from Central Bank and call loans to banks	( 42,978,622)	( 40,234,988)
Increase in notes discounted and loans	( 44,879,990)	( 1,448,740)
(Increase) decrease in investments in notes and bonds under resale agreements	( 1,691,578)	1,644,337
Increase in intangible assets	( 5,254)	( 16,682)
Decrease (increase) in other assets	115,070	( 59,261)
Net cash used in investing activities	( 65,729,981)	( 40,171,078)
<u>Cash Flows From Financing Activities</u>		
Proceeds from the issuance of financial debentures	5,000,000	-
Repayment of financial debentures	( 147,800)	-
Decrease in investments in notes and bonds under repurchase agreements	( 109,426)	( 7,115,830)
Decrease in lease payables	( 17,512)	( 23,889)
Increase in other liabilities	123,126	45,754
Capital injection with cash	-	4,132,367
(Decrease) increase in cash in Central Bank and other banks	( 5,905,726)	1,689,678
Increase in savings and deposits	64,207,218	7,985,011
Net cash provided by financing activities	63,149,880	6,713,091
Net (decrease) increase in cash and cash equivalents	( 1,259,450)	288,622
Cash and cash equivalents at beginning of year	6,696,050	6,407,428
Cash and cash equivalents at end of year	\$ 5,436,600	\$ 6,696,050
<u>Supplemental Disclosures of Cash Flow Information</u>		
Interest paid	\$ 1,613,285	\$ 3,159,489
Income tax paid	\$ 87,893	\$ 130,312





Yuanta Commercial Bank Co., Ltd.  
Notes to Financial Statements  
December 31, 2010 and 2009

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

I. Organization and business

1. Yuanta Commercial Bank Co., Ltd. (the “Bank”) was founded on January 14, 1992, and commenced operations 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. The Bank was authorized to be renamed Fuhwa Commercial Bank from Asia Pacific Bank in September 2002 and then authorized to be renamed Yuanta Commercial Bank from Fuhwa Commercial Bank in September 2007.
2. On August 1, 2002, in accordance with the Financial Holdings Company Law, the Bank became a subsidiary of Yuanta Financial Holdings Company (“Yuanta Financial Holdings”) by share exchange and was de-listed from the Taiwan Stock Exchange at the same time.
3. As of December 31, 2010, the Bank has a business department, trust department, foreign department, offshore banking unit, 81 branches and 1 overseas representative office.
4. In order to expand channels, improve business and enhance market status and competitiveness, the Bank acquired the operation and 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, 2010, the number of the Bank's employees was 2,524.

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”, “Business Entity Accounting Act”, “Regulation on Business Entity Accounting Handling” 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) 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

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. Those transactions denominated in foreign currencies are recorded in their original foreign currencies. All income and expense accounts denominated in original foreign currencies are translated into New Taiwan dollars at daily closing exchange rates. At the balance sheet date, accounts in all foreign currencies of the financial statements are translated into New Taiwan dollars at closing exchange rates on that date. Differences from translation are recorded as gains or losses for the period.

## 3. 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.

## 4. Deposit reserve

Deposit reserve is calculated by multiplying the monthly average balances of the various deposit accounts by legal reserve ratios promulgated by the Central Bank of China (CBC). The deposit reserve account with the CBC is maintained subject to monthly reserve requirement.

## 5. 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 denominated in New Taiwan dollars 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.
- (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 designate 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.



- D. 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 transaction day. The market price of open-end funds is the net value on the balance sheet date. The fair value of local bonds is the OTC's quoted market price on the transaction day. 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.
- E. The realized and unrealized gains or losses, including the amortization of discount and premium, of financial instruments at fair value through profit or loss are recognized in the income statement. Interest income (expense) and cash dividends received during the holding period are recorded under the account "gain (loss) on financial instruments at fair value through profit or loss". Cash dividends are recognized as income on the ex-dividend date or when the shareholders approve the distribution of cash dividends. Stock dividends are not recognized as income but noted as the increase of shares held.
- F. A financial instrument cannot be reclassified into or out of the category of financial instruments at fair value through profit or loss after initial recognition. In accordance with explanatory letter Ji-Mi-Zih No. 296 issued in 2006 by the Accounting Research and Development Foundation, after the implementation of 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.

#### 6. Available-for-sale financial assets

- (1) Except for stocks 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 subsequently evaluated at fair value, and the difference between fair value and amortized cost therein is recognized as unrealized gain (loss) in the shareholders' equity adjustment account. Fair value is based on the quoted market price or amount estimated by pricing model if the quoted market price is not available. When there is an indication of impairment in the value of the available-for-sale financial assets, the impairment loss should be recognized in the income statement. The impairment losses recognized in the income statement on debt instruments classified as available-for-sale financial assets can be reversed if the fair values of such debt instruments subsequently increase. However, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. When available-for-sale financial assets are sold, unrealized gains or losses previously recognized in equity are recognized in the income statement. Interest income and cash dividends are recorded under "interest income" and "realized gain on available-for-sale financial assets", respectively. Cash dividends are recognized as





income on the ex-dividend date or when the shareholders approve the distribution of cash dividends. Cash dividends received in the year of investment are deducted from the investment cost. Stock dividends are not recognized as income but noted as increase of shares held.

#### 7. 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.

#### 8. Derivative financial instruments

- (1) Derivative financial instruments include foreign exchange forward contracts, currency swaps, interest rate swaps, and cross currency swaps and options, which are entered into by the Bank in the foreign exchange, interest rate and capital markets. Derivative financial instruments are for trading purposes except for those accounted for under hedge accounting. Derivative financial instruments held for trading purposes include market maker, customer services, trading and other relevant activities.
- (2) Derivative financial instruments held for trading purposes are evaluated at fair values. Changes in fair value are recognized in profit or loss. Fair values are the prices of the derivative 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; however, if a quoted market price is not available, fair value 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.
- (3) Derivative financial assets and liabilities arising from different transactions can only be offset if those transactions with a legal right to offset are with the same counterparty who intends to settle the net amount of the related cash flows.
- (4) An embedded derivative financial instrument should be separated from the host contract and accounted for as a separate derivative if the embedded derivative financial instrument meets the definition specified in the related Statements of Financial Accounting Standards. The host contract whether it is a financial instrument or not, is recognized according to the related Statements of Financial Accounting Standards.



#### 9. Financial assets carried at cost

- (1) Investment in or sale of unquoted equity instruments is recognized using trade date accounting and is accounted for initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- (2) If there is any objective evidence of impairment, the impairment loss is recognized. Such impairment loss shall not be reversed when the fair value of the asset subsequently increases.

#### 10. Debt instruments with non-active market

- (1) Debt instruments with non-active market are accounted for using settlement date accounting. Such financial instruments are initially recognized at fair values plus acquisition or issuance costs.
- (2) Debt instruments with non-active market shall be subsequently measured at amortized cost.
- (3) If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. If, subsequently, the fair value of the asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss shall be reversed to the extent of the amount of the amortized cost that would have been recognized at the date the impairment is reversed.

#### 11. 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.

#### 12. Loans and allowance for credit losses

- (1) 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) 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. At the period end, an allowance for credit losses is determined by the evaluation of the collectability of loans and age of receivables (including non-performing loans and interest receivables) according to the amended “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans” and “Regulations Governing Institutions Engaging In Credit Card Business” of the MOF, and the doubtful accounts are written off when the possibility of recovery is remote.





- (3) Principal or interest overdue over three months is categorized as non-performing loan. 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.
- (4) In accordance with the Article 11 of “Value-added and Non-value-added Business Tax Act”, the Bank should allocate 3% of sales for writing off non-performing loan or setting aside allowance for bad debts. The aforementioned allocation of 3% of sales should be stopped if the percentage of non-performing loan is lower than 1%. The aforementioned allowance is recognized under “provision for credit losses” and “Allowance for credit losses”.

### 13. 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 a 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.

### 14. Property, plant and equipment, and related depreciation

- (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.

#### 15. Other asset — foreclosed assets

Foreclosed assets are recorded at acquisition costs and are assessed at the balance sheet date. If there is any evidence that shows that the net fair value is lower than carrying amount, the difference is recognized as impairment loss; if net fair value is higher than carrying amount, the previously recognized impairment loss can be reversed to the extent of the carrying amounts and recognized as recovery gain. Net gain (loss) on sale of foreclosed assets is recorded under other non-interest income (loss).

#### 16. Other assets — idle assets

The Bank adopted ROC 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.

#### 17. Intangible assets — goodwill

- (1) The net assets acquired by Yuanta 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 less 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 ROC 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 identify 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. Other intangible assets

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





#### 19. 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.

#### 20. 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.

#### 21. Financial debentures

Financial debentures are issued and stated at face values. 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.

#### 22. 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 Company 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.

### 23. Other liability — securities trading loss reserve

- (1) According to the Regulation 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.
- (2) The aforementioned trading loss reserve is recognized as other liability — reserve for securities trading loss reserve and other non-interest expense or income.

### 24. Other liability — 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 other liability — reserve for losses on guarantees and non-interest expense or income.

### 25. 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.
- (6) Investment tax credits arising from expenditures on employees' training are recognized in the period when the related expenditures are incurred.

#### 26. 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.

#### 27. 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.

#### 28. 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 and 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.

#### 29. 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.



### 30. Earnings per share

Earnings per share is computed by dividing the amount of net income (or loss) attributable to common stock by the weighted average shares of common stock outstanding. Treasury stock reduces the shares of outstanding common stock. The increase of shares by stock dividends from retained earnings or capital surplus and the decrease of shares due to capital reduction are adjusted retroactively to calculate EPS. Furthermore, if the record dates for stock dividends or capital reduction occur before the issuance of the financial statements, the earnings/loss per share are adjusted retroactively. The increase of capital through cash infusion should be computed based on its outstanding period.

### III. Changes in accounting principles

None.

### IV. Details of significant accounts

#### 1. Cash and cash equivalents

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Cash on hand	\$ 2,587,030	\$ 2,125,561
Foreign currency on hand	233,856	238,610
Checks for clearing	619,363	646,961
Due from banks	<u>1,996,351</u>	<u>3,684,918</u>
Total	<u>\$ 5,436,600</u>	<u>\$ 6,696,050</u>

#### 2. Due from Central Bank and call loans to banks

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Reserve for deposits – account A	\$ 6,196,010	\$ 4,910,358
Reserve for deposits – account B	10,107,100	7,893,764
Reserve for deposits – foreign currency account	45,552	32,030
Reserve for deposits - Inter-bank clearing fund	210,921	215,692
Time deposits	86,700,000	57,300,000
Call loans to banks	<u>15,953,853</u>	<u>5,882,970</u>
Total	<u>\$ 119,213,436</u>	<u>\$ 76,234,814</u>





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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Financial assets held for trading purpose		
Commercial paper	\$ 4,341,589	\$ 49,972
Beneficiary certificates	128,390	1,253,618
Government bonds	48,231	260,348
Corporate bonds	1,947,392	2,455,143
Negotiable certificate of deposit	-	2,600,000
Derivatives	3,435,810	3,520,570
Valuation adjustment for financial assets for trading purposes – non-derivatives	<u>27,593</u>	<u>16,730</u>
Subtotal	<u>9,929,005</u>	<u>10,156,381</u>
Designated financial assets at fair value through profit or loss		
Corporate bonds	506,301	540,743
Convertible corporate bonds	322,956	613,961
Valuation adjustment for designated financial assets at fair value through profit or loss	( <u>502,108</u> )	( <u>501,798</u> )
Subtotal	<u>327,149</u>	<u>652,906</u>
Total	<u>\$ 10,256,154</u>	<u>\$ 10,809,287</u>

- (1) For the years ended December 31, 2010 and 2009, the net gain on financial assets at fair value through profit or loss (including interest income and dividend income) amounted to \$1,127,254 and \$582,462, respectively.
- (2) Financial instruments designated at fair value through profit or loss are for hybrid (combined) instruments.
- (3) Please refer to Note VI for details of financial assets at fair value through profit or loss pledged as collateral as of December 31, 2009.





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

<u>Financial instruments</u>	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Contract amount (Notional amount)</u>	<u>Credit risk</u>	<u>Contract amount (Notional amount)</u>	<u>Credit risk</u>
For trading purpose:				
Exchange rate options purchased	\$ 6,866,441	\$ 162,838	\$ 24,469,960	\$ 253,681
Convertible bond options	-	-	519,215	11,610
Options purchased – bonds				
Options purchased – asset swaps	630,900	92,146	345,500	49,326
FX contracts (FX swaps, forwards and cross currency swap)	28,176,722	669,353	33,391,000	358,055
Non-delivery forwards	3,127,904	51,175	416,390	5,127
Asset swap, interest rate swap and other interest rate swap	168,546,377	2,422,821	137,246,750	2,800,074
Futures contract (Note)	15,184	37,305	996,133	41,879
Purchased CDS	30,000	172	137,500	818

Note: The unrealized gains of unsettled futures contract were \$112 and \$191 as of December 31, 2010 and 2009, respectively.

