

A large, semi-transparent globe is positioned on the left side of the cover. The island of Taiwan is highlighted in a solid magenta color. The globe is set against a background of faint, intersecting white lines that create a grid-like pattern across the entire page.

2011 ANNUAL REPORT



BANK OF TAIWAN

2011 ANNUAL REPORT

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誠懇務實、信用至上、值得信賴



遠大夢想 提早預約

臺灣銀行為您儲備動能

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Letter to Shareholders



Chairperson
Susan S. Chang

The global economy was afflicted by wild changes and constant tribulations in 2011. The earthquake that struck northeastern Japan on Mar. 11 and the ensuing tsunami and Fukushima nuclear disaster, along with the calamitous flooding in Thailand in July, had a severe impact on the supply chains of industries all over the world. These events were followed by the debt-ceiling crisis in the United States in early August and the downgrade of that country's credit rating, and the deterioration of the sovereign debt crisis in Greece and other European countries in the fourth quarter of the year. This chain of events brought turbulence and unrest to the global financial market, and its impact spread to the real economy. Taiwan is a small open economy with a heavy dependence on trade; the global economic slowdown inevitably had an unfavorable impact on the island's economy, weakened corporate profits, and had an associated influence on banks' asset quality.

In the face of this severe economic environment plus the policy mission shouldered by the Bank of Taiwan, along with the implementation of Taiwan's Statement of Financial Accounting Standards No.34 and the preparatory work required for the implementation of the International Financial Reporting Standards (IFRS), our road has not been an easy one. With the Bank's sound risk control mechanism, however, and the continuous improvement of our assets and liabilities structure, performance in our various areas of business

over the past year has been satisfactory. We remained at the top of Taiwan's banking industry in total assets, shareholders equity, and a few business items. Our before-tax profit reached NT\$4.49 billion. Despite the allocation of NT\$3.605 billion in provision against bad loans as a result of Taiwan's Statement of Financial Accounting Standards No.34 third revision, this still exceeded our budget target. With the concerted effort of our management team and entire staff, the Bank was able to successfully accomplish all areas of its government policy mission, which includes such things as the extension of educational loans, home loans for young people, planning for the conversion of government insurance pensions into annuities, etc. Further more, the Bank's credit rating is at the national level, the highest in the domestic banking industry, indicating that our healthy financial structure and good performance have been recognized by professional institutions.

Among the many categories of banking business, the BOT's gold, trust, wealth management, foreign exchange, and e-banking are all competitive relative to other banks. In 2011 the Bank's outstanding operating performance won it numerous honors, including ISO 20000 Information Technology Service Management System certification, an Outstanding rating in the Digital Service Survey, twin championships for loyalty and penetration in the Taiwan Internet Banking Survey, Taiwan's Top 100 Brands certificate from the Ministry of Economic Affairs, first place in the financial category for the third year in a row in Business Next Magazine's 100 best Taiwan websites and 50 best corporate websites survey, and a gold award in the banking category for the fifth year in a row in the Reader's Digest Trusted Brand awards. These honors reflect the widespread recognition among the corporate sector and the general public of the Bank's image for outstanding service quality and reliable operation. On behalf of the Bank of Taiwan, I would like to extend our most sincere thanks to the various sectors of society and the customers who have favored us with their strong and long-term support.

To carry out its corporate social responsibility, the Bank helped sponsor the 2011 Taiwan Lantern Festival and Eastern Taiwan Unified Invoice Cup Road Race, donated to numerous public-benefit institutions, and organized large public-benefit activities at 228 Peace Park and the Chiang Kai-shek Shilin Residence, as well as "2012 Taiwan Economic Outlook" forums, one each in Kaohsiung, Taichung, and Taipei. In addition, it invited Dr. Dale Mortensen and Dr. Peter Diamond, winners of the 2010 Nobel Prize in economics, to join a forum in Taiwan and share their ideas on the labor market, European debt crisis, and other important issues.

Our operating results for 2011, business plans for 2012 and strategies for the Bank's future development are briefly described below:

I. Operating Results for 2011

1. Organizational change

- (1) In line with the liberalization of cross-Straits financial policy, the BOT established a Shanghai Representative Office on Feb. 1, 2010. Approval was received from the Financial Supervisory Commission on Feb. 10, 2011 to apply to the Chinese financial authorities for the upgrading of the representative office to a branch. The Bank received branch preparatory permission from the China Banking Regulatory Commission in Beijing on Dec. 27, 2011, and initiated various preparatory tasks according to the plan of establishment.
- (2) To expand services to overseas customers, the Bank's New York Branch won permission from the U.S. Federal Reserve on June 27, 2011 to switch the original agency license to a branch license, making it easier to solicit deposits from U.S. residents and loan customers as well as to expand sources of capital in the money market.

- (3) To expand the scope of customer services, the Bank established the Xinzhuang Fuduxin Branch on July 4, 2011.

2. Results of Implementation of Business Plan and Operating Strategy

Unit: NT\$ Billion; US\$ Billion (Foreign Exchange); %

Major Operation Category \ Year	2011	2010	2011 Growth Rate
Deposits	3,153.5	3,268.9	(3.5)
Loans	2,100.0	2,044.6	2.7
Guarantees	50.7	44.9	12.8
Foreign Exchange	339.3	268.1	26.6
Procurement	74.7	58.9	26.8
Precious Metals Business	152.0	79.7	90.8
Government Employees Insurance	17.7	17.4	1.6

3. Budget implementation

The volume of deposits during the year was NT\$3.2 trillion, giving a target achievement rate of 126.24%. Loans amounted to NT\$2.1 trillion, for a target achievement rate of 112.85%. Foreign exchange operations undertaken in 2011 totaled US\$339.34 billion, amounting to 318.03% of the target figure, and profits after tax reached NT\$3.701 billion, achieving 104.47% of the target.

4. Revenues, Expenditures and Profits

Net interest income for 2011 amounted to NT\$23.19 billion; non-interest income (net) totaled NT\$4.41 billion; bad debt expenses amounted to NT\$4.99 billion, and operating costs totaled NT\$18.12 billion. Income before tax reached NT\$4.49 billion; income tax amounted to NT\$789 million, leaving a net income after tax of NT\$3.701 billion.

That year's NT\$3.701 billion in after-tax income was NT\$158 million more than the budgeted income of NT\$3.543 billion.

Return on assets (ROA) for 2011: 0.09%

Return on equity (ROE) for 2011: 1.49%

5. Research and Development

In response to changes in the financial environment and the needs of business development, the Bank continued collecting and analyzing information on domestic and overseas economic and financial conditions as well as the status of major domestic industries. In addition to the compilation of regular analytical reports related to economics, financial markets and major industries, special reports on important economic and financial issues related to overall banking operations, and on industries related to the Bank's lending business were compiled on an unscheduled basis for use as reference in expanding the Bank's business.



President
Chang Mingdaw

II. Business Plans for 2012

1. Business Strategy and Major Operating Policies

- (1) The Bank will continue working on its existing foundation to adjust its assets and liabilities structure, enlarge its customer base, expand its different lines of business, and follow government policy in regulating finance and supporting economic development.
- (2) The Bank will focus on reinforcement of businesses with a high market share and with competitive advantage, continuous heightening of the ratio of the demand deposit, small and medium enterprise loan, and consumer loan businesses, and strengthening of financial performance so as to enhance profitability.
- (3) The Taiwan Financial Holdings platform will be used to consolidate product resources and meet customers' needs for one-stop shopping. Using the advantage of scale to help enhance the Holding Company's marketing synergies.
- (4) The Bank will prepare for the establishment of an insurance agency and introduction of a diverse range of insurance products to satisfy the financial-planning needs of different customers and help develop the bank insurance business.
- (5) Following the upgrading of the mainland China representative office into a branch, the Bank will work on the gradual establishment of an operating network in China and forging of strategic cooperation with Chinese banks by signing cooperative agreements or memoranda of understanding so as to develop the Chinese market, boost the Bank's operating revenue, and expand the targets and scope of services.

2. Business Targets

- (1) Deposits: NT\$ 2.61 trillion
- (2) Loans: NT\$1.92 trillion
- (3) Foreign Exchange: US\$158.3 billion
- (4) Before-tax Profit: NT\$7.5 billion

III. Development Strategies

- (1) After the mainland Chinese branch begins operating, the Chinese market will be developed through such multi-pronged initiatives as the establishment of subsidiary banks, more branches, and under them sub-branches. The Bank will also grasp opportunities of the “Golden Decade” and move toward deployment in China and the Asia-Pacific in line with international financial trends and the pulse of the world economy.
- (2) The scale of the loan, forex, international banking, wealth management, trust, and gold businesses will be expanded in order to enlarge the customer base and increase operating income.
- (3) The Bank will pursue continued integration of the products and services of the Trusts, Treasury, Precious Metals, and Wealth Management departments. The platform for sharing holding company resources will be used to provide a diverse range of products, thereby manifesting integrated marketing efficiencies, expanding the territory for wealth management, and heightening the ratio of fee revenue in operating income.
- (4) The Bank will endeavor to attain constant reinforcement of e-banking, phone banking, electronic payment services, corporate e-banking site, and other electronic financial products and services, as well as transaction security and implementation efficiency, so as to satisfy the needs of customers for electronic funds-flow services.



The BOT held the 2012 Taiwan Economic Outlook forums in November, with scholars and experts being invited to present keynote speeches.

- (5) The Bank's capital will be increased as necessary to maintain an appropriate capital adequacy ratio and strengthen the Bank's financial structure; at the same time, the allocation of assets will be adjusted.
- (6) In line with operating needs, the professional know-how of the Bank's employees will be improved, their international vision will be strengthened, and more core-competence employees will be developed in order to boost business competitiveness.

IV. Credit Ratings

Rating Company \ Items	Rating Date	Assigned Rating		Outlook
		Long-term	Short-term	
Standard & Poor's	Oct. 2011	A+	A-1	stable
Moody's Investors Service	Dec. 2011	Aa3	P-1	stable

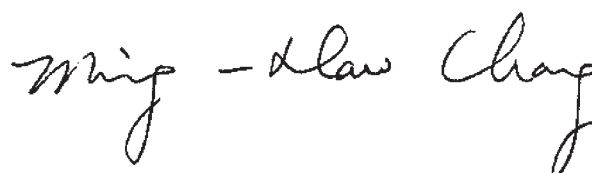
While the American economy is slowly returning to the track of growth, the sovereign debt problems faced by some countries in the euro area will take some time to resolve and it is difficult to foresee any real growth in that area this year. Economic growth in mainland China is experiencing a slowing trend, and this will likely affect Taiwan's export performance. Fortunately, however, the steadily growing numbers of foreign tourists visiting Taiwan, plus the stability of the job market, will give service industries related to domestic demand an opportunity for step-by-step expansion. According to projections by the Directorate General of Budget, Accounting and Statistics, Taiwan's economy will perform better in the second half of this year than in the first half and the economy will grow by about 3.03% for the year.

The global economy will remain filled with uncertainties in 2012, with the European and American economies recovering at different rates, a gap opening between the speed of development in the Eastern and Western hemispheres, and continued geopolitical problems in the Middle East. Taiwan will continue to see fierce competition in the financial market, with little improvement expected in the interest-rate spread. Fortunately, the government has mapped out an "economy to enrich the people" program and is vigorously promoting "financial businesses with cross-straits characteristics," and follow-up ECFA negotiations are about to get under way. All these initiatives will give added momentum to exports and the banking industry, but the year 2012 will still be full of challenges for bankers. The BOT will coordinate fully with government policy, take full advantage of the opportunities brought by the opening up of cross-straits financial businesses, and strive to provide the public with more investment and money-management tools while offering Taiwanese businesses a more convenient platform for capital operations. At the same time, the Bank will grasp opportunities in a positive and active attitude, heighten its operating and management capabilities, deeply instill operational strength and competitiveness, and continuously strive to build an even brighter future on the solid foundation laid down in the past.

Chairperson



President



A Brief Introduction of the Bank



Hsieh Tenglung
Executive Vice President

Wei Janlin
Executive Vice President

Chiang Shihtien
Executive Vice President



Yang Liyen
Executive Vice President

Chang Hongchi
Executive Vice President

Chiou Yechin
Executive Vice President

Hsieh Chuanchuan
Executive Vice President
and General Auditor

I. Date of Establishment: May 20, 1946

II. Brief History

The Bank first operated under the administration of the Taiwan Provincial Government. When that government was downsized on Dec. 21, 1998, however, it was taken over by the Central Government of the Republic of China and placed under the administration of the Ministry of Finance to be operated in accordance with the regulations governing government-owned financial institutions. On July 1, 2003 the Bank was registered as a corporation and reorganized into a company limited by shares in accordance with the provisions of the Banking Law and Company Law. On Sept. 16, 2004 the Bank received permission from the Securities and Futures Bureau of the Financial Supervisory Commission to become a public company. The Bank completed merger with Central Trust Bank of China on July 1, 2007. To meet the needs of financial development and realize the operational efficiencies of cross-industry operations, the Taiwan Financial Holding Co. was established on Jan. 1, 2008. On Jan. 2, 2008 the Bank split its Department of Securities and Department of Life Insurance to organize the other two subsidiaries of Taiwan Financial Holdings, namely, BankTaiwan Securities Co., Ltd. and BankTaiwan Life Insurance Co., Ltd.

In every stage of Taiwan's economic development the Bank of Taiwan has always firmly pursued the goals of stabilizing Taiwan's finance, assisting with economic construction, and developing industrial and commercial enterprises, devoting its full efforts in coordination with government policy in order to fulfill the mission entrusted to it by the government. In years past, the BOT served as agency for the Central Bank of China (CBC) in carrying out most of the CBC's business, including the issuance of the New Taiwan Dollar currency, implementation of monetary reform, offering preferential-rate deposits in line with government policy, promoting import and export trade in coordination with foreign exchange reform, providing an abundant supply of financial support for economic construction plans, serving as agency for the public treasury in adjusting fiscal receipts and expenditures, and assisting with government missions in order to stabilize the Taiwan's financial situation. The BOT's position throughout the progress of Taiwan's economic and financial development has been one of primary importance.

At the end of 2011 the capital of the BOT was NT\$70 billion and its assets amounted to NT\$3.94 trillion. Its deposits and loans accounted for 11.80% and 10.09%, respectively, of the entire Taiwan market. According to The Banker magazine's ranking of the world's top 1,000 banks, as published in its July 2011 issue, the BOT ranked 154th in the world.



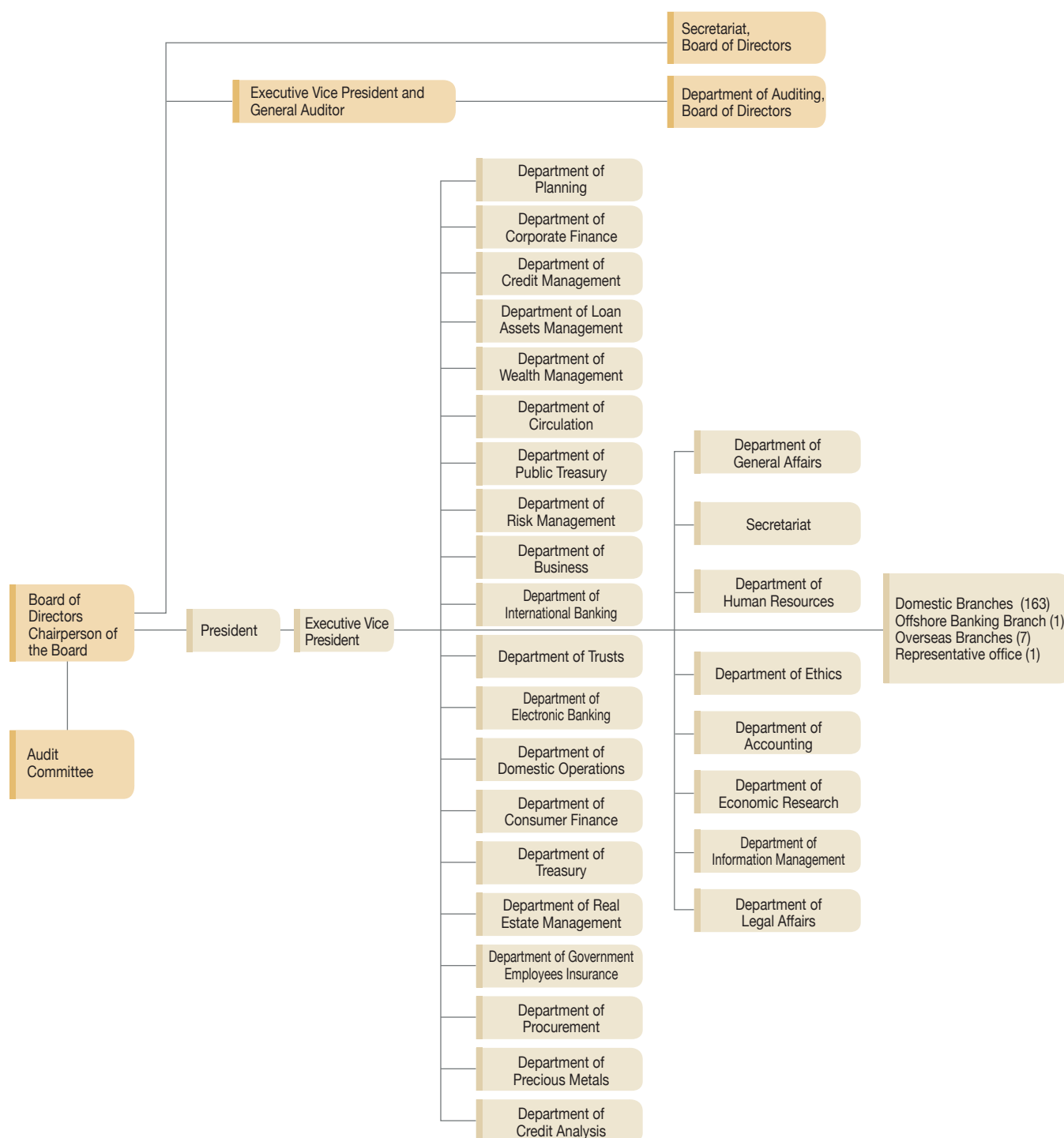
The BOT's 2011 bank-wide mountain-climbing activity.

Corporate Governance Report

I. Organization

At the end of 2011 the BOT's management organization consisted of Board of Directors, Audit Committee, Secretariat, Department of Auditing, Board of Directors, 28 departments, 164 domestic branches (including Offshore Banking Branch), 7 overseas units (including Los Angeles Branch, Hong Kong Branch, New York Branch, London Branch, Tokyo Branch, Singapore Branch and South Africa Branch) and 1 representative office (Shanghai Representative Office).

Organization Chart



Major Corporate Functions

Department	Functions
Secretariat, Board of Directors	Handles important matters related to the Board of Directors, and documentary affairs.
Department of Auditing, Board of Directors	Takes care of planning, implementation, and examination of internal auditing matters, and participates in the formulation and revision of operating and management regulations.
Department of Planning	Responsible for systems, management regulations, operating directions, annual operating plans, and planning, evaluation, and management of branch units.
Department of Corporate Finance	Handles matters of designing new products for corporate finance, planning for and promoting corporate finance business, and the supply of consulting assistance services to operating branches.
Department of Credit Management	Handles planning, supervision, examining, consulting assistance services, and management for loan business.
Department of Loan Assets Management	Takes care of planning, examination, supervision, and management related to non-performing loans, loans for collection, and the clearing up of bad loans.
Department of Wealth Management	Handles planning, marketing, evaluation, training and administration of wealth management.
Department of Circulation	Responsible for the collection and payment, transport, adjustment of supply and demand, and the recovery of worn bills associated with the issuance of NT currency, and for the inventory and issuance-related businesses for all of the Bank's issuing units.
Department of Public Treasury	Handles agency operations for public treasuries at all levels, custodianship of securities for government agencies, and direction and supervision of the business of branch treasuries.
Department of Risk Management	Responsible for the planning and revision of risk management, handles formulation and integration of risk management regulations.
Department of Business	Takes care of general deposit, loan, remittance, and agency businesses.
Department of International Banking	Takes care of foreign exchange operations, foreign banking and overseas branch businesses, correspondent banking relations, and operational planning and management for the foreign exchange business.
Department of Trusts	Controls trust businesses and auxiliary businesses.
Department of Electronic Banking	Responsible for planning, study, marketing, integration, supervision, and management and examination of the electronic banking business and deposit business.
Department of Consumer Finance	Takes care of planning, promotion, review, management, and consultation assistance services for the general consumer banking business (general consumer loans, bank cards, and credit cards.)
Department of Treasury	Handles New Taiwan Dollar and foreign currency allocation, planning, and utilization, and securities investment.
Department of Real Estate Management	Takes care of maintenance of buildings and general management of real estate.
Department of Procurement	Handles procurement matters under concentrated system for government institutions, public schools and public enterprises.
Department of Domestic Operations	Handles matters of deposit business, installation and evaluation of ATMs and branch units, and administration of consulting system for operation units.
Department of Government Employees Insurance	Handles under the Government's authorization, the general life insurance for civil servants and staffs in public or in private schools.
Department of Precious Metals	Handles the precious metals and customs quotas business.
Department of Credit Analysis	Responsible for the collection, surveying, and editing of data related to the loan business, as well as overseas credit investigation services.
Department of General Affairs	Handles general affairs, procurement of articles and appliances in office, and cashier affairs.
Secretariat	Takes care of important affairs, documentation, chop management, meetings, editing, and public relations.
Department of Human Resources	Carries out the planning, study, training, and implementation of personnel affairs.
Department of Ethics	Looks after the propagation of ethics laws and regulations, and the formulation and revision of ethics regulations.
Department of Accounting	Responsible for the planning and formulation of accounting systems, budgets, statistics, internal auditing, and bank-wide accounts and interest matters.
Department of Economic Research	Carries out the analysis of domestic and overseas economic, financial, and industrial conditions, banking business research, and the compilation of economic publications.
Department of Information Management	In charge of research, analysis, planning and implementation of information operations.
Department of Legal Affairs	Handles legal matters as well as the collection and study of domestic and overseas laws and regulations.

II. Directors, Supervisors, President, Executive Vice Presidents, and Heads of Departments and Branches

1. Directors and Supervisors

Information on Directors and Supervisors (1)

Title	Name	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%	Shares	%
Chairperson	Susan S. Chang	July 31, 2009	July 30, 2012	July 14, 2008								
Managing Director	Chang Mingdaw	Jan. 08, 2010	July 30, 2012	Jan. 08, 2010								
Independent Managing Director	Hsu Yihsung	July 31, 2009	July 30, 2012	July 31, 2009								
Managing Director	Chang Shengford	July 31, 2009	July 30, 2012	Jun 06, 2008								
Managing Director	Yang Chengchen	July 31, 2009	July 30, 2012	Aug. 31, 2007								
Independent Director	Shen Chunghua	July 31, 2009	July 30, 2012	July 31, 2009								
Independent Director	Lou Tienwei	July 31, 2009	July 30, 2012	July 31, 2009								
Director	Yang Mingshyang	July 31, 2009	July 30, 2012	July 31, 2009								
Director	Chang Chihhung	July 31, 2009	July 30, 2012	July 01, 2003								
Director	Huang Shoutzuoo	Dec. 8, 2011	July 30, 2012	Dec. 8, 2011								
Director	Rau Hsiuhua	July 31, 2009	July 30, 2012	July 01, 2003								
Director	Lee Kuanghui	Sep. 25, 2009	July 30, 2012	Sep. 25, 2009								
Director	Chen Hsichuan	July 31, 2009	July 30, 2012	Aug.19, 2005								
Director	Yang Shengtien	Dec. 9, 2010	July 30, 2012	Dec. 9, 2010								
Director	Lee Haohsuan	Dec. 9, 2010	July 30, 2012	Dec. 9, 2010								

1. The Taiwan Financial Holding Co., Ltd. holds 100% of shares of the Bank of Taiwan. (7.0 billion shares)
 2. The Ministry of Finance holds 100% shares of the Taiwan Financial Holding Co., Ltd (9.0 billion shares)

Note: All Directors are assigned by the Taiwan Financial Holding Co., Ltd.

Dec. 31, 2011

Education and Career	Positions Currently Held in the BOT and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
		Title	Name	Relation
M.A. in Economics, National Taiwan University Vice Chairperson, Financial Supervisory Commission, Executive Yuan Administrative Deputy-Minister, Ministry of Finance Director General, National Treasury Agency, Ministry of Finance Deputy Director General, Bureau of Monetary Affairs, Ministry of Finance Deputy Director, Department of Monetary Affairs, Ministry of Finance Deputy Director, Economic Research Department, Council for Economic Planning and Development	Chairperson, Taiwan Financial Holding Co., Ltd. Director, Taiwan External Trade Development Council (TAITRA) Director, Joint Credit Information Center Director, Taiwan Academy of Banking and Finance Chairperson, the Bankers Association of the ROC Vice Chairperson, Taiwan Financial Services Roundtable Co., Ltd. Managing Director, The General Chamber of Commerce of the ROC Chairperson, Taiwan Enterprise Reconstruction Association			—
M.A. in Law, Chinese Culture University Director General, Banking Bureau, Financial Supervisory Commission Deputy Director General, Financial Examination Bureau, Financial Supervisory Commission Deputy Director General, Monetary Affairs, Ministry of Finance	President, Bank of Taiwan Director, Taiwan Financial Holding Co., Ltd. Director, Taiwan Stock Exchange Director, Taiwan Small Business Integrated Assistance Center Supervisor, The Bankers Association of the ROC Adviser, The Bankers Association of Taipei Chairperson, The Bankers Association of Taiwan Director, Taipei Interbank Money Center, The Bankers Association of the ROC			—
M.A. in Economics, National Taiwan University Deputy Governor, Central Bank of the ROC (Taiwan) Director General, Dept. of Financial Inspection, Central Bank of the ROC (Taiwan) Deputy Director, Dept. of Economic Research, Central Bank of the ROC (Taiwan)	Director of Audit Committee, Bank of Taiwan Independent Director, Taiwan Financial Holding Co., Ltd.			—
M.A. of Economics, University of Iowa, USA Administrative Deputy Minister, Ministry of Finance Director General, Department of Taxation Agency, Ministry of Finance Director General, Taipei National Tax Administration, Ministry of Finance Director General, National Tax Administration of the Northern, Taiwan Province, Ministry of Finance	Political Deputy Minister, Ministry of Finance Adjunct Associate Professor, Dept. of Accounting, College of Management, National Taiwan University			—
Ph.D. in Economics, Virginia Tech. University Research Fellow, Institute of Economics, Academia Sinica Associated Research Fellow, Institute of Economics, Academia Sinica Teaching Assistant, Department of Economics, Virginia Tech. University Instructor, Tunghai University	Distinguished Research Fellow, Institute of Economics, Academia Sinica			—
Ph. D. in Economics, Washington University, U.S.A Chairperson, Professor, Dept. of Money & Banking, National Chengchi University Associate Professor, Dept. of Banking, National Chengchi University Chairperson, Associate Professor, Economics Dept., National Central University	Member, Audit Committee, Bank of Taiwan Independent Director, Taiwan Financial Holding Co., Ltd. Professor, Dept. of Finance, National Taiwan University Director, Securities & Futures Institute Director, Small and Medium Enterprise Guarantee Fund of Taiwan			—
Ph.D. in Economics, Chinese Culture University Director General, Dept. of International Affairs Financial Supervisory Commission Deputy Director General, Dept. of International Affairs Financial Supervisory Commission	Member, Audit Committee, Bank of Taiwan Associate Professor, Department of Finance, Chinese Culture University			—
BC in Accounting, National Chengchi University Resident Supervisor, Bank of Taiwan Controller and Chief Executive Officer, Accounting Management Center, DGBAS, Executive Yuan Comptroller, Ministry of Economic Affairs	Controller and Director, Second Department, DGBAS, Executive Yuan			—
MBA in Statistics, National Chengchi University Statistician-General, Dept. of Statistics, Judicial Yuan Director-General, Dept. of Budget, Accounting and Statistics, Kaohsiung City Government Director-General, Dept. of Budget, Accounting and Statistics, Taiwan Province Government Directorate-General of Budget, Accounting and Statistics, Executive Yuan	Accountant-General, Dept. of Accounting, Judicial Yuan			—
Ph. D. in Management Sciences, Tamkang University Supervisor, Taiwan Cooperative Bank President, Fuhwa Financial Holding Company Chairman, Fuhwa Securities Corporation	President, Taiwan Financial Holding Co., Ltd. Associate Professor, Department of Management Sciences, Tamkang University Chairperson, Financial Executives Institute			—
Ph.D. in Economics, Yale University, U.S.A Assistant Professor, Rice University, U.S.A Research Fellow, Directorate-General of Budget, Accounting and Statistics, Executive Yuan	Associate Professor, Department of International Trade, National Chengchi University National Income Statistics Committee, Directorate -General of Budget, Accounting and Statistics, Executive Yuan			—
M.A. in Economics, National Taiwan University Assistant Director General, Economic Research Dept., Central Bank of the ROC (Taiwan) Assistant Director General, Foreign Exchange Dept., Central Bank of the ROC (Taiwan)	Adviser, Economic Research Department, Central Bank of the ROC (Taiwan) Supervisor, Taiwan Academy of Banking and Finance			—
Banking Insurance Dept., Kaohsiung Kuochi Junior College of Commerce Assistant Banking Officer, Kaohsiung Branch of Bank of Taiwan	Deputy Manager, Kaohsiung Branch of Bank of Taiwan Managing Director, Bank of Taiwan Labor Union (Kaohsiung)			—
Bachelor of International Trade, Feng Chia University Assistant Vice President and Deputy General Manager, Fenggyuang Branch of Bank of Taiwan	Assistant Vice President and Deputy General Manager, Taichung Harbor Branch of Bank of Taiwan Director, Bank of Taiwan Labor Union			—
Bachelor of Business Administration, National Taipei University Assistant Vice President and Assistant General Manager, Lungshan Branch of Bank of Taiwan	Assistant Vice President and Deputy General Manager, Chunhsien Branch of Bank of Taiwan Managing Director, Bank of Taiwan Labor Union			—

Major shareholders of the institutional shareholders

Dec. 31, 2011

Name of institutional shareholders	Major shareholders of the institutional shareholders
Taiwan Financial Holding Co., Ltd.	Ministry of Finance

Professional qualifications and independence analysis of directors and supervisors (2)

Dec. 31, 2011

Criteria <

Notes: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

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

2. Management Team

Jan. 16, 2012

Title/ Department & Branch	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Chang Mingdaw	2010.01.08	100% of Shareholding: Taiwan Financial Holding Co., Ltd						M.A. in Law, Chinese Culture University	Director, Taiwan Financial Holding Co., Ltd. Director, Taiwan Stock Exchange Director, Taiwan Small Business Integrated Assistance Center Supervisor, The Bankers Association of the ROC Adviser, The Bankers Association of Taipei Chairperson, The Bankers Association of Taiwan Director, Taipei Interbank Money Center, The Bankers Association of the ROC			
Executive Vice President	Chiang Shihtien	2007.11.23							Dept. of International Trade Tamkang University	Managing Director, Taiwan Business Bank			
Executive Vice President	Hsieh Tenglung	2006.05.12							Dept. of Banking & Insurance National Taichung Institute of Commerce	Director, Hua Nan Financial Holdings Co. Director, Hua Nan Commercial Bank Chairperson, General Banking Committee, Chairperson, Certificate Policy Management Committee, The Bankers Association of the ROC			
Executive Vice President	Wei Janlin	2007.07.01							Master of Economics Soo Chow University	Supervisor, Mega Financial Holding Co. Supervisor, Taiwan Futures Exchange Executive Secretary, Taipei Interbank Money Center, The Bankers Association of the ROC Managing Director of Trust Association of ROC Director, Tea Industry Co., Ltd. joint venture in China			
Executive Vice President	Yang Liyen	2007.11.23							Dept. of Business Administration National Taiwan University	Director, Hua Nan Financial Holdings Co. Director, Hua Nan Commercial Bank Chairperson, Research and Development Committee, Convener, Mainland China Group, Executive Secretary, Financial Research and Training Development Fund Management Committee, The Bankers Association of the ROC			
Executive Vice President	Chang Hongchi	2011.07.16							Master of Agricultural Economics National Chung-Hsing University	Director, Taiwan Life Insurance Co. Director, Bills Finance Association of ROC			
Executive Vice President	Chiou Yechin	2011.07.16							Dept. of Economics National Taiwan University	Director, Cathay United Bank			
Department of Auditing, Board of Directors Executive Vice President and General Auditor	Hsieh Chuanchuan	2011.07.16							Master of Finance National Taiwan University	Deputy Minister, Internal Auditor Committee, The Bankers Association of the ROC Supervisor of Taiwan Power Company			
Secretariat, Board of Directors	Lin Inglioh	2010.04.29							Dept. of Banking and Insurance Chinese Culture University	Supervisor of First Financial Holding Co.			
Department of Planning	Shih Yingyen	2011.01.16							Graduate School of International Trade National Chengchi University	Director of Taiwan Fire & Marine Insurance Co.			
Department of Credit Management	Huang Juimu	2011.07.16							Dept. of Technology Mechanical Engineering Mingchi University	Member of Lending Committee, The Bankers Association of the ROC Director, Small & Medium Business Credit Guarantee Fund			
Department of Circulation	Liang Chienyi	2010.04.29							Dept. of Banking and Insurance Provincial Tai-Chung Commercial Junior College	Director of Taiwan Fire & Marine Insurance Co. Auditor of Procurement and Auditing Subcommittee, Ministry of Finance			
Department of Treasury	Liu Yuchih	2011.07.16							Dept. of International Trade National Taiwan University	Convener, Bill and Bond Business Group, General Banking Committee, The Bankers Association of the ROC Director of China Development Financial Holding Corp. Chairperson of Administration and Training Committee, Trust Association of ROC Director of Retirement Fund Association			
Department of International Banking	Ho Kaicheng	2009.07.22							Master of Business Administration National Chengchi University	Director of Taipei Foreign Exchange Market Development Foundation Member of International Finance Committee, The Bankers Association of the ROC Representative, Mainland China Group, Research and Development Committee, The Bankers Association of the ROC			
Department of Consumer Finance	Chou Shaoi	2011.07.16							Dept. of Business National Open University	Member of Lending Committee of Consumer Finance Group, The Bankers Association of the ROC Director of Taiwan Fire & Marine Insurance Co.			

Title/ Department & Branch	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Secretariat	Wu Muiyng	2011.01.16	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Business Administration National Chengchi University	Director of Taiwan Life Insurance Co.			
Department of General Affairs	Chuang Chingjiang	2010.04.29							Master of Business Administration Chang Gung University	Supervisor of Taiwan Handicraft Promotion Center			
Department of Real Estate Management	Chen Chingjui	2007.07.01							Dept. of Laws Soo Chow University	Director of Tang Eng Iron Work Co.			
Department of Human Resources	Huang Peiming	2010.01.15							Dept. of Business National Open University	Director of Taiwan Business Bank			
Department of Ethics	Hu Yehliang	2003.05.16							Master of Graduate Institute of East Asian Studies National Chengchi University	Director of Taiyi Real Estate Management Co., Ltd.			
Department of Accounting	Pan Jenchieh	2011.01.16							Dept. of Accounting National Chunghsing University	Supervisor, First Financial Holding Co. Chief Secretary of Bankers Association of Taiwan Member of Internal Management Committee, The Bankers Association of the ROC Deputy Minister, Research and Development Committee,			
Department of Economic Research	Hsu Chienting	2011.07.15							Ph. D. in Economics, National Chengchi University	Representative, Mainland China Group, The Bankers Association of the ROC			
Department of Credit Analysis	Chen Yungchia	2010.04.29							Dept. of Accounting and Statistics Tamkang College	Director of Taiwan Life Insurance Co.			
Department of Information Management	Ku Hsital	2011.01.16							Master of Business Administration Northrop University	Director of Financial eSolution Co., Ltd. Chief Secretary, Electronic Financial Services Committee, Member of Certificate Policy Management Committee, The Bankers Association of the ROC			
Department of Legal Affairs	Lin Sulan	2004.01.15							Master of Laws New South Wales University	Director of China Development Financial Holding Corp. Member of Financial Regulations Disciplinary Committee, The Bankers Association of the ROC			
Department of Loan Assets Management	Kang Chengchuan	2011.07.16							Dept. of Statistics Tamkang University	Supervisor of Taiwan Asset Management Corporation			
Department of Risk Management	Lee Li	2009.07.15							Graduate School of International Trade National Chengchi University	Supervisor, Taiwan Small Business Integrated Assistance Center Member of Risk Management Group, Risk Management Committee Member of Financial Holding Business, The Bankers Association of the ROC			
Department of Electronic Banking	Wang Hsinping	2007.07.16							Dept. of Mathematics National Tsing Hua University	Supervisor of Taiyi Real Estate Management Co., Ltd. Convener, Electronic Banking Group, Electronic Financial Services Committee Convener, Promote National Pay Tax Business Group, General Banking Committee Member of Electronic Financial Services Committee and Certificate Policy Management Committee, The Bankers Association of the ROC			
Department of Wealth Management	Kang Fan	2007.07.01							Master of Economics Indiana State University	Director of BankTaiwan Life Insurance Co. Member of Wealth Management Committee, The Bankers Association of the ROC			
Department of Corporate Finance	Wu Kangchin	2011.07.16							Master of Business Management Department Asian Institute of Technology	Director of BankTaiwan Securities Co., Ltd.			
Department of Domestic Operations	Lin Chunliang	2011.07.16							Dept. of Banking and Insurance Tamkang University	Director of BankTaiwan Life Insurance Co.			
Department of Business	Kang Hsiehyi	2009.07.15							Dept. of Business Administration Soo-Chow University	Supervisor, First Financial Holding Co.			
Department of Public Treasury	Lin Tiehai	2011.01.16							Dept. of Banking and Insurance Chinese Culture University	Director of Taiwan Business Bank			
Department of Trusts	Chen Hung	2011.07.16							Master of Business Administration Southern California University	Member of Administration and Training Committee Member of Auditing and Advising Committee Trust Association of ROC			
Department of Procurement	Liu Chingrong	2010.01.15							Dept. of Industrial and Business Administration Tamkang College	Director of Taiyi Real Estate Management Co. Ltd Director of Tea Industry Co., Ltd. joint venture in China Auditor of Procurement and Auditing Subcommittee, Ministry of Finance			
Department of Precious Metals	Chang Wuren	2007.07.01							Dept. of International Trade Tamkang University	Supervisor of Taiwan Sugar Co.			
Department of Government Employees Insurance	Huang Chenying	2010.01.15							Dept. of Business Administration National Taiwan University	Supervisor of BankTaiwan Life Insurance Co.			

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			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Offshore Banking Branch	Jane Lifen	2009.08.20	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Master of Business Administration Central Missouri State University	Director, The Taiwan Payments Clearing System Development Foundation			
New York Agency	Hsieh Hsiuhsien	2011.07.16							Dept. of Economics National Chungsing University	Director of United Taiwan Bank S.A.			
Los Angeles Branch	Ho Chwanming	2009.07.29							Master of International Finance National Taipei University				
Hong Kong Branch	Hsu Chiwen	2007.11.16							Dept. of Economics Soo Chow University				
Singapore Branch	Pan Rongyaw	2009.08.17							Master of Public Finance National Chengchi University				
Tokyo Branch	Wu Jiunnding	2011.07.16							Dept. of Economics Administration Chinese Culture University				
South Africa Branch	Wu Tsangtay	2011.07.16							Dept. of Business Management National Chenkung University				
London Branch	Hua Ke	2011.01.10							M.B.A. University of Central Oklahoma, U.S.A.				
Shanghai Representative Office	Yen Queitien	2010.02.01							Dept. of Economics Tunghai University				
Wuchang Branch	Liao Hongyen	2010.04.29							Dept. of Accounting and Statistics National Taichung Institute of Technology				
Minsheng Branch	Ho Chunghuei	2010.07.15							Bliss College, Ohio, U.S.A				
Tunhwa Branch	Lin Liling	2011.07.16							Dept. of Banking National Chengchi University				
Chunglun Branch	Wu Rueyming	2010.04.29							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Sungshan Branch	Chen Chenfang	2009.07.15							Dept. of Banking and Insurance Feng Chia College				
Taipei World Trade Center Branch	Liu Tungchen	2010.04.29							Dept. of Business Administration Soo- Chow University				
Chunghsiao Branch	Chang Meiyueh	2011.12.20							Dept. of Accounting and Statistics Tamkang College				
Hsinyi Branch	Chang Senyei	2010.04.29							Dept. of Business National Open University				
Ta An Branch	Shih Meikuei	2009.01.21							Master of Business National Taiwan University				
Hoping Branch	Fu Shankuo	2010.04.29							Dept. of Banking and Insurance Tamkang University				
Jinshan Branch	Hung Jienjien	2010.12.15							Master of Business management department National Dong Hwa University				
Sinan Branch	Chu Tzepin	2011.12.20							Dept. of International Trade Chung Yuan University				
Chungshan Branch	Chen Yingkuei	2011.12.20							Master of Business Administration National Chengchi University				
Kungkuan Branch	Yang Yeongmaw	2009.01.21							Dept. of Cooperative Economics Fengchia University				
Chengchung Branch	Wang jungchou	2011.01.15							Master of Graduate School of Sun Yat- Senism Chinese Culture University				
Sungchiang Branch	Liao Yunkuang	2010.07.15							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Yuanshan Branch	Wang Chiatsai	2010.04.29							Dept. of International Trade FengChia University				
Taipei Branch	Liu Chihhsing	2010.04.29							College of Law, National Taiwan University	Secretary of The Trust Association of the ROC			
Guancian Branch	Chi Yenshan	2008.01.01							Dept. of Business Administration Tamkang College of Arts and Sciences				
Nanmen Branch	Wang Chunte	2010.04.29							M.A. in Insurance Fengchia University				
Jenai Branch	Hwang Yufen	2011.12.20							Dept. of Economics National Taiwan University				

Title/ Department & Branch	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
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Chunhsien Branch	Yen Shyhyu	2010.07.15	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Business Administration Soo- Chow University				
Yenping Branch	Yu Yungchuan	2011.07.16							Dept. of Accounting Tamkang University				
Minchuan Branch	Chen Junghsien	2010.04.29							Dept. of Banking National Chengchi University				
Lungshan Branch	Yau Mingren	2010.04.29							Dept. of Economics Soo- Chow University				
Wanhua Branch	Chang Tehhsing	2010.04.29							Dept. of Accounting and Statistics National Taichung Institute of Technology				
Wenshan Branch	Lin Fuyen	2010.04.29							Dept. of Industrial and Business Administration Tamkang University				
Muzha Branch	Wu Yingzen	2011.07.16							Dept. of Business Administration Chihlee Institute Technology				
Nankang Branch	Juang Chyongling	2011.07.16							Dept. of Business Administration National Chunghsing University				
Nankang Software Park Branch	Chiu Hsienren	2012.01.16							Dept. of Finance and Taxation National Chunghsing University				
Neihu Branch	Wu Kungmin	2011.07.16							Dept. of Chinese Language and Literature National Taiwan Normal University				
Donghu Branch	Hsu Hanchi	2011.07.16							Dept. of Economics National Chunghsing University				
Xinhu Branch	Wu Jinchuan	2009.06.22							Dept. of Industrial Management Lunghwa Junior College of Technology				
Shihlin Branch	Chen Wenchang	2011.12.20							Master of Enterprise Management Tamkanu University				
Tienmou Branch	Tsai Huilien	2008.04.03							Dept. of Business Administration National Taiwan University				
Jiantan Branch	Ho Yuehchin	2011.12.20							Dept. of Buiessss Adiminstration Ming Chuan University				
Peitou Branch	Wang Shuer	2011.12.20							Graduate Institute of Management Science Tamkang University				
Panchiao Branch	Cheng Kuender	2010.04.29							Dept. of Economics Soo- Chow University	Executive Director of Bankers Association of New Taipei City			
Huachiang Branch	Wang Chuenan	2011.07.16							Dept. of Banking Tamkang University				
Bansin Branch	Tseng Jengyi	2010.04.29							Master of Business Administration New York Institute of Technology				
Sanchung Branch	Tseng Jautai	2009.03.10							Dept. of Finance and Taxation Fengchia University				
Yunguo Branch	Chen Jinjinn	2009.08.04							Dept. of International Trade Kuochi Junior College of Commerce				
Chunguo Branch	Wang Chuan	2010.04.29							Dept. of International Trade Tamkang University				
Shuanghe Branch	Ma Hungchih	2011.01.16							Dept. of Accounting and Statistics, National Taipei College of Business				
Hsinchuang Branch	Yeh Shioujsu	2011.12.20							Dept. of Business Administration National Taiwan University				
Nan Hsinchuang Branch	Chen Tzuyu	2010.01.15							Dept. of Banking National Chengchi University				
Xinzhuang Fuduxin Branch	Lu Chinchung	2011.07.04							Dept. of Cooperative Economics National Chunghsing University				
Hsintien Branch	Lin Minchien	2010.04.29							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Tucheng Branch	Fan Chunhsiung	2010.04.29							Dept. of Business Administration National Taipei Junior College of Business Open Business Junior College				
Lujou Branch	Lin Chengchang	2009.08.04							Dept. of Business Administration National Taipei Junior College of Business Open Business Junior College				

Title/ Department & Branch	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Hsihchih Branch	Nien Chunghuan	2011.07.16	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Accounting National Chunghsing University				
Shulin Branch	Ho Mingyao	2011.12.20							Dept. of Electrical Engineering Mingchi University of Technology				
Tamsui Branch	Cheng Suman	2009.07.15							Dept. of International Trade, Overseas Chinese Business College				
Taipei Port Branch	Chiang Jenyung	2011.07.16							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Wuku Branch	Tsai Hwaider	2009.07.15							Taiwan Provincial Taipei Commercial School				
Taipei International Airport Branch	Lien Hsingfen	2010.10.28							Dept. of Business Administration National Cheng-Kung University				
Keelung Branch	Yang Chilung	2008.09.15							Dept. of Economics Fujen Catholic University				
Yilan Branch	Lee Mingchih	2010.01.15							Dept. of Banking and Insurance Fengchia University	Director of Taiwan Clearing House Foundation Yilan County Branch			
Lotung Branch	Leu Yeouyong	2010.04.29							Dept. of Economics Chinese Culture University				
Suao Branch	Chen Yihung	2011.07.16							Dept. of Business Open Business College affiliated with National Taipei College of Business				
Taoyuan Branch	Chu Chungchih	2011.12.20							Dept. of Shipping and Transportation Management National Taiwan Ocean University	Chairman of Bankers Association of Taoyuan County Member of Taoyuan County Government Land Review Committee on Land and Standards Director of Taiwan Clearing House Foundation Taoyuan County Branch			
East Taoyuan Branch	Yang Changchyi	2008.03.18							Dept. of Laws National Chengchi University				
Taoising Branch	Kuan Suichang	2010.04.29							Dept. of Business Administration Chinese Culture University				
Chungli Branch	Yeh Gangfeng	2007.07.16							Supplementary Open Junior College for Public Administration National Chengchi University				
Neili Branch	Tsao Chinho	2010.01.15							Master of Finance Kainan University				
Chienkuo Branch	Shih Cheyu	2011.07.16							Dept. of Business Administration Feng Chia University				
Sinming Branch	Tseng Chenghsiung	2010.01.15							Dept. of Electronic Engineering Taiwan Provincial Taipei Commercial School				
Pingchen Branch	Lin Chihchung	2009.07.15							Dept. of Accounting and Statistics Taipei Commerce College Open Junior College of Commerce				
Linkou Branch	Lai Chenchi	2010.12.15							Dept. of International Business Fujen Catholic University				
Nankan Branch	Yu Kuoyu	2010.01.15							Dept. of Economics National Chengchi University				
Taoyuan Airport Branch	Liu Huihsin	2009.01.21							Dept. of Accounting and Statistics Tamkang College				
Longtan Branch	Shu Chihchun	2011.07.16							Dept. of Accountiong Tamkang University				
Hsinchu Branch	Ku Chaochu	2009.07.15							Dept. of Economics Chinese Cultural College	Director of Taiwan Clearing House Foundation Hsinchu Branch			
Science-Based Industrial Park Branch	Chen Weichi	2011.07.16							Dept. of Public Administration National Open University				
Peitalu Branch	Lo Chiwang	2010.04.29							Dept. of Industrial Management Lunghwa Junior College of Technology				
Chupei Branch	Hou Fusou	2010.04.29							Dept. of Business Administration Fujen Catholic University				
Lioujia Branch	Chiang Taifong	2011.12.02							Dept. of Banking National Chengchi University				
Miaoli Branch	Chu Hsichin	2010.04.29							M.A. in Insurance Fengchia University	Director of Taiwan Clearing House Foundation Miaoli County Branch			

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Toufen Branch	Hsieh Kuoyi	2011.07.16	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of International Trade National Taichung Institute of College				
Taichung Branch	Wang Yuanyuan	2011.01.16							Dept. of Accounting Fengchia University	Director of Taiwan Clearing House Foundation Taichung Branch			
Fuhsing Branch	Lin Maohong	2011.01.15							Dept. of International Trade Feng Chia University				
Chienhsing Branch	Wen Jersuan	2011.01.15							Dept. of Business Administration Tunghai University				
Liming Branch	Wang Shihchien	2011.01.16							Master of Finance National Chunghsing University				
Taichung Industrial Park Branch	Chen Tsunghsin	2009.01.21							Dept. of Banking and Insurance Feng Chia College				
Shuinan Branch	Kuo Teming	2008.09.15							Dept. of Accounting and Statistics Fugen Catholic University				
Hsitwun Branch	Young Yingling	2010.01.15							Dept. of Economics Tunghai University				
North Taichung Branch	Chang Kuohsun	2011.01.15							M.B.A National Taipei University				
Central Taichung Branch	Wung Tching	2010.01.15							Tatung Junior Technological College of Commerce				
Fengyuan Branch	Wang Tzutung	2010.04.29							Dept. of Banking and Insurance Provincial Taichung Commercial Junior College				
Wufeng Branch	Hsieh Huaching	2009.01.21							M.B.A in Finance National Yunlin University of Science and Technology				
Tantz Branch	Tsai Jinyuan	2010.01.15							Dept. of Business National Open University				
Taichung Harbor Branch	Tseng Chintsan	2010.01.15							Dept. of Economics Tunghai University				
Tachia Branch	Lee Chunhsi	2009.01.21							Taiwan Police Academy				
Daya Branch	Hsu Pichih	2009.03.10							M.B.A in Finance National Yunlin University of Science and Technology				
Tali Branch	Bair Ronghwa	2011.01.16							Dept. of International Trade National Taichung Institute of Commerce				
Wuchi Branch	Wang Jungming	2011.01.16							Dept. of Accounting and Statistics National Taichung Institute of Technology				
Taiping Branch	Liao Fusen	2010.01.15							Dept. of Economics Fengchia University				
Defang Branch	Chen Chingsung	2009.04.24							Dept. of Business Administration Tunghai University				
Taichung Science Park Branch	Wu Yaochih	2009.04.24							Dept. of Banking and Insurance Provincial Taichung Commercial Junior College				
Chunghsin New Village Branch	Hsu Tsueyhwa	2011.01.16							Dept. of International Trade Tamkang University				
Nantou Branch	Chen Wenyu	2010.04.29							Graduate Institute of Management Tamkang University	Director of Taiwan Clearing House Foundation Nantou Branch			
Puli Branch	Wang Wenkung	2009.01.21							Dept. of Sociology National Open University				
Changhua Branch	Wu Ahjou	2010.04.29							Dept. of Accounting and Statistics National Open College of Continuing Education Affiliated To National Taichung Institute of Technology				
Yuanlin Branch	Hung Chiho	2009.01.21							Dept. of Accounting and Statistics National Open College of Continuing Education Affiliated To National Taichung Institute of Technology				
Lukang Branch	Huang Hsishun	2010.01.15							Dept. of International Trade Open Business College affiliated with National Taipei College of Business				

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Chungdu Branch	Leou Kuomin	2010.12.20	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Statistics Fengchia University				
Touliu Branch	Lin Yuantung	2010.04.29							Dept. of Business National Open University	Director of Taiwan Clearing House Foundation Yunlin County Branch			
Huwei Branch	Tsai Wenliang	2011.01.16							Dept. of Accounting and Statistics Tatung Junior Technological College of Commerce				
Chiayi Branch	Huang Wenming	2008.09.15							Master of Business Administration National Cheng Kung University	Director of Taiwan Clearing House Foundation Chiayi City Branch			
Chiabei Branch	Wang Tsuichin	2012.01.16							Dept. of Laws National Chengchi University				
Jianan Branch	Wen Jenghui	2010.04.29							Tatung Institute of Commerce and Technology				
Taipao Branch	Ho Wenshu	2010.04.29							Tatung Institute of Commerce and Technology				
Tainan Branch	Leu Yawneng	2009.01.21							Dept. of Business National Open University	Director of Taiwan Clearing House Foundation Tainan Branch			
Anping Branch	Jen Kunfa	2011.01.16							Dept. of Economics National Taiwan University				
Annan Branch	Tsai Fuming	2007.03.30							Dept. of International Trade Kuochi Junior College of Commerce				
Tainan Innovation and Research Park Branch	Chen Chingshan	2008.06.13							Master of Transportation and Communication Management Science Department National Cheng Kung University				
Nandu Branch	Chen Wucheng	2011.01.16							Master of Business Administration National Cheng Kung University				
Hsinying Branch	Hsu Minghui	2011.01.16							Dept. of International Trade FengChia University				
Yungkang Branch	Hsieh Tienfu	2010.04.29							Dept. of Accounting and Statistics Tatung Junior Technological College of Commerce				
Tainan Science-Based Industrial Park Branch	Chang Chunyuan	2012.01.16							Master of Business Administration National Cheng Kung University				
Rende Branch	Lee Tianhua	2010.04.29							Dept. of Accounting and Statistics Tatung Junior Technological College of Commerce				
Lioujiading Branch	Tseng Chinkuan	2009.06.10							Dept. of Business Administration National Taiwan University				
Kaohsiung Branch	Huang Wentao	2007.01.15							Dept. of International Trade Feng Chia University	Director of Taiwan Clearing House Foundation Kaohsiung Branch			
Kaohsiung Export Processing Zone Branch	Wang Meiyuh	2012.01.16							M.A in Business Management National Sun Yat-Sen University		Chienchen Branch VP and General Manager	Wang Yungshan	Brother
Zuoying Branch	Liu Shenghsiung	2010.04.29							Dept. of Banking and Insurance Open Junior College of Commerce National Chengkung University				
Chienchen Branch	Wang Yungshan	2008.09.15							Dept. of Business Management National Chenkung University		Kaohsiung Airport Branch VP and General Manager	Wang Meiyuh	Sister
Kusan Branch	Hung Tengku	2012.01.16							Dept. of Economics Fujen Catholic University				
Sanmin Branch	Chen Chian	2010.01.15							Dept. of Business Administration Fujen Catholic University				
Hsingsing Branch	Lee Huanhsun	2008.09.15							Dept. of Business National Open University				
Lingya Branch	Chang Kuochiang	2010.04.29							M.A in Business Management National Sun Yat-Sen University				
Sandou Branch	Huang Hsihihsiang	2008.09.15							Dept. of Business National Open University				

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Nantze Branch	Cheng Entzu	2010.01.15	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Finance and Taxation Fengchia University	Director, Holy Light Theological Seminary of Chinese Free Methodist			
Dahchang Branch	Chang-Chien Fengchou	2010.04.29							Dept. of Accounting National Cheng Kung University				
Boai Branch	Lee Shenghsiung	2007.07.16							Dept. of Statistics Fengchia University				
Hsiaokang Branch	Lin Juojung	2012.01.16							Dept. of Statistics National Chengchi University				
Kaohsiung Airport Branch	Wu Bingsong	2012.01.16							Master of Finance Management National Kaohsiung First University of Science and Technology				
Cianjin Branch	Chen Tsungjen	2011.12.20							M.A. in Business Management National Sun Yat-Sen University				
North Kaohsiung Branch	Lin Shiuhrong	2011.01.16							Dept. of Accounting National Chengchi University				
Chenggong Branch	Su Hsinzhong	2010.04.29							Dept. of Economics FengChia University				
Gaorong Branch	Chiu Chincheng	2007.09.20							Dept. of Economics Chinese Cultural College				
Wufu Branch	Chen Yungching	2009.08.17							Master of Financial Operations Department National Kaohsiung First University of Science and Technology				
Fengshan Branch	Huang Shuichen	2010.04.29							National Changhua Senior School of Commerce				
Gangshan Branch	Chen Chunhsiung	2010.01.15							M.A in Business Management National Sun Yat-Sen University				
Wujia Branch	Wang Wenli	2010.04.29							National Taipei Teachers' College				
Chungchuang Branch	Lee Fangming	2010.04.29							Dept. of Business National Open University				
Kaohsiung Science Park Branch	Chen Mingjer	2010.01.15							Dept. of Business Administration Soo-Chow University				
Pingtung Branch	Yeh Tonyuan	2011.12.20							Dept. of Accounting National Cheng-Kung University	Director of Taiwan Clearing House Foundation Pingtung County Branch			
Chaochou Branch	Tsao Chejen	2009.01.21							Dept. of Economics Fujen Catholic University				
Donggang Branch	Chen Kuotung	2008.10.17							Dept. of Business management Department Kuo Chi junior college of Commerce				
Chungping Branch	Chang Chingtsun	2007.07.16							Dept. of Economics Soo Chow University				
Yenpu Branch	Lu Agan	2010.04.29							Dept. of Banking National Chengchi University				
Hsinyuan Branch	Chiu Nanshiung	2011.01.16							Dept. of Business Administration National Chengkung University				
Taitung Branch	Shen Chengchung	2009.01.21							Dept. of Finance and Taxation Fengchia University	Chairman of Bankers Association of Taitung County Director of Taiwan Clearing House Foundation Taitung Branch			
Hualien Branch	Yu Chinglung	2010.01.15							Dept. of Industrial Management Chung Yuan University	Director of Taiwan Clearing House Foundation Hualien County Branch			
North Hualien Branch	Hwang Huoochyan	2011.07.16							Dept. of Business open Business College affiliated with National Taipei College of Business				
Penghu Branch	Zhou Mingrui	2011.01.16							Dept. of Business Administration Southern Taiwan University	Director of Taiwan Clearing House Foundation Penghu Branch			
Kinmen Branch	Hsu Jiaming	2011.01.16							Dept. of Business Administration Tamkang College				
Matsu Branch	Chien Hsuehyang	2011.07.16							Taiwan Provincial Taipei Commerce School				

3. Remuneration of Directors, Supervisors, President, and Vice Presidents for 2011

(1) Remuneration of Directors

Unit: NT\$1,000

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Reinstated Enterprises
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D) (Note)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)		Exercisable Employee Stock Options (H)				
		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Bank	Companies in the consolidated financial statements	
Chairperson	Susan S. Chang	3,599	None	162	None	None	None	3,386	None	0.19	None	9,722	None	453	None	None	None	None	None	0.47	None	96
Managing Director	Chang Mingdaw																					
Managing Director	Chang Shengford																					
Managing Director	Yang Chengchen																					
Independent Managing Director	Hsu Yihsung																					
Independent Director	Shen Chunghua																					
Independent Director	Lou Tienwei																					
Director	Chang Chihhung																					
Director	Rau Hsiuhua																					
Director	Yue Jiintang																					
Director	Yang Mingshyang																					
Director	Huang Shoutzuoo																					
Director	Lee Kuanghuei																					
Director	Chen Hsichuan																					
Director	Yang Shengtien																					
Director	Lee Haosuan																					

Note : 1. The monthly rental for the chairperson's residence is NT\$86,333.

2. The monthly rental for the president's residence is NT\$101,667; the president's sedan was purchased in November of 2011 at a cost of NT\$573,604, and the monthly expense for the chauffeur is NT\$40,695, oil fee NT\$76,176 (Jan. ~ Dec. 2011).

Unit: NT\$1,000

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements
Under NT\$2,000,000	Chang Mingdaw, Chang Shengford Yang Chengchen, Hsu Yihsung Shen Chunghua, Lou Tienwei Chang Chihhung, Rau Hsiuhua Yue Jiintarn, Yang Mingshyang Huang Shoutzuoo, Lee Kuanghuei Chen Hsichuan, Yang Shengtien Lee Haosuan		Chang Shengford, Yang Chengchen Hsu Yihsung, Shen Chunghua Lou Tienwei, Chang Chihhung Rau Hsiuhua, Yue Jiintarn Yang Mingshyang, Huang Shoutzuoo, Lee Kuanghuei Chen Hsichuan, Yang Shengtien Lee Haosuan	
NT\$2,000,000~NT\$5,000,000	Susan S. Chang		Susan S. Chang, Chang Mingdaw	
NT\$5,000,000~NT\$10,000,000				
NT\$10,000,000~NT\$15,000,000				
NT\$15,000,000~NT\$30,000,000				
NT\$30,000,000~NT\$50,000,000				
NT\$50,000,000~NT\$100,000,000				
Over NT\$100,000,000				
Total	7,147		17,322	

(2) Compensation of President and Vice President

Unit: NT\$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Exercisable Employee Stock Options		Reinvested Enterprises
		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank		Companies in the consolidated financial statements		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock					
President	Chang Mingdaw	12,285	None	979	None	9,322	None	None				0.61	None	None	None	839
Executive Vice President	Hsieh Tenglung															
Executive Vice President	Yang Liyen															
Executive Vice President	Chiang Shih-tien															
Executive Vice President	Wei Janlin															
Executive Vice President	Chen Minchang															
Executive Vice President	Chiou Yechin															
Executive Vice President	Chang Hongchi															
Executive Vice President and General Auditor	Hsieh Chuanchuan															

Unit: NT\$1,000

Bracket	Name of President and Vice Presidents	
	The Bank	Companies in the consolidated financial statements
Under NT\$ 2,000,000	Chiou Yechin, Hsieh Chuanchuan Chen Minchang	
NT\$2,000,000 ~ NT\$5,000,000	Chang Mingdaw, Hsieh Tenglung Yang Liyen, Chiang Shih-tien, Wei Janlin Chang Hongchi	
NT\$5,000,000 ~ NT\$10,000,000		
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000 ~ NT\$30,000,000		
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	22,586	

4. Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

Because the Ministry of Finance holds 100% of the Bank's shares, this item is not applicable.

III. Implementation of Corporate Governance

1. Board of Directors

A total of 10 (A) meetings of the Board of Directors were held in 2011. Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) 【 B / A 】	Remarks
Chairperson	Susan S. Chang	10	0	100	
Managing Director	Chang Mingdaw	10	0	100	
Independent Managing Director	Hsu Yihsung	8	2	80	
Managing Director	Chang Shengford	7	3	70	
Managing Director	Yang Chengchen	9	1	90	
Independent Director	Shen Chunghua	8	2	80	
Independent Director	Lou Tienwei	10	0	100	
Director	Yang Mingshyang	9	1	90	
Director	Chang Chihhung	9	1	90	
Director	Huang Shoutzuoo	1	0	100	Assumed on Dec. 8, 2011
Director	Rau Hsiuhua	10	0	100	
Director	Lee Kuanghuei	9	1	90	
Director	Yue Jiintarng	8	0	88.9	Relieved on Dec. 5, 2011
Labor director	Chen Hsichuan	10	0	100	
Labor director	Yang Shengtien	10	0	100	
Labor director	Lee Haohsuan	10	0	100	

Other mentionable items:

- 1.If there are circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
- 2.If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
 - (1) Renewal of contract for Chunghwa Post Co., Ltd. line of credit for financial derivatives: Of the 15 members of the BOT's Board of Directors attended (with Managing Director Chang Mingdaw serving as proxy for Managing Director Chang Shengford); the case passed with the approval of all attending directors except for Director Yang Mingshyang, who abstained because of a material interest.
 - (2) Renewal of contract for Agricultural Bank of Taiwan's line of credit for financial derivatives: All 15 of the BOT's directors attended (with Managing Director Chang Mingdaw serving as proxy for Managing Director Chang Shengford); the case passed with the approval of all the attending directors except for Director Yue Jiintarng, who abstained because of a material interest.
 - (3) Loan application by the Goldensands incorporation: All 15 of the BOT's directors attended (with Managing Director Chang Mingdaw serving as proxy for Managing Director Chang Shengford); the case passed with the approval of all the attending directors with the exception of Chairperson Susan S. Chang, who abstained because of a material interest in the case.

Note: The actual ratio of attendance (%) is calculated as the ratio (%) of the number of Board of Directors meetings attended to the total number held during the term in office.

2. Audit Committee

A total of 10 (A) Audit Committee meetings were held in 2011. Independent director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) [B / A]	Remarks
Independent Managing Director	Hsu Yihsung	9	1	90	
Independent Director	Shen Chunghua	10	0	100	
Independent Director	Lou Tienwei	10	0	100	

Other mentionable items:

- If there are circumstances referred to in Article 14-5 of Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified: None
- If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None
- Communications between the independent directors, Internal auditing authorities and CPAs.
 - Communication with internal auditing authorities was carried out as follows to reinforce the Bank's internal auditing work:
 - Three meetings of the Audit Committee that were held during this fiscal year discussed (1) a report on auditing work for the second half of 2010; (2) Internal Control Statement; (3) a report on auditing work for the first half of 2011; and (4) auditing work plan for 2012.
 - Three seminars were held with the internal auditing authorities on "Auditing Work Plan for the 2nd half of 2011", "Strengthening Loan-business Auditing During the Annual General Audit" and "Carrying Out Auditing of the Bank's General Stored File Inventory and Account Book Operation".
 - Communications with CPAs were carried out as follows in order to reinforce the content of the Bank's external auditing work:
 - Four meetings of the Audit Committee discussed (1) financial reports of 2010; (2) the financial report for the first quarter of 2011; (3) financial reports for the first half of 2011; (4) the financial report for the third quarter of 2011; and (5) the Bank's IFRS conversion plan and status of implementation.
 - Seminars were held to discuss the Bank's financial report checking and review matters.
 - In order to reinforce regulatory compliance, risk management, financial, accounting, and business operations, the Bank's communications with regulatory compliance, risk management, finance, accounting, and business units were carried out as follows:
 - Meetings of the Audit Committee discussed important regulatory compliance, risk management, finance, accounting, and business matters.
 - Numerous seminars were held to discuss the Bank's important related issues.
 - Relevant executives were invited to the Audit Committee's office on an irregular basis, and talks were held via telephone, to discuss important issues.
 - Unannounced visits were paid to six branches for communication with their managers.
 - Independent Managing Director Hsu Yihsung visited the Los Angeles Branch and discussed important business matters.
 - A total of 10 Audit Committee meetings were called, 21 seminars were held, and visits to six branches and the Los Angeles branch were carried out during this year.

Note: The actual ratio of attendance (%) is calculated as the ratio (%) of the number of the number of Board of Directors meetings attended to the number held during the term in office.

3. Revealed items in the Corporate Governance Best-Practice Principles for the Banking Industry

Please refer to the following information "Corporate Governance Execution Status".

4. Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for The Banking Industry"

Item	Implementation Status	Deviations from "Corporate Governance Best-Practice Principles for The Banking Industry" and reasons
1. Shareholding Structure & Shareholders' Rights (1) Method of handling shareholder suggestions or complaints (2) The Bank's possession of a list of major shareholders and a list of ultimate owners of these major shareholders (3) Risk management mechanism and "firewall" between the Bank and its affiliates	1. The Bank currently has only one institutional shareholder: the Taiwan Financial Holdings Co. (which is 100% owned by the Ministry of Finance). All related matters are carried out in accordance with regulations, and channels of communication are clear. 2. The Bank is a subsidiary of the state-owned Taiwan Financial Holdings Co. (whose sole owner is the Ministry of Finance). 3. Business having to do with related enterprises is all carried out in accordance with the provisions of the Banking Law and the regulations of the competent authority as well as the Bank's own internal control charter.	None

Item	Implementation Status	Deviations from "Corporate Governance Best-Practice Principles for The Banking Industry" and reasons
2. Composition and Responsibilities of the Board of Directors (1) Independent Directors (2) Regular evaluation of CPAs' independence	1. The Bank has a Board of Directors consisting of 15 members, all of whom are persons of professional know-how or experience who are appointed by the parent company, the Taiwan Financial Holdings Co., as representatives of government shareholding (three are independent directors and another three are recommended by the employees' union). All carry out their duties under the principles of independence, objectivity, and professionalism. 2. In 2011 the Bank commissioned independent, reputable, and professional international certified public accountants of appropriate scale, to carry out verification and certification of the Bank's accounts.	None
3. Communication channel with stakeholders	The Bank maintains a mailbox for complaints and suggestions on its website, as well as a customer service telephone hotline, providing materially interested persons with a diversity of communication channels. Its internal website also contains a Chairperson's Mailbox, President's Interchange, and employees' discussion area as channels for employee suggestions.	None
4. Information Disclosure (1) Establishment of a corporate website to disclose information regarding the Bank's financials, business and corporate governance status (2) Other information disclosure channels (e.g. maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)	1. The Bank's website regularly discloses information on financial operations and corporate governance. 2. The Bank's website has an English page that provides information on the Bank's financial operations and corporate governance. The information is updated whenever the data change. To circulate publicly reports and announcements in accordance with the requirements of the competent authority, the units in charge of different areas of business carry out the collection and disclosure of relevant information in their own fields. Their reports are made according to the stipulated deadlines. To strengthen liaison and communication with the news media, the Bank makes timely and accurate reports on its major policies, business measures, and services. "Bank of Taiwan News Issuance and News Liaison Guidelines" have been established to make consistent statements. A spokesperson has been appointed.	None
5. Operations of the Bank's Nomination Committee, Compensation Committee, or other committees of the Board of Directors	The Bank established an Audit Committee on July 31, 2009 and formulated an Audit Committee Charter. The primary objective of the Committee, which is made up of all the Bank's independent directors, is to provide supervision in the following areas: 1. The appropriate expression of the Bank's financial reports. 2. The appointment (or dismissal) of CPAs, and their independence and performance. 3. The effective implementation of the Bank's internal controls. 4. The Bank's compliance with relevant laws and regulations. 5. Management of existing and potential risks.	None
6. Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for The Banking Industry": As stated above.		
7. Systems and measures adopted by the Bank in the interest of corporate social responsibility (including human rights, employee rights, environmental protection, community participation, supplier relationships, supervision, and material relationships), and CSR performance: (1) The BOT is a government-owned bank. In addition to making every effort to attain the budget targets set by the government, the Bank also coordinates with the government's major construction plans and participates actively in the financing of infrastructure projects as well as large private investment projects in order to promote overall national economic development. (2) To pay back to the public and carry out the principle of "Caring", the Bank subsidizes Groups and individuals, as well as coordinates with government policy by offering student loans, making significant contributions to the public welfare.		
8. Other Important Information on the Bank's Corporate Governance Operations (including advanced education for directors and supervisors, attendance of directors and supervisors at board of directors meetings, implementation of risk management policy and risk measurement standards, implementation of consumer protection or customer policy, abstention of directors from cases in which they have a material interest, and purchase by the bank of liability insurance for directors and supervisors.) (1) Advanced education for directors: The Bank provides directors with information on advanced courses on law, finance, and accounting related to issues of corporate governance on an irregular basis, and arranges for them to attend courses in accordance with the regulations and their individual wishes. (2) Attendance of Directors at Board of Directors' Meetings: The Bank's directors attend meetings of the Board of Directors (Board of Managing Directors) in accordance with the "BOT Articles of Incorporation", "BOT Board of Directors Organizational Charter" and "BOT Board of Directors Rules of Procedure". (3) Implementation of Risk Management Policy and Risk Measurement Standards: a. To reinforce risk control capability and conform to the provisions of the New Basel Accord, the Bank has established a Risk Management Committee and mapped out risk strategies, and convenes a meeting of the Committee to consider risk monitoring every three months. The Bank has also set up an independent dedicated risk control unit, carries out matters related to risk identification, assessment, monitoring, and management, and submits regular reports on the status of implementation to the Risk Management Committee. b. In compliance with FSC rules, the Bank has implemented Pillars 1, 2, and 3 of Basel II. c. The Bank has worked out a risk management policy, regulations for the establishment of a risk management committee, internal criteria for capital adequacy management, criteria for credit risk management, criteria for market risk management, criteria for operational risk management, criteria for national risk quota management, and regulations for the disclosure of risk management information. d. The Bank carries out the advanced approach risk management mechanism in accordance with the New Basel Accord. (4) Consumer Protection: a. To protect the interests of customers and assure observance of the competent authority's regulations, the Bank has established rules for the wealth management business including "Operating Regulations for the Sale of Financial Products," "Management Guidelines for Financial Product Salespersons," "Operating Instructions for a Full Understanding of Customers in the Sale of Financial Products," and "Manual of Customer Rights for the Sale of Financial Products". b. To protect consumer interests, the contracts signed with customers for the extension of consumer loans are drawn up according to the "Items to be Included and Not Included in Personal Auto and Home Loan Model Contracts" as formulated by the competent authority in accordance with the Consumer Protection Law and other relevant laws and regulations. c. The Bank has established "Standards for Exemption from Risk due to Loss or Theft of International Credit Cards" and "Regulations for Writing Off Losses due to Fraudulent Use of International Credit Cards", so as to protect the users of international credit cards. (5) Directors withdraw from cases in which they have a material interest: Article 27 of the BOT Articles of Incorporation, Article 9 of the Board of Directors Organizational Charter, and Article 17 of the Board of Directors Rules of Procedure all stipulate that directors should withdraw from cases in which they have a material interest. Directors have to fill out the "Parties of Material Interest" as stipulated in Article 33-1 of the Banking Law, and the form is placed on a computer file by the Department of Credit Management. (6) Purchase of liability insurance for independent directors and supervisors: The Bank has not purchased liability insurance for its directors. To reinforce corporate governance, the Bank set up an Audit Committee on July 31, 2009 to take over the functions of the supervisors.		
9. The corporate governance self-evaluation report or corporate governance evaluation report commissioned to a professional organization should include an explanation of the results of the report, major deficiencies (or suggestions), and status of improvement: The Bank has not yet carried out a corporate governance self-evaluation report or commissioned such a report to a professional organization.		