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Investments in notes and bonds under resale agreement	\$ <u>1,691,578</u>	\$ <u>-</u>
Interest rate (%)	0.53%~0.54%	-
Contract resale amount	\$ <u>1,691,750</u>	\$ <u>-</u>
Notes and bonds payable under repurchase agreement	\$ <u>100,170</u>	\$ <u>209,596</u>
Interest rate (%) (Note)	0.32%	-0.2%
Contract repurchase amount	\$ <u>100,196</u>	\$ <u>209,576</u>

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.

- (1) As of December 31, 2010, the assets related to investment in notes and bonds under repurchase agreements treated as financing transactions were recognized as available-for-sale financial assets of \$96,537.
- (2) As of December 31, 2009, the assets related to investment in notes and bonds under repurchase agreements treated as financing transactions were recognized as financial assets at fair value through profit or loss of \$206,060.



5. Receivables – net

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Demand remittance receivable	\$ 5,852,265	\$ 8,118,197
Accounts receivable factoring	3,081,730	1,262,869
Affiliated company receivable	2,465,364	2,006,512
Credit card receivable	1,883,835	2,040,196
Acceptances receivable	807,936	827,425
Interest receivable	537,335	543,307
Underwriting receivable and other receivables	<u>330,829</u>	<u>170,294</u>
Subtotal	14,959,294	14,968,800
Less: allowance for credit losses	( <u>72,306</u> )	( <u>42,047</u> )
Total	<u>\$ 14,886,988</u>	<u>\$ 14,926,753</u>

6. Bills discounted and loans, net

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Import-export negotiations and bills discounted	\$ 205,839	\$ 257,601
Short-term loans and overdrafts	31,793,569	27,036,849
Short-term loans and overdraft secured	27,730,984	17,598,570
Medium-term loans	54,265,987	44,603,891
Medium-term loans secured	58,215,903	46,553,974
Long-term loans	11,769,771	7,996,410
Long-term loans secured	104,750,412	92,378,535
Accounts receivable factoring	171,512	232,361
Non-performing loans	<u>990,999</u>	<u>1,949,863</u>
Subtotal	289,894,976	238,608,054
Less: allowance for credit losses	( <u>5,143,459</u> )	( <u>4,553,457</u> )
Total	<u>\$ 284,751,517</u>	<u>\$ 234,054,597</u>

The Bank allocated allowance for credit losses by considering unrecoverable risks for the specific loans.



For the years ended December 31, 2010 and 2009, movements of allowance for credit losses were as follows:

	For the year ended December 31, 2010		
	<u>Specific provision</u>	<u>General provision</u>	<u>Total</u>
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	<u>\$ 5,236,832</u>	<u>\$ -</u>	<u>\$ 5,236,832</u>

	For the year ended December 31, 2009		
	<u>Specific provision</u>	<u>General provision</u>	<u>Total</u>
Beginning balance	\$ 5,981,522	\$ -	\$ 5,981,522
Add: Provision for credit losses	354,966	-	354,966
Recoveries of doubtful accounts	541,406	-	541,406
Less: Write-off	( 2,234,910)	-	( 2,234,910)
Foreign exchange translation adjustment and others	( 2,320)	-	( 2,320)
Ending balance	<u>\$ 4,640,664</u>	<u>\$ -</u>	<u>\$ 4,640,664</u>

As of December 31, 2010 and 2009, loans and advances not accruing interest were \$990,999 and \$1,949,863, respectively. As of December 31, 2010 and 2009, the amounts of interest receivables that were not accrued from loans and advances were \$85,738 and \$88,546, respectively.





## 7. Available-for-sale financial assets – net

	December 31, 2010		
	<u>Cost after amortization</u>	<u>Valuation adjustment</u>	<u>Fair value</u>
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	994,400	96,860	1,091,260
Financial debentures	289	3	292
Beneficiary securities	<u>137,649</u>	<u>5,742</u>	<u>143,391</u>
Total	<u>\$ 10,463,731</u>	<u>\$ 216,942</u>	<u>\$ 10,680,673</u>

	December 31, 2009		
	<u>Cost after amortization</u>	<u>Valuation adjustment</u>	<u>Fair value</u>
Government bonds	\$ 7,842,039	\$ 146,099	\$ 7,988,138
Corporate bonds	6,052,178	77,424	6,129,602
Convertible bonds	503,563	7,546	511,109
Listed (TSE and OTC) stocks	732,792	126,852	859,644
Financial debentures	598	9	607
Beneficiary securities	<u>185,914</u>	<u>8,497</u>	<u>194,411</u>
Total	<u>\$ 15,317,084</u>	<u>\$ 366,427</u>	<u>\$ 15,683,511</u>

- (1) Please refer to Note VI for details of available-for-sale financial assets pledged as collateral as of December 31, 2010 and 2009.
- (2) Due to global financial crisis, stocks listed on TSE or OTC originally classified as at fair value through profit or loss were reclassified to available-for-sale financial assets in accordance with the revised Paragraph No. 104 of Statement of Financial Accounting Standards No. 34. As of September 30, 2008, the financial assets reclassified as available-for-sale amounted to \$319,897 have been fully derecognized from the balance sheet in the first half of 2009.

Movements on fair value of the reclassified assets for the periods from January 1 to December 31, 2009 were as follows:

	2009	
	<u>Recognized in profit or loss</u>	<u>Recognized in stockholders' equity</u>
Stocks listed on TSE or OTC	<u>\$ 69,792</u>	<u>\$ -</u>



8. Held-to-maturity financial assets

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Corporate bonds	\$ 151,840	\$ 160,150
Asset backed securities	-	41,102
Total	<u>\$ 151,840</u>	<u>\$ 201,252</u>

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

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Book Value</u>	<u>Percentage of ownership</u>	<u>Book Value</u>	<u>Percentage of ownership</u>
Equity method:				
Yuanta Leasing Co., Ltd.	\$ 105,172	98.56	\$ 105,759	98.56
Yuanta Property Insurance Agent Company	4,501	80.00	5,224	80.00
Yuanta Life Insurance Agent Company	46,344	99.99	25,057	99.99
Chinfon Asset Management Co., Ltd.	<u>243,879</u>	100.00	-	-
	<u>\$ 399,896</u>		<u>\$ 136,040</u>	

For the years ended December 31, 2010 and 2009, 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.

It was also resolved that Yuanta Leasing Co., Ltd. would be dissolved on May 27, 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.





# 10. Other financial assets – net

	December 31, 2010		December 31, 2009	
	Book value	Percentage of ownership	Book value	Percentage of ownership
Financial assets carried at cost:				
Taiwan Asset Management Co., Ltd.	\$ 157,650	0.85	\$ 100,000	0.57
Financial Information Service Co., Ltd.	120,725	2.29	46,150	1.15
Fu-Chi Enterprise Management Advisor Co., Ltd. (Note)	-	1.97	74,542	1.97
Grand Bills Finance Co., Ltd.	64,800	1.36	64,800	1.36
Taiwan Futures Exchange	39,302	0.45	-	-
VISA Inc.	15,853	-	15,853	-
Taiwan Depository & Clearing Corporation	9,749	0.08	-	-
Taiwan Aerospace Corp.	4,892	0.31	-	-
TLG Asset Management Co., Ltd.	4,729	1.27	-	-
Yang Guang Asset Management Company	3,149	4.77	1,043	1.74
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
Subtotal	424,469		306,008	
Less: accumulated impairment	( 155)		( 155)	
	424,314		305,853	
Others				
Advance and bills purchased	14,861		20,952	
Non-loans reclassified to non-accrual loans	21,067		45,160	
Subtotal	35,928		66,112	
Less: provision for credit losses	( 21,067)		( 45,160)	
	14,861		20,952	
Total	\$ 439,175		\$ 326,805	

Note: Fubon Securities Financial Co., Ltd. was renamed as Fu-Chi Enterprise Management Advisor Co., Ltd.. The company reduced its capital and refunded shares of \$78,670, recognized as other receivables. The book value was zero after capital reduction and shares held was reduced to 20 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 94,705 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, TLG Asset Management 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, 2010 and 2009, the details of property, plant and equipment were as follows:

	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
	<u>\$ 3,911,751</u>	<u>(\$ 1,296,279)</u>	<u>\$ 2,615,472</u>

	December 31, 2009		
	Cost	Accumulated depreciation	Net book value
Land	\$ 1,243,893	\$ -	\$ 1,243,893
Buildings	554,343	( 96,450)	457,893
Office equipment	1,154,114	( 874,756)	279,358
Transportation equipment	40,581	( 27,311)	13,270
Miscellaneous equipment	1,177,455	( 600,288)	577,167
Construction in progress	96,198	-	96,198
	<u>\$ 4,266,584</u>	<u>(\$ 1,598,805)</u>	<u>\$ 2,667,779</u>

#### 12. Intangible assets

	December 31, 2010	December 31, 2009
Goodwill	\$ 1,924,395	\$ -
Computer software	532,075	607,896
	<u>\$ 2,456,470</u>	<u>\$ 607,896</u>

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(8).





### 13. Other assets - others

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Idle assets	\$ 223,495	\$ 223,495
Less: accumulated depreciation	( 297)	( 253)
Less: accumulated impairment loss	( 150,533)	( 141,577)
Subtotal	<u>72,665</u>	<u>81,665</u>
Lease assets	114,817	-
Less: accumulated impairment loss	( 2,464)	-
Subtotal	<u>112,353</u>	<u>-</u>
Refundable deposit-out	1,509,946	890,483
Other deferred expenses	148,829	140,658
Others	<u>87,467</u>	<u>71,540</u>
Total	<u>\$ 1,931,260</u>	<u>\$ 1,184,346</u>

### 14. Due to Central Bank and other banks

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Due to Central Bank	\$ -	\$ 15,891
Due to other banks	1,071	667
Overdrafts from banks	141,409	38,674
Call loans from banks	7,585,206	5,386,216
Redeposits from the directorate general of postal remittance	<u>9,079,438</u>	<u>7,513,312</u>
Total	<u>\$ 16,807,124</u>	<u>\$ 12,954,760</u>

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Derivatives	<u>\$ 3,924,425</u>	<u>\$ 3,663,865</u>

(1) For 2010 and 2009, net (losses) gains (including interest expense) of the financial liabilities at fair value through profit or loss were (\$969,347) and \$305,054, respectively.



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

Financial instruments	December 31, 2010		December 31, 2009	
	Contract amount (Notional amount)	Credit risk	Contract amount (Notional amount)	Credit risk
For trading purpose:				
Exchange rate options written	\$ 6,747,578	\$ -	\$ 24,238,951	\$ -
Equity options written	519,100	-	551,300	-
Asset swap options written	192,000	-	30,000	-
Asset swap, interest rate swap and other interest rate swap	152,542,555	-	139,086,831	-
FX contracts (FX swaps, forwards and cross currency swap)	41,590,867	-	34,296,808	-
Non-delivery forwards	3,127,904	-	416,390	-

#### 16. Payables

	December 31, 2010	December 31, 2009
Demand remittance payable	\$ 5,876,462	\$ 8,122,817
Accounts payable	206,680	164,199
Underwriting payables	765,520	138,177
Interest payable	542,631	389,941
Bankers' acceptances	807,936	834,883
Collections payable for customers	126,359	130,368
Accrued expenses	575,408	421,569
Checks for clearing	619,363	646,961
Taxes payable	105,907	34,778
Compensation payable	34,172	78,210
Other payables	292,426	210,611
Total	<u>\$ 9,952,864</u>	<u>\$ 11,172,514</u>

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 \$215,561 and unpaid balance amounting to \$34,172 as of December 31, 2010.





### 17. Deposits and remittances

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Checking deposits	\$ 3,084,599	\$ 2,452,575
Demand deposits	56,372,135	39,749,296
Time deposits	93,093,465	55,156,655
Demand savings deposits	161,089,086	136,752,928
Time savings deposits	67,771,382	65,829,108
Remittances	<u>55,378</u>	<u>113,714</u>
Total	<u>\$ 381,466,045</u>	<u>\$ 300,054,276</u>

### 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 and March 4, 2010. 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, and the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin No. 009001490260 on April 29, 2010.

In accordance with the original issuance plan, the Bank issued the first series of subordinate financial debentures at par on February 24, 2006. 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. However, general financial debentures with the quota of \$5,000,000 and subordinate financial debentures with the quota of \$200,000 were expired as the issuance was not completed within one year after approval date.

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.

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. The details of financial debentures as of December 31, 2010 were as follows:



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

	<u>Floating interest rate</u>
Outstanding value	\$ 294,120
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 2006

	<u>Fixed interest rate</u>
Par value	\$ 5,000,000
Stated interest rate	Fixed interest rate at 2.55%
Period	Five years and six months
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 2006, second issuance

	<u>Fixed interest rate</u>
Par value	\$ 1,800,000
Stated interest rate	Fixed interest rate at 2.50%
Period	Six years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity (Note 1)
Issue price	Price at face value on issuing date

Second series of subordinate financial debentures in 2006, second issuance

	<u>Fixed interest rate</u>
Par value	\$ 3,000,000
Stated interest rate	Fixed interest rate at 3.25%, the interest rate will rise to 4.25% if the Bank does not call back after five years
Period	No maturity date
Interest payment date	Payable every year
Term of principal payment	Payable on maturity (Note 2)
Issue price	Price at face value on issuing date





## First series of subordinate financial debentures in 2010

	<u>Fixed interest rate</u>
Par value	\$ 5,000,000
Stated interest rate	Fixed interest rate at 2.30%
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

Note 1: The redemption right of the issuer: If its post-redemption capital adequacy ratio meets the minimum required capital adequacy ratio, the Bank may redeem the debentures in whole at par value on the date two years after the issue date or on the same date in every subsequent year until maturity, if approved by the supervising authority. Purchasers or holders of the debentures cannot raise any objection to this resolution. The Bank will announce the resolution 15 days prior to redemption date, and the debentures will stop accruing interest on and after the declaration date.

Note 2: The redemption right of the issuer: If its post-redemption capital adequacy ratio meets the minimum required capital adequacy ratio, the Bank may redeem the debentures in whole or in part at par value plus accrued and unpaid interest on the date five years after the issue date or on the same date in every subsequent year, if approved by the supervising authority. Purchasers or holders of the debentures cannot raise any objection to this resolution. The Bank will announce the resolution 15 days prior to redemption date, and the debentures will stop accruing interest on and after the declaration date.

As of December 31, 2010 and 2009, the details of financial debentures were as follows:

	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 9,800,000	\$ 9,800,000
Increase of the period	5,000,000	-
Acquisition of Chinfon Commercial Bank Package A	441,920	-
Decrease of the period	(147,800)	-
Ending balance	<u>\$ 15,094,120</u>	<u>\$ 9,800,000</u>

#### 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 2.0 percent 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, 2010 and 2009 were \$70,667 and \$72,636, respectively.

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

	<u>2010</u>	<u>2009</u>
Discounted rate	1.75%	2.25%
Expected rate of return on plan assets	2.50%	3.00%
Rate of compensation increase	1.75%	2.25%

(3) Funded status of the pension plan

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Vested benefit obligation	\$ 160,798	\$ 124,989
Non-vested benefit obligation	<u>407,784</u>	<u>362,483</u>
Accumulated benefit obligation	568,582	487,472
Effect of future salary increments	<u>262,928</u>	<u>299,255</u>
Projected benefit obligation	831,510	786,727
Fair value of plan assets	(( 453,802))	(( 432,474))
Funded status	377,708	354,253
Unrealized net transition obligation	(( 10,454))	(( 12,545))
Unrecognized service cost in prior period	1,898	2,157
Unrecognized loss on plan assets	(( 306,671))	(( 338,103))
Additional minimum pension liabilities	<u>52,299</u>	<u>49,236</u>
Accrued pension	<u>\$ 114,780</u>	<u>\$ 54,998</u>
Vested benefit	<u>\$ 202,392</u>	<u>\$ 167,641</u>

(4) Net pension cost comprises the following:

	<u>2010</u>	<u>2009</u>
Service cost	\$ 45,603	\$ 43,763
Interest cost	17,701	21,760
Actual return on plan assets	( 9,730)	( 7,834)
Amortization	<u>17,093</u>	<u>14,947</u>
Net pension cost	<u>\$ 70,667</u>	<u>\$ 72,636</u>

(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, 2010 and 2009 were \$79,835 and \$74,484, respectively.





## 20. Common stock

- (1) 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. As of December 31, 2009, the Bank's authorized and issued capital was \$22,000,000 and \$21,500,000, respectively, consisting of 2,200,000 thousand shares and 2,150,000 thousand shares of common stock with \$10 (in dollars) par value per share.
- (2) The Board of Directors resolved on March 18, 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 changes.
- (3) The Board of Directors resolved to reduce the Bank's capital by \$3,254,911 to offset against its accumulated deficit and issue new common stock amounting to \$2,754,911 on February 26, 2009. The capital reduction and capital injection were approved by the Financial Supervisory Commission of the Executive Yuan, effective on March 30, 2009 and March 31, 2009, respectively. The Bank has completed the corporate registration amendment for the above changes.

## 21. Capital surplus

According to the ROC Company Act, realized capital surplus can be capitalized and transferred to share capital after offsetting accumulated deficit. Capital surplus should not be used for distribution of cash dividends. Realized capital surplus mentioned above includes the proceeds received in excess of the par value of common stock issued and amounts donated to the Bank. The amount of capital surplus capitalized each year shall not exceed a certain percentage of the Bank's issued share capital. Capital surplus from issuance of new share in excess of par value of common stock can be made only once per year, and cannot be capitalized in the same year of issuance of new shares.

## 22. Legal reserve and appropriated special reserve

The Bank's Articles of Incorporation provides that the Bank may declare dividends after all tax payments and appropriation of 30% of remaining earnings as legal reserve. The Bank cannot distribute cash dividends exceeding 15% of total share capital until legal reserve reaches the amount equal to total share capital. Given that legal reserve reaches the amount equal to total share capital, or meets the soundness criteria of financial activities stipulated by the competent authorities and provides legal reserve pursuant to the Company Act, the Bank is not subject to the aforesaid regulations. In addition, apart from the appropriation of legal reserve, the Bank can also appropriate special reserve according to the resolution of the shareholders.

## 23. 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 offset prior year's operating loss and pay all taxes, and then be 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) 0.5% ~ 1.5% 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 approved.



- (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 condition, 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% unless changed by the Board of Directors 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) Information on the appropriation of the Bank's 2009 earnings has been approved by the Board of Directors on April 1, 2010; As of December 31, 2008, no retained earnings could be distributed due to accumulated deficit, and information of appropriation of retained earnings as of December 31, 2009 is as follows:

	2009	
	Amount	Stock dividends per share (dollar)
Statutory capital surplus provision	\$ 133,429	\$ -
Stock dividends	311,335	0.1448
	<u>\$ 444,764</u>	

- (5) The appropriation of the Bank's 2010 earnings has not been approved by the Board of Directors as of February 22, 2011. The status of the appropriation of earnings approved by the Board of Directors and resolved by stockholders is available at the website of the Market Observation Post System provided by Taiwan Stock Exchange.
- (6) The estimated amounts of \$7,559 and \$1,557 for employees' bonus as of December 31, 2010 and 2009, respectively, are based on the ratio stipulated in the Bank's Articles of Incorporation of net income after taking into account of tax and legal reserve and recognized as operating expense for the year ended December 31, 2010. However, if the estimated amounts for employees' bonuses are significantly different from the actual distributed amounts resolved by the Bank's Board of Directors acting on behalf of the stockholders subsequently, the differences shall be recognized as gain or loss in the following year. The employees' bonus as of December 31, 2009 was resolved by the Board of Directors on behalf of shareholders on April 1, 2010 and had no difference with the amount accrued in 2009.





#### 24. Personnel, depreciation, and amortization expenses

Personnel, depreciation, and amortization expenses incurred for the years ended December 31, 2010 and 2009 were summarized as follows:

	<u>2010</u>	<u>2009</u>
Personnel expenses	\$ 2,552,779	\$ 2,279,152
Salaries	2,178,112	1,928,192
Labor and health insurance	141,476	128,703
Pension	150,502	147,120
Others	82,689	75,137
Depreciation	318,927	383,079
Amortization	210,153	162,307

#### 25. Income tax

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

	<u>2010</u>	<u>2009</u>
Income tax at the statutory tax rate	\$ 294,710	\$ 214,278
Tax effect of permanent differences	( 135,069)	( 219,746)
Tax effect of amendments to the tax laws	226,191	380,962
Tax effect of valuation allowance	( 39,814)	( 36,346)
Under provision of prior year's income tax	68,810	16,136
Tax effect of investment tax credit	- ( 2,333)	( 2,333)
Separate income tax	<u>1,910</u>	<u>59,395</u>
Income tax expense	416,738	412,346
Net changes on deferred income tax assets	( 474,835)	( 158,141)
Tax effect of amendments to the tax laws	( 226,191)	( 380,962)
Separate income tax	( 1,910)	( 59,395)
Under provision of prior year's income tax	( 68,810)	( 16,136)
Effects of adopting the consolidated income tax return system	355,008	230,113
Prior years' income tax payable	<u>105,907</u>	<u>6,953</u>
Income tax payable	<u>\$ 105,907</u>	<u>\$ 34,778</u>

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Consolidated income tax return receivable – parent company	<u>\$ 2,465,364</u>	<u>\$ 2,006,512</u>



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

	December 31, 2010		December 31, 2009	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets (liabilities)				
Unrealized exchange (gain) loss	( \$ 180,832)	( \$ 30,742)	\$ 95,989	\$ 19,198
Increase in allowance for credit losses in excess of tax limitation	1,463,521	248,799	2,156,975	431,395
Unrealized valuation loss on derivatives	491,784	83,603	227,472	45,494
Unrealized impairment losses on idle assets	150,532	25,591	141,577	28,315
Unrealized compensation loss	34,172	5,809	78,210	15,642
Other financial assets impairment loss	155	26	155	31
Effect of amortization on goodwill	1,688,050	286,968	738,002	147,600
Loss carryforwards	<u>2,826,735</u>	<u>480,545</u>	<u>4,918,848</u>	<u>983,770</u>
	<u>\$ 6,474,117</u>	<u>1,100,599</u>	<u>\$ 8,357,228</u>	<u>1,671,445</u>
Investment tax credits		<u>12,791</u>		<u>19,505</u>
Subtotal		1,113,390		1,690,950
Valuation allowance		( <u>286,968</u> )		( <u>147,600</u> )
Deferred income tax assets – net		<u>\$ 826,422</u>		<u>\$1,543,350</u>

According to the revised Income Tax Act effective on June 15, 2010, the tax rate is adjusted down to 17%, effective from 2010. The Bank recalculated deferred income tax assets using the applicable tax rate, and recognized the net effect of the deferred income tax assets (liabilities) as income tax expense in the income statement for the period.

- (4) The Bank is eligible for investment tax credits under the Income Tax Act and Statute for Upgrading Industry. Details as of December 31, 2010 were as follows:

Qualifying item	Year	Unused tax credit	Final year tax credits are due
Employees' training	2007	\$ 6,398	2011
Employees' training	2008	4,060	2012
Employees' training	2009	<u>2,333</u>	2013
		<u>\$ 12,791</u>	





- (5) 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, 2010, the details of the Bank's loss carryforward were as follows:

<u>Year loss was incurred</u>	<u>Declared amount of loss</u>	<u>Year expiration</u>	<u>Assessed by tax authority</u>
2006	<u>\$ 2,826,735</u>	2016	Not yet assessed

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Balances of the imputation tax credit account for stockholders	<u>\$ 183,150</u>	<u>\$ 304,737</u>

The creditable tax rate is estimated to be 13.91% for 2010 and the actual creditable tax rate was 33.33% for 2009 since there was no earning to be distributed.

- (7) Unappropriated earnings (accumulated deficit)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Prior 1997 (including 1997)	\$ -	\$ -
Post 1998	<u>1,316,851</u>	<u>444,764</u>
	<u>\$ 1,316,851</u>	<u>\$ 444,764</u>

The Bank has filed income tax returns as of the previous year and the Tax Authority has assessed the tax returns until 2005.

The Bank's income tax returns for 2003, 2004 and 2005 had been assessed by the Tax Authority on December 12, 2006, May 15, 2009 and July 15, 2009, respectively. The Bank disagreed with the assessment about the amortization on goodwill and bond investments and filed appeals for reconsiderations of the assessments in March 2007, July 2009 and October 2009, respectively. As of December 31, 2010, \$105,907 of income tax payable was recognized for the abovementioned appeals for reconsiderations of the assessment.





26. Earnings per common share

For the year ended December 31, 2010					
	Amount		Adjusted weighted average outstanding common stock (In thousand shares)	Earnings per share (in NT dollars)	
	Before tax	After tax		Before tax	After tax
Net income	<u>\$ 1,733,589</u>	<u>\$ 1,316,851</u>	2,181,134	<u>\$ 0.79</u>	<u>\$ 0.60</u>

For the year ended December 31, 2009					
	Amount		Adjusted weighted average outstanding common stock (In thousand shares)	Earnings per share (in NT dollars)	
	Before tax	After tax		Before tax	After tax
Net income	<u>\$ 857,110</u>	<u>\$ 444,764</u>	2,112,986	<u>\$ 0.41</u>	<u>\$ 0.21</u>

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

27. 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, 2010 and 2009, capital adequacy ratio was 10.73% and 12.05%, respectively.