5. Social Responsibility

Item	Implementation Status
<p>1. Implementation of corporate governance</p> <p>(1) Formulation of a corporate social responsibility policy or system, and review of implementation effectiveness</p> <p>(2) Operation of dedicated (or concurrent) corporate social responsibility unit established by the bank</p> <p>(3) Holding by the bank of regular corporate ethics training and publicity activities for directors, supervisors, and employees, combining of this training with the employee performance evaluation system, and establishment of a clear and effective system of rewards and punishments</p>	<p>(1) Public-benefit donations are given to civic groups in accordance with the "Bank of Taiwan Rules for the Granting of Subsidies (Donations) to Private Groups."</p> <p>(2) The BOT has not yet established a dedicated (or concurrent) corporate social responsibility unit.</p> <p>(3) All directors participate in advanced corporate governance courses, and they are notified of any pertinent government decrees and other matters. The internal website contains an online learning page that allows employees to study corporate governance-related courses online, and such study is included in employee training time. Training in corporate ethics has not yet been made part of the employee performance evaluation system.</p>
<p>2. Development of a sustainable environment</p> <p>(1) Efforts by the bank to enhance the efficiency of resources utilization, and use of recyclable materials with a low environmental burden</p> <p>(2) Establishment by the bank of an appropriate environmental management system in accordance with its industry characteristics</p> <p>(3) Establishment of an exclusive environmental management unit or personnel in order to protect the environment</p> <p>(4) Attention to the impact of climate change on operating activities, and establishment by the bank of energy conservation/carbon reduction and greenhouse gas emissions reduction strategies</p>	<p>(1) The BOT carries out operational activities in accordance with the following principles in order to lower the impact on the environment:</p> <p>a. Reduction of the consumption of resources and energy for financial products and services</p> <p>b. Appropriate disposal of wastes</p> <p>c. Use of energy-saving and environmentally friendly goods</p> <p>d. Equipment that has reached the end of its expected working life but is still usable continues to be used.</p> <p>(2) "Detailed Implementation Plan for the National Clean Home Campaign" was mapped out. The BOT has established an annual environmental patrol and supervision plan to manage the environmental beautification and maintenance of cleanliness by each unit.</p> <p>(3) The Bank has set up a BOT Bank Premises Environmental Cleanliness and Beautification Inspection Team and has established incentive measures for use in evaluating the environmental protection performance of different units.</p> <p>(4) The BOT established an energy conservation/carbon reduction target of a 3% reduction for the use of electricity, and 2% reduction for the use of water, fuel, and paper from the previous year in accordance with the revision of the "Energy Conservation/Carbon Reduction Measures for Government Agencies and Schools" by the Executive Yuan on Dec. 16, 2009. The reductions during the year amounted to 3.48% for electricity, 4.03% for water, 5.40% for oil, and 6.85% for paper.</p>
<p>3. Maintenance of social benefit</p> <p>(1) Observance by the bank of relevant labor regulations, protection of employees' legal rights, and establishment of appropriate management methods and procedures</p> <p>(2) Provision by the bank of a safe and healthy working environment for its employees, and offering of regular safety and health education to employees</p> <p>(3) Establishment and publication of a consumer protection policy for the bank, and provision of a transparent and effective complaint procedure for its products and services</p> <p>(4) Cooperation between the bank and suppliers in efforts to enhance corporate social responsibility</p> <p>(5) The bank's use of commercial activities, donation of goods, corporate volunteer services, or other free professional services to participate in community development and the activities of public-benefit groups</p>	<p>(1) As a state-owned enterprise governed by the Labor Standards Act, the BOT handles employees' working conditions, compensation, bonuses, retirement, pensions, layoffs, and insurance systems in accordance with the Labor Standards Act and other laws related to civil servants. A collective bargaining agreement has also been signed with the Taipei BOT Labor Union, assuring the full protection of employees' rights.</p> <p>(2) The BOT observes Article 12 of the "Rules on Protection of Workers' Health" in giving workers aged 40-64 a health examination every three years and workers under the age of 40 an examination every five years. Regular examinations are carried out to maintain the physical and mental health of employees.</p> <p>(3) To assure that customers understand their rights in regard to the Bank's trading in financial products, they are provided a customer rights manual for the sale of financial products to read and gain a full understanding of their rights and obligations. Loan certificates and contracts for other businesses all contain detailed descriptions of the rights of both parties; the contents of contracts are explained to customers prior to signing, and the customers attest to this by affixing their seals. Transparent and effective consumer complaint procedures, telephone numbers, toll-free hotlines, and complaint and suggestion mailboxes are given on the BOT website, at its teller counters, and on its business posters. In addition to taking telephoned complaints, the customer service center also provides 365-day, 24-hour online consultation and assistance in resolving questions.</p> <p>(4) In the procurement of goods, priority is given to suppliers that provide environmentally friendly, energy-saving products.</p> <p>(5) The Bank participated in the following public-benefit activities in 2011:</p> <p>a. Donation to the "Year-end Dinner for the Homeless and Elderly Persons Living Alone" organized by the Genesis Social Welfare Foundation on Jan. 11, 2011.</p> <p>b. Donation to the Taiwan Guide Dog Association in coordination with the Taiwan Financial Holding Group's 2011 centennial social-benefit activity.</p> <p>c. Participation, with the support of the Taiwan Financial Holding Co. Ltd., in the 2011 Taiwan Lantern Festival organized by the Miaoli County Government on Feb. 17-28, by sponsoring and adopting Creative Pavilion 1, "Nectar Falling from Heaven."</p> <p>d. Invitation of students and volunteers from the Miaoli Center of the Taiwan Fund for Children and Families to visit the 2011 Taiwan Lantern Festival in Miaoli on Feb. 20.</p> <p>e. Invitation of volunteers from the Teacher Chang Foundation to visit the "The Golden Age of the Qing – Treasures from the Shenyang Palace Museum" exhibit at the National Museum of History on Mar. 21.</p>

Item	Implementation Status
	<ul style="list-style-type: none"> f. Invitation of students from the remote-area Jonah's Home, Ruiting Primary School in the Ruifang District of New Taipei City, and Pingxi Primary School in the Pingxi District of New Taipei city to participate in a parent-child financial management camp and tree-planting activity on May 7. g. Holding of a charity donation activity for Jonah's Home and Taiwan Christian Faith, Hope, Love Children's Home in Pingtung County on May 18. h. Invitation of students and volunteers from the Yilan Center of the Taiwan Fund for Children and Families on a one-day tour of the Chiang Kai-shek Shilin Residence and Taiwan centennial activity on May 21. i. Promotion of the Guide Dog Affinity Card to raise funds for training expenses, and donation to the Taiwan Guide Dog Association through a BOT Facebook activity on Oct. 15. j. Donations to the World Peace Association, Kanner Taiwan, and the A Kernel of Wheat Foundation on Dec. 14, 2011 to provide assistance to the disadvantaged. k. Provision of assistance for, and participation in, Kanner Taiwan's Centennial Kanner Youth Life Training activity on Dec. 15. l. Provision of assistance for, and participation in, A Kernel of Wheat Foundation's 2011 Year-end Yilan Concern for Elderly People Living Alone activities on Dec. 20. m. Provision of assistance for, and participation in, the No Chill This Year-end – Christmas Party organized by the World Peace Association for children of indigent families and families in crisis on Dec. 21.
<p>4. Strengthening of information disclosure</p> <ul style="list-style-type: none"> (1) Disclosure by the bank of relevant and reliable information on corporate social responsibility (2) Production of a corporate social responsibility report by the bank, and disclosure of the implementation of corporate social responsibility 	<ul style="list-style-type: none"> (1) The BOT discloses information on the implementation of corporate social responsibility in its Annual Report and on its global information website. (2) The BOT has not produced a corporate social responsibility report.
<p>5. If the bank has compiled its own corporate social responsibility rules in accordance with the "Corporate Social Responsibility Best-Practice Principles for TSEC/GTSM Listed Companies," please explain their operation and their divergences: The BOT has not compiled its own corporate social responsibility rules.</p>	
<p>6. Other important information to help understand the operation of corporate social responsibility (such as systems, measures, and implementation adopted by the bank for environmental protection, community participation, contributions to society, social services, social benefit, consumer rights, human rights, safety and health, and other CRS activities):</p> <p>The BOT carried out the following social benefit activities in 2011:</p> <ul style="list-style-type: none"> (1) Continued sponsorship of domestic young tennis champion Tang Zhi-zhun by providing sufficient resources for competitions in January with the aim of encouraging the island's sportsmen to exert their greatest efforts. (2) Organizing of BOT baseball-support activities and donation to the 4th Taiwan Cup Senior High School Baseball Championship on Mar. 8-16 as part of the Bank's promotion of the rooting of baseball in Taiwan. (3) Organizing of Environmental Protection Walks throughout Taiwan on May 14 to initiate mountain and beach cleaning by all BOT employees, who helped maintain a beautiful leisure environment by picking up garbage and cleaning up the routes they hiked. (4) Organizing a charity donation activity for the Jonah's Home of the Catholic Social Welfare Foundation on May 18. (5) Holding of a charity charity donation activity for the Pingtung County Faith, Hope, Love Children's Home on May 18. (6) Holding of large-scale Taiwan Centennial carnival on May 21, focusing on the three core themes of health, charity, and happiness with the aim of promoting a vogue for sports and healthy living among all the people. (7) Holding of a Slow Pitch Softball Tournament on June 11 to achieve the goal of making friends through ball and encouraging sports by advocating participation in appropriate leisure activities and promoting softball. (8) Holding of a six-day Summer Basketball Camp beginning on July 10 and arrangement of classes taught by SBL basketball stars from the BOT team in order to boost basketball standards and promote a vogue for sports among young people. (9) Holding of the Celebrate the Centennial – East District Unified Invoice Cup Road Race together with the Taxation Agency on July 17 and promotion of demanding invoices when making purchases so as to stabilize tax sources, successfully combining social benefit with administrative publicity. (10) Cooperation with the Chinese Professional Baseball League, once again, to participate in the Home Run Derby and Red v. White All-Star Game on July 23-24, inviting baseball stars from Kaohsiung primary and junior high schools to observe and learn so as to pass on baseball skills, giving abundant expression to the Bank's continued support of sports in Taiwan. (11) Holding of Campus Basketball Tournaments at eight universities—Tamkang, Dong Hwa, Yilan, Chiayi, Ming Dao, Chihlee, I-Shou, and Feng Chia—expressing the BOT's support of and care for sports while promoting appropriate financial consumption know-how among students, thereby enhancing the Bank's corporate image. (12) Holding of a large-scale centennial carnival on Oct. 15 as an appeal to all walks of society to care for social welfare. (13) Holding of three "2012 Taiwan Economic Outlook" forums, on Nov. 7, 9, and 16, with corporate customers and VIP financial-management customers invited to attend and hear keynote speeches by prominent scholars and experts as well as multi-dimensional inquiries into international economic/financial conditions and Taiwan's future economic development. This facilitated pre-emptive response and the upgrading of corporate competitiveness while fulfilling the corporate social responsibility of a state-run bank. (14) Joint by organizing, in cooperation with the Taiwan Financial Holding Co., Ltd., the Economic Daily News, and other organizations, of four "Master Forums – Rebuilding Prosperity Following the Centennial" summits, on Oct. 20 and 21, Nov. 30, and Dec. 1, and inviting 2010 winner of the Nobel Prize for Economics Dr. Dale T. Mortensen and Dr. Peter A. Diamond to present addresses, thereby contributing to Taiwan's economic, financial, and industrial development. 	
<p>7. If the bank's product or corporate social responsibility reports include passage of certification standards by relevant certification agencies, please explain: The Bank's standardized information services management operations obtained ISO 20000-1:2005 international information services management standards certification from BSi on Jan. 20, 2011. Review of the Association's ISO 27001 information security management system certification was completed on Aug. 22-23.</p>	

6. Status of the Bank's Honest Operation, and Measures Adopted

Item	Measures Adopted	Implementation Status
1. Strengthening of sunshine laws	Strengthened educational publicity on such sunshine laws as the Act on Property Declaration by Public Servants and Act on Recusal of Public Servants Due to Conflicts of Interest	<p>1. A civil service ethics area set up on the Bank's global information website uploads property reporting regulations, interpretations, form-filling explanations, the law on recusal because of conflicts of interest, and other regulatory educational materials for downloading by personnel making the reports.</p> <p>2. In 2011 the Bank received public-servant property reports from 456 persons; 64 were randomly chosen for substantive examination.</p>
2. Carrying through with public servant behavior rules and establishment of a clean-government model	Implementation of the "Ethics Directions for Civil Servants" and strengthened registration of influence peddling, receiving and giving of property, acceptance of dinner invitations, and other clean-government ethics incidents.	Each unit continued carrying out the "Ethics Directions for Civil Servants and strengthening registration of influence peddling, receiving and giving of property, accepting of dinner invitations, and other clean-government ethics incidents. A total of 429 incidents were recorded in 2011, but there was no violation of the rules.
3. To carry out honest operation, the Bank allows no difference between the content of its marketing advertisements and actual loan conditions. The Bank has established an internal controls system, internal auditing system, and various management charters, and auditors and external professionals (CPAs) carry out random inspections of implementation by the various units. A global information website has been established for the convenience of the public in finding information about the Company. In addition, the Bank discloses important financial and business information on its public information website, and discloses the status of its corporate social responsibility in its Annual Report and on its global information website.		

7. Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at <http://www.bot.com.tw>, and click on "Corporate Governance".

8. Other Important Information Regarding Corporate Governance

None

9. Internal Control System

(1) Internal Control Statement

Bank of Taiwan

Internal Control Statement

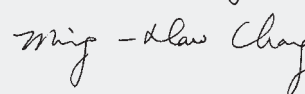
TO: FINANCIAL SUPERVISORY COMMISSION

The internal control system of the Bank of Taiwan from Jan.1, 2011 through Dec. 31, 2011 was established in compliance with the "Implementation Rules for the Financial Holding Co. and the Banking Industry Internal Audit and Internal Control System" to implement risk management and audited by an independent auditing department which reports to the board of the directors and supervisors regularly (For bank's securities business, the Bank determines if the design and implementation of the internal control system are effective based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets). After careful evaluation, the Bank believes that the Bank's internal control system and compliance with applicable law and regulations have been effective for the year stated. (This Statement shall become a major part of the annual report and prospectus of the Bank and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities & Exchange Act.)

Chairperson



President



EVP and General Auditor



Head Office Chief Compliance Officer



February 29, 2012

(2) Independent Auditors' Report

Independent Auditors' Report

The Board of Directors
Bank of Taiwan

Article 28, Item 1 of the "Implementation Rules for the Financial Holding Co. and the Banking Industry Internal Audit and Internal Control System" states that when a bank is having its annual financial statements examined and certified by Certified Public Accountants, it should commission the CPAs to carry out an examination of its system of internal controls and to express an opinion about the accuracy of the data included in the statements reported to the competent authority, the implementation of the bank's internal control system and its regulatory compliance, and the appropriateness of the bank's policy on appropriations for bad debts.

We have been engaged by the Bank of Taiwan to carry out the examination described above and, in accordance with the stipulations of Article 31 of the Implementation Rules, hereby affix the scope, content, and results of our examination in the attachment.

This examination report is provided solely to the Bank of Taiwan for reference. With the exception of being submitted to the competent Authority for supervisory reference, it may not be used for other purposes or distributed to other parties.

KPMG Certified Public Accountants
April 13, 2012

10. Major Resolutions of Board Meetings

- (1) Report by the 79th meeting of the 3rd board of standing directors on Jan. 28, 2011: The Bank's 2010 business report, profit and loss statement, appropriation of profit and loss statement, balance sheet, and cash flow statement.
- (2) Retroactive recognition by the 11th meeting of the 3rd board of directors on Feb. 14, 2011: The Bank's statutory budget for 2010 includes the transfer of NT\$2.2 billion from the special reserve to undistributed profit for payment into the treasury, as reported to and approved by the 77th meeting of the 3rd board of standing directors on Jan. 14, 2011. The "special reserve" under the "assigned retained earnings" column was transferred to "accumulated surplus" under the "unassigned retained earnings" column, and turned over to Taiwan Financial Holdings in accordance with the surplus distribution in the 2010 self-compiled final accounts.
- (3) Retroactive recognition by the 11th meeting of the 3rd board of directors on Feb. 14, 2011: The Bank's 2012 business plan, as reported to and approved by the 77th meeting of the 3rd board of standing directors on Jan. 14, 2011.
- (4) Resolution of the 11th meeting of the 3rd board of directors on Feb. 14, 2011: Signing by the BOT of a cooperation agreement with the Nanjing City Commercial Bank for the purpose of establishing closer business relations with mainland Chinese banks.
- (5) Resolution of the 11th meeting of the 3rd board of directors on Feb. 14, 2011: The Bank submitted an application for the concurrent operation of the securities investment consulting business to the Financial Supervisory Commission.
- (6) Report submitted by the 86th meeting of the 3rd board of standing directors on Mar. 25, 2011: Visit by Chairperson Chang to Beijing on Mar. 25-29, 2011 for the purpose of signing a business cooperation MOU with the Industrial and Commercial Bank of China.
- (7) Resolution of the 12th meeting of the 3rd board of directors on Apr. 19, 2011: The Bank's internal controls for 2010 and final accounting for 2010 (Jan. 1, 2010 to Dec. 31, 2010) were examined and certified by KPMG Certified Public Accountants, including the Internal Controls Audit Suggestion Sheet, Financial Statements (CPI Audit Report, Balance Sheets, Statement of Income, Changes in Shareholder Equity, and Statement of Cash Flow), Business Reports, Statement of Surplus Allocation, and List of Major Properties.
- (8) Resolution of the 12th meeting of the 3rd board of directors on Apr. 19, 2011: To expand the scope of its business operations, the Bank invested 100% of the capital for the establishment of an insurance broker company.
- (9) Resolution passed by the 8th session of the third Board of Directors on May 20, 2011: To establish closer and broader business cooperation with mainland Chinese banks, the BOT signed a business cooperation agreement with the Bank of Communications.
- (10) Resolution of the 9th extraordinary meeting of the 3rd board of directors on July 29, 2011: To establish closer and broader business cooperation with mainland Chinese banks, the BOT signed a business cooperation agreement with the China Construction Bank.
- (11) Resolution of the 9th extraordinary meeting of the 3rd board of directors on July 29, 2011: The BOT participated in the First Financial Holding Co.'s cash capital increase subscription project.
- (12) Report submitted by the 14th meeting of the 3rd board of directors on Aug. 18, 2011: The Bank completed its statutory budget for 2011, and it was examined and approved by the Legislative Yuan.
- (13) Report by the 16th meeting of the 3rd board of standing directors on Feb. 23, 2012: The Bank's business report, profit and loss statement, appropriation of profit and loss statement, balance sheet, and cash flow statement.

11. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None

12. Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports

Jan. 18, 2012

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Executive Vice President	Chen Minchang	Nov. 23, 2007	July 16, 2011	Compulsory retirement
Executive Vice President and General Auditor	Chang Hongchi	May 12, 2006	July 16, 2011	Personnel changes
SVP and General Manager, Department of Treasury	Hsieh Chuanchuan	Mar. 10, 2009	July 16, 2011	Personnel changes
SVP and General Manager, Department of Accounting	Liu Hsikuang	Mar. 20, 2006	Jan. 16, 2011	Compulsory retirement

Note: "Persons related to financial reports" refers to the chairperson, president, chief auditor, and chief internal auditor.

IV. CPA Information

Major changes in CPA audit fees, change of CPA, employment of the chairperson, president, or manager responsible for financial or accounting duties at the attesting CPA's office or an affiliated enterprise, or other matters requiring disclosure.

Name of Accounting Firm	Name of CPA		Audit Period	Notes
KPMG Certified Public Accountants	Yen-Ling Fang	Derek Hsu	Jan. 1, 2011~Dec. 31, 2011	

Unit: NT\$1,000

Amount \ Items	Auditing Fees	Non-auditing Fees	Total
Under NT\$ 2,000,000			
NT\$2,000,000 ~ NT\$4,000,000	3,554	2,294	5,848
NT\$4,000,000 ~ NT\$6,000,000			
NT\$6,000,000~ NT\$8,000,000			
NT\$8,000,000~ NT\$10,000,000			
Over NT\$10,000,000			

V. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity by the Provisions of Item 3, Article 25 of the Banking Law

None

VI. Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

None

VII. Numbers of Shares in the Same Reinvested Enterprises Held by the BOT and its Directors, Supervisors, President, Executive Vice Presidents, the Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Ratios of Consolidated Shareholding

Consolidated Shareholding Ratios

Dec. 31, 2011

Unit: Share; %

Reinvested Enterprise (Note)	Investment by the BOT		Investment by Directors, Supervisors, the President, Executive Vice Presidents, Heads of Departments and Branches, and Enterprises Directly or Indirectly Controlled by the BOT		Consolidated Investment	
	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding
Taiwan Sugar Corp.	23,137,489	0.30	11,120,138	0.14	34,257,627	0.44
Taiwan Power Company	865,191,972	2.62	148,281,562	0.45	1,013,473,534	3.07
Taiwan Machinery Manufacturing Corp.	10,253,459	1.60	167	0.00	10,253,626	1.60
Taiwan Stock Exchange Corp.	59,892,284	10.01	17,946,713	3.00	77,838,997	13.01
First Financial Holding Co., Ltd.	592,110,363	7.72	247,373,245	3.23	839,483,608	10.95
Hua Nan Financial Holdings Co., Ltd.	1,744,001,729	21.23	315,708,533	3.84	2,059,710,262	25.07
Taiwan Business Bank	811,265,329	19.27	56,644	0.00	811,321,973	19.27
Cathay Financial Holding Co., Ltd.	52,568,167	0.51	10,886,768	0.11	63,454,935	0.62
Mega Financial Holding Company	282,714,082	2.51	210,860	0.00	282,924,942	2.51
Taiwan Life Insurance Co., Ltd.	162,280,143	18.94	22,759,869	2.66	185,040,012	21.60
Taiwan Fire & Marine Insurance Co., Ltd.	64,608,278	17.76	8,120	0.00	64,616,398	17.76
Tang Eng Iron Work Co., Ltd.	74,802,414	21.37	16,093,512	4.60	90,895,926	25.97
China Development Financial Holding Corp.	238,729,496	2.12	184,821	0.00	238,914,317	2.12
Kaohsiung Ammonium Sulfate Co., Ltd.	303,131,576	91.86	0	0.00	303,131,576	91.86
Taiwan Chunghsing Paper Corp.	25,035,822	9.54	0	0.00	25,035,822	9.54
China Trade & Development Corp.	1,250,110	1.91	0	0.00	1,250,110	1.91
China Daily News	62,882	0.14	0	0.00	62,882	0.14
Central Motion Picture Corp.	8,913,458	15.22	0	0.00	8,913,458	15.22
Yunta Financial Holding Co., Ltd.	230,836,323	2.30	1,299,153	0.01	232,135,476	2.31
Taiyi Real Estate Management Co., Ltd.	1,500,000	30.00	0	0.00	1,500,000	30.00
United Taiwan Bank S.A.	146,250	4.99	0	0.00	146,250	4.99
Taipei Forex Inc.	1,400,000	7.06	700,000	3.53	2,100,000	10.59
Taiwan Futures Exchange Corp.	5,571,738	2.05	5,346,146	1.97	10,917,884	4.02
Taiwan Asset Management Corp.	100,000,000	5.68	200,000,000	11.35	300,000,000	17.03
Bankpro E-Service Technology Co., Ltd.	450,000	3.33	0	0.00	450,000	3.33
Taiwan Financial Asset Service Corp.	10,000,000	5.88	5,000,000	2.94	15,000,000	8.82
Financial Information Service Co., Ltd.	11,998,125	2.67	5,191,875	1.15	17,190,000	3.82
Financial eSolution Co., Ltd.	2,481,467	7.19	792,027	2.30	3,273,494	9.49
Taiwan Integrative Shareholder Service Company	490,000	1.63	1,580,000	5.27	2,070,000	6.90
Sunny Asset Management Corp.	15,531	0.26	69,740	1.16	85,271	1.42
International Property & Finance Co., Ltd.	14,658	0.92	0	0.00	14,658	0.92

Note: Investment according to Article 74 of the Banking Law

關懷

關懷社會、關懷客戶、關懷員工

遠大夢想 提早預約

臺灣銀行為您儲備動能



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Capital Overview

I. Capital and Shares

1. Source of Capital

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash
Dec. 2011	\$10	7.0 billion	\$70 billion	7.0 billion	\$70 billion	Appropriation from the National Treasury and Increment NT\$5.0 billion due to the merger with the Central Trust of China Shareholder dividends and bonuses and surplus reserves in the total amount of NT\$25 billion were transferred for the purpose of capital increment in 2010.	

Share Type	Authorized Capital			Remarks
	Issued Shares		Un-issued Shares	
Common Stock	7.0 billion (Shares have not been listed)		0	7.0 billion

Securities Type	Preparing to Issue Amount		Issued Amount		Purpose and Effect for Issued Shares	Issue Period for Unissued Shares	Remarks
	Total Shares	Authorized Amount (NTD)	Total Shares	Authorized Amount (NTD)			
Common Shares	7.0 billion	\$70 billion	7.0 billion	\$70 billion	To make operating policies transparent and strengthen market competitiveness so as to enhance overall operating performance and advance toward internationalization	None	

2. Status of Shareholders, Shareholding Distribution Status, and List of Major Shareholders

100% shares are held by Taiwan Financial Holding Co., Ltd; shares have not been listed.

3. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$; share

Items		Year	2011	2010	As of March 31, 2012
Market Value Per Share	Highest		-	-	-
	Lowest		-	-	-
	Average		-	-	-
Net Worth Per Share	Before Appropriation		35.20	35.94	35.95
	After Appropriation		34.57	35.12	35.32
Earnings Per Share	Weighted Average Issued Shares		7,000,000,000	7,000,000,000	7,000,000,000
	Earnings Per Share		0.53	1.01	0.31
Dividends Per Share	Cash Dividends		0.64	0.82	-
	Stock Dividends	Earnings	-	-	-
		Capital Reserve	-	-	-
	Cumulative Dividends Undistributed		-	-	-
Return Analysis	P/E Ratio		-	-	-
	Ratio of Share Price to Dividends		-	-	-
	Cash Dividend Yield %		-	-	-

Notes: Figures for FY2010 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit; figures for FY2011 are CPA approved; figures of the first three months of FY2012 have not been approved by CPA.

4. Dividend Policy and Implementation Status

(1) Dividend Policy

The BOT Charter stipulates that if the final annual accounts show a profit, the profit will be distributed as follows:

- A. Payment of the income tax;
- B. Making up of losses for previous years;
- C. Allocation of 30% for legal reserve;
- D. Allocation of 20~40% of the profit, and that an amount similar to that of “Unrealized Loss from Financial Instruments” listed under the “Stockholder’ equity” item for the special reserve.
- E. Distribution of stock dividends

Any remaining profits will be distributed, together with undistributed profits from the previous year, in accordance with the relevant laws and regulations.

Until the legal reserve reaches the total amount of capital the maximum distribution of profits in the form of cash may not exceed 15% of the capitalization.

(2) Current Distribution of Stock Dividends

Following the allocation of legal reserve and special reserve from the audited after-tax profit for 2011, a cash dividend of NT\$4,451 million, of NT\$0.64 per share, was decided. Under Article 50 of the Audit Law, however, the final determinant of the BOT’s profit is the Ministry of Audit. Since the Bank’s final 2011 final budget is still under examination by the Ministry, the actual amount of cash dividends distributed will be determined after the Ministry completes its examination.

5. Influence on the Bank's Operating Performance and Earnings Per Share of the Current Uncompensated Distribution of Shares as Proposed by the Shareholders' Meeting

None

6. Employee Bonus and Directors' and Supervisors' Remuneration

None

7. Buyback of Treasury Stock

None

II. Status of Bank Debentures, Preferred Shares, Overseas Depository Receipts, Employee Stock Warrants

None

III. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None

IV. Financing Plans and Implementation

None

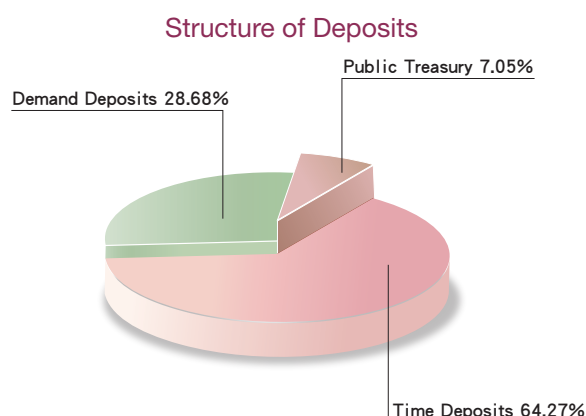
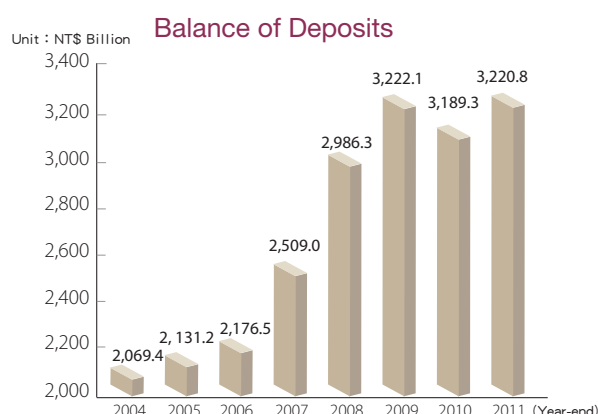
Operational Highlights

I. Business Activities

1. Main areas of business operations

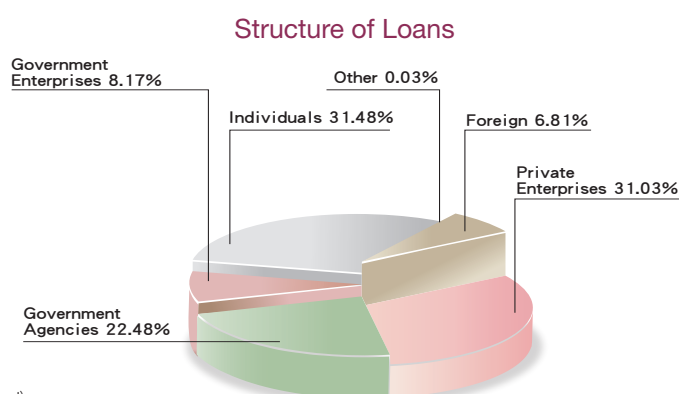
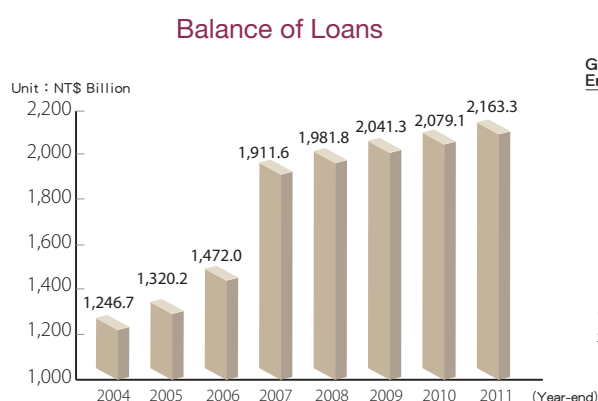
(1) Deposits

Total deposits in the Bank at the end of December 2011 amounted to NT\$3,220.8 billion, equal to 81.62% of the NT\$3,946 billion in total assets and representing an increase of 0.99% over the previous year. Demand deposits in 2011 grew by 3.62%, and deposits from public treasuries decreased by 2.49% over the year before.



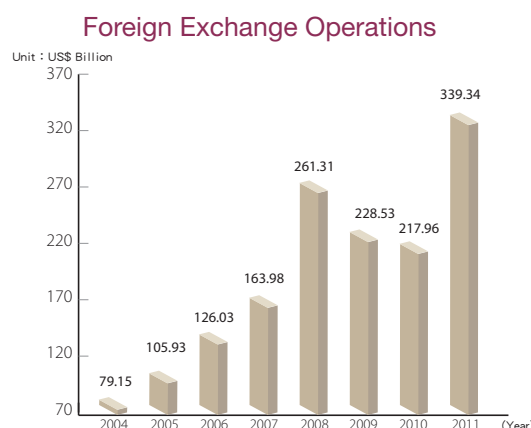
(2) Corporate Banking

The amount of the Bank's total loans outstanding at the end of December 2011 (including general loans as well as import and export negotiations) stood at NT\$2,163.3 billion, equal to 54.82% of the total assets and reflecting an increase of 4.05%, over a year earlier. Corporate loans outstanding at the end of 2011 (including loans to government agencies and government-owned enterprises) amounted to NT\$1,482.3 billion, accounting for 37.56% of total assets and showing an increase of NT\$56 billion, or 3.93%, over the year before. At the end of December 2011 the amount of loans outstanding to government agencies and government enterprises totaled NT\$663.1 billion, recording a decrease of NT\$42.5 billion or 6.02% from a year earlier. The Bank engaged vigorously in extending SME loans. SME loans outstanding at the end of 2011 amounted to NT\$263.6 billion, NT\$27.8 billion more than a year earlier for a growth of 11.79%.



(3) Consumer Banking

The Bank engages vigorously in all facets of the consumer banking business in order to strengthen services to the general public and promote economic growth, including the provision of general consumer loans. In addition to the continued implementation of such preferential consumer loan programs as “Easy Home Loans,” “Warm Home Housing Loans,” “Preferential Military Loans,” “Heartfelt Loans,” and “Happy Togetherness Loans,” the Bank works in line with market development trends and targets different customer groups for the introduction of various kinds of preferential programs such as “Preferential Home Loans for Housing Brokered by Sinyi Realty,” “Preferential Home Loans for Housing Along Greater Taipei MRT Lines,” and “Dragon Luck 101 Preferential Home Loans” in order to pursue the quality autonomous home loan business. In line with government policy, the Bank also continues to handle the Ministry of Finance’s personal policy loans such as “Youth Family Program – Program II,” “Preferential Housing Procurement Loans,” “Young Entrepreneur Loans,” “Loans for Students at Senior High Schools and Higher,” and “Ministry of Education Subsidized Loans for Overseas Study.” These loans help young people buy homes, start businesses, or get an education. Consumer loans outstanding at the end of 2011 amounted to NT\$634.4 billion, NT\$27.4 billion more than a year earlier for a growth of 4.51%.