## V. Related party transactions

### 1. Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
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
Fuhwa Securities Investment Consulting Co., Ltd.	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 Leasing Co., Ltd. (Yuanta Leasing)	Investee controlled by the Bank
Yuanta Property Insurance Agent Company (Yuanta Property Insurance Agent)	Investee controlled by the Bank
Chinfon Asset Management Co., Ltd.	Investee controlled by the Bank (dissolved on May 31, 2010)
Funds managed by Yuanta Securities Investment Trust	Funds raised by Yuanta Securities Investment Trust



<u>Names of related parties</u>	<u>Relationship with the Bank</u>
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
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
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
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





## 2. Significant transactions and balances with related parties

### (1) Deposits

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
December 31, 2009			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	\$ 8,801,981	2.93	0.00~5.85

Apart from 6.20% and 5.85% interest rate on employees' certain demand savings deposits, for the years ended December 31, 2010 and 2009, the range of interest rate on other related parties' demand savings deposits was 0.00%~2.78% and 0.00%~5.20%, 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, 2010 and 2009, interest expenses on the above deposits were \$54,808 and \$122,371, respectively.



## (2) Loans

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		

December 31, 2009

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	359	\$ 16,825	\$ 8,917	\$ 8,917	\$ -	None, movables	None
Home mortgage loans	Yuanta Securities	408	-	-	-	None	None
	118	1,011,069	912,040	912,040	-	Real estate	None
	Yuanta Securities	3,371	1,720	1,720	-	Real estate & securities	None
Other loans	HannStar Display	1,700,000	1,226,170	1,226,170	-	Movables	None
	22 (Note)	39,095	22,246	15,597	6,649	Real estate & deposits	None
Total			2,171,093	2,164,444	6,649		

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





In 2010 and 2009, 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 1.48% to 2.73% and 1.72% to 3.19%, respectively, and on loans to bank staffs, ranging from 1.05% to 5.02% and 0.80% to 10.90%, respectively.

During 2010 and 2009, interest income resulting from the above loans were \$66,829 and \$46,739, respectively.

### (3) Fee and commission income

As of and for the years ended December 31, 2010 and 2009, details of fee and commission income and related receivables were as follows:

Name	For the year ended December 31, 2010	
	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	<u>\$ 198,758</u>	<u>\$ 24,858</u>

Name	For the year ended December 31, 2009	
	Fee and commission income	Accounts receivable
Yuanta Life Insurance Agent	\$ 96,831	\$ 8,517
Yuanta Property Insurance Agent	7,448	566
Yuanta Securities Investment Trust	10,369	1,690
Total	<u>\$ 114,648</u>	<u>\$ 10,773</u>

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

### (4) Rental expenses

For the years ended December 31, 2010 and 2009, details of rental expenses were as follows:

Name	Usage	For the years ended December 31,	
		2010	2009
Yuanta Securities	Office premises	\$ 172,408	\$ 300,176
Yuanta Asset Management	Office premises	-	7,698
Yuanta Securities Finance	Office premises	4,905	6,820
Yuanta Futures	Office premises	-	206
Total		<u>\$ 177,313</u>	<u>\$ 314,900</u>





## (5) Donations

<u>Name</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Yuanta Foundation	\$ <u>5,000</u>	\$ <u>5,000</u>

## (6) Consulting fee

<u>Name</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Yuanta Securities	\$ <u>1,900</u>	\$ <u>-</u>
Yuanta Securities Investment Consulting	<u>10,000</u>	<u>10,000</u>
	\$ <u>11,900</u>	\$ <u>10,000</u>

## (7) Commission expense

<u>Name</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Yuanta Securities	\$ <u>13,527</u>	\$ <u>19,515</u>

## (8) Other receivables

<u>Name</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Yuanta Financial Holding, Co., Ltd.	\$ <u>2,465,364</u>	\$ <u>2,006,512</u>

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, 2010 and 2009, the details of the Bank's investments in open-end funds were as follows:

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

	<u>For the year ended December 31, 2009</u>		
	<u>Investment</u>	<u>Gain</u>	
	<u>during the period</u>	<u>Ending balance</u>	<u>on disposal</u>
Funds managed by Yuanta Securities Investment Trust	\$ <u>1,315,000</u>	\$ <u>1,225,000</u>	\$ <u>17,805</u>





- B. For the years ended December 31, 2010 and 2009, 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, 2010			
	Type	Purchase price	Selling price
Yuanta Securities	Bond	\$ 1,855,214	\$ 2,829,818

For the year ended December 31, 2009			
	Type	Purchase price	Selling price
Yuanta Securities	Bond	\$ 4,179,949	\$ 1,683,074

- C. For the years ended December 31, 2010 and 2009, 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, 2010			
	Ending balance	Highest balance	Interest income
Yuanta Securities	\$ 45,243	\$ 91,338	\$ 4,584

For the year ended December 31, 2009			
	Ending balance	Highest balance	Interest income
Yuanta Securities	\$ 91,338	\$ 138,922	\$ 3,571

(10) Others

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

For the years ended December 31, 2010 and 2009, transaction details of notes and bonds under repurchase or resale agreement with affiliated parties were as follows:

For the year ended December 31, 2010					
Name	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	-	-0.2~0.00	(13)	32
Total		\$ -		(\$ 51)	\$ 32



Name	For the year ended December 31, 2009			
	Highest balance	Ending balance	Interest rate (Note)	Interest revenue (expense)
Resale transactions:				
Yuanta Securities	\$ 421,734	\$ -	0.05~0.11	\$ 1
Repurchase transactions:				
Funds managed by Yuanta Securities Investment Trust:				
Yuanta Wan Tai Bond Fund	400,000	\$ -	0.12	\$ 14
Yuanta Securities	2,109,351	209,596	-1.00~0.00	( 296)
Total		\$ 209,596		(\$ 282)

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.

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

	2010	2009
Salaries	\$ 44,553	\$ 44,635
Bonus	54,945	50,202
Service execution	1,081	5,226
Earnings distribution	-	20
Total	\$ 100,579	\$ 100,083

- 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 2010.
- E. Please refer to the Bank's annual report for relevant information.





## VI. Pledged assets

As of December 31, 2010 and 2009, the details of pledged assets were as follows:

<u>Items</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>	<u>Purpose of pledge</u>
Financial assets at fair value through profit or loss – government bonds	\$ -	\$ 206,060	Notes and bonds payable under repurchase agreement
Available-for-sale financial assets – government bonds	96,537	-	Notes and bonds payable under repurchase agreement
Available-for-sale financial assets – government bonds	29,687	64,973	Provisional seizure
Available-for-sale financial assets – government bonds	51,669	54,180	Operating deposits of proprietary trading bills
Available-for-sale financial assets – government bonds	72,336	53,384	Trust fund reserve
Available-for-sale financial assets – government bonds	310,013	529,326	Deposits at the Resolution Trust Corporation (RTC)
Available-for-sale financial assets – government bonds	10,334	10,677	Operating deposits of proprietary trading securities
Available-for-sale financial assets – government bonds			International card
assets – government bonds	<u>3,720</u>	<u>3,780</u>	payment reserves
	<u>\$ 574,296</u>	<u>\$ 922,380</u>	

## VII. Commitments and contingencies

### 1. Operating leases

The Bank has entered into certain operating lease agreements for its branches. As of December 31, 2010, future lease contract commitments were as follows:

<u>Fiscal year</u>	<u>Rental amount</u>
2011	\$ 329,197
2012	242,771
2013	167,611
2014	120,403
2015 and after	<u>56,577</u>
	<u>\$ 916,559</u>



## 2. Significant purchase agreements

As of December 31, 2010 and 2009, the Bank entered into agreements for asset acquisitions amounting to \$138,661 and \$200,012, respectively. The unpaid amounts of those agreements were \$87,425 and \$103,814, respectively.

## 3. Others

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Consignment collection for others	\$ 11,307,411	\$ 11,641,556
Traveler's checks held on consignment for sale	92,719	83,931
Consignment securities, underwriting goods and custodial goods	11,696,695	10,782,666
Trust assets	<u>110,059,945</u>	<u>78,955,582</u>
	<u>\$ 134,156,770</u>	<u>\$ 101,463,735</u>
Credit lines provided but not used	<u>\$ 2,663,742</u>	<u>\$ 3,394,240</u>
Credit commitment on credit card	<u>\$ 66,372,597</u>	<u>\$ 64,427,351</u>
Other guarantees	<u>\$ 22,104,723</u>	<u>\$ 15,908,157</u>
Unused L/C balance	<u>\$ 3,791,306</u>	<u>\$ 3,254,698</u>
Securities commitment under repurchase agreement	<u>\$ 100,196</u>	<u>\$ 209,576</u>
Securities commitment under resale agreement	<u>\$ 1,691,750</u>	<u>\$ -</u>

VIII. Significant catastrophe loss: None.

IX. Significant subsequent events: None.





## X. Others

### 1. Disclosure of financial instruments

#### (1) Fair value of financial instruments

	December 31, 2010		
		Fair value	
<u>Non-derivative financial instruments</u>	<u>Book value</u>	<u>Quotations in an active market</u>	<u>Estimated using a valuation technique</u>
Assets			
Financial assets with fair value equal to book value	\$ 142,738,548	\$ -	142,738,548
Financial assets at fair value through profit or loss, net	6,820,344	2,478,143	4,342,201
Bills discounted and loans, net	284,751,514	-	284,751,517
Available-for-sale financial assets, net	10,680,673	7,926,151	2,754,522
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	
<u>Derivative financial instruments</u>	<u>Book value</u>	<u>Quotations in an active market</u>	<u>Estimated using a valuation technique</u>
<b>Assets</b>			
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
<b>Liabilities</b>			
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



	December 31, 2009		
		Fair value	
<u>Non-derivative financial instruments</u>	<u>Book value</u>	<u>Quotations in an active market</u>	<u>Estimated using a valuation technique</u>
Assets			
Financial assets with fair value equal to book value	\$ 98,748,100	\$ -	\$ 98,748,100
Financial assets at fair value through profit or loss, net	7,288,717	4,630,606	2,658,111
Bills discounted and loans, net	234,054,597	-	234,054,597
Available-for-sale financial assets, net	15,683,511	8,985,414	6,698,097
Held-to-maturity financial assets	201,252	-	201,252
Other financial assets	20,952	-	20,952
Liabilities			
Financial liabilities with fair value equal to book value	\$ 24,351,852	\$ -	\$ 24,351,852
Deposits and remittances	300,054,276	-	300,054,276
Financial debentures	9,800,000	-	9,800,000
Other financial liabilities	3,304,142	-	3,304,142

	December 31, 2009		
		Fair value	
<u>Derivative financial instruments</u>	<u>Book value</u>	<u>Quotations in an active market</u>	<u>Estimated using a valuation technique</u>
<b>Assets</b>			
Exchange rate options purchased	\$ 253,681	\$ -	\$ 253,681
Convertible bond options	11,610	-	11,610
Options purchased – asset swaps	49,326	-	49,326
FX contracts (FX swaps, forwards and cross currency swap)	358,055	-	358,055
Non-delivery forwards	5,127	-	5,127
Asset swap, interest rate swap and other interest rate swap	2,800,074	-	2,800,074
Futures contracts	41,879	41,879	-
Purchased CDS	818	-	818
<b>Liabilities</b>			
Exchange rate options written	\$ 251,640	\$ -	\$ 251,640
Equity options written	76,320	-	76,320
Asset swap options written	368	-	368
FX contracts (FX swaps, forwards and cross currency swap)	477,096	-	477,096
Non-delivery forwards	5,004	-	5,004
Asset swap, interest rate swap and other interest rate swap	2,853,437	-	2,853,437

(2) 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 valued 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.
- (3) The Bank has recognized net profits on changes in fair value arising from valuation technique amounting to (\$20,834) and \$568,017 for the years ended December 31, 2010 and 2009, respectively.
- (4) As of December 31, 2010 and 2009, the Bank had financial assets with fair value risk arising from interest rate changes amounting to \$184,402,420 and \$136,936,031, respectively.



- (5) As of December 31, 2010 and 2009, the Bank had financial assets with cash flow risk arising from interest rate changes amounting to \$240,597,808 and \$198,796,891, respectively.
- (6) For the years ended December 31, 2010 and 2009, total interest income for financial assets or financial liabilities that are not at fair value through profit or loss amounted to \$5,984,696 and \$6,048,323, respectively; total interest expense on financial assets or financial liabilities that are not at fair value through profit or loss amounted to \$1,765,975 and \$2,444,828, respectively. For available-for-sale financial assets, gains recognized directly in equity were \$151,265 and \$663,195, and the amounts removed from equity and recognized in profit and loss were \$300,749 and \$185,831 during the years ended December 31, 2010 and 2009, respectively. Adjustments from available-for-sale financial assets accounted for under the equity method were \$270 and \$2,817 for the years ended December 31, 2010 and 2009, respectively.
- (7) 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.
- (8) 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, 2010	
	Book value	Maximum credit exposure
<u>Non-derivative financial assets</u>		
Financial assets with fair value equal to book value	\$ 142,738,548	\$ 142,738,548
Financial assets at fair value through profit or loss, net	6,820,344	6,820,344
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
	December 31, 2010	
	Book value	Maximum credit exposure
<u>Derivative financial assets</u>		
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



	December 31, 2009	
	Book value	Maximum credit exposure
<u>Non-derivative financial assets</u>		
Financial assets with fair value equal to book value	\$ 98,748,100	\$ 98,748,100
Financial assets at fair value through profit or loss, net	7,288,717	7,288,717
Bills discounted and loans, net	234,054,597	234,054,597
Available-for-sale financial assets, net	15,683,511	15,683,511
Held-to-maturity financial assets	201,252	201,252
Other financial assets	20,952	20,952
Off-balance sheet accounts		
Guarantees receivable	-	15,908,157
L/C receivable	-	3,254,698

	December 31, 2009	
	Book value	Maximum credit exposure
<u>Derivative financial assets</u>		
Exchange rate options purchased	\$ 253,681	\$ 253,681
Convertible bond options	11,610	11,610
Options purchased – asset swaps	49,326	49,326
FX contracts (FX swaps, forwards and cross currency swap)	358,055	358,055
Non-delivery forwards	5,127	5,127
Asset swap, interest rate swap and other interest rate swap	2,800,074	2,800,074
Futures contracts	41,879	41,879
Purchased CDS	818	818

The Bank conducts cautious credit assessments before providing loans, loan commitments, and guarantees. Loans with collateral amounted to 66.03% of the total loans in 2009. 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:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Loans by regions</u>		
Domestic	\$ 273,993,419	\$ 226,904,902
Overseas	<u>15,962,459</u>	<u>11,786,634</u>
Total	<u>\$ 289,955,878</u>	<u>\$ 238,691,536</u>

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Loans by industries</u>		
Manufacturing	\$ 62,972,722	\$ 63,479,118
Private enterprises	21,392,274	14,166,363
Construction	9,402,340	5,012,889
Private individual	136,998,208	107,732,796
Others	<u>59,190,334</u>	<u>48,300,370</u>
Total	<u>\$ 289,955,878</u>	<u>\$ 238,691,536</u>

### 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 31.3% and 28.3% for the years ended December 31, 2010 and 2009, 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, 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)
<b>Financial instruments</b>							
<b>Assets</b>							
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	48,526	-	-	-	-	-	48,526
Corporate bonds	1,974,662	-	-	-	-	-	1,974,662
Beneficiary certificates	127,806	-	-	-	-	-	127,806
Commercial paper	4,342,201	-	-	-	-	-	4,342,201
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	20,265,533	23,981,420	18,864,226	34,171,982	49,550,552	143,061,263	289,894,976
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
<b>Total assets</b>	<b>81,622,010</b>	<b>69,301,936</b>	<b>38,233,742</b>	<b>38,997,905</b>	<b>64,670,963</b>	<b>144,498,701</b>	<b>437,325,257</b>





December 31, 2010

	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable
	amount or	amount or	amount or	amount or	amount or	amount or	amount or
	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)
Financial instruments							
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	\$ 21,995,124	\$ 23,152,467	\$ 5,197,952	\$ 57,845,465	\$ 99,665,355	\$ 134,375,281	\$ 16,814,100





## December 31, 2009

	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)
<b>Financial instruments</b>							
<b>Assets</b>							
Non-derivative financial instruments							
Cash and cash equivalents	\$ 6,696,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,696,050
Due from Central Bank and call loans to banks	54,432,751	3,829,611	11,193,201	2,518,300	4,260,951	-	76,234,814
Financial assets held for trading purpose							
Government bonds	262,904	-	-	-	-	-	262,904
Corporate bonds	2,465,040	-	-	-	-	-	2,465,040
Beneficiary certificates	1,249,755	-	-	-	-	-	1,249,755
Commercial paper	49,987	-	-	-	-	-	49,987
Negotiable certificates of deposits	2,608,125	-	-	-	-	-	2,608,125
Designated financial assets at fair value through profit or loss							
Convertible corporate bonds	-	-	-	15,597	372,785	244,279	632,661
Asset swaps - convertible corporate bonds	-	-	-	20,245	-	-	20,245
Bills discounted and loans	18,156,946	18,722,297	15,994,631	26,237,620	33,510,378	125,986,182	238,608,054
Available-for-sale financial assets							
Government bonds	-	-	619,113	1,771,697	3,426,302	2,171,026	7,988,138
Corporate bonds	-	-	305,232	1,302,630	4,005,119	516,621	6,129,602
Convertible corporate bonds	-	-	-	15,709	495,400	-	511,109
Financial debentures	-	-	-	557	50	-	607
Beneficiary securities	-	-	-	49,669	144,742	-	194,411
Listed (TSE and OTC) stocks	859,644	-	-	-	-	-	859,644
Held-to-maturity financial assets							
Corporate bonds	-	-	-	-	160,150	-	160,150
Asset backed securities	-	-	-	-	-	41,102	41,102
Derivative financial instruments							
Financial assets at fair value through profit or loss - derivatives							
Option contracts purchased	162,343	47,465	34,337	40,614	29,858	-	314,617
FX contracts (forwards, swaps and cross currency swap)	214,824	89,181	54,050	-	-	-	358,055
Non delivery forward	-	-	-	5,127	-	-	5,127
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	757,580	1,993,830	46,907	1,757	-	-	2,800,074
Futures contracts	41,879	-	-	-	-	-	41,879
CDS purchased	10	-	302	506	-	-	818
<b>Total assets</b>	<b>87,957,838</b>	<b>24,682,384</b>	<b>28,247,773</b>	<b>31,980,028</b>	<b>46,405,735</b>	<b>128,959,210</b>	<b>348,232,968</b>





## December 31, 2009

	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)
<b>Financial instruments</b>							
<b>Liabilities</b>							
Non-derivative financial instruments							
Due to Central Bank and other banks	\$ 6,417,386	\$ 3,533,008	\$ 914,704	\$ 2,089,662	\$ -	\$ -	\$ 12,954,760
Notes and bonds payable under repurchase agreements	209,596	-	-	-	-	-	209,596
Deposits and remittances	39,448,234	32,893,742	25,654,462	55,548,593	146,505,161	4,084	300,054,276
Financial debentures	-	-	-	-	6,800,000	3,000,000	9,800,000
Other financial liabilities	699,483	5,039	36,467	116,319	1,930,040	516,794	3,304,142
<b>Derivative financial instruments</b>							
Financial liabilities held for trading purpose - derivatives							
Option contracts written	160,180	48,088	38,971	50,587	30,502	-	328,328
FX contracts (forwards, swaps and cross currency swap)	211,959	172,380	92,757	-	-	-	477,096
Non delivery forwards	-	-	-	5,004	-	-	5,004
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	828,248	1,830,355	183,590	2,002	9,242	-	2,853,437
Total liabilities	47,975,086	38,482,612	26,920,951	57,812,167	155,274,945	3,520,878	329,986,639
Net liquidity gap	\$ 39,982,752	\$ 13,800,228	\$ 1,326,822	(\$ 25,832,139)	(\$ 108,869,210)	\$ 125,438,332	\$ 18,246,329



#### D. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank has 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& Compliance Department is set up to assist the Bank 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 above mentioned criteria, the support from the high level decision makers is also crucial. Under full authorization of senior managers, 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, 2010 and 2009, 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, 2010

	0-30 days Amount (recoverable amount or repayment amount)	31-90 days Amount (recoverable amount or repayment amount)	91-180 days Amount (recoverable amount or repayment amount)	181 days-1 year Amount (recoverable amount or repayment amount)	1-3 years Amount (recoverable amount or repayment amount)	Over 3 years Amount (recoverable amount or repayment amount)	Total Amount (recoverable amount or repayment amount)
<b>Financial instruments</b>							
<b>Assets</b>							
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	48,526	-	-	-	-	-	48,526
Corporate bonds	1,974,662	-	-	-	-	-	1,974,662
Commercial paper	4,342,201	-	-	-	-	-	4,342,201
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	99,663,658	158,779,379	4,271,280	2,475,204	9,254,977	14,459,479	288,903,977
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	37,305	-	-	-	-	-	37,305
<b>Total assets</b>	<b>192,804,167</b>	<b>177,440,850</b>	<b>16,041,365</b>	<b>6,544,642</b>	<b>16,780,547</b>	<b>15,396,704</b>	<b>425,008,275</b>



## 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)
<b>Financial instruments</b>							
<b>Liabilities</b>							
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	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	14,092	6,842	40,591	18,530	1,404,457	1,634,761	3,119,273
<b>Derivative financial instruments</b>							
Financial liabilities held for trading purpose – derivatives	-	-	3,938	19,953	82,353	-	106,244
Option contracts written							
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
<b>Total liabilities</b>	110,505,813	28,317,489	216,204,984	38,665,426	13,348,700	10,122,220	417,165,632
<b>Interest-rate-sensitivity gap</b>	\$ 82,298,353	\$ 149,123,361	(\$ 200,163,619)	(\$ 32,120,784)	\$ 3,431,847	\$ 5,274,484	\$ 7,843,643





December 31, 2009

	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)	
<b>Financial instruments</b>														
<b>Assets</b>														
Non-derivative financial instruments														
Due from other banks	\$ 3,684,918	\$	-	\$	-	\$	-	\$	-	\$	-	\$	3,684,918	
Due from Central Bank and call loans to banks	48,682,970		3,000,000		18,393,764		1,000,000		-		-		71,076,734	
Financial assets held for trading purpose														
Government bonds	262,904		-		-		-		-		-		262,904	
Corporate bonds	2,465,040		-		-		-		-		-		2,465,040	
Commercial paper	49,987		-		-		-		-		-		49,987	
Negotiable certificates of deposits	2,608,125		-		-		-		-		-		2,608,125	
Designated financial assets at fair value through profit or loss														
Convertible corporate bonds	-		-		-		15,597		372,785		244,279		632,661	
Assets swaps - convertible corporate bonds	-		-		-		20,245		-		-		20,245	
Bills discounted and loans	98,324,659		105,543,261		4,044,427		4,919,711		5,959,668		17,866,465		236,658,191	
Available-for-sale financial assets														
Government bonds	-		-		619,113		1,771,697		3,426,302		2,171,026		7,988,138	
Corporate bonds	-		299,894		305,232		1,302,630		3,705,225		516,621		6,129,602	
Convertible corporate bonds	-		-		-		15,709		495,400		-		511,109	
Financial debentures	-		-		-		557		50		-		607	
Beneficiary securities	-		-		-		49,669		144,742		-		194,411	
Held-to-maturity financial assets														
Corporate bonds	-		-		-		-		160,150		-		160,150	
Asset backed securities	-		-		-		-		-		41,102		41,102	
Derivative financial instruments														
Financial assets held for trading purpose -derivatives														
Option contracts purchased	-		-		3,165		18,877		27,284		-		49,326	
FX contracts (forwards, swaps and cross currency swap)	214,824		89,181		54,050		-		-		-		358,055	
Interest rate swap contracts (including asset swap interest rate swap and other interest rate swap)	757,581		1,993,829		46,907		1,757		-		-		2,800,074	
Futures contracts	41,879		-		-		-		-		-		41,879	
<b>Total assets</b>	<b>157,092,887</b>		<b>110,926,165</b>		<b>23,466,658</b>		<b>9,116,449</b>		<b>14,291,606</b>		<b>20,839,493</b>		<b>335,733,258</b>	



## December 31, 2009

	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)
<b>Financial instruments</b>							
<b>Liabilities</b>							
Non-derivative financial instruments							
Due to Central Bank and other banks	\$ 12,954,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,954,760
Notes and bonds payable under repurchase agreements	209,596	-	-	-	-	-	209,596
Deposits	72,667,296	20,077,612	174,233,265	29,092,131	1,417,633	50	297,487,987
Financial debentures	-	-	-	-	6,800,000	3,000,000	9,800,000
Other financial liabilities	699,483	5,039	36,467	116,319	1,930,040	516,794	3,304,142
<b>Derivative financial instruments</b>							
Financial liabilities held for trading purpose – derivatives							
Option contracts written	445	57	7,798	37,886	30,502	-	76,688
FX contracts (forwards, swaps and cross currency swap)	211,959	172,380	92,757	-	-	-	477,096
Interest rate swaps (including asset swap interest rate swaps and other interest rate swaps)	828,248	1,830,355	183,590	2,002	9,242	-	2,853,437
<b>Total liabilities</b>	<u>87,571,787</u>	<u>22,085,443</u>	<u>174,553,877</u>	<u>29,248,338</u>	<u>10,187,417</u>	<u>3,516,844</u>	<u>327,163,706</u>
Interest-rate-sensitivity gap	<u>\$ 69,521,100</u>	<u>\$ 88,840,722</u>	<u>(\$ 151,087,219)</u>	<u>(\$ 20,131,889)</u>	<u>\$ 4,104,189</u>	<u>\$ 17,322,649</u>	<u>\$ 8,569,552</u>