(4) Foreign Exchange and International Banking

The amount of foreign exchange transactions undertaken during the year reached US\$339.34 billion, up 55.69% over 2010. The volume of deposits carried out by DBUs as agents for the OBU amounted to US\$1,034 million, for a decrease of 21.25% over the year before while the volume of loans amounted to US\$759 million, for a growth of 74.08%.

A total of 156 branches were designated to handle foreign exchange services, another 3 dealt in simple foreign-currency cash and traveler’s check transactions, and 339 foreign-currency exchange bureaus and 227 remimbi (RMB) exchange bureaus dealt in currency exchange services at the end of 2011. The Bank had correspondent relations with 2,405 financial institutions in 137 countries, providing a correspondent banking network covering major cities around the world.

The Bank also has an Offshore Banking Unit and seven overseas branches which, in addition to the deposit, loan, remittance, and import and export trade financing businesses, engage in international bond investment and participate in international syndicated loans. At the end of 2011, the total assets of these offshore branches amounted to US\$10.378 billion.

(5) Electronic Banking

At the end of 2011 the accumulated number of Internet banking transfer accounts stood at 1,917,823, up 18.16% over 2010. Transfers carried out during the year stood at 9.54 million. Gold Passbook Internet transactions numbered 1,438,900 accounting for 94.39% of all the Bank’s Gold Passbook transactions. Telephone banking transfers amounted to 443,100 and online purchase requests for funds amounted to 2.99 million, making up 89.86% of all the Bank’s fund transactions. The Corporate e-Banking Site (including Super Pay fund management, Financial EDI, Account receivables and payables Super E-Billing management) transfer transactions undertaken during the year numbered 2,370,000. Usage of the Bank’s portal site for the collection fees extended to 3,430, and the number of collections reached 9.02 million, up 15.94% over 2010.

(6) Trust Business

At the end of 2011 the average principal of trust property amounted to NT\$376.7 billion, up 10.36% from the previous year. At the end of December 2011 the amount of assets under custodianship by the BOT totaled NT\$945.3 billion, down 7.07% over a year earlier. Of this total, discretionary investment assets amounted to NT\$326.3 billion; this represented a growth of 5.89% over a year earlier, and boosted the BOT to first place in market share in the third quarter of 2011. In addition, 157,559 enterprise units opened worker retirement fund accounts with total deposits of NT\$1,172.8 billion, retirement payments amounting to NT\$621.9 billion, and trust funds outstanding of NT\$550.9 billion.

(7) Investment

A. Bills Finance

Short-term commercial paper transactions by the Bank in 2011 totaled NT\$3,985.9 billion; a decrease of NT\$752.3 billion over a year earlier. The outstanding amount of bills dealing at the end of the year stood at NT\$629.6 billion, of which Central Bank negotiable certificates of deposit accounted for NT\$622.5 billion. Profit from securities dealing during the year was NT\$5.5 billion, giving an average profit margin of 0.87%, compared with the profit margin of 0.65% in the previous year, an increase of 0.22 percentage points. The amount of short-term bills underwriting undertaken in 2011 reached NT\$32.6 billion, a decrease of NT\$3.1 billion over the year before.

B. Proprietary Bond Dealing

The Bank's dealing in government bonds amounted to a total of NT\$11 billion in 2011, of which government bonds purchased amounted to NT\$7 billion and government bonds sold totaled NT\$4 billion. Repurchase agreements amounted to NT\$346.5 billion, and reverse repo agreements totaled NT\$55.5 billion. The volume of repurchase agreements remained substantial because of the abundance of idle capital in the market. The earnings on reverse repo were relatively low compared with other kinds of capital utilization, and so the Bank reduced its dealing in this instrument. The volume of trading in government bonds also fell because of the general slump in Taiwan's bond market in 2011.

C. Reinvestment

At the end of 2011 the Bank had investments in 31 enterprises with the book value of the investments totaling NT\$53.7 billion, an increase of NT\$0.1 billion, or 1.87%, over the year before. The main reasons for the improvement were an increase in equity as calculated by the equity method, primarily subscription to First Financial Holding cash capital increase. Profit on long-term equity investment amounted to more than NT\$3.1 billion in 2011, derived mainly from stock dividends and the benefit from booking by the equity method.

D. Short-term Investment (in Stocks and Funds)

At the end of 2011 the costs of the Bank's investment in stocks were NT\$12.2 billion, and the operating volumes were NT\$12.3 billion. Realized gains amounted to NT\$0.09 billion and the post-assessment earnings rate on shares was -2.51%. If stocks used as financial assets available for sale are factored in, the overall rate of return on investment was -13.83%; this was much better than the rate of return on Taiwan Weighted Stock Index, which was -21.18%.

At the end of 2011 the costs of the Bank's investment in equity funds were NT\$0.68 billion and the operating volumes were NT\$0.805 billion. Realized earnings stood at NT\$0.04 billion and fund yield at 4.60%. If funds used as financial assets available for sale are factored in, the rate of return on investment was -16.15%; this was better than the rate of return on the Taiwan Weighted Stock Index, which was -21.18%.

(8) Business Derived from the Issuance of NT Dollar Currency for the Central Bank

Under the provisions of the Regulations Governing the Entrustment of the Bank of Taiwan of Matters Associated with the Issuance of the New Taiwan Dollar by the Central Bank of the Republic of China (Taiwan), the Bank handles collection and payment, transport, adjustment of supply and demand, and the recovery of worn bills associated with the issuance of NT currency. The average amount of currency in circulation in 2011 was NT\$1,307.6 billion, an increase of 8.85% over the previous year. The peak amount in circulation was NT\$1,614.1 billion (on the eve of the Chinese New Year on Feb. 1, 2011), also an increase of 7.24% over the 2010 peak. The amount in circulation at the end of the year was NT\$1,320.6 billion, 9.61% more than year-end 2010.

(9) Government Employees Insurance

At the end of 2011 there were 7,531 insured units and 594,283 insured persons, and income on insurance premiums in 2011 amounted to NT\$17.696 billion, and 55,443 claims totaling NT\$27 billion were paid that year. For FY2011, the balance of civil servants' and teachers' insurance was NT\$3.5 billion, as well as the balance of retirement insurance was NT\$250,000, the full amount of which was allocated to reserves respectively.

(10) Procurement Business

The primary mission of the BOT's procurement business is to execute the government's centralized procurement policy in carrying out procurement on behalf of government agencies as well as government enterprises. The Bank also coordinates with government policy in carrying out special procurement projects designated by the government, again manifesting the function of centralized procurement. The volume of the procurement business in 2011 amounted to NT\$74.7 billion.

(11) Wealth Management Service

The volume of the wealth management business and fee income in 2011 amounted to NT\$206 billion and NT\$1.4 billion, respectively, exceeding the annual targets by 21.95% and 2.2%. At the end of 2011 a total of 121 business units were handling wealth management, eight of them were flagship units, and 179 wealth-management agents were in place to serve high-net-value customers.

(12) Precious Metals Business

The operating volume of the precious metals business was NT\$152 billion, up 94.58% over the previous year. The Bank earned NT\$40 million in commission income from the handling of customs quotas in 2011, 2.27% less than the year before.

2. Operating Plans for 2012

(1) Deposits

The deposit structure will be improved in line with policy; operating procedures will be simplified, service performance will be enhanced, and a simple and convenient business platform for the public will be created.

(2) Corporate Banking

Loans to private enterprises will be promoted continuously and loan risk controls will be reinforced; the urban renewal loan business will be vigorously pursued; OBU services will be strengthened and the overseas loan business actively developed; the Internet banking and factoring businesses will be promoted to upgrade loan performance and augment fee income; the electronic local letter of credit and electronic bid bond businesses will be implemented; operating procedures will be simplified and electronic operating systems strengthened to enhance operating efficiency; small and medium enterprises will be assisted in obtaining funds needed for operations and investment in line with the government policy of supporting SMEs; and the extension of non-SME loans to upgrade the performance of the economy will be strengthened in line with government policy.

(3) Consumer Banking

Planning will be carried out for a student loan portal site for online loan application, and student loan payments at convenience stores or through ATM fund transfers will be provided; the online application service for the Bank's credit cards will be updated for the convenience of customer applications; in conformity with the principle of stable operation, asset impairment assessment and the allocation of reserves against bad debt in the credit card business will be carried out in accordance with the generally accepted accounting principles in Bulletin 34; branch account automation will be instituted to shorten the time needed for handling credit card accounts and lower the incidence of account errors; online consultation will be provided to customers 24 hours a day, 365 days a year to answer questions and help resolve doubtful issues; and the acquiring service for China UnionPay and JCB cards will be put online, thus upgrading acquiring capability as well as product and service functions.

(4) Foreign Exchange and International Banking

Promotion of the Bank's foreign-currency deposit business and expansion of e-banking service will be continued so as to enlarge the Bank's business scope and consolidate the scale of foreign-currency deposits. In overseas operations, cultivation of local markets will be deepened, development of the loan business and businesses for Taiwanese enterprises will be strengthened, the scope of financial services will be vigorously expanded, and fee income will be enhanced. The deposit business will be promoted to increase low-cost capital sources. In addition, overseas branch operating systems will be integrated in order to improve business efficiency.

(5) Electronic Banking

The overseas account integration function, and the foreign exchange enquiry and application services of the Shanghai Branch's Internet banking services, will be installed.

(6) Trust Business

More commodities will be added and combined with the wealth management business to increase the operating scale of fund and trust management products; real estate trust will be promoted in line with government policy, and various kinds of property management trust, government employee property trust, public-benefit trust, purchase fund trust, and employee welfare trust businesses will be continuously developed. A diversity of trust businesses will be developed to expand the operating scale. In accordance with the law and with instructions from the competent authority, the Bank will make aggressive use of the old-system labor retirement fund and the civil servants and teachers insurance reserve to achieve an outstanding performance.

(7) Investment

The Bank will continue to focus on the purchase of Central Bank negotiable certificates of deposit in its bills finance business; commercial paper will be purchased in the secondary market to coordinate with the certification and underwriting of the guaranteed issuance of commercial paper by business units, and to support the needs of RP/RS customers as well as to provide for short-term funding. Consideration will be given to capital earnings, cost, and government bond sources in carrying out repo on government bonds, and the undertaking of repo agreements will be continued. The Bank will continue with the appropriate management of the reinvestment business to enhance overall reinvestment performance and boost profits; stock portfolio investment will continue to focus on value weighted stock, high cash dividend stocks, and ETFs. In view of the reduction in domestic and overseas growth forecasts by domestic and foreign institutional investors as well as the Directorate General of Budget, Accounting and Statistics, and with the lingering worries about European debt, the Bank will adjust its shareholding position, strictly control investment risk, and use hedging transactions to lower market risk and heighten profit performance.

(8) Government Employees Insurance

The Bank will continue handling the underwriting business, strengthening the maintenance of change data on the insured so as to upgrade service quality and the efficiency of underwriting operations; the annuity payment business will continue in line with the policy of the competent authority, and cash payments will be made swiftly and accurately; online operations and information services will be used to help insured agencies carry out the government insurance business; the utilization and risk management of civil servants' and teachers' reserves will be strengthened, and a diversified investment strategy will be mapped out in accordance with domestic and international economic conditions as well as industrial performance; and government insurance seminars will be held and educational publicity regarding law and business will be strengthened to facilitate business promotion and protection of the rights of the insured.

(9) Wealth Management Service

The Bank will continue strengthening the professional know-how and marketing ability of professional planning personnel and financial product salespersons; business units will be encouraged to continuously organize investment planning seminars; employees will be encouraged to obtain relevant licenses, and regular professional training and the integration of headquarters and branch services teams will be used to reinforce integrated marketing capabilities; the business guidance mechanism continue to operate and strengthen management by objective; and a plan for integrated product and channel marketing between financial holding company subsidiaries will be carried out, and new financial products will be developed and a diverse range of businesses be promoted, to build a complete product sales platform.

(10) Precious Metals Business

The Bank will continue promoting new gold-related businesses and products so as to consolidate its position as the leading domestic gold-business bank. It will reinforce customer services, providing the public with abundant and objective gold-related information and vigorously organizing sales and promotional activities as well as listing press conferences. It will also develop new customer groups, stimulate all-staff marketing, and continuously hold lectures and staff marketing training related to gold businesses.

3. Market Analysis**(1) Business operations areas**

The BOT is a 100% government-owned bank, and all of its financial products are marketed to customers through business branches. At the end of 2011 the BOT's business units included 164 domestic branches (including Offshore Banking Branch), 7 overseas units (including Los Angeles Branch, Hong Kong Branch, New York Branch, London Branch, Tokyo Branch, Singapore Branch and South Africa Branch) and 1 representative office (Shanghai Representative Office).

(2) Future market supply and demand as well as growth possibility

As the adverse impact of the global financial crisis gradually dissipated, Taiwan's banking industry experienced a stable growth situation in which not only asset quality improved but the non-performing-loan ratio dropped to record lows and profit performance steadily brightened. In addition, the Central Bank of the ROC raised policy interest rates five times in succession beginning in June 2010 and the gap between deposit and loan interest rate began widening, favoring the profitability of domestic banks. According to statistics compiled by the Financial Supervisory Commission, as of the end of December 2011 there were 6,647 financial institutions in Taiwan (including headquarters and branches), or more than 26 branches each serving 100,000 people, implying an excess of financial institutions. On the demand side, economic prospects were clouded by the European debt crisis and the cooling

of the mainland Chinese economy and private investment demand remained weak, making it difficult to boost the demand for capital. With no reduction in the number of financial institutions and with the inadequacy of demand, business competition in the banking industry was fierce and operations became increasingly difficult.

(3) Competitive Niches

- A. As the oldest bank in Taiwan the BOT enjoys an outstanding reputation; its operating performance over the years has been excellent, and it has built up a strong operating strength.
- B. The deposit, loan, gold, trust, wealth management, forex, and Internet banking businesses all have solid foundations and advantageous positions.
- C. The BOT's huge customer base and service network that reaches to all corners of Taiwan, and complete range of product types favor the promotion of the corporate banking, wealth management, and consumer banking businesses.

(4) Factors Favorable and Unfavorable to the Bank's Development Prospects

A. Favorable factors:

- a. The BOT is a 100% government-owned bank and has the highest credit rating of all domestic banks; with a solid operating base, it enjoys the trust of the public.
- b. The BOT holds a leadership position among domestic banks; it enjoys the biggest share of the deposit and loan market; it has a huge scale of assets, and a solid operating strength.
- c. The BOT is a subsidiary of Taiwan Financial Holdings, the resource-sharing platform of which reinforces the operation of the primary and cross-sales systems, realizes the synergies of business integration, and upgrades the Bank's wealth management performance.
- d. The BOT serves as the cover bank for renminbi cash in the Taiwan area and the bank for domestic US dollar interbank forex clearance. In addition to expressing the Bank's operational position, this also facilitates the development of peripheral businesses.

B. Unfavorable factors:

- a. As a bank that is 100% owned by the government, the BOT has a personnel system, budget, and procurement that are relatively inflexible. The Bank's organizational framework is also relatively rigid, making it difficult to respond to changes of the external environment in a timely manner.
- b. Although the Bank is an enterprise unit, it also shoulders policy missions which reduce its profitability.
- c. The BOT's deployment in mainland China has come later than other banks, which is unfavorable to the solicitation of business opportunities with Taiwanese companies there.

C. Countermeasures

- a. Use the advantages provided by the Bank's diversity of products to promote the efficiencies of integrated marketing and upgrade the value of branch channels.
- b. Coordinate with the opening cross-straits policy to keep Taiwan at the core while accelerating deployment in mainland China and the Asia-Pacific.
- c. Carry through with the risk control and internal control system to upgrade asset quality.
- d. Timely reinforce the capital structure, solidify the operating strength, and enhance the risk-bearing capability.

4. Financial Product R&D and Business Development

The Bank has established "Incentive Guidelines for the Development of New Businesses" and "Guidelines for Handling the Suggestion System," under which employees, individually or in groups, can suggest programs for new types of business. If new businesses prove to have good performance and make

contributions to the Bank's profits after they are introduced, the participating employees (including those who suggested the businesses) may be granted rewards under the Bank's Guidelines for Staff Rewards and Punishments. The Bank received a total of 625 staff suggestions in 2011; 95 were adopted, in whole or in part, and incentives in the amount of NT\$66,000 were granted.

- (1) Major Financial Products and New Business Units Added in the Past Two Years, and Scale and Profit and Loss Situation Up to Date of Publication of the Annual Report
 - A. For major financial products during the past two years, refer to "Results of Implementation of Business Plan and Operating Strategy" on Page 8.
 - B. Establishment of new business units: The Xinzhuang Fuduxin Branch was established on July 4, 2011.
- (2) R&D Expenditures and Results for the Past Two Years, and Future R&D Plans R&D spending amounted to NT\$9,846,000 in 2011 and NT\$7,564,000 in 2010.

To respond to changes in the financial environment and the needs of business development, and to encourage employees to pursue self-development, the Bank will continue to carry out research related to reform and development of its own business as well as to the financial business in general, and will continue to implement the employee suggestion program as well as self-initiated research and overseas study by employees.

5. Long-term and Short-term Development

- (1) Short-term development plan
 - A. Strengthening of marketing capability and enhancement of customer contribution

Developing new sources of customers to expand the customer base, cultivating quality customer groups to improve the customer structure, continuously strengthening cooperative liaison between headquarters and branches to upgrade marketing capability, and actively promoting product diversity and quality services to heighten customer contribution.
 - B. Expansion of corporate customers to reinforce the loan-business base

Expanding the medium- and large-sized corporate customer group and reinforcing the development of the SME loan business, mapping out a marketing plan calling for the recruitment of quality customers with good credit ratings, and soliciting preferred existing deposit and forex customers for the loan business.
 - C. Development of a nimble response strategy and expansion of the consumer banking business

Targeting different customer groups for the introduction of different kinds of preferential home loans in line with market development trends and implementing integrated marketing to make good use of the Bank's solid home-loan customer group, utilize segment marketing and differentiated products and services, and vigorously promote other consumer banking products.
 - D. Expansion of electronic services to enhance business efficiency

Expanding service items and functions of e-banking products such as Internet banking, the corporate e-banking site, and e-commerce and upgrading the mechanisms and efficiency of transaction safety handling to provide the public with more convenient services.
 - E. Integration of channel resources to facilitate the provision of quality services

Integrating domestic and overseas branches to form a closely knit marketing channel, actively developing new types of business, carrying out R&D for customized products, and setting up a service mechanism linking overseas and domestic branches and mapping out a customer-oriented marketing strategy to provide globalized quality services.
 - F. Expansion of channel deployment and further development of wealth management

Carrying out planning for bank-wide channel deployment and the expanding wealth management

service network, and directing efforts toward the establishment of a transnational wealth management platform in order to take advantage of opportunities presented by the development of the Asia-Pacific wealth management business.

G. Inclusion of a more diverse range of products and expansion of the scale of the trust business

The Bank continuously takes in more diversified fund products, strengthening the Internet banking trust transaction function, increasing product depth and breadth, expanding customer and business scale, and actively pursuing expansion of the scale of the property management trust and custodianship businesses.

H. Deepening of the gold business and consolidation of the Bank's leadership position

Vigorously promoting the book-entry gold passbook, gold piggybank, and gold bullion businesses and carrying out the development of new types of products and services to provide customers with a diverse range of product choices and convenient transactions, thus consolidating the Bank's position of leadership in the gold market.

I. Reinforcement of funds management to enhance efficiency of utilization

Integrating new Taiwan dollar and foreign currency funds management, nimbly allocating and utilizing funds transactions in different currencies, and strengthening the disposition of funds to upgrade the efficiency of funds utilization, and manipulating trading positions and readjusting investment positions in a timely fashion.

J. Introduction of information security certification to upgrade information effectiveness

Introducing an information services management mechanism and integrating the establishment of an information processing platform compliant with the ISO 20000 information services management framework, updating the central server, and continuously switching servers to an open operating system so as to enhance the quality of computer system services.

(2) Long-term development plan

The BOT is a 100% government-owned bank and a subsidiary of Taiwan Financial Holdings. In the future the Bank will continue using the financial holding company's integrated resources platform to provide a full spectrum of services to satisfy customers' financial planning needs. In the field of organizational development, the Bank is committed to becoming a high-quality Asia-Pacific bank that offers both quantity and quality. In 2012, in addition to the expected upgrading of the Shanghai Representative Office into a branch, the Bank will further accelerate deployment in the Asia-Pacific and around the world in line with the needs of business development.

II. Human Resources

In 2011 the Bank held 231 in-house training courses with a total of 17,727 trainees participating, sent 1,470 employees for outside training in Taiwan, and subsidized domestic advanced training for 859 persons.

Items		Year	2010	2011	As of Mar. 31, 2012
Number of Employees	Staff		6,901	6,971	6,941
	Guards		164	161	167
	Janitors		828	770	737
	Total		7,893	7,902	7,845
Average Age			44.35	44.37	44.47
Average Years of Service			17.82	17.74	17.85
Education (%)	Ph.D.		0.03	0.05	0.05
	Masters		9.54	11.05	11.22
	Bachelor's Degree		77.35	76.70	76.74
	Senior High School		11.35	10.59	10.38
	Below Senior High School		1.73	1.61	1.62

Note: The above numbers do not include contract salespersons, contract workers, and overseas employees.

III. Corporate Responsibility and Ethical Behavior

The BOT is a 100% government-owned bank. In addition to making every effort to attain the budget targets set by the government, the Bank also coordinates with the government's major construction plans and participates actively in the financing of infrastructure projects as well as large private investment projects in order to promote overall national economic development. Furthermore, to pay back to the public and carry out the principle of "Caring", the Bank subsidizes Groups and individuals, as well as coordinates with government policy by offering student loans, which make significant contributions to the public welfare.

IV. Information Equipment

1. Installation and Maintenance of Hardware and Software for Major Information Systems

The Bank's core accounts system consists of an exclusive server platform for deposit, foreign exchange, loan, and remittance account transactions; an open-system server for the securities, trust, credit card, bonds, and notes businesses; and an operations management support system. These systems are connected on an open-system server through the "Integrated Corporate Application System Platform" to make up a comprehensive back-office system for financial operations.

In response to the trend in the evolution of the Internet and to improve customer services, the Bank uses different customer-service channels to build up a comprehensive financial service network that, in addition to traditional teller operations, has a front-end system that includes a global information network, ATM system, internet bank, corporate e-banking site, financial EDI, telephone banking, mobile banking, and online securities trading, providing customers with account enquiry and other services any time, any place. To assure the continued smooth operation of the Bank's back-office systems and financial front-end systems, the Bank also has approximately 640 front-end system servers in addition to the business servers mentioned above. Since the bank has more than 20 years of experience in installation and maintenance, it is able to carry out most maintenance itself. To provide more channels for customer service, the Bank makes widespread use of new technology in its front-end processing systems; and to accelerate the installation of application systems, the Bank outsources the installation and maintenance of some of the systems.

2. Future Development or Procurement Plans, Emergency Back-up and Security Protection Measures

- (1) Coordination with the needs of automation, new branches, and business growth terminal equipment for branches, ATMs, personal computers, notebook computers, and communications processing equipment will be procured.
- (2) In line with the International Financial Reporting Standards (IFRS) that are to be implemented in 2013, the Bank has put a double-track accounting system online in 2012 and is continuing to add the statutory reports related to IFRS; it is also installing the IFRS cumulative financial information trackback system, and single-track IFRS operations will be instituted in 2013.
- (3) The installation of integrated computer operating systems for overseas branches is continued with the aim of integrating the different computer operating systems of the different branches and strengthening branch competitiveness.
- (4) To expand the service scope of its business development, the Bank has established a "Common Platform for the Hong Kong Internet Bank and Overseas Branch e-Banking Infrastructure" and, in line with schedule for establishment of the Bank's new-generation overseas branch account server, provided a single-base common platform so that when overseas branches install their Internet banking systems, they can develop their application functions on the common base.

- (5) The discretionary trust custody, investment-linked insurance custody, public servant and teacher insurance fund custody, overseas Chinese and foreign investment custody, securities custody, and securities investment trust fund custody businesses have been integrated in the same platform in order to enlarge the scale of the custody business, and an asset custodial service system has been established in coordination with the Department of Trusts.
- (6) In line with the legal and regulatory provisions of the competent authority, the Bank has coordinated with the Department of Wealth Management's development and establishment of a "wealth management and financial product sales system–new customer professional classification management function" and "wealth management KYC subsystem – new customer professional classification management function" so as to comply with the competent authority's reinforcement of full understanding of customers' operating procedures and strengthening of trading control rules for non-professional customers.
- (7) In coordination with the needs of development of new types of loan and bond management businesses, business fluctuations, and IFRS, the Bank has continuously expanded the functions of the "credit analysis, loan, and guarantee product and debt management system" so as to reinforce collateral and quota management and overdue-loan-collection operations in order to improve operating efficiency and management performance.

(8) Emergency Backup

The Bank formally inaugurated its integrated Taoyuan remote backup center in December of 2008 to serve as a backup mechanism for the core accounts servers. Establishment of the Bank's backup systems for open front-end systems that are important and that involve a large volume of transactions (such as the information channel integration platform, Enb corporate banking service platform business applications, personal Internet banking, student loans, and corporate e-banking site) is steadily being completed, making the backup mechanism ever more comprehensive. The outsourcing of the remote backup center, with the leasing of specialized infrastructure facilities, the operation and management of the specialized computer room, and the provision of emergency response management planning services, enhances the availability of the computer room and saves the Bank the cost of setting up its own remote computer room backup.

(9) Safety Protection

In its information operations the Bank has constantly maintained an information security management system compliant with ISO 27001 standards. According to ISO 27001 Information Security Management System stipulations, review must be carried out every six months within the period of certification validity, and a re-evaluation must be accomplished every three years. The British Standards Institution (BSi) carried out re-evaluation, the scope of which included 12 types of information operations of the information security management system and the Department of Information Management, on Aug. 22-23, 2011. Everything was found to be in conformity with the information security management goals of confidentiality, completeness, and usability, thus extending the validity of the Bank's ISO 27001 certificate.

V. Labor Relations

1. Employee Welfare Measures, Retirement System and Its Implementation, Labor-Ownership Agreements, and Measures for Protecting Employee Interests

- (1) The BOT is a government enterprise in an industry that is subject to the Labor Standards Law. Working conditions, welfare measures, and the retirement system are all handled in accordance with the provisions of the Labor Standards Law and other laws and regulations governing civil servants. The Bank addresses concrete requests raised by employees by establishing a labor-ownership meeting for negotiation and communication and, whenever necessary, by using various other occasions to communicate with employees, iron out differences, pursue a consensus, and boost harmony between employees and management. Under the preconditions of mutual trust and respect, the Bank will seek the greatest benefit for both labor and management.
- (2) In the past year the Bank suffered no damage as a result of employee- management disputes, and a response mechanism to prevent an interruption in case of strikes has been set up to cope with potential disputes and bring about their early resolution. In cases of relatively general and damaging labor- management disputes, in addition to seeking manpower support from the competent authority, the Bank moves as quickly as possible to resolve the issues by negotiation through the competent authority or by submission to labor-dispute arbitration, or resolution by legal means so that the dispute can be settled at an early date and the attendant losses minimized.

2. Losses Due to Labor-Ownership Disputes, Estimated Possible Current and Future Amounts that Might Occur, and Countermeasures

None

VI. Important Contracts

Agreement	Counterparty	Period	Major Contents and Restrictions
Commissioning by the Small and Medium Business Credit Guarantee Fund	Small and Medium Business Credit Guarantee Fund	From July 1974	Provision of credit guarantees for loans to SMEs that meet the conditions for credit guarantees.
Loan guarantees for the Overseas Credit Guarantee Fund	Overseas Credit Guarantee Fund	From June 1991	Provision of credit guarantees for loans to overseas Chinese and overseas Chinese enterprises.
Commissioning by the Agricultural Credit Guarantee Fund	Agricultural Credit Guarantee Fund	From Nov. 2002	Provision of guarantees for loans to borrowers who meet the conditions for agricultural loan guarantees.
Taiwan Small Business Integrated Assistance Foundation Project for the Upgrading of Small Business Competitiveness Assistance	Taiwan Small Business Integrated Assistance Center	Jan. 1, 2011~ Dec. 31, 2011	Provision of opportunities for diagnosis to small and medium business customers, provision of follow-up case assistance, and assistance for the strengthening of financial, accounting, and other management systems
Agency for county, city, and town treasuries, and recommissioning of other financial institutions to handle treasury affairs	1.BOT branches serving as agency for the general treasury 2.Local governments 3.Other recommissioned financial institutions	Depends on different agency tasks and contracts	Agency for treasury affairs
Operations of public treasury commissioning contract	Central Bank of Republic of China	From Feb. 1, 2011	Commissioning of operations for public treasury
Commissioning of financial institutions to collect local taxes for the BOT on behalf of the National Treasury	Financial institutions (including farmers' and fishermen's associations, and credit cooperatives)	July 1, 2010~ July 1, 2015	Commissioned collection of local taxes on behalf of the National Treasury
Commissioning of the operation of the local tax collection system to the Financial Information Service Co.	Financial Information Service Co., Ltd.	July 1, 2010~ July 1, 2015	Commissioning of cash and information flow transmission operations for the collection of local taxes for the National Treasury
Commissioning of the Bank of Taiwan by the National Tax Administration of Southern Taiwan to handle the redemption of consolidated income tax refund certificates	National Tax Administration of Southern Taiwan Province, Ministry of Finance	From July 9, 2010	Redemption of consolidated income tax refund certificates beginning in fiscal year 2009
Data entry service contracting for centralized domestic remittance and bills operations.	Tsai Ku Hr Management Co., Ltd	June. 1, 2011~ May. 31, 2012	Information systems data recording processing
Outsourced Printing, Packaging, and Mailing of Labor Retirement Fund Statements	Yuong Sun Automated Systems Ltd.	Jan. 7, 2011~ Oct. 5, 2012 Jan. 3, 2011~ Dec. 31, 2012	Information systems data recording processing, and output
Outsourced procurement of operating cash and notes shipping	Taiwan Security Co., Ltd.	Jan. 1, 2010~ Dec. 31, 2012	Operating method: As specified in the "Outsourced Cash Shipment Service Criteria" Service method: Fixed and irregular duties
"Outsourced Shipment of Cash for ATMs" procurement	LienAn Service Co., Ltd.	April 1, 2010~ Mar. 31, 2012	Shipment of cash

Agreement	Counterparty	Period	Major Contents and Restrictions
Commissioning of an express delivery company to ship notes	Chung Hwa Express Co., Ltd	June 1, 2011~ May 31, 2013	Commissioning of professional parcel delivery services to handle the exchange of notes
Credit card service operations	Financial Information Service Co., Ltd.	Jan. 1, 2011~ Dec. 31, 2011	Credit card authorization operations, card loss and cancellation operations, handling of emergency services
Outsourcing of Renminbi Cross-border shipment Services procurement project	Brink's Taiwan Security Limited	Sep. 1, 2011~ Aug. 31, 2012	Shipment of cash

VII. Type of and Related Information on Securitized Products Approved in Accordance with the Statute for Securitization of Financial Assets or Statute for Securitization of Real Estate During the Past Year

None

效率

積極主動、迅速服務、追求創新



粉獅團

搜尋

上網Google, Yahoo! 搜尋“粉獅團”



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- IV. Major Capital Expenditure Items
- V. Investment Policy in Last Year
- VI. Risk Management
- VII. Crisis Management Mechanism
- VIII. Other Important Matters

Financial Information

I. Five-Year Financial Summary

Brief Balance Sheets for Past Five Years

Unit: NT\$1,000

Items	Year	Financial Information for Past Five Years					As of Mar. 31, 2012
		FY2011	FY2010	FY2009	FY2008	FY2007	
Cash, Cash equivalent, Placement with Central Bank and call loans to banks		564,981,579	562,643,187	1,287,012,402	1,050,661,801	717,353,117	582,260,206
Financial assets measured at fair value through profit or loss		110,886,007	99,875,033	92,123,443	72,201,513	64,566,565	103,110,538
Bonds and bills purchased under resell agreements		3,231,949	600,294	368,349	298,262	14,162,067	875,487
Receivables		86,422,934	84,272,771	91,299,622	103,636,858	107,082,342	84,014,439
Loans and discounts		2,153,645,232	2,079,558,679	2,045,894,068	1,988,070,246	1,920,097,700	2,220,559,700
Available-for-sale financial assets, net		757,373,465	837,360,582	142,009,713	155,491,586	201,069,905	651,246,033
Held-to-maturity financial assets, net		50,942,589	54,207,507	37,859,403	31,818,435	105,802,005	53,316,992
Investments under equity method, net		32,479,598	31,330,008	29,815,276	26,959,682	34,357,836	33,945,840
Other financial assets, net		72,207,332	69,201,006	68,496,647	67,326,090	79,502,931	77,301,848
Fixed assets		97,864,904	76,596,999	78,474,877	79,953,507	83,460,268	97,634,931
Intangible assets		821,057	969,574	1,107,496	1,226,158	1,082,609	801,326
Other assets	Before distribution	15,119,110	18,607,244	16,590,347	16,735,325	19,237,023	14,036,042
	After distribution	10,747,703	12,986,379	12,635,344	12,761,493	14,749,365	9,664,635
Total assets	Before distribution	3,945,975,756	3,915,222,884	3,891,051,643	3,594,379,463	3,347,774,368	3,919,103,382
	After distribution	3,941,604,349	3,909,602,019	3,887,096,640	3,590,405,631	3,343,286,710	3,914,731,975
Deposits of Central Bank and other banks		208,926,475	207,612,937	204,950,860	181,489,738	245,414,754	239,350,310
Financial liabilities measured at fair value through profit or loss		3,902,885	18,985,604	4,535,308	6,002,275	1,478,166	5,603,878
Bonds and bills sold under repurchase agreements		14,906,165	9,429,373	5,486,934	19,217,840	17,570,315	15,618,026
Deposits and remittances		3,218,010,687	3,185,931,012	3,189,671,973	2,947,909,688	2,466,179,246	3,147,490,515
Borrowed from Central Bank and other banks, and Financial bond payable		-	-	-	-	-	-
Preferred liability		-	-	-	-	-	-
Accrued Pension liability		4,566,754	3,389,155	2,695,402	2,396,018	2,106,598	3,282,821
Other financial liabilities		5,756,183	1,048,528	1,511,328	1,618,124	1,715,307	6,045,309
Other liabilities	Before distribution	243,500,211	237,277,669	241,629,847	211,911,904	364,170,479	250,056,874
	After distribution	243,579,340	237,399,288	241,763,050	212,116,616	365,027,918	250,136,003
Total liabilities	Before distribution	3,699,569,360	3,663,674,278	3,650,481,652	3,370,545,587	3,098,634,865	3,667,447,733
	After distribution	3,699,648,489	3,663,795,897	3,650,614,855	3,370,750,299	3,099,492,304	3,667,526,862
Common stock		70,000,000	70,000,000	45,000,000	45,000,000	53,000,000	70,000,000
Capital surplus		106,077,872	105,581,440	110,062,555	110,063,016	110,423,081	105,682,871
Retained earnings	Before distribution	30,938,920	32,923,901	50,427,139	46,429,272	43,737,833	33,076,369
	After distribution	26,488,384	27,181,417	46,338,933	42,250,728	38,392,736	28,625,833
Unrealized gain or loss on financial assets		13,983,157	28,860,619	19,065,468	6,074,887	25,302,748	16,081,958
Cumulative translation adjustments		- 366,046	- 455,457	- 123,228	- 151,884	- 203,687	- 574,526
Shareholder's equity and other items		25,772,493	14,638,103	16,138,057	16,418,585	16,879,528	27,388,977
Total –share holders' equity	Before distribution	246,406,396	251,548,606	240,569,991	223,833,876	249,139,503	251,655,649
	After distribution	241,955,860	245,806,122	236,481,785	219,655,332	243,794,406	247,205,113

Notes: 1. Figures for FY2007-2010 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; figures for FY2011 are CPA approved ; figures for the first three months of FY2012 have not been approved by CPA.

2. The BOT merged with the Central Trust of China on July 1, 2007, with the BOT as the surviving entity. Statements on the base date of the merger were audited using the book-value method, with the 2005 budgets of the two banks as accredited by accounting agencies taken as the accounting basis and the exchange of shares of the two institutions set in accordance with their net per-share values at 1:2.