## (B) Effective interest rates

As of December 31, 2010 and 2009, 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:

Items	December 31, 2010	
	NTD	USD
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%	-



December 31, 2009		
Items	NTD	USD
Available-for-sale financial assets		
Government bonds	1.03%~2.38%	-
Corporate bonds	0.69%~5.13%	-
Beneficiary securities	1.56%~2.76%	-
Financial debentures	-	2.90%~3.50%
Held-to-maturity financial assets		
Asset backed securities	-	6.85%
Loans and advances		
Short-term loans	1.99%	1.31%
Short-term secured loans	2.29%	2.07%
Mid-term loans	1.91%	1.83%
Mid-term secured loans	2.46%	1.44%
Long-term loans	2.33%	2.17%
Long-term secured loans	1.85%	1.63%
Financial debentures	2.50%~3.25%	-
Deposits		
Demand deposits	0.10%	0.02%
Time deposits	0.10%~0.85%	0.05%~0.95%
Redeposits from the Directorate general of postal remittance	0.72%	-
Demand savings deposits	0.15%	-
Time savings deposits	0.15%~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, 2010					December 31, 2009				
	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	217,664	85,494,829	0.25%	494,710	227.28%	734,180	71,935,019	1.02%	1,110,417	151.25%
Unsecured loans	479,948	93,368,158	0.51%	1,430,568	298.07%	302,663	74,405,249	0.41%	837,591	276.74%
Consumer banking										
Residential mortgage loans (Note 4)	515,184	81,035,074	0.64%	1,080,345	209.70%	821,415	73,614,006	1.12%	1,042,563	126.92%
Cash card services	-	-	-	-	-	-	-	-	-	-
Small amount of credit loans (Note 5)	113,071	3,527,371	3.21%	1,705,810	1508.62%	179,443	5,440,040	3.30%	1,388,989	774.06%
Others (Note 6)	96,881	25,161,704	0.39%	381,222	393.50%	215,208	12,590,681	1.71%	152,654	70.93%
Unsecured loans	9,647	1,368,742	0.70%	50,804	526.63%	11,325	706,541	1.60%	21,243	187.58%
Gross loan business	1,432,395	289,955,878	0.49%	5,143,459	359.08%	2,264,234	238,691,536	0.95%	4,553,457	201.10%
	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	21,067	1,916,571	1.10%	55,230	262.16%	26,513	2,077,938	1.28%	43,551	164.26%
Without recourse factoring (Note 7)	-	3,081,730	-	-	-	-	1,292,869	-	-	-

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, 2010		December 31, 2009	
	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)	1,216,558	12,438	1,261,848	15,257
Perform in accordance with debt liquidation program and restructuring program (Note 2)	471,757	7,571	446,087	5,274
Total	1,688,315	20,009	1,707,935	20,531

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) Loan asset quality

Expressed In Thousands of New Taiwan Dollars , %		
December 31, 2010		
Items	Amount	Non-performing loans/gross loans
Non-performing loans A	\$ 1,046,518	0.36
Non-performing loans B	385,877	0.13
Gross non-performing loans	1,432,395	0.49
December 31, 2009		
Non-performing loans A	\$ 2,069,087	0.87
Non-performing loans B	195,147	0.08
Gross non-performing loans	2,264,234	0.95

Note 1: The amount recognized as non-performing loans (NPLs) was in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans”.

Note 2: Definitions of non-performing loans A and non-performing loans B are according to the Banking Bureau (1) Letter No.0941000251 dated April 19, 2005.

Note 3: Non-performing loan ratio = non-performing loans / gross loans.

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

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



Expressed In Thousands of New Taiwan Dollars , %

December 31, 2009			
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	\$ 4,804,756	20.32
2	Group B – Integrated Circuits Manufacturing	3,518,621	14.88
3	Group C – Liquid Crystal Panel and Components Manufacturing	3,152,844	13.33
4	Group D – Monitors and Terminals Manufacturing	2,549,226	10.78
5	Group E – Civil Air Transportation	2,390,846	10.11
6	Group F – Other Metalworking Machinery Manufacturing	2,042,611	8.64
7	Group G – Integrated Circuits Manufacturing	1,900,091	8.03
8	Company H – Metal Surface Treating	1,289,012	5.45
9	Group I – Liquid Crystal Panel and Components Manufacturing	1,111,180	4.70
10	Group J – Other Civil Engineering Projects Construction	1,109,550	4.69

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If a outstanding loan belongs to a 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.





#### (4) Sensitivity analysis of interest rate for assets and liabilities

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

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 (USD)

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.



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

December 31, 2009

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	71,290,783	28,794,134	22,982,862	178,478,562	301,546,341
Interest-rate-sensitive liabilities	78,266,002	172,726,638	26,411,404	13,021,296	290,425,340
Interest-rate-sensitive gap	( 6,975,219)	( 143,932,504)	( 3,428,542)	165,457,266	11,121,001
Total stockholders' equity					23,409,152
Ratio of interest-rate-sensitive assets to liabilities					103.83
Ratio of interest-rate-sensitive gap to stockholders' equity					47.51

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 (USD)

December 31, 2009

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	462,691	93,953	13,502	166,180	736,326
Interest-rate-sensitive liabilities	726,188	38,641	75,514	-	840,343
Interest-rate-sensitive gap	( 263,497)	55,312	( 62,012)	166,180	( 104,017)
Total stockholders' equity					7,501
Ratio of interest-rate-sensitive assets to liabilities					87.62
Ratio of interest-rate-sensitive gap to stockholders' equity					( 1,386.71)

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.



## (5) Profitability

Items		Expressed in %	
		December 31,	
		2010	2009
Return on total assets	Before tax	0.42	0.24
	After tax	0.32	0.12
Return on stockholders' equity	Before tax	7.15	4.05
	After tax	5.43	2.10
Net profit margin ratio		21.44	8.01

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.



## (6) Structure analysis of time to maturity

Structure analysis of time to maturity (NTD)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 (USD)December 31, 2010

	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	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).





Structure analysis of time to maturity (NTD)

December 31, 2009

	Expressed in Thousands of New Taiwan Dollars				
	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	75,221,084	19,370,226	25,623,368	32,624,106	174,593,785
Primary funds outflow upon maturity	25,558,209	35,313,977	26,163,586	56,592,266	182,591,261
Gap	49,662,875	( 15,943,751)	( 540,218)	( 23,968,160)	( 7,997,476)
					1,213,270

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 (USD)

December 31, 2009

	Expressed in Thousands of US Dollars				
	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	409,491	189,989	99,538	14,366	171,499
Primary funds outflow upon maturity	696,967	117,787	41,426	76,246	7,537
Gap	( 287,476)	72,202	58,112	( 61,880)	163,962
					( 55,080)

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).

## 7) Average value and average interest rates of interest-earning assets and interest-bearing liabilities

	2010	
	Average value	Average rate of return (%)
<u>Interest-earning assets</u>		
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
<u>Interest-bearing liabilities</u>		
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





	2009	
	Average value	Average rate of return (%)
<u>Interest-earning assets</u>		
Due from other banks	\$ 2,676,235	0.19
Due from Central Bank and call loans to other banks (excluding account A)	35,851,126	0.79
Financial assets at fair value through profit or loss	27,618,471	0.86
Investment in notes and bonds under resale agreements	2,868,352	0.08
Bills discounted and loans (excluding non-accrual loan)		
– Gross	231,707,842	2.25
Available-for-sale financial assets	15,914,147	1.99
Held-to-maturity financial assets	291,661	2.37
Debt instruments with non-active market	117,865	8.02
Credit card receivables	1,686,514	9.35
Accounts receivables factoring	531,106	2.64
<u>Interest-bearing liabilities</u>		
Due to Central Bank and other banks	\$ 11,615,949	1.07
Notes and bonds payable under repurchase agreements	3,659,462	0.04
Demand deposits	142,784,290	0.13
Time deposits	138,236,708	1.32
Negotiable certificates of deposit	2,103,755	1.13
Financial debentures	9,800,000	2.75
Appropriated loan funds	166,572	0.36

### 3. Net position for major foreign currency transactions

	December 31, 2010			December 31, 2009		
	Currency (in thousands)	NTD (in thousands)		Currency (in thousands)	NTD (in thousands)	
Net position for major foreign currency transactions (Market Risk)	USD	12,992	394,549	USD	25,125	804,769
	EUR	1,925	78,094	EUR	2,021	93,307
	CNY	11,722	54,015	CNY	12,079	56,673
	JPY	128,284	47,886	JPY	76,094	26,435
	HKD	1,993	7,991	AUD	742	21,364

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, 2010 was 1 USD: 30.368 TWD. The major foreign currency position (including forward contracts) is mainly US dollar



assets, amounting to USD\$2,548,616 thousand and USD\$1,982,099 thousand as of December 31, 2010 and 2009, respectively; liabilities were USD\$2,535,624 thousand and USD\$1,956,974 thousand, respectively.

#### 4. Trust assets and liabilities

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

Trust Balance Sheet			
December 31, 2010			
<u>Trust assets</u>		<u>Trust liabilities</u>	
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	<u>\$ 111,059,945</u>	Total trust liabilities	<u>\$ 111,059,945</u>

Trust Balance Sheet			
December 31, 2009			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 1,537,212	Payable- Customers' securities under custody	\$ 11,653,960
Stocks	10,672,094	Pecuniary trust	54,847,027
Funds (Note)	46,792,549	Securities trust	9,437,118
Bonds	6,409,314	Real estate trust	1,992,931
Real estate	1,890,453	Co-Trust Fund	885,348
Customers' securities under custody	11,653,960	Total net income	44,706
		Retained earnings	94,492
Total trust assets	<u>\$ 78,955,582</u>	Total trust liabilities	<u>\$ 78,955,582</u>

Note: Includes mutual funds in money market.







## Trust Income Statement

For the years ended December 31,

	2010	2009
Trust income:		
Interest income	\$ 8,665	\$ 4,390
Rental income	20,089	12,625
Dividend income	17,575	21,838
Investment income	<u>23,547</u>	<u>23,088</u>
	<u>69,876</u>	<u>61,941</u>
Trust expenses:		
Management fees	18,136	10,561
Supervisory directors' fees	-	60
Tax expenses	3,737	1,622
Service fees	22	25
Loss on investment	11,788	4,657
Land registration charges	<u>-</u>	<u>29</u>
	<u>33,683</u>	<u>16,954</u>
Net income before income tax	36,193	44,987
Income tax expense	( 548)	( 281)
Net income after income tax	<u>\$ 35,645</u>	<u>\$ 44,706</u>

## Schedule of investment for trust business

December 31, 2010		December 31, 2009	
Invested items	Book value	Invested items	Book value
Bank deposits	\$ 1,760,718	Bank deposits	\$ 1,537,212
Bonds	3,778,313	Bonds	6,409,314
Stocks	12,306,257	Stocks	10,672,094
Funds	47,808,002	Funds	46,792,549
Real estate		Real estate	
Land	3,896,940	Land	1,890,453
Customers' securities under custody	<u>41,509,715</u>	Customers' securities under custody	<u>11,653,960</u>
	<u>\$ 111,059,945</u>		<u>\$ 78,955,582</u>

Foreign currency pecuniary trust operated by the Offshore Banking Unit (OBU) as of December 31, 2010 and 2009, was included in the trust balance sheet and schedule of investment for trust business.



## 5. Capital adequacy ratio

			December 31, 2010	December 31, 2009
Eligible capital		Tier 1 Capital	\$ 22,229,821	\$ 23,022,173
		Tier 2 Capital	8,907,147	5,687,130
		Tier 3 Capital	-	-
		Self-owned capital, net	31,136,968	28,709,303
Total risk - weighted assets	Credit risk	Standardized Approach	267,322,507	210,651,610
		Internal Ratings-Based Approach	-	-
		Asset securitization	122,537	155,696
	Operation risk	Basic Indicator Approach	12,306,100	11,057,163
		Standardized Approach / Alternative Standardized Approach	-	-
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	10,456,938	16,318,538
		Internal Models Approach	-	-
	Total risk-weighted assets		290,208,082	238,183,007
Capital adequacy ratio			10.73%	12.05%
Tier 1 Risk-based Capital Ratio			7.66%	9.67%
Tier 2 Risk-based Capital Ratio			3.07%	2.38%
Tier 3 Risk-based Capital Ratio			-	-
Stockholders' equity/Total assets			4.79%	5.89%
Gearing ratio			5.45%	6.41%

Note 1: The consolidated capital adequacy ratio as of December 31, 2010 and 2009 was 10.74% and 12.09%, 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. Presentation of financial statements

Certain accounts in the financial statements as of and for the year ended December 31, 2009 have been reclassified and presented in accordance with “Guidelines Governing the Preparation of Financial Reports by Public Banks”, to conform to the financial statements as of and for the year ended December 31, 2010. The reclassification does not have material impact on the presentation of the financial statements.