Brief Income Statements for Past Five Years

Unit: NT\$1,000

Items \ Year	Financial Information for Past Five Years					As of Mar. 31, 2012
	FY2011	FY2010	FY2009	FY2008	FY2007	
Net interest income	23,186,559	20,269,138	16,803,150	24,548,326	27,673,836	6,006,166
Non-interest income, net	4,412,784	5,257,020	13,284,694	3,166,464	5,574,281	1,666,517
Bad debt expenses	4,991,365	376,029	4,434,016	1,545,337	868,389	907,410
Operating costs	18,117,605	17,323,324	17,055,490	17,666,944	18,949,456	4,474,092
Income (loss) before tax from continued operations	4,490,373	7,826,805	8,598,338	8,502,509	13,430,272	2,291,181
Income (loss) from continued operations	3,701,072	7,084,968	8,176,411	8,357,089	12,576,699	2,137,450
Gain (loss) from discontinued Operations	-	-	-	-	-	-
Extraordinary Gain or Loss	-	-	-	-	-	-
Cumulative effect of changes in accounting principles	-	-	-	-	-	-
Net income	3,701,072	7,084,968	8,176,411	8,357,089	12,576,699	2,137,450
Earnings per share (after tax) (NT\$)	0.53	1.01	1.17	1.19	1.80	0.31

Notes: 1. Figures for FY2007-2010 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; figures for FY2011 are CPA approved ; figures for the first three months of FY2012 have not been approved by CPA.

2. The BOT merged with the Central Trust of China on July 1, 2007, with the BOT as the surviving entity. Statements on the base date of the merger were audited using the book-value method, with the 2005 budgets of the two banks as accredited by accounting agencies taken as the accounting basis and the exchange of shares of the two institutions set in accordance with their net per-share values at 1:2.

CPA-Auditor of Financial Report

Year	Name of Accounting Firm	Name of CPA	Audit Opinion
2007	KPMG Certified Public Accountants	David Ding, Yen-Ling Fang	Modified Unqualified Opinion
2008	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2009	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2010	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2011	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion

II. Five-Year Financial Analysis

Unit : NT\$1,000 ; %

Items		Year	Five-year Financial Analysis					As of Mar. 31, 2012
			FY2011	FY2010	FY2009	FY2008	FY2007	
Operating Ability	Ratio of Deposits to Loans		67.16	65.19	63.35	66.36	76.19	70.82
	Non-performing Loan Ratio		0.44	0.62	1.03	1.06	0.97	0.44
	Ratio of Interest Cost to Annual Average Deposits		1.21	1.04	1.26	2.45	2.38	1.28
	Ratio of Interest Income to Annual Average Loans Outstanding		1.77	1.59	1.68	3.12	2.98	1.84
	Total Assets Turnover (times)		0.70	0.65	0.80	0.80	1.02	0.78
	Average Net Interest and Non-interest Income per Employee		3,476	3,210	3,733	3,410	4,045	970
	Average Operating Revenue per Employee		-	-	-	-	-	-
	Average Profit per Employee		466	891	1,014	1,028	1,530	270
Profitability	Return on Tier I Capital		2.57	4.43	4.98	5.05	8.26	5.24
	Return on Assets		0.09	0.18	0.22	0.24	0.39	0.22
	Return on Shareholders' Equity		1.49	2.88	3.52	3.53	5.21	3.43
	Net Income Ratio		13.41	27.76	27.18	30.15	37.83	27.86
	Earnings per Share (NT\$)		0.53	1.01	1.17	1.19	1.80	0.31
Financial Structure	Ratio of Liabilities to Assets		93.74	93.57	93.81	93.76	92.54	93.56
	Ratio of Fix Assets to Stockholders' Equity		39.72	30.45	32.62	35.72	33.50	38.80
Growth Rates	Rate of Asset Growth		0.79	0.62	8.25	7.37	5.45	-0.68
	Rate of Earnings Growth		-42.63	-8.97	1.13	-36.69	-1.17	104.10
Cash Flow	Cash Flow Ratio		-	12.33	2.66	6.03	32.52	5.78
	Cash Flows Adequacy Ratio		368.31	580.70	781.07	683.77	973.56	188.03
	Cash Flow Complacency Ratio		-	4.60	-2.12	-2.58	-64.51	-19.22
Liquidity Reserve Ratio			40.59	42.94	47.25	40.28	30.98	36.76
Loans to Parties with Material Relationship with the Bank			19,419,003	19,516,445	19,657,805	18,038,620	16,967,947	19,482,832
Ratio of Loans to Parties with Material Relationship with the Bank to Total Loans			0.86	0.91	0.93	0.87	0.85	0.84
Operating Scale	Market Share of Assets		10.36	10.94	11.55	10.91	10.70	10.29
	Market Share of Net Worth		10.67	11.46	11.76	11.71	13.14	10.90
	Market Share of Deposits		11.29	11.63	12.32	12.17	10.97	11.05
	Market Share of Loans		9.52	9.97	10.54	10.22	10.29	9.82

Notes: 1. Figures for FY2007-2010 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; Figures for FY2011 are CPA approved; figures for the first three months of FY2012 have not been approved by CPA.

2. The BOT merged with the Central Trust of China on July 1, 2007, with the BOT as the surviving entity. Statements on the base date of the merger were audited using the book-value method, with the 2005 budgets of the two banks as accredited by accounting agencies taken as the accounting basis and the exchange of shares of the two institutions set in accordance with their net per-share values at 1:2.

3. Formulae used in calculations:

(1) Operating ability

- a. Ratio of deposits to loans = Annual average loans outstanding / Annual average deposits
- b. Non-performing loan ratio = Non-performing loans / Total loans outstanding
- c. Ratio of interest cost to annual average deposits = Total interest cost (Notes 4) / Annual average deposits
- d. Ratio of interest income to annual average loans outstanding = Total interest income / Annual average amount of loans outstanding
- e. Total assets turnover (times) = Net interest and non-interest income / Average Total Assets
- f. Average net interest and non-interest income per employee = Net interest and non-interest income / Annual average total number of employees
- g. Average profit per employee = Net income / Total number of employees at year-end

(2) Profitability

- a. Return on Tier 1 capital = Before-tax profit or loss / Total amount of Tier 1 capital
- b. Return on assets = Net Income / Average total assets
- c. Return on shareholders' equity = Net income / Average net shareholders' equity
- d. Net income ratio = Net income / Net interest and non-interest income
- e. Earnings per share = Income after income tax-preferred stock dividend / Weighted average number of shares issued

(3) Financial Structure

- a. Ratio of liabilities to assets = Total liabilities / Total assets
- b. Ratio of fix assets to stockholders' equity = Net fix assets / Net shareholders' equity

(4) Growth rates

- a. Rate of asset growth = (Total assets for current year – total assets for previous year) / Total assets for previous year
- b. 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

- a. Cash flow ratio = Net cash flow from business activities / (Call loans and overdrafts from banks + commercial paper + financial liabilities measured at fair value through profit or loss + bonds and bills sold under repurchase agreements + current portion of payables)
- b. Net cash flow adequacy ratio = Net cash flow from business activities for the past five years / (Capital expenditures + inventory increase + cash dividends) for the past five years
- c. Cash flow complacency ratio = Net cash flow from business activities / Net cash flow from investing activities

(6) Liquidity reserve ratio = Liquid assets specified by the Central Bank / Debt items for which liquidity reserves should be allocated

(7) Operating Scale

- a. Market Share of Assets = Total assets / Total assets of the major financial institutions
- b. Market Share of Net Worth = Net Worth / Total net worth of the major financial institutions
- c. Market Share of Deposits = Deposits / Total deposits of the major financial institutions
- d. Market Share of Loans = Loans / Total loans of the major financial institutions

4. From 2007 through 2008, total interest costs were switched to “cost of other employee benefits” in line with the revision made by the Ministry of Audit. The add back amounted to NT\$8,608,814,000 in 2008, NT\$2,475,150,000 in 2007.

Adequacy of Capital

Unit : NT\$1,000 ; %

Items \ Year			Capital Adequacy Ratio for Recent Five Years					As of March 31, 2012
			FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	
self-owned Capital	Tier 1 Capital	Common Stocks	70,000,000	70,000,000	45,000,000	45,000,000	48,000,000	70,000,000
		Non-cumulative Perpetual Preferred Stocks						
		Non-cumulative Subordinated Debts without Maturity Dates						
		Advanced Receipts for Capital Stocks						
		Capital Surplus (Apart from Fixed Assets Appreciation Surplus)	106,077,872	105,581,440	110,062,555	110,063,016	110,423,081	106,077,872
		Legal Reserves	24,119,287	21,993,796	19,540,873	17,033,747	16,941,023	24,119,287
		Special Reserves	518,561	1,645,137	22,709,855	21,038,437	21,273,993	518,561
		Retained Earnings	6,301,072	9,284,925	8,117,131	8,152,201		8,345,899
		Minority Interests						
		Others of Equity	-5,799,208	-1,567,024	-3,442,117	-10,378,229	-1,345,827	-4,303,444
		deducted : Goodwill						
		deducted : Non-amortization of NPL Disposal Loss						
		deducted : Others	28,336,290	30,416,621	25,434,476	22,092,214	27,143,683	27,853,233
		Total Tier 1	172,881,294	176,521,653	176,553,821	168,816,958	168,148,587	176,904,942
	Tier 2 Capital	Perpetual Cumulative Preferred Stocks						
		Cumulative Subordinated Debts without Maturity Dates						
		Fixed Asset Appreciation Surplus	26,581,673	14,640,019	16,138,057	16,418,585	16,526,778	26,581,673
		45% of Unrealized Gain of Financial Assets in Available-for-sale	8,373,213	13,486,622	10,072,960	7,335,555	12,132,512	8,527,447
		Convertible Bonds						
		Operating Reserve and Loan Provision	7,865,923	1,328,931	2,596,286	2,423,631	4,887,482	8,268,332
		Long-terms Subordinated Debts						
		Non-perpetual Preferred Stocks						
		The Aggregate of Non-cumulative Perpetual Preferred Stocks and Non-cumulative Subordinated Debts without a Maturity Date exceed 15% of Total Tier 1 Capital						
		deducted : Others	28,336,288	29,455,572	25,434,475	22,092,211	27,143,681	27,853,232
		Total Tier 2	14,484,521		3,372,828	4,085,560	6,403,091	15,524,220
	Tier 3 Capital	Short-term Subordinated Debts						
		Non-perpetual Preferred Stocks						
		Total Tier 3						
	Self - owned Capital		187,365,815	176,521,653	179,926,649	172,902,518	174,551,678	192,429,162

Year Items			Capital Adequacy Ratio for Recent Five Years					As of March 31, 2012
			FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	
Total Risk Weighted Assets	Credit Risk	Standardized Approach	1,525,347,746	1,387,342,993	1,425,665,616	1,415,152,755	1,331,488,686	1,508,185,188
		Internal Rating Based Approach						
		Securitization	2,125,603	2,722,945	3,073,045	3,360,326	3,634,507	3,155,826
	Operational Risk	Basic Indicator Approach	47,184,300	46,779,788	47,894,250	44,805,525	42,207,000	47,184,300
		Standardized Approach/ Alternative Standardized Approach						
		Advanced Measurement Approach						
	Market Risk	Standardized Approach	71,441,638	49,679,588	36,162,738	23,653,475	22,872,575	71,561,388
		Internal Model Approach						
	Total Risk Weighted Assets		1,646,099,287	1,486,525,314	1,512,795,649	1,486,972,081	1,400,202,768	1,630,086,702
Capital Adequacy Ratio			11.38	11.87	11.89	11.63	12.47	11.80
Ratio of Tier 1 Capital to Risk Assets			10.50	11.87	11.67	11.35	12.01	10.85
Ratio of Tier 2 Capital to Risk Assets			0.88		0.22	0.28	0.46	0.95
Ratio of Tier 3 Capital to Risk Assets								
Ratio of Common Share Equity to Total Assets			1.77	1.79	1.16	1.25	1.59	1.79

Notes: 1. Figures for FY2007-2011 are CPA approved; figures for the first three months of FY2012 have not been approved by CPA.

2. Formula used in calculations :

- Self-owned Capital = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital
- Total Risk Weighted Assets = Credit Risk Weighted Assets + (Operational Risk + Market Risk) Capital Requirement × 12.5 °
- Capital Adequacy Ratio = Self-owned Capital / Total Risk Weighted Assets
- Ratio of Tier 1 Capital to Risk Assets = Tier 1 Capital / Total Risk Weighted Assets
- Ratio of Tier 2 Capital to Risk Assets = Tier 2 Capital / Total Risk Weighted Assets
- Ratio of Tier 3 Capital to Risk Assets = Tier 3 Capital / Total Risk Weighted Assets
- Ratio of Common Share Equity to Total Assets = Common Share Equity / Total Assets

III. Statement by the Audit Committee

Statement by the Audit Committee

The 2011 Financial Statements of the Bank of Taiwan have been examined and certified by Yen-Ling Fang and Derek Hsu, CPAs, of KPMG Certified Public Accountants, who have submitted the CPA report. The above-mentioned 2011 Financial Statements were reviewed by the Audit Committee at the 17th Meeting of its First Term on Apr. 9, 2012, and were found to have no inconsistencies. This review report is submitted in accordance with the requirements of Article 14-4 of the Securities and Exchange Act.

Audit Committee

Independent Director: Lou Tienwei

Independent Director: Shen Chunghua

Independent Director: Hsu Yihsiong
(Convenor)

April 9, 2012

IV. Financial Statements for the Years Ended December 31, 2011 and 2010, and Independent Auditors' Report

Independent Auditors' Report

The Board of Directors

Bank of Taiwan:

We have audited the accompanying balance sheets of Bank of Taiwan as of December 31, 2011 and 2010, including the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in note 12 to the financial statements, certain investments under the equity method in the financial statements of Bank of Taiwan in 2011 and 2010 amounting to NT\$26,661,865 thousand, 0.68% of total assets, and NT\$24,953,340 thousand, 0.64% of total assets, respectively, and related investment gains of NT\$2,124,999 thousand and NT\$1,512,519 thousand, which were 47.32% and 19.32% of income before income tax, in 2011 and 2010, respectively, were accounted for by using the equity method and based on the investees' financial statements audited by other auditors.

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

In our opinion, based on our audits and the audits by the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Taiwan as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Publicly Held Banks", the "Regulations Governing the Preparation of Financial Reports by Securities Firms", and accounting principles generally accepted in the Republic of China.

As stated in note 3, effective from January 1, 2011, the Bank adopted the amended SFAS No. 34 "Financial Instruments: Recognition and Measurement". The Bank recognizes, measures, and assesses the impairment of receivables in accordance with SFAS No. 34. Also in accordance with SFAS No. 34. The accounting treatments by a debtor for modification of the terms of obligations when the debtor has financial difficulties. For further information, please see notes 5, 8, 9 and 13.

In accordance with auditing regulations in Taiwan, the financial statements of Bank of Taiwan are required to be audited by the National Audit Office, known as the Ministry of Audit. The statements for the years ended 2010 and 2009 have been audited and approved by the National Audit Office of the ROC. And the adjustments by that office are reflected in the financial statement amounts. For further information, please see note 35 (6).



April 13, 2012

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

Balance Sheets
December 31, 2011 and 2010

	2011	2010	Percentage change
Assets			
Cash and cash equivalents (notes 4 and 30)	\$ 76,426,176	44,476,364	72
Placement with Central Bank and call loans to banks (notes 5 and 30)	488,555,403	518,166,823	(6)
Financial assets measured at fair value through profit or loss, net (notes 6, 28 and 30)	110,886,007	99,875,033	11
Bonds and bills purchased under resell agreements (notes 7 and 30)	3,231,949	600,294	438
Receivables, net (notes 8, 9, 25 and 30)	86,422,934	84,272,771	3
Loans and discounts, net (notes 9, 28 and 30)	2,153,645,232	2,079,558,679	4
Available-for-sale financial assets, net (notes 10, 17, 28 and 31)	757,373,465	837,360,582	(10)
Held-to-maturity financial assets, net (notes 11, 28 and 31)	50,942,589	54,207,507	(6)
Investments under equity method, net (note 12)	32,479,598	31,330,008	4
Other financial assets, net (notes 8, 9, 13, 17 and 28)	72,207,332	69,201,006	4
Fixed assets, net (notes 14 and 17)	97,864,904	76,596,999	28
Intangible assets (note 15)	821,057	969,574	(15)
Other assets, net (notes 16, 17, 24, 25 and 30)	15,119,110	18,607,244	(19)
Total assets	\$ 3,945,975,756	3,915,222,884	1

(expressed in thousands of New Taiwan Dollars)

	2011	2010	Percentage change
Liabilities and Stockholders' Equity			
Deposits of Central Bank and other banks (notes 18 and 30)	\$ 208,926,475	207,612,937	1
Financial liabilities measured at fair value through profit or loss (notes 19, 28 and 30)	3,902,885	18,985,604	(79)
Bonds and bills sold under repurchase agreements (note 7)	14,906,165	9,429,373	58
Payables (notes 20 and 30)	39,471,579	38,952,004	1
Deposits and remittances (notes 21 and 30)	3,218,010,687	3,185,931,012	1
Accrued pension liability (note 24)	4,566,754	3,389,155	35
Other financial liabilities (notes 22 and 28)	5,756,183	1,048,528	449
Other liabilities (notes 14, 23 and 30)	<u>204,028,632</u>	<u>198,325,665</u>	3
Total liabilities	<u>3,699,569,360</u>	<u>3,663,674,278</u>	1
Stockholders' equity (notes 12, 14, 16, 24, 25 and 26):			
Common stock	<u>70,000,000</u>	<u>70,000,000</u>	-
Capital surplus	<u>106,077,872</u>	<u>105,581,440</u>	-
Retained earnings:			
Legal reserve	24,119,287	21,993,796	10
Special reserve	518,561	1,645,137	(68)
Unappropriated retained earnings	<u>6,301,072</u>	<u>9,284,968</u>	(32)
	<u>30,938,920</u>	<u>32,923,901</u>	(6)
Equity adjustments:			
Unrealized gain on revaluation increments	26,581,673	14,640,018	82
Cumulative translation adjustments	(366,046)	(455,457)	20
Unrealized gain (loss) on financial instruments	13,983,157	28,860,619	(52)
Net loss not recognized as pension cost	<u>(809,180)</u>	<u>(1,915)</u>	(42,155)
	<u>39,389,604</u>	<u>43,043,265</u>	(8)
Total stockholders' equity	<u>246,406,396</u>	<u>251,548,606</u>	(2)
Commitments (note 32)			
Total liabilities and stockholders' equity	<u>\$ 3,945,975,756</u>	<u>3,915,222,884</u>	1

Statements of Income
For the years ended December 31, 2011 and 2010

(expressed in thousands of New Taiwan Dollars)

	2011	2010	Percentage change
Revenues:			
Interest income (note 30)	\$ 53,764,189	46,355,373	16
Less: interest expenses (note 30)	<u>30,577,630</u>	<u>26,086,235</u>	17
Net interest income	23,186,559	20,269,138	14
Non-interest income, net			
Fee and commission income, net (note 30)	4,960,296	4,963,130	-
Gains (losses) on financial assets and liabilities measured at fair value through profit or loss (notes 6 and 30)	(4,129,073)	9,581,136	(143)
Realized gains on available-for-sale financial assets (note 10)	1,363,849	1,987,283	(31)
Gains on investments under equity method (note 12)	2,255,273	1,667,093	35
Foreign exchange gains and losses, net	2,596,381	(677,764)	483
Reversal gains (losses) on asset impairment (notes 10, 14, 16 and 17)	37,027	(88,625)	142
Other non-interest income			
Premium income	17,695,580	17,418,404	2
Service fees	151,965,102	79,647,398	91
Premium reserve recovered	-	284	(100)
Subsidized income from government (note 35)	18,619,038	17,871,279	4
Other miscellaneous revenue	1,114,260	954,240	17
Benefits and claims	(26,971,342)	(24,991,430)	(8)
Service charges (note 16)	(151,065,996)	(79,101,635)	(91)
Provision for policyholders' reserve premium	(3,526,880)	(14,138,729)	75
Others (note 30)	(832,925)	(721,645)	(15)
Excess interest expenses (note 8)	(10,089,476)	(9,726,373)	(4)
Gain on property transaction (note 14)	<u>421,670</u>	<u>612,974</u>	(31)
Net revenues	<u>27,599,343</u>	<u>25,526,158</u>	8
Bad debt expenses (note 9)	<u>4,991,365</u>	<u>376,029</u>	1,227
Operating costs:			
Personnel expense (notes 24 and 35)	11,928,775	11,663,498	2
Depreciation and amortization expense	1,412,201	1,365,936	3
Other business and administrative expense (note 30)	<u>4,776,629</u>	<u>4,293,890</u>	11
Total operating costs	<u>18,117,605</u>	<u>17,323,324</u>	5
Income before income tax	4,490,373	7,826,805	(43)
Income tax expense (note 25)	<u>789,301</u>	<u>741,837</u>	6
Net income	<u>\$ 3,701,072</u>	<u>7,084,968</u>	(48)
	<u>Before tax</u> <u>After tax</u>	<u>Before tax</u> <u>After tax</u>	
Earnings per share – basic (note 27)	<u>\$ 0.64</u> <u>0.53</u>	<u>1.12</u> <u>1.01</u>	

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2010

(expressed in thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Cumulative translation adjustments	Net loss not recognized as pension cost	Unrealized gain or losses on financial instruments	Unrealized gain on revaluation increments	Total
			Legal reserve	Special reserve	Unappropriated retained earnings					
Balance as of January 1, 2010	\$ 45,000,000	110,062,555	19,540,873	22,709,855	8,176,411	(123,228)	-	19,065,488	16,138,057	240,569,991
Net income of 2010	-	-	-	-	7,084,988	-	-	-	-	7,084,988
Appropriation of retained earnings:										
Legal reserve	-	-	2,452,923	-	(2,452,923)	-	-	-	-	-
Special reserve	-	-	-	1,635,282	(1,635,282)	-	-	-	-	-
Cash dividends for government	-	-	-	-	(4,088,206)	-	-	-	-	(4,088,206)
Special reserve reversal	-	-	-	(2,200,000)	2,200,000	-	-	-	-	-
Retained earnings for capital reserve	-	(4,500,000)	-	(20,500,000)	-	-	-	-	-	-
Variation of additional paid-in capital of investee company (note 26)	25,000,000	18,885	-	-	-	-	-	-	-	18,885
Unrealized gain on revaluation increments (note 26)	-	-	-	-	-	-	-	(1,498,039)	-	(1,498,039)
Unrealized gain or loss from available-for-sale financial assets (note 26)	-	-	-	-	-	-	-	9,795,151	-	9,795,151
Net loss not recognized as pension cost (note 26)	-	-	-	-	-	-	(1,915)	-	-	(1,915)
Cumulative translation adjustment (note 26)	-	-	-	-	-	(26,954)	-	-	-	(26,954)
Cumulative foreign currency translation adjustments (note 26)	-	-	-	-	-	(305,275)	-	-	-	(305,275)
Balance as of December 31, 2010	70,000,000	105,581,440	21,993,796	1,645,137	9,284,988	(455,457)	(1,915)	28,860,619	14,640,018	251,548,606
Net income of 2011	-	-	-	-	3,701,072	-	-	-	-	3,701,072
Appropriation of retained earnings:										
Legal reserve	-	-	2,125,491	-	(2,125,491)	-	-	-	-	-
Special reserve	-	-	-	1,416,994	(1,416,994)	-	-	-	-	-
Cash dividends for government	-	-	-	-	(5,742,483)	-	-	-	-	(5,742,483)
Special reserve reversal	-	-	-	(2,600,000)	2,600,000	-	-	-	-	-
Recognition of special reserve of investee company	-	-	-	56,430	-	-	-	-	-	56,430
Recognition of additional paid-in capital of investee company (note 26)	-	496,432	-	-	-	-	-	-	-	496,432
Unrealized gain on revaluation increments (note 26)	-	-	-	-	-	-	-	-	11,941,655	11,941,655
Unrealized gain or loss from available-for-sale financial assets (note 26)	-	-	-	-	-	-	-	(14,877,462)	-	(14,877,462)
Net loss not recognized as pension cost (note 26)	-	-	-	-	-	-	(807,265)	-	-	(807,265)
Cumulative translation adjustments (note 26)	-	-	-	-	-	34,115	-	-	-	34,115
Cumulative foreign currency translation adjustment (note 26)	-	-	-	-	-	55,296	-	-	-	55,296
Balance as of December 31, 2011	\$ 70,000,000	106,077,872	24,119,287	518,561	6,301,072	(366,046)	(809,180)	13,983,157	26,581,673	246,406,396

Statements of Cash Flows
For the years ended December 31, 2011 and 2010

(expressed in thousands of New Taiwan Dollars)

	2011	2010
Cash flows from operating activities:		
Net income	\$ 3,701,072	7,084,968
Adjustment to reconcile net income with net cash provided by operating activities:		
Depreciation	973,738	924,128
Amortization	441,317	443,152
Provision for bad debts	4,681,411	356,601
Provision for insurance reserves	3,526,880	14,138,445
Write-off of trading losses	-	(260)
Provision for guarantee reserves	309,954	19,428
Amortization of premiums on financial assets	20,875	54,086
Investment income accounted for under equity method	(2,255,273)	(1,666,669)
Cash dividend received on investments under equity method	648,138	378,505
Gain on disposal of fixed assets	(398,531)	(589,390)
Expense transferred from fixed assets	1,597	123
Gain on disposal of investments	(533,175)	(979,109)
Gain on long-term investment income under equity method	-	(424)
Unrealized (gain) loss on financial assets	(3,382,898)	4,379,180
Impairment of financial assets	137	-
Gain on reversal of loss on financial assets	(1,156)	-
Impairment of non-financial assets	4,036	102,729
Gain on reversal of loss on non-financial assets	(40,044)	(14,104)
Gain on disposal of collateral	-	(329)
Loss on bad debts	4,102,760	3,714,457
Decrease in commercial paper payable and reduction of inventory to market	248,868	4,953
Change in operating assets and liabilities:		
Change in operating assets		
(Increase) decrease in financial assets held for trading	(11,986,494)	10,631,305
Increase in bonds and bills purchased under resell agreement	(2,631,655)	(231,945)
(Increase) decrease in receivables	(2,140,916)	7,034,170
Decrease in deferred tax	335,928	436,842
Increase in other financial assets	(3,031,942)	(2,380,193)
Increase in other assets	(5,465,697)	(690,241)
Change in operating liabilities		
Decrease in financial liabilities held for trading	(5,137)	(17,652)
Increase in bonds and bills purchased under repurchase agreement	5,476,792	3,942,439
Increase (decrease) in payables	545,572	(19,559,239)
Increase in pension payables	399,929	307,217
Increase (decrease) in other liabilities	(644,380)	976,471
Net cash (used in) provided by operating activities	(7,098,294)	28,799,644
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(11,528,078)	(11,920,743)
Disposal of financial assets at fair value through profit or loss	4,056,872	-
Acquisition of available for sale financial assets	(3,835,278,366)	(3,883,777,288)
Disposal of available-for-sale financial assets	35,823,526	27,125,223
Reduction in available-for-sale financial assets	3,069	58,135
Acquisition of bonds from non-active market	(605,485)	-

	2011	2010
Proceeds from maturity of bonds from non-active markets	\$ 632,217	1,714,148
Acquisition of held-to-maturity financial assets	(133,778,319)	(185,855,528)
Proceeds from maturity of held-to-maturity financial assets	130,323,391	183,487,043
Acquisition of derivatives for hedging purposes	-	5,157
Disposal of derivatives for hedging purposes	259	-
Disposal of long-term investment under equity method	-	609
Proceeds from maturity of available-for-sale financial assets	3,794,300,535	3,844,203,117
Cash dividend from available-for-sale financial assets	330,242	238,278
Proceeds from maturity of financial assets at fair value	2,320,951	3,944,669
Acquisition of fixed assets	(694,117)	(916,562)
Proceeds from disposal of fixed assets and non operating assets	498,651	867,538
Increase (decrease) in refundable deposits	(4,099)	430
Increase in costs for deferrals	-	(62)
Acquisition of intangible assets	(290,518)	(302,505)
Loss on disposal of collateral	-	329
Decrease in placement with Central Bank	29,738,637	684,486,887
Increase in loans and discounts	(84,143,691)	(37,789,465)
Increase in other financial assets	(11,163)	(1,608)
Decrease in other assets	1,196,243	410,179
Net cash (used in) provided by investing activities	(67,109,243)	625,977,981
Cash flows from financing activities:		
(Decrease) increase in deposits received	(318,112)	71,076
Increase (decrease) in other financial liabilities	4,553,096	(477,174)
(Decrease) increase in other liabilities	(143,857)	10,295
Payments of cash dividends	(4,493,026)	(5,754,067)
Increase in deposits of banks	1,785,715	3,324,306
Decrease in deposits of Central Bank	(472,178)	(662,229)
Increase (decrease) in deposits and remittances	32,079,675	(3,740,960)
Net cash provided by (used in) financing activities	32,991,313	(7,228,753)
Effect of exchange rate changes	151,743	(456,696)
Increase in cash and cash equivalents	(41,064,481)	647,092,176
Cash and cash equivalents, beginning of year	887,019,071	239,926,897
Cash and cash equivalents, end of year	\$ 845,954,590	887,019,073
Supplemental disclosures of cash flow information:		
Interest paid	\$ 39,601,569	36,505,314
Income tax paid	\$ 433,198	856,523
Financing and investing activities without cash flows:		
Cumulative foreign currency translation adjustment	\$ 22,790	124,467
Unrealized gain on revaluation	\$ 11,941,655	(1,498,039)
Unrealized gain (loss) on financial instruments	\$ (14,877,462)	9,795,151
Long-term investment for capital reserve under equity method	\$ 496,432	18,885
Increase in capital	\$ -	25,000,000
Capital reserve for capital increase	\$ -	(4,500,000)
Special reserve for capital increase	\$ -	(20,500,000)
Net loss not recognized as pension cost	\$ (807,265)	(1,915)

Notes to Financial Statements

December 31, 2011 and 2010

(all amounts expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Organization and Business Scope

Bank of Taiwan (the Bank) was established on May 20, 1946, as the first government-owned bank following the island's restoration to the Republic of China in 1945, and transformed into a corporate entity starting from July 1, 2003, as approved by the Ministry of Finance on April 24, 2003, and became a public company from September 16, 2004.

On November 18, 2005, the House of Administration (Executive Yuan) authorized the merger of the Bank and the Central Trust of China. The merger plan was approved by the Fair Trade Commission, the Executive Yuan, and the Ministry of Finance. On December 22, 2006, the Financial Supervisory Commission, Executive Yuan, reauthorized the merger and indicated the Central Trust of China was the dissolved party and the Bank was the surviving party. The merger was accomplished on July 1, 2007.

On January 1, 2008, the Ministry of Finance organized Taiwan Financial Holding Co., Ltd. in accordance with the Act for Taiwan Financial Holding Co., Ltd., and the Bank is its subsidiary.

On January 2, 2008, the Bank decreased capital by \$8 billion and split off its part of business and assets to organize two other subsidiaries of Taiwan Financial Holding Co., Ltd. (Taiwan Financial Holding): BankTaiwan Securities Co., Ltd. (BankTaiwan Securities) and BankTaiwan Life Insurance Co., Ltd. (BankTaiwan Life Insurance), whose capital was \$3 billion and \$5 billion, respectively.

The Bank is engaged in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) savings and trust operations; (d) overseas branch operations authorized by the respective foreign governments; and (e) other operations as authorized by the central competent authority-in-charge.

The Bank's Trust department is engaged in the planning, management and operation of trusts under the Banking Law and Trust Law, along with the investment of overseas securities and trust funds.

In accordance to the Bank's policy approved by the Government, the Bank's mission's to perform all functions in providing stable financial environment, contribute to the economic infrastructure and develop manufacturing production. The Bank manages public treasury and ensures the smooth settlement of national operations, which later translated into providing normal banking facilities and issuing banknotes as Central Bank of the Republic of China was later promulgated on July, 1961. The relationship between the Bank and the Central Bank remained closely attached. Among the financial institutions in Taiwan, the Bank has always maintained its importance in the financial industry.

The assets of the Bank have continuously increased through revaluations of reserve over the period since the Government provided the capital for the establishment of the Bank. After the currency revolution on June, 1949, the Government approved \$5 million as the Bank's capital; \$100 million on May, 1954; \$300 million on August, 1963; \$600 million on September, 1967; \$1 billion on May, 1973; \$2 billion on September, 1977; \$4 billion on September, 1980; \$8 billion on January, 1982; \$12 billion on May, 1990; \$16 billion on April, 1992; \$22 billion on December, 1994; \$32 billion on August, 1998; \$48 billion on September, 2002; \$53 billion on July, 2007; \$45 billion on January, 2009 and \$70 billion on January 2010.

As the Bank is funded and owned by the government, the execution and compliance with government policies is of importance to the Bank. The economy of Taiwan has developed considerably from the 50s and the Bank has contributed by supporting the planning and implementation of many medium to long term infrastructure. Through the years, the Government has actively increased strategic and critical industrial development, the Bank has similarly increased its support for the fund needed for such infrastructure in compliance with the Government policy.

The Bank has its Head Office in Taipei, and the Bank has established domestic and worldwide branch offices for expansion of various banking services. As of December 31, 2011, in addition to the Department of Business, Department of International Banking, Department of Trusts, Department of Public Treasury, Treasury, Precious Metal, Procurement, Government Employee Insurance and Electronic Banking at the Bank's headquarters, there were 163 domestic branches, 1 offshore banking unit, 7 overseas branches, and 1 representative office in Shanghai.

The parent company of the Bank is Taiwan Financial Holding Co., Ltd.

As of December 31, 2011 and 2010, the Bank had 7,940 and 7,952 employees, respectively.

(2) Summary of Significant Accounting Policies

The financial statements of the Bank have been prepared in the local currency and in Chinese. The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

1) General accounting policies

The Bank prepares the accompanying financial statements in accordance with relevant law and regulations. For those not implied by the law or regulations, the Bank complies with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulation of Business Entity by Accounting Handling and accounting principles generally accepted in the Republic of China.

The Bank is a government-owned enterprise, and its accounting practices mainly follow the Budget Law, Account Settlement Law, and Uniform Regulations on Accounting Systems for Banks Governed by the Ministry of Finance (the MoF). The annual financial statements are audited by the Ministry of Audit (the MoA) to ensure that the Bank complies with the budget approved by the Legislative Yuan, the parliament of ROC Taiwan. The financial statements become final only after such an audit by the MoA. The financial statements of 2010 and 2009 were approved by the MoA, and the beginning balances of unappropriated earnings of 2011 and 2010 were the same as the approved closing balances in 2010 and 2009.

2) Basis of financial statements

The financial statements include accounts of the headquarters, domestic branches, overseas branches, and overseas representative offices. All significant inter-office account balances and transactions have been eliminated in preparing the financial statements.

3) Foreign currency transactions

The Bank records its transactions through New Taiwan Dollar. Non-derivative foreign currency products adopts the exchange rates at the date of transaction. Assets and liabilities uses the exchange rates at the date of transaction. Change in fair value recognition is transacted using exchange rates at the balance sheet date. Change in fair value recognized is booked under profit or loss. If the recognized fair value variation is associated with change in shareholder's equity, the difference is adjusted in change of shareholder's equity.

The financial statements of overseas branches reported in functional currencies are translated into New Taiwan Dollars at the exchange rates prevailing on the balance sheet date, with the exception of stockholders' equity, which is translated at historical rates. Translation differences resulting from the translation of these financial statements into New Taiwan Dollars are recorded as cumulative translation adjustments under stockholders' equity.

4) Use of estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

5) Accounting basis of cash-flow

The Bank considers cash, placement with banks, placement with Central Bank of China (CBC) (excluding deposit reserve – demand account), and marketable securities with a maturity of three months or less to be cash equivalents.

6) Cash and cash equivalents

Cash and cash equivalents refer to cash on hand, notes and checks for clearing, petty cash and placement with other banks.

7) Assets and liabilities measured at fair value through profit or loss

1. An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Derivatives that do not meet the criteria for hedge accounting are classified as financial assets or liabilities at fair value through profit or loss. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

(a) Bought and held principally for the purpose of selling them in the near term. Derivatives held by the Company, other than hedging securities, are classified in this category.

(b) An embedded derivative shall be separated from the master contract, but if the entity is unable to determine reliably the fair value of an embedded derivative on the basis of its terms and conditions, financial assets or liabilities may be designated as financial instruments measured at fair value through profit or loss to eliminate measurement mismatches for items that naturally offset each other.

(c) Financial assets or liabilities measured at fair value through profit or loss should be evaluated by fair value, and the gains or losses from evaluation should be designated as current gains or losses. Financial assets or liabilities held by the Bank are recorded on the trading date (except for bonds and funds on the settling date).

2. Derivative financial instruments refer to transactions such as forward contracts, interest swaps, cross currency swaps, asset swaps and options that are engaged in by the Bank in foreign exchange, interest rate and capital markets. Other than their application in hedge accounting, derivative financial instruments are for trading purposes. Derivative financial instruments for trading purposes are involved in creating markets, serving customers and other related arbitrage activities.

Derivative financial instruments for trading purposes are assessed by the fair value method. Any relevant net present value created shall be recognized as current gain or loss. Fair value refers to the formal transaction price fully recognized and agreed by both parties. The fair value generally is the trading price in an active market. If there is no trading price available, the fair value should be estimated by a valuation method or model.

The right of set-off of derivative financial instruments measured by the fair value method is enforceable by law. In net settlement, financial assets are offset with liabilities and disclosed in net amount.

8) Available-for-sale financial assets

Are recorded at fair value, and the change in market value is adjusted against shareholders' equity. Financial assets or liabilities held by the Bank are recorded on the trading date (except for bonds and funds on the settling date). Impairment loss is recognized when there is objective evidence of impairment thereof. If there is objective evidence that the impairment loss recognized has decreased in a subsequent period, the decline in impairment loss is adjusted against shareholders' equity. If the decrease in impairment loss of available-for-sale financial assets-debt instruments is significantly related to subsequent events after recognizing impairment loss, the amount is reversed and recognized through profit or loss.

9) Held-to-maturity financial assets

Are recorded at amortized cost. Impairment loss is recognized when there is objective evidence of impairment. If the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss. The carrying value after the reversal should not exceed the amortized balance of the assets assuming no impairment loss was recognized.

10) Hedge accounting

Financial instruments held by the Bank which meet all the criteria for applying hedge accounting are treated as fair value hedges. Changes in the fair value of a hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedge item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

11) Financial assets are carried at cost

If their fair values are not available. Impairment loss is recognized if there is objective evidence of impairment thereof, and this recognized amount is non-reversible.

12) Debt investments without quoted price in active markets

Are recorded at amortized cost. Impairment loss is recognized when there is objective evidence of impairment thereof. If the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss. The carrying value after the reversal should not exceed amortized balance of the assets assuming no impairment loss was recognized.

13) Bills and receivables

Bills receivables are originated by providing goods or services directly to a debtor.

14) Loans

The loan period of short-term loans is within one year, the loan period of medium-term loans is one to seven years, and the loan period of long-term loans is more than seven years. Loans with pledged assets are recorded as secured loans.

Principal which is overdue over three months or interest which is overdue over three months is categorized as overdue accounts. When principal or interest has not been paid for over six months, the principal and related interest is transferred to nonperforming loans. When this occurs, interest will only be calculated for external parties and booked to the memo account.

The Bank first assesses whether any objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment impairment. Impairment loss is recognized and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss. When determining impairment loss, the estimated future cash flows should include collaterals and the recoverable amount from associated insurance contracts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

The Bank evaluates its assets in accordance with the "Rules for Bank Assets Evaluation, Loss reserve provision, and disposing of overdue loans, non-accrual loans and bad debts" issued by the MoF. Probable losses are recorded as a provision for credit losses. Doubtful accounts are written off when the recovery possibility is remote. Under the MoF guidelines, the Audit Committee must be notified concerning the write-offs of specific loans and related provision, after being approved by the Board of Directors. The collection of written-off nonperforming loans is recorded as a credit to "allowance for doubtful accounts".

In accordance with Bureau of Monetary Affairs, Ministry of Finance, Ruling Tai-Tsai-Rong No. 88733168, the Bank provided 3% of operating revenue as allowance for bad debt with a view to writing off the default accounts for the four years beginning July 1, 1999. In addition, in accordance with Ruling Hua-Zong-(1) Yi No. 09200114870, announced by the Office of the President, the Bank shall apply the above ruling until the overdue loan ratio is less than 1%.

- 15) The Bank adopted SFAS No.35 "Accounting for Asset Impairment". In accordance with standard, the Bank identified indications that asset is impaired on balance sheet date (besides cash-generating units and goodwill), and should estimate the recoverable amount for the asset, which if it's lower than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount, and the reduction should be recognized as impairment loss. The accumulated impairment loss of an asset (other than goodwill) recognized in prior years should be reversed if, subsequently, there has been a change in the estimates used to determine the asset's recoverable amount so as to increase the recoverable amount. Then, the asset's carrying amount should be increased to its recoverable amount but should not exceed the carrying amount of an asset that would have been determined net of depreciation or amortization had no impairment loss been recognized for the asset in prior years.

16) **Investment under equity method**

Investees in which the Bank and Taiwan Financial Holding Co., Ltd. and its subsidiaries, directly or indirectly, hold more than 20% of the outstanding voting stock, or less than 20% of the outstanding voting stock but have significant influence, are accounted for under the equity method.

If the differences between investment cost and securities' net value arise from assets that can be depreciated or amortized, then an investor company shall amortize such differences over the estimated remaining economic lives. If the differences come from discrepancies between the carrying amounts of assets and their fair market values, then an investor company shall offset all unamortized differences when conditions making such over- or under-valuation are no longer present. When the investment cost exceeds the fair value of identifiable net assets acquired, the excess should be recorded as goodwill. Goodwill shall be evaluated on an annual basis or when there is any indication that goodwill may be impaired, the recoverable amount less than book value is recognized as impairment loss. If any such indication exists, the Company estimates the impairment loss on goodwill. When the fair value of identifiable net assets acquired exceeds the cost, the difference should be assigned to non-current assets acquired (except for financial assets not under equity method, assets to be disposed of, deferred tax assets, or prepaid pension or other retirement benefits cost) proportionate to their respective fair values. If these assets are all reduced to zero value, the remaining excess should be recognized as extraordinary gain.

When the equity of an investee exceeds the carrying value accounted for by the equity method, due to limited liability, the Bank recognizes the investment loss by reducing the balance of the investment to zero. But if the Bank intends to hold the stock of an investee and the investee cannot make a profit in the short term, then the Bank should recognize the loss based on the ownership percentage.

When a long-term investment under the equity method is sold, the cost in excess of (under) the selling price on the disposal date is recognized as gain (loss) on disposal of long-term equity investment. If there is any capital reserve arising from a long-term equity investment, capital reserve is recognized as current income (loss) by the percentage sold.

17) **Deferred expense**

Deferred expense includes electrical wires and telephone applications, amortized from three to five years.

18) **Fixed assets**

A surplus arising on revaluation is credited to the revaluation reserve. Additions to revalued premises made subsequent to the revaluation are included at cost. Revaluation increments are depreciated on the same basis over the remaining useful lives at the revaluation dates.

Excluding land, other fixed assets are stated at acquisition cost, including capitalization of interest and certain expenses which were incurred in connection with the construction of a plant and the installation of machinery and equipment. Major renewals, additions and improvements are capitalized, while maintenance and repairs are expensed.

Depreciation is computed on a straight-line method based on its cost, in accordance with Standard Classification of Property announced by Directorate – General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan). Leasehold improvements are amortized over the lesser of lease terms or the useful lives of such improvements. If the depreciated asset is still in use after its primary useful life, the asset is depreciated based on its residual value over its new estimated life.

Effective November 20, 2008, the Bank adopted Accounting Research and Development Foundation Interpretation (97) Ji-Mi-Zih 340. The cost of a fixed asset includes the estimated costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for a purpose other than to produce inventories during that period. Every single part of the fixed asset that is significant should be depreciated individually. The Company assesses the remaining useful lives, depreciation method and salvage value at each balance sheet date. The changes in the above assumptions are accounted for as changes in accounting estimates.

Other assets- non-operating assets are fixed assets not in continuous use, the lower of net realizable value and book value is booked under other assets- non-operating assets.

Depreciation is computed on a straight-line basis over the useful lives estimated as follows:

Buildings	8 to 55 years
Machinery and equipment	3 to 7 years
Transportation equipment	4 to 8 years
Other equipment	3 to 10 years

Gains or losses on the disposal of fixed assets are recorded as gain or losses on property transaction.

19) Intangible assets

The Bank adopted SFAS No. 37 "Intangible Assets". In accordance with SFAS No. 37, intangible assets are recorded at cost. Subsequent to their initial recognition, their book values are their cost plus the incremental value that resulted from revaluation minus accumulated amortization and impairment loss.

Amortization is computed using the straight-line method. The Bank should reevaluate the residual value, estimated useful lives, and amortization method at least once every year. Changes in the above factors will be regarded as changes in accounting estimate. Major intangible assets are as follows:

Computer software	3 to 5 years
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At the end of each accounting period, the Company and its subsidiaries evaluate the residual value, the useful life and the method of amortization. Changes in those elements are considered changes in accounting estimate.

20) Collateral assumed

Collateral and assets received are stated at the net realizable value: the amount the Bank receives when debtors cannot meet obligations, and the collateral and residuals are auctioned off. Any discrepancy from the initial claim will be reflected as credit loss. Gains or losses on disposition are included in current earnings. The Bank recognized the impairment loss on collateral on the balance sheet date due to the cost of collateral exceeding the net fair value.

In accordance with Article 76 of the Banking Law of the Republic of China, real estate or securities acquired by a commercial bank through foreclosure of mortgage or pledge should be disposed of within four years from the date of acquisition. If there is no permission to extend the time limit, the amount by which the net realizable value of collateral is less than its cost is recognized as reserve for allowance for decline according to the official letter from the competent authorities.

21) Reserve for operations and liabilities

1. Reserve for losses on trading securities: According to the "Rules Governing the Administration of Securities Firms", 10% of the monthly gains on trading securities in excess of monthly losses should be set aside as a reserve until the balance of the provision equals NT\$200 million. According to Ruling Letter No. 0990073857 of the Financial Supervisory Commission, Executive Yuan, R.O.C., the reserve for default losses and reserve for trading losses should be transferred to special reserve. The special reserve can only be used to offset an accumulated deficit, or one-half year may be converted to share capital when it reaches an amount equal to one-half of issued share capital.
2. Reserves for operations: Reserve for operations are organized according to the Insurance Act. These reserves include the unearned premium reserve, claim reserve, special reserve, and reserve for life insurance. Actuaries provide the figures for these reserves.

22) Pension

Employees' retirement, relief and severance are dealt with according to "The Regulations on Employee's Retirement, Relief and Severance for State-run Financial and Insurance Enterprises Owned by the Ministry of Finance". According to Article 41.1 of the regulations, the length of service with the Bank is calculated in accordance with the formula for benefit payments set forth in the Labor Standards Law, and contributions have been made to a fund for future pension benefits after implementation of the Labor Standards Law. The Bank contributes 3% of total monthly salaries of employees to a pension fund each month. Before implementation of the Labor Standards Law, a monthly contribution equaling 4%-8.5% of salaries had been made by the Bank as prior service cost.

The Labor Pension Act of the R.O.C. ("the Act"), effective from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Bank (who were hired before May 1, 1997) may elect to be subject to either the Act, and maintain their service years before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Bank after May 1, 1997, are required to be covered by the pension plan as defined by the Act. For employees subject to the Act, the Bank is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages.

All contributions made by the Bank are administered by "The Pension Fund Management and Operation Committee". The contributions are accumulated in the pension fund for making payments to the employees when retiring. For cleaning and maintenance workers, service costs equivalent to 8% of total monthly salaries for those workers are accrued over the workers' careers based on plan benefit formulas according to Article 73 of the Labor Standards Law and the "Guidelines for Contributions to and Management of Labor Pension Fund" approved by the Executive Yuan. The workers' pension is deposited in an account for the purpose of paying pension benefits to the workers when retiring.

Starting on July 1, 2005, the Bank, in accordance with the new labor pension system, has contributed 6% of salaries to individual pension accounts managed by the Bureau of Labor Insurance.

Since 1997, the defined benefit pension plan has used the balance sheet date as the measurement date to complete an actuarial valuation of accumulated payment obligation in excess of pension fund assets at fair value. At the balance sheet date, the Bank recognizes minimum pension liabilities and, according to the pension plan's actuarial liabilities, records net pension cost, including current service cost and transitional net assets, prior service cost, and pension profit or loss, amortized over the average remaining length of service of employees by the straight-line method.

23) Income tax

"Expected" income tax expense is based on accounting income. Deferred income tax is determined based on differences between the financial statement and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to be reversed. The income tax effects due to taxable temporary differences are recognized as deferred income tax liabilities. The income tax effects due to deductible temporary differences, utilization of loss carryforwards, and income tax assets is evaluated, and a valuation allowance is recognized accordingly.

In accordance with the Financial Holding Company Act, Article 49, the Bank adopts Taiwan Financial Holding Co., Ltd. as the taxpayer to file a consolidated corporate income tax return starting 2008. When declaring the profit-seeking enterprise income, the Bank accounts for its income tax in conformity with SFAS No. 22, "Income Taxes". However, the Bank also adjusts the related income tax balance in a reasonable and systematic way to reflect the differences computed for purposes of filing a consolidated corporate income tax return with Taiwan Financial Holding as the taxpayer. The adjustments resulting from using Taiwan Financial Holding as the taxpayer to file a consolidated corporate income tax return are recorded under receivable from (payable to) related parties.

24) Revenue recognition

Except for insurance business income, revenue is recognized when realized or realizable; related costs and expenses are recorded when revenue is recognized. Additionally, according to Government Employees and School Staff Insurance Act, if GESSI experiences a loss, the loss before May 31, 1999, would be covered by the Ministry of Finance; and the loss after that date would be covered by an adjustment of the insurance premium.

25) Commitments and contingencies

If loss from commitments and contingencies is considered highly likely and the amount can be reasonably estimated, then the loss is recognized currently. Otherwise, commitments and contingencies are only disclosed in the notes to the financial statements.

26) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance for which discrete financial information is available.

27) Others

1. Distinction between current and non-current assets and liabilities:

Operational turnover period are usually harder to determine due to the characteristic of the banking industry. The Bank classifies its assets and liabilities in accordance with its nature by corresponding liquidity rather than current and non-current.

2. Trust business:

As required by the Banking Law and the Rules Governing Trust and Investment Companies and for the purpose of internal management, the Bank maintains separate accounts and prepares separate sets of financial statements for its own funds and for the funds it manages on behalf of trustors. All the entrusted assets are booked to the memo account.

3. Other assets- Inventory

The costs of inventories are necessary expenditures and charges for bringing the inventory to the salable and useable condition and location. Inventories shall be measured at the lower of cost and net realizable value. Cost of inventories are prepared using weighted average cost formula and net realizable value as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4. Earnings per share

Earnings per share are calculated by dividing net income after tax by the weighted-average number of shares outstanding in each period.

(3) Reasons for and Effects of Accounting Changes

- 1) Effective January 1, 2011, the Bank adopted the third amendment of SFAS No. 34 “Financial Instruments: Recognition and Measurement” revised by the Financial Accounting Standards Committees. In accordance with SFAS No. 34, the recognition, subsequent valuation and impairment losses of loans and receivables shall comply with the new amendment. The amendment also applies to the terms and conditions of restructured and negotiable debts. Please see note 5, 8, 9 and 13.
- 2) Effective January 1, 2011, the Company adopted SFAS No. 41 “Operating Segments.” In accordance with SFAS No. 41, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial impact of the business activities in which it engages and the economic environments in which it operates. The Company determines and presents the operating segments based on the information that is internally provided to the chief operating decision maker. The Standard also supersedes SFAS No. 20 “Segment Reporting.” Such changes in accounting principle did not have any significant impact of profit and loss for the year ended December 31, 2011.

(4) Cash and Cash Equivalents

	December 31, 2011	December 31, 2010
Cash on hand	\$ 10,483,643	10,568,232
Foreign currency on hand	5,845,726	4,753,513
Notes and checks for clearing	8,904,406	6,578,023
Placement with banks	51,192,401	22,576,596
	<u>\$ 76,426,176</u>	<u>44,476,364</u>

The balances of cash and cash equivalents presented in the statements of cash flows were as follows:

	December 31, 2011	December 31, 2010
Cash	\$ 76,426,176	44,476,364
Call loans to banks and bank overdraft	72,379,420	91,073,836
Placement with Central Bank, including reserve – checking account and foreign-currency-denominated deposit reserves	46,820,477	27,993,867
Negotiable certificates of deposit (NCDs)	631,220,453	698,063,885
Investment in bills and securities maturing within 90 days	19,108,064	25,411,121
Total	<u>\$ 845,954,590</u>	<u>887,019,073</u>

(5) Placement with Central Bank and Call Loans to Banks

	December 31, 2011	December 31, 2010
Call loans to banks	\$ 72,379,420	91,073,836
Less: allowance for doubtful accounts-call loans to bank	(4,978)	-
New-Taiwan-dollar-denominated deposit reserve – checking account and reserves for deposits – foreign-currency-denominated deposit and so on	46,820,477	27,993,867
New-Taiwan-dollar-denominated required deposit reserve	60,077,287	60,676,386
Deposits in Central Bank	309,283,197	338,422,734
	<u>\$ 488,555,403</u>	<u>518,166,823</u>

The required deposit reserves are determined monthly at prescribed rates based on the average balances of customers' New-Taiwan-Dollar-denominated deposits. The required deposit reserve is subject to withdrawal restrictions, but reserve – checking account and foreign-currency-denominated deposit reserves may be withdrawn anytime and are non-interest-earning.

Additionally, as of December 31, 2011 and 2010, 60% of the reserve deposits collected on behalf of a government institution amounted to \$5,077,052 and \$4,915,945, respectively, and their use is restricted according to the regulations.

(6) Financial Assets Measured at Fair Value through Profit or Loss, Net

- 1) Financial assets measured at fair value through profit or loss were as follows:

	December 31, 2011	December 31, 2010
Financial assets held for trading	\$ 84,356,488	66,961,065
Add: Adjustment valuation	2,821,327	14,209,300
Subtotal	87,177,815	81,170,365
Financial assets designated as at fair value through profit or loss	24,189,751	18,775,474
Add: Adjustment valuation	(481,559)	(70,806)
Subtotal	23,708,192	18,704,668
	\$ 110,886,007	99,875,033

- 2) For details of the valuation of financial assets measured at fair value through profit or loss, please see note 28, "Information on Financial Instruments".

- 3) Details of financial assets held for trading were as follows:

	December 31, 2011	December 31, 2010
Commercial paper	\$ 7,477,954	1,495,027
Government bonds	966,154	1,464,184
Negotiable certificates of time deposits	-	310,000
Corporate bonds	12,708	11,498
Call foreign exchange options	16,564	20,063
Short-term beneficiary securities	-	2,171,005
Foreign stock and beneficiary certificates	73,628,237	58,064,375
Foreign government bonds	2,254,871	3,424,913
Add: Adjustment valuation – non-derivative financial instruments	(8,129,523)	3,946,024
Adjustment valuation – call foreign exchange options	(7,626)	5,922
Adjustment valuation – cross currency swaps	9,479,852	9,375,409
Adjustment valuation – interest rate swaps	409,240	612,525
Adjustment valuation – foreign exchange forward transactions	1,073,063	265,003
Adjustment valuation – commercial paper with fixed rate	(3,679)	4,417
Total	\$ 87,177,815	81,170,365

- 4) Details of financial assets designated at fair value through profit or loss were as follows:

	December 31, 2011	December 31, 2010
Foreign corporate bonds and financial bonds	\$ 24,189,751	18,775,474
Add: Adjustment valuation	(481,559)	(70,806)
Total	\$ 23,708,192	18,704,668

- 5) Details of unexpired derivative financial instruments (Notional principal) were as follows:

	December 31, 2011	December 31, 2010
Call foreign exchange options	\$ 5,049,048	4,461,625
Cross currency swaps	545,609,809	237,201,146
Interest rate swaps	9,031,487	20,961,443
Foreign exchange forward transactions	39,416,298	10,433,103
Commercial paper with fixed rate	1,700,000	700,000
Total	\$ 600,806,642	273,757,317

6) Details of the profit (loss) on financial assets and liabilities measured at fair value through profit or loss were as follows:

	2011	2010
Cash dividend on financial assets	\$ 2,434,829	1,792,620
Net gain on disposal of financial assets	87,132,139	78,063,121
Net (loss) gain on valuation of financial assets	(4,945,025)	9,759,466
Net loss on disposal of financial liabilities	(81,770,050)	(73,655,062)
Net loss on valuation of financial liabilities	(6,980,966)	(6,379,009)
Total	\$ (4,129,073)	9,581,136

(7) Bills and Bonds Purchased / Sold under Repurchase Agreements and Resell Agreements

As of December 31, 2011 and 2010, the details of bonds and bills purchased / sold under agreements to resell (repurchase) were as follows:

	December 31, 2011	December 31, 2010
Bills and bonds purchased under resell agreements:		
Commercial paper	\$ 950,045	-
Government bonds	2,281,904	600,294
Total	\$ 3,231,949	600,294

	December 31, 2011	December 31, 2010
Bills and bonds sold under repurchase agreements:		
Commercial paper	\$ 2,706,204	827,971
Government bonds	12,199,961	8,601,402
Total	\$ 14,906,165	9,429,373

(8) Receivables, Net

	December 31, 2011	December 31, 2010
Notes receivable	\$ 9,076	11,323
Accounts receivable	1,272,891	1,074,262
Long-term receivable – payment on behalf of the government	34,821,221	41,261,142
Accrued revenue	468,742	321,113
Interest receivable	10,839,856	8,732,081
Insurance receivable	204,714	182,868
Refundable income tax	1,833,863	1,857,576
Acceptance notes receivable	2,714,946	3,683,301
Factoring receivable – non-recourse	10,054,670	7,008,990
Others – shall be replenished by state treasury	22,572,919	18,615,870
Others – undelivered spot exchange	1,906	-
Other – ATM temporary receipts, payments and inter-branch differences	1,329,159	1,434,978
Others	531,356	330,899
Subtotal	86,655,319	84,514,403
Less: allowance for doubtful accounts	232,385	241,632
Total	\$ 86,422,934	84,272,771

In accordance with Executive Yuan Tai-79-JEN-Cheng-SZU-tsu No. 14225, in 2011 and 2010, the Bank paid a premium savings account interest rate in excess of the regular rate of 1.7868% and 1.7535%, respectively, and the resulting interest expenses were \$7,907,574 and \$7,607,997, respectively, due to executing the government premium savings policy.

As of December 31, 2011 and 2010, the Bank, instead of the government, had paid premium savings interest expenses amounting to \$81,737,714 (booked in long-term receivable \$34,821,221 and other financial asset – short-term advance of \$46,916,493) and \$87,549,002 (booked in long-term receivable of \$46,287,860 and other financial assets – short-term advance of \$41,261,142), respectively. Please refer to note 13 “Other financial assets – net” for further descriptions.

(9) Discounts and Loans, Net

	December 31, 2011	December 31, 2010
Discounts	\$ 4,415,954	3,994,541
Overdrafts	74,323,818	62,641,391
Secured overdrafts	1,498,174	390,086
Short-term loans	300,646,862	253,946,554
Accounts receivable financing	142,685	-
Short-term secured loans	87,252,408	84,426,067
Medium-term loans	600,661,125	659,590,524
Medium-term secured loans	287,299,276	243,962,592
Long-term loans	182,011,233	184,008,225
Long-term secured loans	625,024,765	586,172,630
Nonperforming loans	8,263,174	11,968,052
Subtotal	2,171,539,474	2,091,100,662
Less: allowance for doubtful accounts	17,894,242	11,541,983
	<u>\$ 2,153,645,232</u>	<u>2,079,558,679</u>

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

Loans

Item		Total Loans	Allowance for doubtful accounts
		December 31, 2011	December 31, 2011
There is objective evidence of impairment on individual asset	Individual assessment of impairment	\$ 20,824,191	6,751,423
	Combined assessment of impairment	15,170,898	3,463,378
There is no objective evidence of impairment on individual asset	Combined assessment of impairment	<u>2,135,544,385</u>	<u>7,679,441</u>
Net total		<u>\$ 2,171,539,474</u>	<u>17,894,242</u>

Receivables (including other financial assets)

Item		Total Receivables	Allowance for doubtful accounts
		December 31, 2011	December 31, 2011
There is objective evidence of impairment on individual asset	Individual assessment of impairment	\$ 134,421	65,584
	Combined assessment of impairment	289,281	89,366
There is no objective evidence of impairment on individual asset	Combined assessment of impairment	<u>215,782,595</u>	<u>120,356</u>
Net total		<u>\$ 216,206,297</u>	<u>275,306</u>
Total			<u>18,169,548</u>

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

	December 31, 2011
Loan:	
Balance on January 1, 2011	\$ 11,541,983
Provision for (reversal of) doubtful accounts	4,711,516
Write-off	(2,518,860)
Recovery of written-off	4,074,223
Effects of exchange rate changes and others	85,380
Balance on December 31, 2011	\$ 17,894,242
Receivables:	
Balance on January 1, 2011	\$ 288,753
Provision for (reversal of) doubtful accounts	(30,105)
Write-off	(12,558)
Recovery of written-off	28,537
Effects of exchange rate changes and others	679
Balance on December 31, 2011	\$ 275,306

Details of allowance for doubtful accounts were as follows:

	December 31, 2011	December 31, 2010
Call loans to banks	\$ 4,978	-
Receivables	232,385	241,632
Discounts and loans	17,894,242	11,541,983
Other financial assets	37,943	47,121
Total	\$ 18,169,548	11,830,736

Details of bad debt expense were as follows:

	2011	2010
Bad debt	\$ 4,681,411	356,601
Reserve for guarantee liabilities	309,954	19,428
Total	\$ 4,991,365	376,029

As of December 31, 2011 and 2010, the amount of loans with non-accumulating interest revenues was \$8,312,632 and \$12,026,928, respectively, which was booked as other assets – nonperforming loans. As of December 31, 2011 and 2010, the estimation of non-accumulating interest revenues was \$1,442,314 and \$1,561,733, respectively.

For the years ended December 31, 2011 and 2010, the Bank did not write off any loan without legal proceedings having been initiated. Effective January 1, 2011, the Bank adopted the third amendment of SFAS No. 34 “Financial Instruments: Recognition and Measurement” revised by the Financial Accounting Standards Committees. In accordance with SFAS No. 34, the recognition, subsequent valuation and impairment losses of loans and receivables shall comply with the new amendment. Corresponding to this amendment, the Financial Supervisory Commission amended the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” in which the minimum loan loss provision and reserves shall have the sum of 0.5% of the outstanding balance of Category One credit asset’s claim. The Bank evaluates the credit assets on and off the balance sheet in accordance to this regulation.

(10) Available-for-sale Financial Assets, Net

	December 31, 2011	December 31, 2010
Negotiable certificates of deposit	\$ 622,500,000	694,600,000
Government bonds	25,693,625	26,870,850
Foreign government bonds, treasury bills and corporate bonds	51,300,942	50,406,854
Financial bonds	1,514,800	1,818,859
Corporate bonds	13,497,227	12,917,851
Real estate securitization	10,000	10,000
Financial asset securitization	995,505	996,661
TSEC and OTC stocks and certificates	26,941,461	21,599,228
Add: Adjustment valuation	16,216,337	29,566,174
Less: accumulated impairment	(1,296,432)	(1,425,895)
Total	\$ 757,373,465	837,360,582

- 1) Please see note 28, "Information on Financial Instruments", for valuation of available-for-sale financial assets.
- 2) The CSBC Corporation shares held by the bank were sold on September 3, 6 and 7, 2011. After net of \$21,674 available-for-sale financial assets from the proceeds of \$56,151, the gain on the disposal of the shares were \$34,537.
- 3) The Bank recognized impairment of individual asset amounting to \$1,156, accounted for as gain on reversal of asset impairment loss on March 17, 2011.
- 4) Details of realized profit or loss on available-for-sale financial assets were as follows:

	2011	2010
Cash dividend	\$ 789,855	1,008,174
Profit or loss on available-for-sale financial asset transactions	573,994	979,109
Total	\$ 1,363,849	1,987,283

(11) Held-to-maturity financial Assets, Net

	December 31, 2011	December 31, 2010
Domestic:		
Financial bonds	\$ 4,004,339	302,708
Corporate bonds	6,288,696	6,115,542
Convertible deposit	8,720,453	3,153,885
Commercial paper	11,630,110	23,916,094
Government bonds	8,447,097	8,729,342
Real estate securitization	30,381	32,040
	39,121,076	42,249,611
Foreign:		
Corporate bonds	7,565,212	8,960,130
Organization bonds	3,129,324	2,174,296
Government bonds	1,126,977	823,470
	11,821,513	11,957,896
Total	\$ 50,942,589	54,207,507

Please see note 28, "Information on Financial Instruments", for valuation of held-to-maturity investment.

(12) Investments under Equity Method, Net

Name of Investee	December 31, 2011		December 31, 2010	
	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount
Hua Nan Financial Holdings Co., Ltd.	21.23	\$ 26,646,642	24.86	24,943,091
Taiwan Life Insurance Co., Ltd.	18.94	1,742,973	20.84	2,399,489
Kaohsiung Ammonium Sulfate Co., Ltd.	91.86	2,420,898	91.86	2,449,110
Tang Eng Iron Works Co., Ltd.	21.37	1,653,862	21.37	1,528,069
Tai Yi Real-Estate Management Co., Ltd.	30.00	15,223	30.00	10,249
		<u>\$ 32,479,598</u>		<u>31,330,008</u>

- 1) Details of the Bank's recognition of its unrealized gain on revaluation increments and cumulative transaction adjustments under stockholders' equity in 2011 and 2010 were as follows:

Name of Investee	Unrealized gain on revaluation increments		Cumulative translation	
	2011	2010	2011	2010
Hua Nan Financial Holdings Co., Ltd.	\$ 374,141	(1,014)	30,136	(23,074)
Taiwan Life Insurance Co., Ltd.	-	(10,950)	3,979	(3,880)
Tang Eng Iron Works Co., Ltd.	21,880	53,025	-	-
	<u>\$ 396,021</u>	<u>41,061</u>	<u>34,115</u>	<u>(26,954)</u>

- 2) Details of the Bank's recognition of its capital surplus and unrealized losses or gains on financial instruments under stockholders' equity in 2011 and 2010 were as follows:

Name of Investee	Capital surplus		Unrealized losses or gains on financial instruments	
	2011	2010	2011	2010
Hua Nan Financial Holdings Co., Ltd.	\$ 395,254	-	(778,850)	464,844
Taiwan Life Insurance Co., Ltd.	101,178	18,885	(662,192)	(270,072)
Tang Eng Iron Works Co., Ltd.	-	-	434	1,112
	<u>\$ 496,432</u>	<u>18,885</u>	<u>(1,440,608)</u>	<u>195,884</u>

- 3) Details of the net loss not recognized as pension costs in 2011 and 2010 were as follows:

Name of investee	2011	2010
Taiwan Life Insurance Co., Ltd.	\$ 65	(1,915)

- 4) Details of the special reserve recognized under equity method in 2011 and 2010 were as follows:

Name of investee	2011	2010
Hua Nan financial Holding Co., Ltd.	\$ 56,430	-

- 5) Details of the Bank's cash dividends received from its long-term equity investments under the equity method in 2011 and 2010 were as follows:

Name of investee	2011	2010
Hua Nan Financial Holding Co., Ltd.	\$ 493,585	311,902
Taiwan Life Insurance Co., Ltd.	154,553	66,603
	<u>\$ 648,138</u>	<u>378,505</u>

- 6) The initial costs of the Bank's long-term equity investments under the equity method were as follows:

Name of Investee	December 31, 2011	December 31, 2010
Hua Nan Financial Holdings Co., Ltd.	\$ 6,863,133	6,863,133
Taiwan Life Insurance Co., Ltd.	712,409	712,409
Kaohsiung Ammonium Sulfate Co., Ltd.	1,377,872	1,377,872
Tang Eng Iron Works Co., Ltd.	1,451,074	1,451,074
Tai Yi Real Estate Management Co., Ltd.	3,793	3,793
	<u>\$ 10,408,281</u>	<u>10,408,281</u>

7) The investment gain or loss on long-term investment under the equity method was as follows:

Name of Investee	2011	2010
Hua Nan Financial Holdings Co., Ltd.	\$ 2,120,025	1,511,858
Taiwan Life Insurance Co., Ltd.	55,007	307,243
Kaohsiung Ammonium Sulfate Co., Ltd.	(28,212)	(161,439)
Tang-Eng Iron Works Co., Ltd.	103,479	8,346
Tai Yi Real-Estate Management Co., Ltd.	4,974	661
Disposal of Tang-Eng Iron Works Co., Ltd.	-	424
	<u>\$ 2,255,273</u>	<u>1,667,093</u>

1. The investment gain from the investees audited by other auditors was \$2,124,999 and \$1,512,519 in 2011 and 2010, respectively.
 2. The investment loss from the investees amounting to \$(28,212) and \$(161,439) in 2011 and 2010, respectively, was based on its unaudited financial statements.
- 8) Since Kaohsiung Ammonium Sulfate Co., Ltd. was in the process of liquidation and the liquidators and supervisors were appointed by the Ministry of Economic Affairs, the Bank had no power to control such investee.
- 9) The bank sold the equity of Tang-Eng Iron Works Co., Ltd. of 20,000 shares on October 11 and 12, 2010; the proceeds amounted to \$609. After offsetting the proceeds from long-term investment of \$388, adjustment in long-term investment of \$5, unrealized gain (losses) from financial instrument of \$6, and the increase in unrealized revaluation of \$202, the residual proceeds from the disposal of the equity are \$424.
- 10) The Bank's investee, Hua Nan Financial Holdings Co., Ltd, increased its share capital by cash on December 27, 2011. The Bank's shareholding percentage decreased from 24.86% to 21.23% as the Bank does not increase the shares of the investee by percentage.
- 11) The Bank's investee, Taiwan Life Insurance Co., Ltd, increased its share capital by cash on November 2, 2011 and June 11, 2010. The Bank's shareholding percentage decreased from 20.84% to 18.94% and from 21.01% to 20.84% as the Bank does not increase the shares of the investee by percentage.

(13) Other Financial Assets, Net

	December 31, 2011	December 31, 2010
Temporary advances	\$ 57,100,311	54,068,368
Less: allowance for doubtful account – Temporary advances	(10,688)	-
Hedging derivative financial assets	3,074	5,051
Debt investments without quoted price in active markets	4,269,035	4,295,323
Less: cumulative impairment – debt investment without quoted price in active market	(317,888)	(309,750)
Financial assets carried at cost	11,092,326	11,092,326
Less: cumulative impairment – financial assets carried at cost	(137)	-
Remittance purchased	21,789	12,579
Less: allowance for doubtful accounts – remittance purchased	-	(38)
Overdue receivables	49,458	58,876
Less: allowance for doubtful accounts – overdue receivables	(27,255)	(47,083)
Others	27,307	25,354
Total	<u>\$ 72,207,332</u>	<u>69,201,006</u>

- 1) Please see note 28, "Information on Financial Instruments", for details of the valuation of hedging derivative financial assets and debt investments without quoted price in non-active markets for the year 2011 and 2010.
- 2) Concerning for the payment of excess interest for the government, booked under "short-term payment" for the financial year ended December 31, 2011 and 2010, please refer to note 8 for further descriptions.
- 3) The Bank recognized impairment of individual asset amounting to \$137, accounted for as loss on reversal of asset impairment loss on August 3, 2011.