## 7. 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 Article 6 and Article 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, 2010.



## 8. 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	<u>27,810,801</u>
Liabilities – net	19,823,119
Less: indemnification from the RTC	<u>17,898,724</u>
Goodwill	<u><u>\$ 1,924,395</u></u>





- 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 2009 had included CCB’s 18 branches)

	For the years ended December 31,			
	2010		2009	
Net Interest income	\$	4,183,311	\$	3,512,553
Net non-interest income		<u>1,656,755</u>		<u>1,174,234</u>
Net revenues		5,840,066		4,686,787
Provision reversal gain (bad debts losses)		173,129	(	666,109)
Operating expenses	(	<u>4,680,755</u> )	(	<u>4,728,463</u> )
Net income (loss) before income tax		1,332,440	(	707,785)
Income tax expense	(	<u>416,738</u> )	(	<u>412,346</u> )
Net income (loss) after income tax	\$	<u>915,702</u>	(\$	<u>1,120,131</u> )
Earnings (loss) per share	<u>Before Tax</u>		<u>Before Tax</u>	
	\$	<u>0.61</u>	(\$	<u>0.33</u> )
	<u>After Tax</u>		<u>After Tax</u>	
	\$	<u>0.42</u>	(\$	<u>0.53</u> )



## 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	\$ 2,465,364 (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

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 (loss) 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		
							Number of ready shares	Number of pro-forma shares	Total Number of shares Percentage of ownership (%)
Yuanta Commercial Bank	Yuanta Leasing	9F., No. 68, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Chattel, real estate and property selling and leasing	98.56	\$ 105,172	( \$ 857)	19,908	None	19,908 99.60
Yuanta Commercial Bank	Yuanta Life Insurance Agent	7F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Life insurance agency	99.99	46,344	32,783	300	None	300 100.00
Yuanta Commercial Bank	Yuanta Property Insurance Agent	7F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Property insurance agency	80.00	4,501	199	-	None	- 100.00
Yuanta Commercial Bank	Chinfon Asset Management Co., Ltd.	9F., No. 68, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Financial service and debt management	100.00	243,879	( 32)	50,000	None	50,000 100.00

(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, 2010: None.
- (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: Not applicable.





### 3. Risk Management and Other Significant Issues

#### (1) Information of Credit Risk Management:

##### A. Credit Risk Management System in 2010

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	<ol style="list-style-type: none"> <li>Strategies and objectives:               <ol style="list-style-type: none"> <li>Follow Basel II requirements to upgrade the Bank's ability in risk management and internationalism.</li> <li>Well found and fully implement the various risk management systems and control procedures.</li> <li>Strengthen the information integration, analysis and precautionary effect to exert the risk management actively.</li> </ol> </li> <li>Policies:               <ol style="list-style-type: none"> <li>Cultivate the business strategies and organizations valuing credit risk management, and master the qualitative and quantitative management approaches as the reference in strategy making.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol> </li> <li>Management procedure: Credit risk identification, measurement, control and management, credit risk report and performance management.</li> </ol>
2. Structure and organization of credit risk management	<ol style="list-style-type: none"> <li>Board of Directors:               <ol style="list-style-type: none"> <li>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.</li> <li>Establish Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities.</li> </ol> </li> <li>Senior managers: Asset &amp; Liability Management Committee, Risk Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the president.</li> <li>Credit Management entities:               <ol style="list-style-type: none"> <li>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.</li> <li>Establish the Bank's entire structure of measuring, controlling and evaluating quantitative risk.</li> <li>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.</li> </ol> </li> <li>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.</li> <li>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.</li> </ol>



Item	Contents
3. Scope and characteristics of credit risk report and measurement systems	<ol style="list-style-type: none"> <li>1. Scope and characteristics of credit risk report: <ol style="list-style-type: none"> <li>(1) Report of Board of Directors. (Regularly)/(Integrated risk report)</li> <li>(2) Report of Audit Committee. (Regularly)/(Integrated risk report)</li> <li>(3) Monthly report of Asset &amp; Liability Management Committee. (Integrated risk report)</li> <li>(4) Monthly report of Risk Management Committee. (Integrated risk report)</li> <li>(5) Monthly corporate and consumer banking asset quality report.</li> <li>(6) Monthly disclosure of information about the individual limits in the various countries.</li> </ol> </li> <li>2. Credit risk measurement systems include: <ol style="list-style-type: none"> <li>(1) Capital charge calculation platform information system.</li> <li>(2) The credit information and investigation system Credit rating.</li> <li>(3) The collection system: Asset appraisal.</li> <li>(4) The Bank's credit risk alarming system: The credit risk alarming mechanism.</li> <li>(5) Mid-term crediting management platform (Including post loan management and the review platform.)</li> <li>(6) Step-by-step establish consumer banking scorecard and corporate probability of default model.</li> <li>(7) Step-by-step complete the establishment of the large exposure system.</li> </ol> </li> </ol>
4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools	<ol style="list-style-type: none"> <li>1. Credit risk hedging or risk reduction policies: <ol style="list-style-type: none"> <li>(1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses.</li> <li>(2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel II.</li> </ol> </li> <li>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.</li> </ol>
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 ; Dec.31, 2010

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	109,804,363	729
Non Central –Government Public Sector Entities	0	0
Banks (Multilateral Development Banks included)	27,132,977	707,274
Cooperates(Securities firms and insurance companies included)	171,872,975	12,902,028
Retailed credit	59,593,309	4,108,373
Residential Property	90,655,399	3,282,498
Equity-securities investment	4,892	1,565
Other assets	8,108,048	383,334
Total	467,171,963	21,385,801





## (2) Information of Asset Securitization Management:

### A. Asset Securitization Management System in 2010

Item	Contents
1. The strategies and procedure of asset securitization risk management	The procedure of securitized product investment: Before the sales 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	—
3. Scope and characteristics of asset securitization risk report and measurement systems	—
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	—
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 ; Dec.31, 2010

Type	Non- Originating bank		Originating bank					
	Purchase or Possession of Securitization Risk Exposure	Capital Charge	Exposure				Asset based commercial paper	Capital Charge before securitization
			Non-asset based commercial paper					
			Traditional		Portfolio			
			Retained position	Unrestrained position	Retained position	Unrestrained position		
Real Estate Asset Trust	94,285	5,808	—					
Collateralized Debt Obligation	49,937	3,995						
Other	0	0						
Total	144,222	9,803						



**D. Information of investment in asset securitization products :**

Unit: NT\$1,000 ; Dec.31, 2010

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	506,292	-506,292	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	45,243	4,694	0	49,937
Real-estate Investment Trust Security: Refers to Real Estate Asset Trust (REAT)	Available-for-Sale	92,406	1,048	0	93,454

**(3) Information of Operational Risk Management:****A. Operational Risk Management System in 2010**

Item	Contents
1、The strategies and procedure of operational risk management	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>
2、The organization and structure of operational risk management	<ol style="list-style-type: none"> <li>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.</li> <li>2. Risk Management Committee: Supervise risk management execution and promotion and review risk management reports to ensure the effectiveness of the Bank's risk management.</li> <li>3. Risk Management Department:  <ol style="list-style-type: none"> <li>(1) Develop the operational risk management guidelines and related policies of the Bank.</li> <li>(2) Supervise the Bank's major operational risks and loss exposure.</li> <li>(3) Coordinate operational risk management with all divisions and branches.</li> </ol> </li> <li>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 branches.</li> <li>5. Internal Audit: Internal audit divisions under Board of Directors are in charge of auditing the execution of operational risk management system in the Bank.</li> </ol>





3、Scope and characteristics of operational risk report and measurement systems	The Bank measures and monitors operational risks through management tools including 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 operational risk hedging or risk mitigation. The Bank responds to loss amount and the frequency of operational 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	Basic Indicator Approach

## B. Accrued Capital Charge of Operational Risk :

Unit: NT\$1,000 ; Dec.31, 2010

Year	Gross Income	Capital Charge
2008	6,340,586	—
2009	6,336,800	
2010	7,012,363	
Total	19,689,749	984,488



#### (4) Information of Market Risk Management:

##### A. Market Risk Management System in 2010 :

Item	Content
1. Market risk management strategies and processes	<ol style="list-style-type: none"> <li>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.</li> <li>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 risk value and optimal allocation of capital.</li> <li>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, currency market and capital market, and transactions of derivative financial products.</li> <li>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, limit of nominal amount and 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 statement on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.</li> </ol>
2. Market risk management organization and structure	<ol style="list-style-type: none"> <li>1. Board of Directors:               <ol style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ol> </li> <li>2. Senior management:               Asset &amp; Liability Management Committee and Risk Management Committee are subordinated to the president.               <ol style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ol> </li> <li>3. Market risk management entities:               <ol style="list-style-type: none"> <li>(1) Risk Management Dept., Financial Trading Dept., Treasury Dept., Financial Trading Supporting Dept.</li> <li>(2) 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.</li> <li>(3) 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.</li> <li>(4) 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</li> </ol> </li> </ol>







Item	Content
	businesses may strictly comply with the Bank's risk management policies and regulations.
3. Scope and characteristics of market risk report and measurement systems	1.To provide the market risk daily management reports to disclose the positions of the various financial products and profit, risk value and loss information. 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 transaction 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 ; Dec.31, 2010

Type of Risk	Accrued capital charge
Interest rate risk	479,274
Equity securities risk	208,560
Foreign exchange risk	148,721
Commodity risk	0
Total	836,555

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

Item	2010			
	Dec.31, 2010	Average VaR	Minimum VaR	Maximum VaR
Interest rate	3,315	6,098	3,130	13,342
Equity securities	3,623	8,617	3,657	14,159
Foreign exchange	5,152	7,868	937	24,497
Commodity	—	—	—	—
Subtotal	12,090	22,583	—	—
Dispersed effect	(4,044)	(7,263)	—	—
Total risk value	8,046	15,320	5,924	32,915



**(5) Information of Liquidity Risk Management:****A. Structure analysis of time to maturity (NTD)**

Unit: NT\$1,000: Dec.31, 2010

	Total	Amount in residual period to maturity				
		1-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	416,852,463	115,300,180	36,931,717	18,228,000	40,087,536	206,305,030
Primary funds outflow upon maturity	404,471,779	29,522,306	44,676,316	42,314,590	90,175,598	197,782,969
Gap	12,380,684	85,777,874	(7,744,599)	(24,086,590)	(50,088,062)	(8,522,061)

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

**B. Structure analysis of time to maturity (USD)**

Unit: thousand USD: Dec.31, 2010

	Total	Amount in residual period to maturity				
		1-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	1,116,025	418,537	261,819	140,210	41,419	254,040
Primary funds inflow upon maturity	1,471,769	1,019,240	130,439	74,624	236,914	10,552
Gap	(355,744)	(600,703)	131,380	65,586	(195,495)	243,488

Note 1 : Unless otherwise provided, this table shall specify the total USDs of the Head Office, domestic branches and international banking branches. Please complete this table according to the nominal amount, and it is not necessary to specify the amount not stated into account. (If negotiable deposit certificates, bonds or stocks are planned to be issued)

Note 2 : Where the offshore assets account more than 10% of the Bank's total assets, it is necessary to make supplementary disclosure.

**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 obeying the competent authority's regulations, the Bank also observes and analyzes any changes in the liquidity of major asset and liability items and interest rates and establishes a variety of indicators and warning points in hope for minimizing risks of profit decrease caused by liquidity or interest rate changes.

The Bank sets interest rates of Fund Transfer Pricing (FTP) that are accordingly applicable to different asset and liability interest rates and, through this system, manages all of the entire bank's interest rate risks through the Treasury Department.

The Bank is able to agilely adjust FTP rates applicable to different currencies and





terms, according to the Bank's loan-deposit ratio, funding gap and business goals.

The Treasury Department timely tunes arrangement of current assets according to the daily fund gap and the demand and supply of market funds. Meanwhile, it conducts the situational simulation and stress tests, forecasts possible fund gap and evaluates possible fund sources and funding timing in order to assess the capital liquidity of the Bank.

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

**A. Amendment to "Personal Information Protection Act"-**

The amendment of the title and 56 clauses of Computer-Processed Personal Data Protection Law were announced on May 26th 2010. In addition to the deletion of the current Article 19 to 22 and 43 taking effect on the announcement date, the enforcement dates for the reminders are ruled by Executive Yuan. This amendment broadens protection objects (not merely computer processing), additionally stipulates notification obligation, increases criminal responsibility and raises civil liability amount. The Bank has formed a team, hired external consultants to research on responsive measures and organized regulation training for observation and response by affected divisions.

**B. The Legislation of Article 753-1 of Civil Code-**

Article 753-1 of Civil Code passed the third reading in Legislation Yuan while the President Order was issued to enforce such article from May 26th 2010. This article stipulates that anyone that serves as the guarantor of a corporate because of his/her position as an corporate director, supervisor or any position with representation rights shoulders warranty liability only on debts arising his/her tenure in such corporate. In order to minimize possible legal risks arising from corporate credit cases, the Bank has issued corresponding management measures and operation procedures.

**C. Issuance of "Items Which Shall Be Recorded and May Not Be Recorded in Standardized Contracts of Credit Cards" -**

Financial Supervisory Commission, Executive Yuan announced "Items Which Shall Be Recorded and May Not Be Recorded in Standardized Contracts of Credit Cards" on July 27th 2010. The Bank, responding to such announcement, has revised clauses on credit card contracts and informed cardholders that such revision took effect on October 21st 2010.

**D. Issuance of "Self-Discipline Standards on Derivatives of Banks"-**

Bankers Association of the Republic of China announced Self-Discipline Standards on Derivatives of Banks on December 16th 2010. The Bank has thus completed according and written agreements of derivatives and revised the operation procedures to observe legal requirements.

**E. Issuance and Amendment of "Regulations of Central Bank on Land Mortgage and House Mortgage of Specific Areas Conducted by Financial Institutes"-**

On June 24th 2010, Central Bank issued "Regulations of Central Bank on



House Mortgage of Specific Areas Conducted by Financial Institutes” and, on December 30th 2010, Central Bank amended and renamed the Regulations “Regulations of Central Bank on Land Mortgage and House Mortgage of Specific Areas Conducted by Financial Institutes”. The Bank has executed according verification procedures while conducting land mortgage or house mortgage, which meets such legal requirement.

**F. Amendment to “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” -**

On November 18th 2010, Financial Supervisory Commission, Executive Yuan announced the amendment of the Procedures, which stipulate that banks shall appropriate at least five percent of Allowance for Bad Debts and Reserve for Guarantee Liabilities according to the claim balance in response to Category One Credit Asset except for the claim against offices of R.O.C government. Such appropriation shall be completed within three years. The Bank has made the full appropriation and completed revision of according corporate regulations.

**(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 5th 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 NTD 19.3 billion to Resolution Trust Corporation (Funds). February 28th 2011, have already started practice 11, rest 7 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 42) for the details of such merger.

**(9) Risks and Responses 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**

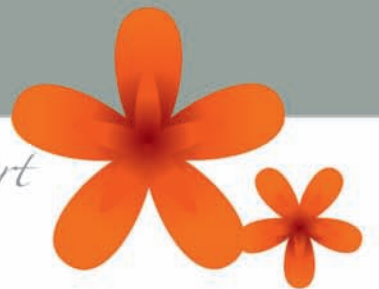
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies" and "Procedures and Crisis Management Response Manual", so that supervisors of related units may report the emergency via the various channels and research and draft responsive 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 security dry run for rapid and effective response to emergency.







*2010 Annual Report*  
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Special Notes

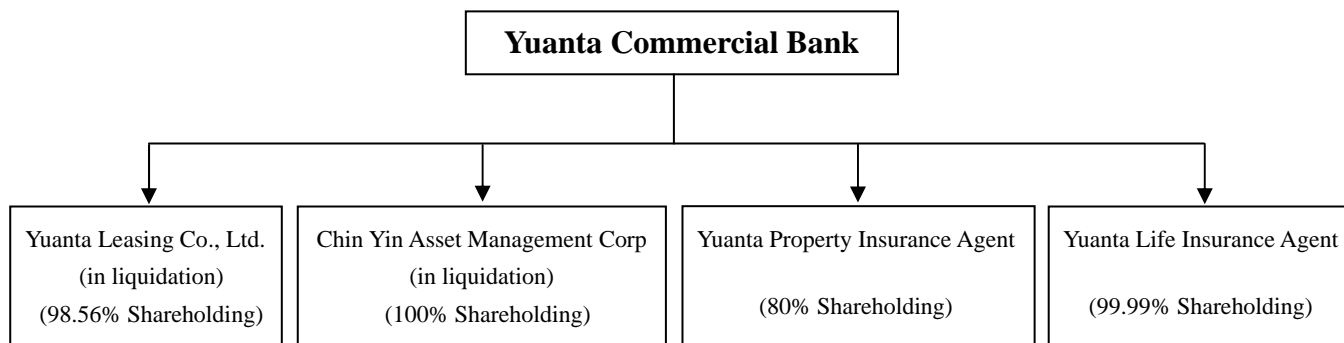


## V. Special Notes

### 1. Information of Affiliates

#### (1) Organization Chart

Base Date: Feb.28, 2011



Corporate	Date of Establishment	Address	Paid-in Capital (NT\$1,000)	Scope of Business
Yuanta Leasing Co., Ltd. (in liquidation)	07.24.1998	9F, No.68, Sec.1, Dunhua S. Rd., Taipei City	199,880	1. Leasing 2. Factoring business 3. Other business may not be prohibited or restricted by law.
Yuanta Property Insurance Agent Ltd.	10.02.1999	7F, No.66, Sec.1, Dunhua S. Rd., Taipei City	3,600	Property Insurance Agent
Yuanta Life Insurance Agent Co., Ltd.	11.20.2001	7F, No.66, Sec.1, Dunhua S. Rd., Taipei City	3,000	Life Insurance Agent
Chin Yin Asset Management Corp (in liquidation)	08.10.2006	9F, No.68, Sec.1, Dunhua S. Rd., Taipei City	500,000	Non-performing Asset Management

#### (2) Directors, Supervisors and Managers

Base Date: Feb 28, 2011

Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Yuanta Leasing Co., Ltd. (in liquidation)	Liquidator Supervisor	<b>Yuanta Commercial Bank Statutory Representatives:</b> Chia-Lin Chin <b>Yuanta Commercial Bank Statutory Representatives:</b> Ji-Sheng Wang	19,700,000 shares 98.56%
Yuanta Property Insurance Agent Ltd.	Chairman President	<b>Yuanta Commercial Bank Statutory Representatives:</b> De-Shan Wang Yi-Jhong Lian	( a limited company) 80.00%
Yuanta Life Insurance Agent Co., Ltd.	Chairman Director Supervisor President	<b>Yuanta Commercial Bank Statutory Representatives:</b> De-Shan Wang <b>Yuanta Commercial Bank Statutory Representatives:</b> Chia-Lin Chin, Hung-Lin Wu <b>Yuanta Commercial Bank Statutory Representatives:</b> Ji-Sheng Wang Yi-Jhong Lian	299,991 shares 99.99%





Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Chin Yin Asset Management Corp (in liquidation)	Liquidator Supervisor	<b>Yuanta Commercial Bank Statutory Representatives:</b> Yung-Chung Huang <b>Yuanta Commercial Bank Statutory Representatives:</b> Su-Cing Weng	50,000,000 shares 100.00%

**(3) Business Overview**

Unit:NT\$1,000 ; Base Date: Dec.31, 2010

Corporate	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT\$) (after tax)
Yuanta Leasing Co., Ltd. (in liquidation)	199,880	106,884	100	106,784	19	(1,081)	(834)	(0.04 元)
Yuanta Property Insurance Agent Ltd.	3,600	7,380	1,754	5,626	13,579	262	249	0.69 元
Yuanta Life Insurance Agent Co., Ltd.	3,000	101,875	55,530	46,345	297,686	39,389	32,784	109.28 元
Chin Yin Asset Management Corp (in liquidation)	500,000	243,989	110	243,879	0	0	(1,261)	(0.025 元)





## Milestones of Yuanta Commercial Bank in 2010

<b>January</b>	Financial Trading Department launched securities lending services.
	Launched “Dreams Come True” E-Banking Fund Competition.
	Launched the first “Lively Baby Financial Camp” (Northern Districts).
	Launched the six-month “Total Strength, Double Joy”, dollar cost averaging campaign for fund sales.
<b>February</b>	Launched “Foreign Exchange Bookless Deposit”.
	Launched the first “Lively Baby Financial Camp” (Northern Districts) (Central Districts).
	Launched the six-month “Gian High” NTD Preferential Rate Deposit.
<b>March</b>	Completed and Launched the “Collateral System”.
<b>April</b>	Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank.
<b>May</b>	Launched the six-month “Wealth Managing Fund” campaign, subscription on regular basis for fund sales.
	Conducted “Wealth Leap” workshop events 19 times across Taiwan.
	Sihu Branch relocated and renamed “Datong Branch”.
<b>June</b>	Launched “Lively Baby” Parenting Passbook and Hosted the account-opening events.
	Conducted “Wealth Leap” workshop events 7 times across Taiwan.
	“Taoyuan Branch” was relocated.
	Shintai Branch (Originally Sinjhuang Branch of Chin-Fon Bank) was relocated and renamed “Shangsinjhuang Branch”.
	Beixin Branch (Originally Sindian Branch of Chin-Fon Bank) was relocated and renamed “Jinhe Branch” .
<b>July</b>	Launched “USD Flexible Demand Deposit”.
	Completed and launched “New Personal E-Banking”.
	Launched the second “Lively Baby Financial Camp” (Northern Districts).
	Launched the six-month “Yunta Dreamer” Value Averaging.
	Launched the six-month “Go Easy” E-Banking Service.



<b>August</b>	Launched the “Home Run” Foreign Currency Preferential Rate of Deposit.
	Launched the Second “Lively Baby Financial Camp” (Central Districts).
	Launched the five-month “Bull Market” NTD and Foreign Currency Preferential Rate of Deposit.
	Hosted “Yuanta Surprises You Everyday” E-Banking Promotion.
	“Taichung Branch” was relocated.
<b>September</b>	Dunbei Branch (Originally Minsheng Branch of Chin-Fon Bank) was relocated and renamed “Beitou Branch” .
<b>October</b>	Issued Yuanta Fortune Infinite Card and invited quality clients for extraordinary exclusive services.
	Completed the service development for ATM cards of China UnionPay (CUP), which are also named CUP cards. Services include withdrawal, cash advance and balance check.
	Launched “NTD Bookless Deposit”.
	Hosted the syndicated loan of “subsidiaries of Yieh Phui Enterprise”.
	Gangshan Branch was relocated and renamed “Dunnan Branch”.
<b>November</b>	Ranked the top 5 <sup>th</sup> among Financial Banks in 2010 Service Sector Appraisal by Global Views Monthly Magazine.
	Ranked Excellence for the Best Risk Management Award in The Taiwan Banking and Finance Best Practice Awards.
	Undertook trust for shareholding of workers in China Shipbuilding Corporation.
	“Jhubei Branch” was relocated.
	Originally Caotun Branch of Chin-Fon Bank was relocated and renamed “Dunnan Branch”.
<b>December</b>	Completed the SFAS No.34 System.
	Co-organized painting & article solicitation of “Our Sweet Home” for Wan Ja Shan.
	Co-hosted “Live Up Love”, a charity fundraising event with Yuanta Foundation and Formosa Cancer Foundation.
	Kaohsiung Branch was relocated and renamed “Zuoying Branch”.
	Nankaohsiung Branch was renamed “Kaohsiung Branch”.





## Branches and Overseas Offices

Base Date: April.15, 2011

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 District, 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
Yanji Branch	(02)2731-6177	(02)2775-1441	No.180, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, 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)2709-0636	(02)2709-1226	No.155, Sec. 1, Xinsheng S. Rd., Da'an Dist., Taipei City 106, 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
Dunnan Branch	(02)2700-5818	(02)2700-5278	No.271, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
Sindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beisin Rd., Sindian City, New Taipei County 231, Taiwan
Jinhe Branch	(02)8228-2656	(02)8228-2339	No.419, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 235, Taiwan



Name	Tel	Fax	Address
Yonghe Branch	(02) 2232-5558	(02) 2232-5568	No.32, Sec. 2, Yonghe 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
Shangsinhuang Branch	(02)2990-0999	(02)2993-3222	No.173, Siyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Sinhuang 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., Banciao City, New Taipei County 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., Banciao 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.235, Changrong Rd., Lujhou City, New Taipei County 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) 494-3064	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
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) 311-426	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





Name	Tel	Fax	Address
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.146, Sec. 2, Taiping 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
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



Name	Tel	Fax	Address
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 Leasing Co., Ltd	(02) 2173-6699	(02) 2772-1817	9F, No.68, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan
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
Chin Yin Asset Management Corp.	(02) 2173-6879	(02) 2772-1995	9F, No.68, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan







Yuanta Commercial Bank Co., Ltd.



***Yuanta  
Bank***

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Website: <http://www.yuantabank.com.tw>

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