(14) Fixed Assets, Net

	December 31, 2011	December 31, 2010
Cost:		
Land (including revaluation increments)	\$ 86,002,456	66,228,341
Land improvements	14,964	14,964
Buildings (including revaluation increments)	14,348,456	14,088,482
Machinery and equipment	5,750,837	5,639,974
Transportation equipment	1,072,597	1,084,393
Miscellaneous equipment	1,013,078	1,015,939
Leasehold improvements	628,947	606,488
Construction in progress and prepayment for equipment	652,182	718,665
	<u>109,483,517</u>	<u>89,397,246</u>
Accumulated depreciation:		
Land improvement	12,975	12,613
Buildings	5,402,727	5,032,214
Machinery and equipment	4,055,340	3,854,519
Transportation equipment	834,883	813,021
Miscellaneous equipment	791,991	783,020
Leasehold improvements	520,697	481,896
	<u>11,618,613</u>	<u>10,977,283</u>
Accumulated impairment		
Land	-	1,822,964
Fixed assets, net	<u>\$ 97,864,904</u>	<u>76,596,999</u>

On March 11, 2011 and March 8, 2010, the Bank recognized loss on impairment by \$4,036 and \$57,504, gain on reversal by \$23,282 and \$13,775 and (increased) reduced unrealized gain on revaluation increments by \$119,733 and \$(1,526,651), respectively.

The Bank has conducted many revaluations of land and buildings over these years, with the latest in December 2011. As of December 31, 2011 and 2010, the total revaluation increments for land were \$81,525,920 and \$61,795,266, respectively, and the estimated tax payables on land were \$18,278,621 and \$15,313,154, respectively (recorded in other liabilities).

Complying with government policy, the Bank sold a number of land, buildings and machinery and recognized gain on property transaction of \$421,670 and \$612,974 in 2011 and 2010, respectively.

As of December 31, 2011 and 2010, the Bank's fixed assets neither served as a guarantee or collateral, nor were they pledged.

Certain investment properties of the Bank were used for operating lease. As of December 31, 2011, the cost (including revaluation increments) of the rental land was \$35,741,711, while most of the rental buildings had been fully depreciated over their useful lives.

According to the tenancy agreements, the estimated future rental revenue was as follows:

Fiscal Year	Amount
2012	\$ 124,002
2013	52,028
2014	19,256
2015	2,770
2016	1,128
	<u>\$ 199,184</u>

(15) Intangible Assets

The details for the year ended December 31, 2011 and 2010, for intangible assets measured at costs and amortization are as follows:

	December 31, 2011	December 31, 2010
Initials costs:		
Computer software	\$ 969,574	1,107,496
Add: acquisition	290,519	302,505
Less: amortization for the year	439,036	440,427
Closing balance	<u>\$ 821,057</u>	<u>969,574</u>

(16) Other Assets

	December 31, 2011	December 31, 2010
Non-operating assets, net	\$ 846,546	7,966,724
Collateral assumed, net	1,076,959	1,076,959
Advance payment	6,179,390	7,345,139
Operating guarantee deposits and settlement fund	10,000	10,000
Refundable deposits	113,358	109,259
Customer advance and accounts awaiting clearance	198,996	212,361
Deferred tax assets, net	338,993	633,114
Inventory	5,994,550	861,430
Others	360,318	392,258
Total	<u>\$ 15,119,110</u>	<u>18,607,244</u>

1) Non-operating assets

	December 31, 2011	December 31, 2010
Land (non-operating)	\$ 846,769	8,110,612
Buildings	2,353	2,353
Miscellaneous equipment	92	92
Accumulated depreciation – buildings	(2,186)	(2,091)
Accumulated impairment	(482)	(144,242)
	<u>\$ 846,546</u>	<u>7,966,724</u>

On March 11, 2011, and March 8, 2010, the Bank recognized impairment losses of \$0 and \$45,226, gain on reversal of \$16,762 and \$330, increased unrealized revaluation of \$199, and decreased unrealized revaluation increments by \$61.

2) Collateral assumed and residuals taken over, net

	December 31, 2011	December 31, 2010
Collateral assumed and residuals taken over	\$ 1,093,456	1,093,456
Less: allowance for impairment	(16,497)	(16,497)
	<u>\$ 1,076,959</u>	<u>1,076,959</u>

3) Advance payment

	December 31, 2011	December 31, 2010
Prepaid expense	\$ 720,670	660,000
Prepaid tax	34,817	50,170
Prepaid stock dividends and bonus	4,317,407	5,620,865
Other prepayment	1,052,496	1,014,104
	<u>\$ 6,179,390</u>	<u>7,345,139</u>

4) Inventory

	December 31, 2011	December 31, 2010
Inventory	\$ 6,244,475	865,005
Less: allowance for inventory devaluation	249,925	3,575
	<u>\$ 5,994,550</u>	<u>861,430</u>

Changes of allowances for inventory devaluation were as follows:

	December 31, 2011	December 31, 2010
Opening balance	\$ 3,575	84
Provision for the current period	246,350	3,491
Closing balance	<u>\$ 249,925</u>	<u>3,575</u>

The inventory expenses or losses recognized for the years ended December 31, 2011 and 2010 were \$246,350 and \$3,491; write-down of inventories to realizable value in the amount of \$246,350 and \$3,491, respectively, were include in service charges.

(17) Impairment

For the years ended December 31, 2011 and 2010, the movements of the accumulated impairment were as follows:

	2011	2010
Beginning balance	\$ 3,719,348	2,179,945
Recognized impairment loss for the current period	4,173	102,729
Reversal of impairment loss for the current period	(41,200)	(14,104)
Unrealized gains on revaluation increments for the current period	(119,932)	1,526,712
Wrote off	(1,915,323)	(2,333)
Foreign exchange differences	(15,630)	(73,601)
Ending balance	\$ 1,631,436	3,719,348

The ending balance of accumulated impairment was composed of the following:

	December 31, 2011	December 31, 2010
Available-for-sale financial assets	\$ 1,296,422	1,425,895
Other financial assets	318,025	309,750
Fixed assets	-	1,822,964
Other assets	16,979	160,739
Ending balance	\$ 1,631,436	3,719,348

Loss (gain) on impairment was composed as the follows:

	December 31, 2011	December 31, 2010
Fixed assets	\$ 4,036	(43,729)
Other assets	32,991	(44,896)
Ending balance	\$ 37,027	(88,625)

(18) Deposits of Central Bank and other banks

	December 31, 2011	December 31, 2010
Deposits from Central Bank	\$ 12,005,704	12,477,882
Deposits from banks – others	25,282,765	25,086,913
Postal deposits transferred	3,404,645	3,830,591
Bank overdrafts	695,107	1,661,280
Call loans from bank	167,538,254	164,556,271
	\$ 208,926,475	207,612,937

(19) Financial Liabilities Measured at Fair Value through Profit or Loss

1) Details of financial liabilities measured at fair value through profit or loss were as follows:

	December 31, 2011	December 31, 2010
Held-for-trading financial liabilities	\$ 19,429	24,565
Add: valuation adjustment	3,883,456	18,961,039
	\$ 3,902,885	18,985,604

2) For valuation of financial liabilities measured at fair value through profit or loss, please refer to note 28.

3) Held-for trading financial liabilities

	December 31, 2011	December 31, 2010
Foreign exchange options premium	\$ 19,429	24,565
Valuation adjustment – foreign exchange options	(10,528)	4,681
Valuation adjustment – cross currency swaps	2,793,485	16,848,246
Valuation adjustment – interest rate swaps	906,650	916,724
Valuation adjustment – forward foreign exchange	193,849	1,191,388
	\$ 3,902,885	18,985,604

4) Unmatured derivative financial instruments (stated at notional principal amount)

	December 31, 2011	December 31, 2010
Foreign exchange options premiums	\$ 4,949,172	4,657,063
Cross currency swaps	309,062,210	412,998,459
Interest rate swaps	15,668,237	27,061,391
Forward foreign exchange	21,877,127	35,506,718
	<u>\$ 351,556,746</u>	<u>480,223,631</u>

(20) Payables

	December 31, 2011	December 31, 2010
Accounts payable	\$ 10,935,111	7,140,316
Receipts under custody payable	1,058,172	1,243,990
Accrued expense	2,569,836	2,570,575
Income tax payable	246,517	267,655
Interest payable	12,548,806	11,488,871
Banker's acceptance payable	2,724,821	3,753,620
Due from representative organization	249,071	353,952
Construction payable	757	26,870
Other payables – spot foreign exchange awaiting delivery	32	7,227
Other payables – collection bills	1,410,373	5,322,119
Other payables – payments awaiting transfer	4,545,731	4,142,598
Other payables –ATM temporary receipts, payments and inter-branch difference	1,259,252	1,400,110
Other payables – foreign exchange awaiting transfer	661,118	-
Other payables – factoring receivables-without recourse	359,069	227,675
Other payables – others	902,913	1,006,426
	<u>\$ 39,471,579</u>	<u>38,952,004</u>

(21) Deposits and Remittances

	December 31, 2011	December 31, 2010
Checking account deposits	\$ 34,918,413	32,910,376
Government deposits	227,242,671	233,009,445
Demand deposits	256,758,436	251,441,337
Time deposits	473,562,243	513,251,758
Remittances	568,020	497,518
Savings account deposits:		
Demand savings deposits	608,719,709	584,352,372
Staff accounts	23,352,713	22,708,997
Club savings deposits	1,116,970	1,118,497
Non-interest-drawing time savings deposits	648,445,648	648,342,232
Interest-drawing savings deposits	494,125,407	458,588,204
Premium interest-drawing savings deposits	449,200,457	439,710,276
	<u>\$ 3,218,010,687</u>	<u>3,185,931,012</u>

As of December 31, 2011 and 2010, the above time deposits and savings account deposits, except for demand savings deposits, would mature in one month to three years.

(22) Other Financial Liabilities

	December 31, 2011	December 31, 2010
Hedging derivative financial liabilities	\$ 409,907	255,348
Appropriated loan funds	671,370	793,180
Principal received from structured products	4,674,906	-
	<u>\$ 5,756,183</u>	<u>1,048,528</u>

Commencing from January 1, 2011, the Financial Supervisory Commission issued the "Regulations for the accounting principle for principal received from structured products". In accordance with the regulation, principal received from structured products shall be booked under other financial liabilities under the corresponding account name. Such changes will not be reclassified as principal received from structured products that were booked under savings in December 31, 2010 approved by the National Audit Office.

Please refer to note 28 for details of hedging derivative financial liabilities on December 31, 2011 and 2010.

(23) Other Liabilities

	December 31, 2011	December 31, 2010
Reserve for guarantee liability	\$ 591,441	281,340
Reserve for labor insurance liability	178,024,493	174,497,614
Advance collections	1,193,587	1,821,419
Estimated tax payable on land value increments	18,278,621	15,313,154
Guarantee deposits received	4,622,421	4,940,533
Temporary receipt awaiting transfer	43,485	187,041
Other liabilities to be settled	8,239	8,239
Others	1,266,345	1,276,325
	<u>\$ 204,028,632</u>	<u>198,325,665</u>

(24) Pension

The reconciliation of the plan's funded status and accrued pension liabilities was as follows:

	December 31, 2011		December 31, 2010	
	Regular Employees	Regular Labor / Contract Employees	Regular Employees	Regular Labor / Contract Employees
Benefit obligation:				
Vested benefit obligation	\$ (5,318,460)	(396,392)	(4,960,693)	(362,404)
Non-vested benefit obligation	(4,506,105)	(303,426)	(3,689,641)	(280,751)
Accumulated benefit obligation	(9,824,565)	(700,118)	(8,650,334)	(643,155)
Additional benefits based on future salaries	(2,775,581)	(194,311)	(2,407,543)	(182,494)
Projected benefit obligation (PBO)	(12,600,146)	(894,429)	(11,057,877)	(825,649)
Fair value of plan assets	5,300,184	965,539	5,323,980	938,079
Funding status	(7,299,962)	71,110	(5,733,897)	112,430
Unrecognized net transition obligation	203,281	68,882	308,207	94,413
Unrecognized prior year service cost	153,595	(12,771)	174,074	(16,419)
Unrecognized loss (gain)	3,582,911	(169,594)	2,311,798	(253,226)
Accrued minimum pension liability (booked under other assets – deferred pension cost and unrealized investment net loss not recognized as pension cost)	(1,164,206)	-	(386,535)	-
Accrued pension liability	<u>\$ (4,524,381)</u>	<u>(42,373)</u>	<u>(3,326,353)</u>	<u>(62,802)</u>
Vested benefit	<u>\$ (6,271,675)</u>	<u>(450,102)</u>	<u>(6,004,486)</u>	<u>(425,469)</u>

The components of net pension cost for the years 2011 and 2010 were as follows:

	2011		2010	
	Regular Employees	Regular Labor / Contract Employees	Regular Employees	Regular Labor / Contract Employees
Service cost	\$ 823,187	34,191	771,614	34,842
Interest cost	208,052	15,663	234,176	19,983
Projected return on plan assets	(100,655)	(18,788)	(127,548)	(22,552)
Amortization and deferred cost	192,406	10,496	147,985	11,779
Net pension cost	\$ 1,122,990	41,562	1,026,227	44,052

Actuarial assumptions:

	2011	2010
Discount rate	1.65%	2.00%
Rate of increase in future compensation	2.00%	2.00%
Rate of projected return on plan assets	1.65%	2.00%

(25) Income Tax

The income tax expense for 2011 and 2010 is summarized below:

	2011	2010
Current income tax expense	\$ 449,109	337,748
Deferred tax expense	340,192	404,089
Income tax expense	\$ 789,301	741,837

For the fiscal year ended December 31, 2011 and 2010, the income tax of the Bank is 17%. For the years ended December 31, 2011 and 2010, the differences between the “expected” income tax expense at the statutory income tax rate and the effective income tax expense in the accompanying financial statements were as follows:

	2011	2010
Expected income tax expense	\$ 763,363	1,330,550
Tax effect of interest income from short-term notes separately taxed	-	6,981
Loss (gain) on securities trading	19,394	(193,269)
(Gain) loss on financial assets evaluation	(48,894)	48,744
Tax-free earnings from OBU	(122,838)	(182,442)
Investment income under equity method	(383,396)	(283,334)
Gain on disposal of land	(70,029)	(102,610)
(Gain) loss on provision for (reversal of) asset impairment – land	(6,121)	15,066
High speed railway and cost reversal	549,205	-
Tax-free reinvestment income (dividends and bonus)	(743,207)	(234,479)
Income tax expense of overseas branches	362,539	261,721
Provision for (reversal of) valuation allowance for deferred tax assets	426,091	(253,397)
Income basic tax	42,858	220,807
Others	336	23,329
Income tax effect of tax rate	-	84,170
Income tax expense	\$ 789,301	741,837

For the years ended December 31, 2011 and 2010, the major components of deferred income tax expense were as follows:

	2011	2010
Pension costs disallowed per tax regulation	\$ 510,445	(52,227)
Unrealized (loss) gain on foreign exchange	(197,454)	216,154
Income tax expense from overseas branches	27,201	155,948
Income tax rate effect	-	84,170
Others	-	44
Deferred income tax expense	\$ 340,192	404,089

The temporary differences, loss carryforward, income tax credit, and certain tax effects relating to deferred income tax assets were as follows:

	December 31, 2011		December 31, 2010	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets:				
Pension costs disallowed per tax regulation	\$ 3,402,558	578,433	3,002,619	510,445
Loss carryforward	-	-	1,932,567	328,536
Inventory devaluation	249,924	42,487	-	-
Accumulated impairment – collateral assumed	16,497	2,804	16,497	2,804
Valuation loss on financial assets	140,309	23,853	-	-
Accumulated impairment – available for sale – foreign	300,926	51,158	429,234	72,969
Unrealized gain on exchange	643,067	109,321	-	-
Foreign deferred income tax assets – carryforward	-	226,589	-	253,790
Unrealized gain or loss on financial instruments – foreign	-	68,733	-	16,146
Unrealized gain or loss on financial instruments – foreign – exchange rate differences	-	6,819	-	6,273
Cumulative translation adjustments	-	70,524	-	81,851
Others	-	-	3,575	608
		1,180,721		1,273,422
Allowance for deferred income tax assets		(808,056)		(381,949)
		<u>\$ 372,665</u>		<u>891,473</u>
Deferred income tax liabilities:				
Unrealized loss on exchange	-	-	135,113	22,969
Deferred income tax assets – foreign	-	33,672	-	37,937
Loss on evaluation of financial assets	-	-	1,161,490	197,453
		<u>\$ 33,672</u>		<u>258,359</u>
Deferred income tax assets, net		<u>\$ 338,993</u>		<u>633,114</u>

As of December 31, 2011 and 2010, the components of income tax refund receivable were as follows:

	December 31, 2011	December 31, 2010
Current income tax expense	\$ 449,109	337,748
Tax adjustments regarding separate taxation	-	(11,169)
Income tax expense paid by overseas branches	(335,338)	(105,773)
Withholding tax on bond interest	(4,316)	(3,972)
Withholding tax	(684,886)	(738,510)
Prior year's income tax refund receivable	(1,258,432)	(1,335,715)
Income tax refund receivable, net	<u>\$ (1,833,863)</u>	<u>(1,857,391)</u>

Starting from 2008, the Company and Taiwan Financial Holding adopted a combined income tax declaration to report their tax. As of December 31, 2011 and 2010, the details of tax payable and receivable were as follows:

Fiscal year	December 31, 2011		
	Tax receivable from affiliated parties (recorded in miscellaneous account receivables)	Tax payable to affiliated parties (recorded in miscellaneous account payables)	Income tax payable to National Tax Administration (recorded in miscellaneous account receivables)
2008	\$ 740,542	-	-
2010	517,890	-	-
2011	<u>571,115</u>	<u>-</u>	<u>4,316</u>
	<u>\$ 1,829,547</u>	<u>-</u>	<u>4,316</u>

Fiscal year	December 31, 2010		
	Tax receivable from affiliated parties (recorded in miscellaneous account receivables)	Tax payable to affiliated parties (recorded in miscellaneous account payables)	Income tax payable to National Tax Administration (recorded in miscellaneous account receivables)
2008	\$ 740,542	-	-
2009	595,173	-	3
2010	517,704	-	3,969
	<u>\$ 1,853,419</u>	<u>-</u>	<u>3,972</u>

The reconciliation of the balances of current income tax benefit, deferred income tax expense, deferred tax assets, and income tax payable under the provision of SFAS No. 22, "Income Taxes", and the related balances computed for filing combined corporate income tax returns with Taiwan Financial Holding as the taxpayer was as follows:

	2011			
	Current income tax expense	Deferred income tax expense	Deferred income tax asset, net	Affiliated company receivable
Amount computed under SFAS No. 22	\$ 449,109	340,192	338,993	1,829,547
Difference adjustments	-	-	-	-
Amount computed for filing consolidated returns	<u>\$ 449,109</u>	<u>340,192</u>	<u>338,993</u>	<u>1,829,547</u>

	2010			
	Current income tax expense	Deferred income tax expense	Deferred income tax asset, net	Affiliated company receivable
Amount computed under SFAS No. 22	\$ 337,748	404,089	633,114	1,853,419
Difference adjustments	-	-	-	-
Amount computed for filing consolidated returns	<u>\$ 337,748</u>	<u>404,089</u>	<u>633,114</u>	<u>1,853,419</u>

Apart from 2008, the Bank's income tax returns up till 2010 have been audited by the MoA and examined by the National Tax Administration. The financial statements in 2008 has not been examined by the tax authorities.

As of December 31, 2011 and 2010, the balance of the ICA (imputation credit account) was as follows:

	December 31, 2011 (expected)	December 31, 2010 (actual)
Balance of ICA	<u>\$ 860,212</u>	<u>195,077</u>

After the Bank's filing of the income tax return, the imputed tax creditable ratio for appropriating the net income for 2010 and 2009 is 6.50% and 5.32% (actual).

As of December 31, 2011 and 2010, the composition of unappropriated retained earnings was as follows:

Fiscal year	December 31, 2011	December 31, 2010
1998 and after	<u>\$ 6,301,072</u>	<u>9,284,968</u>

(26) Stockholders' Equity

- 1) As of December 31, 2011 and 2010, the Bank's authorized capital and issued capital were \$70,000,000. The above mentioned common stock had a par value of \$10.

The board of directors agreed to issue 2,500,000 shares through special reserve of \$20,500,000 and capital reserve of \$4,500,000, approved by the authorities. The date of issuing new shares was set on November 8, 2010. Relevant legal procedures were completed year.

- 2) According to the ROC Company Act prior to the new amendment on January 4, 2012, capital surplus can only be used to offset accumulated deficit or to increase share capital by using the realized capital surplus. Capital surplus cannot be used for distribution of cash dividends. According to the new amendment of the ROC Company Act, company can declare dividend with capital surplus. The aforementioned realized capital surplus includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. The share capital capitalized in any one year may not exceed a certain percentage for the company's increasing share capital under the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The Company may only increase its capital reserve out of the share capital from cash premium on capital stock once a year. The additional capital reserve from the share capital may not be increased during the same fiscal year as the additional share capital from cash premium on capital stock.

The composition of capital surplus was as follows:

	December 31, 2011	December 31, 2010
Capital surplus – from equity premium	\$ 105,453,034	105,453,034
Capital surplus – from long-term equity investment under equity method	624,838	128,406
	<u>\$ 106,077,872</u>	<u>105,581,440</u>

3) Legal reserve

According to the ROC Company Act prior to the new amendment on January 4, 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. The Legal reserve can only be used to offset deficits, and cannot be distributed as cash dividends. Up to one-half of legal reserve can be converted to share capital when it reaches an amount equal to one-half of issued share capital. According to the new amendment of the ROC Company Act, when the Company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or cash. Only the portion of the legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

4) Special reserve

The Board of directors agreed to distribute unappropriated earnings using special reserve of \$2.2 billion and \$2.6 billion on January 14, 2011 and July 29, 2011, respectively.

5) Appropriation of earnings

The articles of incorporation of the Bank stipulate that net income should be distributed in the following order:

1. to pay income tax;
2. to offset prior years' deficit;
3. to appropriate 30% as legal reserve;
4. to appropriate 20~40% the equivalent of the unrealized losses on financial instruments recorded under stockholders' equity as special reserve;
5. to appropriate dividends.

The remaining balance would be appropriated, combining accumulated retained earnings, in accordance with related laws and regulations.

According to the Banking Law, before the legal reserve balance reaches the total amount of capital, cash dividend distributions cannot exceed 15% of total capital.

6. Cumulative translation by adjustments

	December 31, 2011	December 31, 2010
Opening balance	\$ (455,457)	(123,228)
Cumulative translation adjustment realized from investee company	34,115	(26,954)
Exchange difference from foreign financial statements	55,296	(305,275)
Closing balance	<u>\$ (366,046)</u>	<u>(455,457)</u>

7. Unrealized investment net loss net recognized as pension cost

	December 31, 2011	December 31, 2010
Opening balance	\$ (1,915)	-
Unrealized net loss not recognized as pension cost from investee under equity method	65	(1,915)
Unrealized net loss net recognized as pension cost-recognized by the Bank	(807,330)	-
Closing balance	<u>\$ (809,180)</u>	<u>(1,915)</u>

8. Unrealized gains or losses on financial instruments

	December 31, 2011	December 31, 2010
Opening balance	\$ 28,860,619	19,065,468
Unrealized gains or losses on financial instruments from investee under equity method	(1,440,608)	194,884
Unrealized gains or losses on available-for-sale Financial assets	(13,436,854)	9,599,267
Closing balance	<u>\$ 13,983,157</u>	<u>28,860,619</u>

9. Unrealized gains on revaluation increments

	December 31, 2011	December 31, 2010
Opening balance	\$ 14,640,018	16,138,057
Unrealized gains on revaluation increments from investee under equity method	396,021	41,061
Recognized (reversed) from sale of land	11,545,634	(12,186)
Reversal of unrealized gain on revaluation increments deducted from land	-	(1,526,914)
Closing balance	\$ 26,581,673	14,640,018

(27) Earnings per Share

Computation of the Bank's basic earnings per share for the years ended December 31, 2011 and 2010, was as follows:

	December 31, 2011		December 31, 2010	
	Pretax	After tax	Pretax	After tax
Net income	\$ 4,490,373	3,701,072	7,826,805	7,084,968
Weighted average outstanding shares (in thousands)	\$ 7,000,000	7,000,000	7,000,000	7,000,000
Basic earnings per share				
Net income	\$ 0.64	0.53	1.12	1.01

(28) Information on Financial Instruments

1) Information on fair value of financial instruments

	December 31, 2011		December 31, 2010	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets:				
Financial assets measured at fair value through profit or loss	\$ 110,886,007	110,886,007	99,875,033	99,875,033
Available-for-sale financial assets	757,373,465	757,373,465	837,360,582	837,360,582
Loans and discounts	2,153,645,232	2,153,645,232	2,079,558,679	2,079,558,679
Held-to-maturity financial assets	50,942,589	43,529,068	54,207,507	54,633,371
Other financial assets	72,207,332	72,207,332	69,201,006	69,201,006
Financial Liabilities:				
Financial liabilities measured at fair value through profit or loss	3,902,885	3,902,885	18,985,604	18,985,604
Other financial liabilities	5,756,183	5,756,183	1,048,528	1,048,528

2) The methods and assumptions used by the Bank for calculation of the fair value of financial instruments are as follows:

- The book value of financial instruments closed to the maturity date is a reasonable basis for fair value measurement. This method applies to cash and cash equivalents, placement with Central Bank and call loans to banks, resell bond transactions, loans and discounts, accounts receivable, other financial assets (except those recorded at cost if their fair value is not available and debt investments without quoted price in active markets recorded at amortized cost), deposits from Central Bank, deposits from other banks, repurchase bond transactions, accounts payable, deposits and remittances, and other liabilities.
- When the financial assets have a public quotation from an active market, the market price is considered the fair value. If, however, there is no market price for reference, the value will be estimated by appraisal. The estimates and assumptions utilized are the same as those utilized by market traders to decide the value of financial instruments. The discount rate the Bank uses is the rate of return on financial instruments with equivalent conditions and quality.
- Interest on loans is calculated by a floating rate; thus the book value is the present fair value.
- Deposits and remittances are mostly due within one year. If the due date is longer than one year, the interest would be calculated by a floating rate; thus the book value is the present fair value.
- The DCF (discounted cash flow) will be applied to calculate the fair value of each forward contract, whereas the Bank uses the Reuters foreign exchange rate upon maturity. For an IRS (interest rate swap) or a CCS (cross currency swap), quotations provided by both the trader and Bloomberg will be referenced to apply the DCF to calculate the fair value of the individual contract. In addition, the Black-Scholes model is applied to evaluate the fair value of options.

- 3) The fair values of the Bank's financial assets and liabilities evaluated under direct public quotation from an active market or under an assessment method as of December 31, 2011 and 2010, were as follows:

	2011		2010	
	Fair value per direct public quotation from active market	Fair value per assessment method	Fair value per direct public quotation from active market	Fair value per assessment method
Financial Assets				
Financial assets measured at fair value through profit or loss	\$ 65,996,668	44,889,339	63,218,156	36,656,877
Available-for-sale financial assets	71,616,875	685,756,590	77,914,758	759,445,824
Discount and loans	-	2,153,645,232	-	2,079,558,679
Held-to-maturity financial assets	8,808,758	34,720,310	9,043,816	45,589,555
Other financial assets	-	72,207,332	-	69,201,006
Financial Liabilities				
Financial liabilities measured at fair value through profit or loss	-	3,902,885	-	18,985,604
Other financial liabilities	-	5,756,183	-	1,048,528

The Bank recognized current gain (loss) of \$15,416,361 and \$(7,615,514) due to variation in fair value under an assessment method in the years 2011 and 2010, respectively.

Financial assets and liabilities measured at fair value recognized through profit or loss under assessment method as of December 31, 2011 and 2010 were as follows:

	2011	2010
Financial Assets		
Adjustment of assets held for trading purposes	\$ 839,541	6,866,077
Adjustment of assets designated at fair value	(410,753)	(119,592)
Loss in adjustment of available – for – sale financial assets	129,463	45,503
Adjustment of valuation for derivatives held for hedging purposes	(1,718)	(8,200)
Loss in adjustment of bond investment in non-active market	(8,138)	28,098
Loss in adjustment of financial assets measured at cost	(137)	-
	548,258	6,811,886
Financial liabilities		
Adjustment of liabilities held for trading purposes	(15,022,661)	14,413,026
Adjustment of valuation for derivatives held for hedging purpose	154,558	14,374
	(14,868,103)	14,427,400
	\$ 15,416,361	(7,615,514)

- 4) Financial risk information

1. Market risk

Market risk is also called “pricing risk.” It means changes such as in interest rates, exchange rates, and the prices of equity securities and instruments which may result in a loss for the Bank, either on or off the balance sheet.

In order to establish and effectively operate the Market Risk Control Mechanism, all trading units, in accordance with the Bank's cash capital and operating condition, implement appropriate market risk control in daily operations and management procedures, such as

- Identifying, evaluating and analyzing (qualification/non-qualification) risks and adopting appropriate methods (including risk hedging, risk sharing, risk reducing, and risk bearing).
- Each unit following the Market Risk Management Guidelines for position management, actively monitoring various limits, and reporting to the responsible unit or the risk management department.
- Verifying the position data and profit or loss status with the accounting department to ensure the consistency and completeness of data, and setting up a separate risk management unit to help control the Bank's overall market risk.

The Bank utilizes the standard method for calculating market risk capital to meet the requirement of the Basel Accord. In the future, the Bank will adopt a market risk management system and use VaR to enhance risk gain or loss analysis and overall reporting ability. Furthermore, the Bank will amend relevant policies and standards in accordance with the request of management agencies.

2. Credit risk

- (a) The possibility of a loss occurring due to the failure of a counterparty or third party to meet contractual debt obligations. Commodities owned and issued by the Bank may cause a loss when the contractual debt obligations are not met. Therefore, the Bank always conducts credit evaluations in accordance with the Credit Policy and Regulation in handling credit business such as loans, commitments and guarantees. The details were as follows:

Unit: Million NTD

December 31, 2011			
Item	Secured amount	Total amount	Percentage of total amount
Loans (note 1)	\$ 1,112,514	2,171,539	51.23
Acceptances	155	2,715	5.71
Guarantees on loans	9,967	71,487	13.94

December 31, 2010			
Item	Secured amount	Total amount	Percentage of total amount
Loans (note 1)	\$ 1,004,085	2,091,101	48.02
Acceptances	145	3,683	3.94
Guarantees on loans	13,421	43,952	30.54

Note 1: Amounts of loans exclude advances and off-balance sheet items.

Collateral may include cash, inventories, marketable securities, and other property. If the customers default, the Bank will, as required by circumstances, foreclose the collateral or execute other rights arising out of the guarantees given. Since most of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash demands. The maximum potential amount of future payments represents the notional amounts that could be lost under the guarantees if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

(b) Credit risk – disclosure of the greatest credit exposure

The book value and greatest credit exposure of various commodities owned by the Bank are disclosed below:

Unit: Million NTD

Item	December 31, 2011	
	Book Value	Greatest Credit Exposure (notes 2 and 3)
Financial assets measured at fair value through profit or loss	\$ 110,886	110,004
Available-for-sale financial assets	757,373	108,268
Held-to-maturity financial assets	50,943	50,353
Loans and advances (note 1)	2,228,639	1,928,347
Hedging derivatives	3	3
Debt investments without quoted price in active markets	3,951	3,951
Financial assets carried at cost	11,092	11,092

Note 1: The aforementioned "loans and advances" refer to the outstanding amounts of discounts; overdrafts; treasury overdrafts; guarantee overdrafts; short-term, medium-term and long-term secured/unsecured loans; import bill advances /export bill purchases; temporary advances; and nonperforming loans (excluding credit cards and guarantee, the amount was \$8,263 million)

Note 2: In the amounts of greatest credit exposure, held-for-trading financial assets exclude government bonds amounting to \$882 million; available-for-sale financial assets exclude government bonds amounting to \$26,495 million and negotiable certificates of deposit amounting to \$622,610 million; held-to-maturity financial assets exclude government bonds amounting to \$590 million; loans and advances exclude Central Government loans amounting to \$258,642 million, Central Government short-term advance amounting to \$13,550 million, and Bureau of National Health Insurance amounting to \$28,100 million.

Note 3: The amount of greatest credit exposure is the fair value at the balance sheet date; the book value of hedging derivatives is the principal of the hedging instruments (IRS); and the amount of greatest credit exposure is the adjusted amount of hedging derivatives at fair value.

Note 4: The greatest credit exposure is positive at balance sheet date.

Unit: Million NT\$

	December 31, 2010	
	Book Value	Greatest Credit Exposure (notes 2 and 3)
Financial assets measured at fair value through profit or loss	\$ 99,875	98,968
Available-for-sale financial assets	837,361	114,801
Held-to-maturity financial assets	54,208	53,664
Loans and advances (note 1)	2,145,169	1,867,178
Hedging derivatives	5	5
Debt investments without quoted price in active markets	3,986	3,986
Financial assets carried at cost	11,092	11,092

Note 1: The aforementioned "loans and advances" refer to the outstanding amounts of discounts; overdrafts; treasury overdrafts; guarantee overdrafts; short-term, medium-term and long-term secured/unsecured loans; import bill advances /export bill purchases; temporary advance; and nonperforming loans.

Note 2: In the amounts of greatest credit exposure, held-for-trading financial assets exclude government bonds amounting to \$907 million; available-for-sale financial assets exclude government bonds amounting to \$27,869 million and negotiable certificates of deposit amounting to \$694,691 million; held-to-maturity financial assets exclude government bonds amounting to \$544 million; loans and advances exclude Central Government loans amounting to \$240,087 million, Central Government short-term advance amounting to \$13,304 million and Bureau of National Health Insurance amounting to \$24,600 million.

Note 3: The greatest exposure is positive at balance sheet date.

(c) Disclosure of concentration of credit risk

When the trading of financial instruments is centered in a single industry or region, the ability to fulfill the contract would be affected by similar factors, thereby causing concentration of credit risk. Disclosure of the Bank's concentration of credit risk is as follows:

a) The details of loans to various industry types and the greatest credit exposure in 2011 and 2010 were as follows:

Unit: Million NT\$

December 31, 2011			
Industry type	Book value (note 1)	%	Maximum credit exposure (note 2)
Individual	\$ 684,213	31.51	684,213
Government agencies	458,287	21.10	171,545
Manufacturing	383,094	17.64	383,094
Shipping, warehousing and communications	127,593	5.88	127,593
Utilities	123,856	5.70	123,856
Others	394,496	18.17	394,496
Total	\$ 2,171,539	100.00	1,884,797

Note 1: The book value means the balances of discounts; overdrafts; treasury overdrafts; secured overdrafts; short-term, medium-term and long-term secured/unsecured loans; receivables from pecuniary finance; and acceptance under letter of credit for imports and exports (excluding credit cards and guarantee, the amount was \$8,263 million).

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$258,642 million from book value and the loan to the Bureau of National Health Insurance of \$28,100 million.

Unit: Million NT\$

December 31, 2010			
Industry type	Book value (note 1)	%	Maximum credit exposure (note 2)
Individual	\$ 657,172	31.43	657,172
Government agencies	474,044	22.67	209,357
Manufacturing	330,004	15.78	330,004
Shipping, warehousing and communications	137,845	6.59	137,845
Utilities	141,453	6.76	141,453
Others	350,583	16.77	350,583
Total	\$ 2,091,101	100.00	1,826,414

Note 1: The book value means the balances of discounts; overdrafts; treasury overdrafts; secured overdrafts; short-term, medium-term and long-term secured/unsecured loans; receivables from pecuniary finance; and acceptance under letter of credit for imports and exports.

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$240,087 million from book value and the loan to the Bureau of National Health Insurance of \$24,600 million.

b) The details of loans to different industry regions in 2011 and 2010 were as follows:

Unit: Million NTD

December 31, 2011			
Region	Book value (note 1)	%	Maximum credit exposure (note 2)
Domestic	\$ 2,024,215	93.22	1,737,473
Foreign	147,324	6.78	147,324
Total	\$ 2,171,539	100.00	1,884,797

Note 1: The book value means the balances of discounts; overdrafts; treasury overdrafts; secured overdrafts; short-term, medium-term and long-term secured/unsecured loans; receivables from pecuniary finance; and acceptance under letter of credit for imports and exports (excluding credit cards and guarantee, the amount was \$8,263 million).

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$258,642 million from book value and the loan to the Bureau of National Health Insurance of \$28,100 million.

Unit: Million NTD

December 31, 2010			
Region	Book value (note 1)	%	Maximum credit exposure (note 2)
Domestic	\$ 1,975,054	94.45	1,710,367
Foreign	116,047	5.55	116,047
Total	\$ 2,091,101	100.00	1,826,414

Note 1: The book value means the balances of discounts; overdrafts; treasury overdrafts; secured overdrafts; short-term, medium-term and long-term secured/unsecured loans; receivables from pecuniary finance; and acceptance under letter of credit for imports and exports.

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$240,087 million from book value and the loan to the Bureau of National Health Insurance of \$24,600 million.

(d) Off-balance sheet credit risk (including loan commitments, net settlement agreements, and offset rights)

While the Bank provides loan commitments and similar relevant services, the Bank evaluates credit very conservatively. The Bank reserves the utmost right in enforcing collaterals demanded from the counter-party when breach of the agreement is committed in order to control and mineralize our credit risk effectively. Fair value of the collaterals is not within the Bank's consideration when disclosing for maximum credit exposure.

Unit: million NTD

Item	Maximum credit exposure	
	December 31, 2011	December 31, 2010
Irrevocable loan commitment (with credit agreement)	\$ 390,357	545,305
Letter of credit receivables	\$ 43,112	35,706
Deposits receivables	\$ 71,390	43,952
Acceptances receivables	\$ 2,715	3,683

Note: The table above solely includes the amount as at the end of the financial year and the off balance sheet commitment and deposits agreed as subject of measurement. The table does not consider the impact of different types of counter party.

3. Liquidity risk

Liquidity risk includes market liquidity risk and capital liquidity risk (financial risk). Market liquidity risk is the risk of facing market price movement in processing or offsetting owned assets caused by a low-volume market. Capital liquidity risk, on the other hand, is the risk of default at the maturity due to inability to cash in assets or obtain sufficient capital. The Bank has different policies in accordance with capital demands for different kinds of business, aiming to effectively monitor market liquidity risk. Moreover, the financial department is in charge of the overview of capital and conducts a daily review to respond to system risk and capital demand in abnormal conditions.

The Bank controls the trading risk of commodities by means of the aforementioned position limits, setting of stop loss points, and operation guidelines at the management level. In addition, the Bank utilizes financial tools of the money market and foreign exchange market, together with appropriate liquid assets, to plan for future cash demand.

The liquidity ratio in December 2011 and December 2010 were 40.59% and 42.94%, respectively. The capital and operating funds are sufficient to fulfill all contractual obligations. The Bank faced no liquidity risk due to insufficient funds.

The analysis of maturity for December 31, 2011 and 2010 is as follows:

	December 31, 2011				
	1st-30th day	31st--90th day	91st-365th day	Over a year	Subtotal
Assets					
Cash and cash equivalents	\$ 25,233,775	-	-	-	25,233,775
Placement with Central Bank and call loans to banks	38,702,180	221,480,349	127,314,375	126,319,259	513,816,163
Financial assets at fair value through profit or loss, net	5,501,626	6,714,417	2,905,636	30,018,005	45,139,684
Bonds and bills purchased under resell agreements	3,231,949	-	-	-	3,231,949
Available-for-sale financial assets, net	315,920,821	266,954,423	77,090,954	97,407,267	757,373,465
Held-to-maturity financial assets, net	2,001	-	89,528	529,338	620,867
Hedging derivative assets	3,074	-	-	-	3,074
Financial assets carried at cost	-	-	-	11,092,189	11,092,189
Debt investments without quoted price in active markets	-	605,500	454,110	2,891,537	3,951,147
Investments under equity method, net	-	-	-	32,479,598	32,479,598
Receivables, net	9,990,771	1,108,127	646,911	16,547,065	28,292,874
Loans and discounts, net	202,617,269	175,031,865	412,495,247	1,368,715,956	2,158,860,337
Non-performing loans	253,196	-	-	8,059,436	8,312,632
Total assets	\$ 601,456,662	671,894,681	620,996,761	1,694,059,650	3,588,407,754
Liabilities					
Deposits of Central Bank and other banks	\$ 102,494,969	63,188,499	17,567,343	25,675,664	208,926,475
Payables	11,869,584	11,302	148,956	25,282,175	37,312,017
Financial liabilities measured at fair value through profit or loss	553,783	64,551	-	3,279,298	3,897,632
Bonds and bills sold under repurchase agreements	9,715,429	4,715,540	475,196	-	14,906,165
Hedging derivative liabilities	409,907	-	-	-	409,907
Other financial liabilities	-	-	-	671,369	671,369
Deposits and remittances	305,811,927	338,382,799	1,092,169,729	1,481,646,232	3,218,010,687
Total liabilities	\$ 430,855,599	406,362,691	1,110,361,224	1,536,554,738	3,484,134,252
Gaps	\$ 170,601,063	265,531,990	(489,364,463)	157,504,912	104,273,502

Note: The table contains the amounts for the departments of the Bank only.

	December 31, 2010				
	1st-30th day	31st--90th day	91st-365th day	Over a year	Subtotal
Assets					
Cash and cash equivalents	\$ 21,899,765	-	-	-	21,899,765
Placement with Central Bank and call loans to banks	66,698,365	229,546,130	127,308,218	99,957,658	523,510,371
Financial assets at fair value through profit or loss, net	5,409,926	2,679,087	1,435,592	25,776,052	35,300,657
Bonds and bills purchased under resell agreements	600,294	-	-	-	600,294
Available-for-sale financial assets, net	443,339,002	233,755,710	52,310,744	107,955,126	837,360,582
Held-to-maturity financial assets, net	-	2,004	-	574,347	576,351
Hedging derivative assets	5,052	-	-	-	5,052
Financial assets carried at cost	-	-	-	11,092,326	11,092,326
Debt investments without quoted price in active markets	-	-	-	3,985,572	3,985,572
Investments under equity method, net	-	-	-	31,330,008	31,330,008
Receivables, net	1,515,085	1,000,814	826,280	20,582,778	23,924,957
Loans and discounts, net	154,865,595	155,046,220	381,880,016	1,383,285,728	2,075,077,559
Non-performing loans	459,324	-	-	11,567,604	12,026,928
Total assets	\$ 694,792,408	622,029,965	563,760,850	1,696,107,199	3,576,690,422
Liabilities					
Deposits of Central Bank and other banks	\$ 65,991,474	70,488,298	24,412,375	46,720,790	207,612,937
Payables	17,545,152	16,802	165,608	39,124,072	56,851,634
Financial liabilities measured at fair value through profit or loss	775,534	-	-	18,210,071	18,985,605
Bonds and bills sold under repurchase agreements	6,542,132	2,887,241	-	-	9,429,373
Hedging derivative liabilities	243,003	-	12,346	-	255,349
Other financial liabilities	-	-	-	793,180	793,180
Deposits and remittances	335,786,707	323,351,819	1,077,660,808	1,449,131,678	3,185,931,012
Total liabilities	\$ 426,884,002	396,744,160	1,102,251,137	1,553,979,791	3,479,859,090
Gaps	\$ 267,908,406	225,285,805	(538,490,287)	142,127,408	96,831,332

Note: The table contains the amounts for the departments of the Bank only.

4. Cash flow risk and fair value risk of interest rate change

Floating assets and floating liabilities of the Bank may change due to movement in future cash flow caused by market rate movement, and hence create risk. The evaluation showed the potential risk may be significant; thus the Bank signed an interest swap contract for the purpose of hedging risk.

(a) Information on expected final maturity and expected repricing date

On December 31, 2011 and 2010, the expected re-pricing date and expected final maturity would not be affected by the contract effective date. The following table shows the interest risk of the Bank. Non-derivative assets and liabilities are listed at book value without deducting any allowance or adjustment. Derivative assets and liabilities are listed at book value. The book value is further categorized by the earlier of the maturity date or repricing date. The book value of commodities owned or issued by the Bank, categorized by different maturity or repricing date (the earlier date among the two), was as follows:

Unit: Million NTD

	December 31, 2011				
	1-30 days	31--90 days	91-365 days	Over a year	Subtotal
Asset					
Financial assets measured at fair value through profit or loss	\$ 5,501	6,714	2,906	30,018	45,139
Bonds and bills purchased under resell agreements	3,232	-	-	-	3,232
Available-for-sale financial assets	315,921	266,954	77,091	97,407	757,373
Held-to-maturity financial assets	2	-	90	529	621
Hedging derivative assets	3	-	-	-	3
Financial assets carried at cost	-	-	-	11,092	11,092
Debt investment without quoted price in active market	-	606	453	2,892	3,951
Due from and call loans to banks and overdraft from banks	38,702	221,480	127,314	126,320	513,816
Loads and discounts	202,608	175,032	412,495	1,368,716	2,158,851
Long-term investments equity	-	-	-	32,479	32,479
Other assets	18,980	4,708	1,516	222,458	247,662
Total assets	\$ 584,949	675,494	621,865	1,891,911	3,774,219
Liabilities					
Deposits of central Bank and other banks	\$ 102,495	63,188	17,567	25,676	208,926
Financial liabilities measured at fair value through profit loss	603	65	-	3,279	3,947
Bonds and bills sold under repurchase agreements	9,715	4,716	475	-	14,906
Hedging derivative liabilities	410	-	-	-	410
Others financial liabilities	-	-	-	671	671
Deposits	305,244	338,383	1,092,170	1,481,646	3,217,443
Long-term liabilities	-	-	-	24,112	24,112
Other liabilities	8,207	26,945	2,416	20,789	58,357
Total liabilities	\$ 426,674	433,297	1,112,628	1,556,173	3,528,772
Stockholders' equity	\$ 158,275	242,197	(490,763)	335,738	245,447

Note: The table contains the amounts for the departments of the Bank only.

Unit: Million NTD

	December 31, 2010				
	1-30 days	31--90 days	91-365 days	Over a year	Subtotal
Asset					
Financial assets measured at fair value through profit or loss	\$ 5,590	2,679	1,436	25,776	35,481
Bonds and bills purchased under resell agreements	600	-	-	-	600
Available-for-sale financial assets	443,339	233,756	52,311	107,955	837,361
Held-to-maturity financial assets	-	2	-	574	576
Hedging derivative assets	5	-	-	-	5
Financial assets carried at cost	-	-	-	11,092	11,092
Debt investment without quoted price in active market	-	-	-	3,986	3,986
Due from and call loans to banks and overdraft from banks	66,698	229,546	127,308	99,958	523,510
Loads and discounts	154,865	155,046	381,880	1,383,286	2,075,077
Long-term investments equity	-	-	-	31,330	31,330
Other assets	28,189	2,707	1,464	221,350	253,710
Total assets	\$ 699,286	623,736	564,399	1,885,307	3,772,728

	December 31, 2010				
	1-30 days	31--90 days	91-365 days	Over a year	Subtotal
Liabilities					
Deposits of central Bank and other banks	\$ 65,992	70,488	24,412	46,721	207,613
Financial liabilities measured at fair value through profit loss	775	-	-	18,210	18,985
Bonds and bills sold under repurchase agreements	6,542	2,887	-	-	9,429
Hedging derivative liabilities	244	-	12	-	256
Others financial liabilities	-	-	-	793	793
Deposits	335,289	323,352	1,077,661	1,449,132	3,185,434
Long-term liabilities	-	-	-	19,962	19,962
Other liabilities	20,737	78	13,925	49,479	84,219
Total liabilities	\$ 429,579	396,805	1,116,010	1,584,297	3,526,691
Stockholders' equity	\$ 269,707	226,931	(551,611)	301,010	246,037

Note: The table contains the amounts for the departments of the Bank only.

(b) Effective interest rate (excluding financial structure for trading purposes)

The effective interest rate, by currency, of the commodities owned or issued by the Bank as of December 31, 2011 and 2010, was as follows:

December 31, 2011		
Item	NTD	USD
Available-for-sale financial assets		
Government bonds	0.7909%~6.9000%	1.2200%~7.3750%
Financial bonds	1.2300%~2.3000%	0.5056%~7.3000%
Corporate bonds	1.0002%~3.0500%	0.5456%~6.5000%
Negotiable certificates of deposit of Central Bank	0.8700%~1.0500%	-
Taipei City Government bonds	1.2000%	-
Beneficiary certificates – financial assets securitization	2.4600%	-
Beneficiary certificates – real estate investment trust	2.6800%	5.7500%
Held-to-maturity financial assets		
Government bonds	1.3930%~6.0664%	-
Beneficiary certificates – real estate investment trust	2.4000%	-
Debt investment without quoted price in active markets		
Beneficiary certificates – real estate investment trust	-	0.51830%~1.79360%
Loans and discounts		
Short-term loans	0.8300%~18.0000%	0.4500%~6.1500%
Medium-term loans	0.00125%~18.0000%	0.4411%~6.8500%
Long-term loans	0.00001%~10.0000%	0.69022%~2.2500%
Liabilities		
Short-term loans	-	0.2000%~2.0000%
Hedging derivative liabilities		
IRS	-	0.77211%~4.57375%

December 31, 2010		
Item	NTD	USD
Available-for-sale financial assets		
Government bonds	0.7909%~6.9000%	1.0000%~9.6250%
Financial bonds	2.1100%~2.3000%	0.3138%~6.5000%
Corporate bonds	1.0001%~3.0500%	0.4169%~8.8750%
Negotiable certificates of deposit of Central Bank	0.6900%~0.8300%	-
Taipei City Government bonds	1.2000%~4.6190%	-
Beneficiary certificates – financial assets securitization	2.4600%	-
Beneficiary certificates – real estate investment trust	2.6800%	5.5000%~5.7500%
Foreign organization bonds	2.6000%	-
Held-to-maturity financial assets		
Government bonds	1.5150%~6.0699%	-
Beneficiary certificates – financial assets securitization	2.4000%	-
Debt investment without quoted price in active markets		
Beneficiary certificates – financial assets securitization	-	0.5003%~1.7606%
Loans and discounts		
Short-term loans	0.3400%~18.0000%	0.5256%~6.1000%
Medium-term loans	0.00001%~18.0000%	0.4211%~6.8500%
Long-term loans	0.00001%~10.0000%	0.6141%~7.5000%
Liabilities		
Short-term loans	-	0.2922%~1.1466%
Hedging derivative liabilities		
IRS	-	0.6900%~10.6777%

5. Fair-value hedge

The financial assets the Bank holds satisfies the hedging accounting policies and the fair value hedging accounting policy, and the treatment and disclosure is as follows:

- (a) Fair value hedge: Profit or loss created by fair value re-measurement of a hedge instrument or book value change due to interest rate movement is immediately recognized as current income. Profit or loss created by hedged items is recognized as current income; the book value of the hedged items is adjusted.
- (b) Fair value hedge, cash flow hedge, and hedge of a net investment in a foreign entity should disclose the following separately:

a) Description of hedging

Currently, the New York, LA, Tokyo, and Singapore branches of the Bank adopt fair value hedge accounting and have IRSs as designated hedging instruments to hedge the interest risk exposure of investing in fixed-rate bonds.

b) Description and balance sheet fair value of financial commodities designated as hedging instruments:

Hedged Item	December 31, 2011		
	Designated Hedging Instruments	Original Amount	Fair Value
Foreign bonds	SWAP	9,031,487	3,074
Foreign bonds	SWAP	15,668,237	(409,907)
Hedged Item	December 31, 2010		
	Designated Hedging Instruments	Original Amount	Fair Value
Foreign bonds	SWAP	590,241	5,051
Foreign bonds	SWAP	4,639,975	(255,349)

c) Nature of hedged risk:

The hedged items of the hedge accounting adopted by the Bank are fixed-rate bond investments. Thus IRSs are used to hedge interest risk (adopting interest fair value hedging – swapping a fixed rate for a floating rate).

5) Level information of the fair value of financial instruments

Financial instrument item measured at fair value	December 31, 2011			
	Total	Level 1(note 1)	Level 2(note 2)	Level 3(note 3)
Non-derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	\$99,918,593	71,818,290	28,100,303	-
Held-for-trading financial assets				
Investment in stocks	42,161,922	42,161,922	-	-
Investment in bonds	3,562,402	3,549,713	12,689	-
Others	30,486,077	23,009,269	7,476,808	-
Original recognized at fair value	23,708,192	3,097,386	20,610,806	-
Available-for-sale financial assets				
Investments in stocks	42,765,150	42,765,150	-	-
Investment in bonds	90,451,188	26,135,374	64,315,814	-
Others	624,157,127	1,509,476	622,647,651	-
Other financial assets				
Debt securities investment in non-active market	3,951,147	-	3,951,147	-
Derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	10,967,414	-	10,967,414	-
Other financial assets				
Hedging derivative financial assets	3,074	-	3,074	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	3,902,885	-	3,902,885	-
Other financial liabilities				
Hedging derivative financial liabilities	409,907	-	409,907	-

Note1: Level 1 means fair value of the financial instruments which are quoted market prices of same financial instruments in active market. In accordance with section 5, of SFAS No.34 "Financial Instruments: Recognition and Measurement", an active market with all of the following conditions:

- 1) The products traded in the market are homogeneous.
- 2) Willing parties are available anytime in the market.
- 3) Price information is available for the public.

Note2: Level 2 means fair value of the financial instruments which are observable price other than quotes prices in active market, including the observable input parameters that are obtained directly (i.e., prices) or indirectly (i.e., derived from prices) from an active market. For instance.

- 1) The quoted prices of similar financial instruments in active market. The fair value of financial instruments owned by the Company is inferred from the recent trading price of similar financial instruments. The similar financial instrument is judged according to the characteristic and trading conditions. Fair value of financial instruments should be priced using observable trading prices adjusted over time, trading conditions and the impact of related parties and its observable trading prices and associated nature of the product.
- 2) Quoted prices of similar financial instruments in non-active markets.
- 3) Fair value price using valuation models. The input parameters of the valuation models (i.e., interest rates, yield curve, volatility...etc), is based on available data in the market, such as input parameters, which is an estimated figure derived from public data. The price of financial instruments is estimated by using the parameters which could reflect the expectation from market participants.
- 4) The majority of the input parameters are derived from observable market data or its relevance can be validated by observable market data.

Note3: Level 3 means input parameters are not based on observable market data (unobservable inputs such as: option pricing model using historical volatility index, as historical volatility does not represent the expected future volatility from market participants).

(29) Disclosure of Risk Management Policy

1) Risk management structure and protocols

1. Risk management structure

The risk management structure of the Bank includes the Board of Directors, risk management committee, risk management department, authorities in charge all business units.

(a) The Board of Director holds the highest responsibility in maintaining the risk management of the Bank, which includes formulating strategies accordingly, establishing the risk management policy, ensuring the consistency of the risk managing system, identifying all the risk matures and retain all the resources available for encountering all sorts of unexpected risks.

(b) The role of risk management committee established by the Board of Directors includes implementing the risk management strategy and integrating risk-related issues between various units across the bank.

(c) The role of the risk management department includes monitoring all risk management issues independently and on an operational level. The risk management department is also in charge in investigating into any relevant departments and reports directly to the Board of Directors. Similarly, if any risk exposures exceeding the capacity of the Bank is discovered, the department has the responsibility to take reasonable actions and report to the Board of Directors.

(d) Every department shall identify, evaluate, and control the risks of any new products or operations and establish the risk management process accordingly. In addition, to monitor the relevant risks in compliance with the risk management policy of the Bank.

(e) All operational units shall comply with internal regulations for risk management.

2. Risk management protocols

Every operations engaged by the Bank, including off-balance sheet operations, are included within the risk management system of the Bank, which contains credit risk, market risk, operational risk, interest rate risk, liquidity risk, national risk, legal risk and so forth. The brief risk management policy is as follows:

(a) Monitor the settlement ratio of the Bank in relevance to the operational size, credit risk, market risk, operational risk and the future prospects.

(b) Establish a risk measuring and monitoring procedure system in order to measure and monitor risks effectively.

(c) Taking in the risk capacity, capital reserve, nature of debts, performance and rewards into consideration, the Bank shall manage the risks of operating across all units.

(d) Establish a valuation system for the quality and classification of assets to consistently monitor excess risk exposures with large concentration, and to accrue allowance for losses.

(e) Establish information safety system and emergency system concerning banking operations, transactions and data sharing. Additionally, to establish an independent and effective risk management system through means of appropriate policies, procedures and tools in order to increase the efficiency of the risk managing across all operations.

2) The management policy of risk control on financial instruments

A financial commodity refers to a contract in which a financial asset is created for one party and a financial liability is created for the other. The major financial assets of the Bank are loans, receivables, and negotiable security investments. The related risk and management policy are as follows:

1. Credit risk management: including stratifying authorization, management of large exposure and excessive concentration, and a re-assessment system

(a) Carrying out stratified authorization

A system of graded delegation of authority is used in loan cases and the disposition of bad loans. Each authority level has its own authorization review committee and loan collection review committee. The review of loan cases is carried out strictly in accordance with the limits of authorization so as to assure the quality of loan assets.

(b) Management of large exposure and excessive concentration

a) In accordance with the Banking Law, loans to the Bank's responsible person, Bank employees, and persons having material interest with the Bank are controlled in accordance with stipulated quotas. The Bank has established rules for credit risk management of loans to enterprise groups and ratios for loan risk exposure to different industries, and it controls credit quotas for trading partners, issuers, and guarantors in accordance with their external credit ratings.

b) The Bank's Treasury Department, OBU, and foreign branches set up policies based on external credit evaluation for loan quota management in money market, foreign exchange, and negotiable security trading.

c) Each year, to reinforce the control of credit risk in regard to individual countries, the national risk quota, in accordance with the placing in Euromoney Magazine, is allocated to the Financing Department, OBU, and foreign branches. The business recorded by the Bank includes loan assets, transaction assets, and off-balance sheet positions.

(c) Re-assessment

To evaluate the quality of loan assets, the Bank has a re-assessment policy for credit review. After loans are extended, they are reviewed during the loan period in accordance with their review ratings. For important loans, follow-up evaluation is carried out, and reserves against bad loans are allocated for loan assets at the end of every month in order to reinforce the Bank's operating system.

2. Market risk management

(a) Daily evaluation

To control risk, each trading unit carries out a daily assessment of forex trading in accordance with market prices. The major source for evaluation is the public appraisal of negotiable securities in external information systems such as Bloomberg and Reuters.

(b) In the management of New Taiwan Dollar funds, interest rate risk is controlled by predictions of long-term interest-rate trends, by setting short dealing interest rates prior to the beginning of business each day, and by establishing add-or-subtract authorization for personnel at different levels. In the management of foreign currency funds, trading position quotas are set for different currencies and for bank-wide foreign-exchange positions, and stop-loss limits are set for positions held for trading purposes and for non-hedging unleveled net positions for derivative products.

3. Interest rate and liquidity risk management

(a) The Bank has set up an Assets and Liabilities Management Committee to strengthen the structure of assets and liabilities. Under the leadership of the president, the Committee is divided into Management, Finance, and Capital subcommittees; and this Committee is responsible for setting guidelines for assets and liabilities management, liquidity position management, management of interest rate risk, and the review of the deposit and loan structure.

(b) Setting up management policy for liquidity and interest rate risk; setting up guidelines for liquidity risk management

a) Management of interest-rate sensitive gap: The ratio of New Taiwan Dollar interest-rate sensitive assets to liabilities shall fall between 80% and 140%. The ratio of New Taiwan Dollar capital gap to owner's equity shall be maintained between positive/negative 100%. The difference in re-pricing the foreign interest rate shall not exceed total assets of all currencies by 35%.

b) Management of liquidity risk

a. Maintain liquid ratio: According to the Central Bank's "Liquidity Guidelines for Financial Institutions," the Bank shall maintain the liquidity ratio of all deposits greater than 10%.

b. Management of loan-to-deposit ratio: the loan-to-deposit ratio should be in between 65%~87%, where the alarm rate is between 68%~86% as an indicator for future liquidity management.

c. Short-term gap analysis: 1-10 day and 11-30 day gaps are calculated; and the period gap is greater than zero.

d. Foreign currency gap management: The ratio of accumulated capital liquidity gap to total assets of the four major foreign currencies of the Bank (U.S. Dollar, HK Dollar, JP yen, and Euro) should not exceed the scope of positive 50% or negative 40%.

e. Capital management: Full use is made of the Assets and Liabilities Management Information System on a regular basis to analyze maturity gaps of assets and liabilities and changes in maturity structure. The appropriate allocation and utilization of funds, and the adjustment of the capital structure are carried out in accordance with the capital situation. In the management of New Taiwan Dollar funds, in addition to maintaining an appropriate level of cash on hand and of securities that can be converted quickly into cash, the Bank has set policies for the reporting of New Taiwan Dollar funds to provide for the timely reporting of receipts or disbursements of large amounts of funds. The Bank also carries out gap analysis of the maturity amount of purchased bills, bonds, and call loans so as to lower liquidity risk. In the management of foreign currencies, the Bank uses the maturity method to carry out funds gap analysis of the actual funds to be received or paid out within the next year.

f. Establish "Bank of Taiwan operational crisis management plan" for prevention and preparation when crisis occurs. To minimize the damage effect, protect and maintain the stability of operation.

3) The policy of reduction of credit risk in terms of pledges and guarantees

In its consideration of credit control and business promotion, the Bank attempted to decrease the burden of credit risk by increasing collateral or strengthening the guarantee, based on the Bank's credit and pledge policy. Collateral and guarantees include mortgages on real estate or property (i.e., land, building, machinery, car, ship, aircraft, etc.), pledges of securities or other rights (i.e., certificates of deposit; various bonds, stocks, or other securities), guarantees provided by government agencies, banks, or credit-guarantee institutions authorized by the government, and any other guarantee or collateral approved by the Bank.

(30) Related-party Transactions

1) Names and relationship of related parties

Name	Relationship
Taiwan Financial Holding Co., Ltd.	Parent company of the Bank
BankTaiwan Life Insurance Co., Ltd.	Subsidiary held completely by the same parent company
BankTaiwan Securities Co., Ltd.	Subsidiary held completely by the same parent company
Hua Nan Financial Holdings Co., Ltd. and its subsidiaries	Investee company of the Bank under the equity method
Taiwan Life Insurance Co., Ltd.	Investee company of the Bank under the equity method
Tang-Eng Iron Works Co., Ltd.	Investee company of the Bank under the equity method
Kaohsiung Ammonium Sulfate Co., Ltd.	Investee company of the Bank under the equity method
Tai Yi Real-Estate Management Co., Ltd.	Investee company of the Bank under the equity method
Directors, supervisors, general manager and vice general manger	The major management of the Bank
Others	The relatives of major management

2) Significant related-party transactions

1. Placement with banks

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 23,301	0.05	4,338	0.02

2. Account receivables

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holding	\$ 632	-	213	-
BankTaiwan Life Insurance	94,867	0.11	67,313	0.08
BankTaiwan Securities	-	-	25	-
	\$ 95,499	0.11	67,551	0.08

3. Other assets – prepaid stock dividends and bonus

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 4,371,752	28.92	5,620,865	30.21

4. Other assets – Other

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Life Insurance	\$ 8,373	0.06	7,926	0.04
BankTaiwan Securities	14	-	14	-
	\$ 8,387	0.06	7,940	0.04

5. Deposits of banks

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 728,860	2.88	168,398	0.67

Interest rates of related-party transactions are the same as those with other banks.

6. Call loans from banks (included in due to banks):

Name	2011			
	Highest balance	Ending balance	Annual interest rate(%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	\$ 8,572,450	-	0.200~0.800	2,035

Name	2010			
	Highest balance	Ending balance	Annual interest rate(%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	\$ 11,056,085	447,500	0.104~1.350	14,758

Interest rates of related-party transactions are the same as those with other banks.

7. Deposits

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 171,328	0.01	37,084	-
BankTaiwan Life Insurance	14,707,240	0.46	18,211,604	0.57
BankTaiwan Securities	300,697	0.01	553,290	0.02
Hua Nan Financial Holdings Co., Ltd.	47,659	-	42,391	-
Taiwan Life Insurance Co., Ltd.	11,168	-	505,498	0.02
Kaohsiung Ammonium Sulfate Co., Ltd.	101,734	0.01	120,766	-
Tang-Eng Iron Works Co., Ltd.	357	-	165	-
	<u>\$ 15,340,183</u>	<u>0.49</u>	<u>19,470,798</u>	<u>0.61</u>

Apart from an interest rate limit on staff saving deposits, interest rates of related-party transactions are the same as general accounts.

8. Account payables

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 9	-	2	-
BankTaiwan Life Insurance	2,668	0.01	4,328	-
BankTaiwan Securities	298	-	267	-
	<u>\$ 2,975</u>	<u>0.01</u>	<u>4,597</u>	<u>-</u>

9. Other liabilities

Name	December 31, 2011		December 31, 2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 2,737	-	-	-
BankTaiwan Securities	1,631	-	-	-
	<u>\$ 4,368</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. Interest income

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 48,227	0.09	23,071	0.05
BankTaiwan Securities	95	-	509	-
	<u>\$ 48,322</u>	<u>0.09</u>	<u>23,580</u>	<u>0.05</u>

11. Interest expenses

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 191	-	475	-
BankTaiwan Life Insurance	88,454	0.29	111,263	0.43
BankTaiwan Securities	4,089	0.01	3,890	0.01
	<u>\$ 92,734</u>	<u>0.30</u>	<u>115,628</u>	<u>0.44</u>

12. Transaction fee income

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Life Insurance	\$ 842,883	15.12	789,956	1.70
BankTaiwan Securities	3,116	0.06	2,588	0.01
	<u>\$ 845,999</u>	<u>15.18</u>	<u>792,544</u>	<u>1.71</u>

13. Transaction fee expense

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Securities	\$ 20,256	3.30	19,337	0.04

14. Other non-interest gain or losses, net (including operating assets rental revenue and other revenue)

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 23,890	0.91	21,986	0.18
BankTaiwan Life Insurance	45,341	1.73	39,356	0.03
BankTaiwan Securities	63,276	2.42	66,236	0.54
	<u>\$ 132,507</u>	<u>5.06</u>	<u>127,578</u>	<u>0.75</u>

15. Other business and management expenses

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 1,061	0.02	805	0.02
BankTaiwan Life Insurance	39,489	0.83	39,788	1.09
BankTaiwan Securities	86	-	86	-
	<u>\$ 40,636</u>	<u>0.85</u>	<u>40,679</u>	<u>1.11</u>

16. Loans

December 31, 2011							
Type	Number of accounts or name of related party	Highest amount	Amount	Default possibility		Pledge	Any condition of transaction
				Normal loan	Overdue accounts		
Consumer loans	36	19,559	12,857	12,857	-	None	None
Mortgage loans	99	545,136	442,658	442,658	-	Lands and buildings	None
Other loans	Tang-Eng Iron Works Co., Ltd.	104,566	-	-	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	266,141	266,141	266,141	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	1,500,000	900,000	900,000	-	Lands and buildings	None
	BankTaiwan Securities Co., Ltd.	83,899	-	-	-	Letter of guarantee	None
	BankTaiwan Securities Co., Ltd.	521,000	-	-	-	Letter of guarantee	None
	BankTaiwan Securities Co., Ltd.	3,869,756	-	-	-	Letter of guarantee	None
	Taiwan Financial Holding Co., Ltd.	5,700,000	5,700,000	5,700,000	-	Letter of guarantee	None
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	23,711,368	1,060	1,060	-	None	None

December 31, 2010							
Type	Number of accounts or name of related party	Highest amount	Amount	Default possibility		Pledge	Any condition of transaction
				Normal loan	Overdue accounts		
Consumer loans	31	19,553	15,600	15,600	-	None	None
Mortgage loans	130	444,831	408,070	408,070	-	Lands and buildings	None
Other loans	Tang-Eng Iron Works Co., Ltd.	357,536	250,000	250,000	-	Lands, buildings and securities	None
	Tang-Eng Iron Works Co., Ltd.	830,000	-	-	-	Lands, buildings and securities	None
	Tang-Eng Iron Works Co., Ltd.	600,000	-	-	-	Lands, buildings and securities	None
	Tang-Eng Iron Works Co., Ltd.	170,500	33,638	33,638	-	Lands, buildings and securities	None
	Tang-Eng Iron Works Co., Ltd.	1,500,000	1,500,000	1,500,000	-	Lands, buildings and securities	None
	BankTaiwan Securities Co., Ltd.	603,017	82,017	82,017	-	Lands, buildings, certificates of deposit and letter of guarantee	None
	Taiwan Financial Holding Co., Ltd.	5,600,000	5,600,000	5,600,000	-	Letter of guarantee	None
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	8,303,775	5,000	5,000	-	None	None

Note 1: The consumer loans to staff and mortgage loans to staff can be lumped together for disclosure. The disclosure of other loans is sorted by interested parties.

Note 2: Collateral is classified by real estate, short-term notes, government bonds, secured or non-secured bonds, TSEC and GTSM stocks, non-TSEC and non-GTSM stocks, and others.

17. Derivative instruments

December 31, 2011						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	AEBH410927 forward	2004.11.30~2012.01.12	141,326	237	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – forward	237
Taiwan Life Insurance Co., Ltd.	AEBH411027 forward	2004.12.31~2012.01.12	139,814	234	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – forward	234
Taiwan Life Insurance Co., Ltd.	AEBH510877 forward	2005.11.25~2012.01.12	144,842	243	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – forward	243
Taiwan Life Insurance Co., Ltd.	BHSW010121 swap	2010.05.07~2012.02.16	150,148	1,085	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,085
Taiwan Life Insurance Co., Ltd.	BHSW010122 swap	2010.05.07~2012.02.16	450,443	3,256	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	3,256
Taiwan Life Insurance Co., Ltd.	BHSW010141 swap	2010.06.25~2011.02.14	2,714,535	7,733	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	7,733
Taiwan Life Insurance Co., Ltd.	BHSW010205 swap	2010.10.15~2012.02.07	603,310	1,691	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,691
Taiwan Life Insurance Co., Ltd.	BHSW110252 swap	2011.09.22~2012.01.13	453,447	601	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	601

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Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	BHSW810239 swap	2008.11.06~2012.01.13	151,149	200	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	200
Taiwan Life Insurance Co., Ltd.	BHSW910020 swap	2009.02.09~2012.01.13	141,732	188	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	188
Taiwan Life Insurance Co., Ltd.	BHSW910022 swap	2009.02.18~2012.01.13	241,838	321	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	321
Taiwan Life Insurance Co., Ltd.	BHSW910064 swap	2009.04.09~2012.01.13	302,298	401	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	401
Taiwan Life Insurance Co., Ltd.	BHSW910339 swap	2009.12.17~2012.02.16	110,080	8,682	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	8,682
Bank Taiwan Life Insurance Co., Ltd.	CLSW010067 swap	2010.03.04~2012.03.08	603,060	1,668	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,668
Bank Taiwan Life Insurance Co., Ltd.	CLSW010081 swap	2010.03.11~2012.02.17	1,207,040	2,812	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	2,812
Bank Taiwan Life Insurance Co., Ltd.	CLSW010111 swap	2010.04.19~2012.03.22	1,211,040	(2,226)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(2,226)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010117 swap	2010.05.04~2012.02.09	1,051,085	7,637	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	7,637
Bank Taiwan Life Insurance Co., Ltd.	CLSW010164 swap	2010.08.16~2012.01.18	1,440,325	72,943	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	72,943
Bank Taiwan Life Insurance Co., Ltd.	CLSW010168 swap	2010.08.20~2012.01.30	1,871,870	94,724	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	94,724
Bank Taiwan Life Insurance Co., Ltd.	CLSW010181 swap	2010.09.13~2012.02.17	603,520	1,406	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,406
Bank Taiwan Life Insurance Co., Ltd.	CLSW010184 swap	2010.09.17~2012.03.22	908,280	(1,669)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(1,669)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010196 swap	2010.09.28~2012.06.29	603,540	(1,210)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(1,210)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010223 swap	2010.11.10~2012.06.15	1,202,680	2,535	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	2,535
Bank Taiwan Life Insurance Co., Ltd.	CLSW010235 swap	2010.11.22~2012.02.29	1,204,960	4,709	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	4,709
Bank Taiwan Life Insurance Co., Ltd.	CLSW010238 swap	2010.12.06~2012.03.08	1,507,650	4,170	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	4,170
Bank Taiwan Life Insurance Co., Ltd.	CLSW110005 swap	2011.01.10~2012.01.12	1,149,920	60,895	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	60,895
Bank Taiwan Life Insurance Co., Ltd.	CLSW110028 swap	2011.01.20~2012.01.30	1,727,880	87,438	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	87,438
Bank Taiwan Life Insurance Co., Ltd.	CLSW110068 swap	2011.02.22~2012.02.29	1,506,200	5,886	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	5,886

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Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW110079 swap	2011.05.27~2012.03.30	1,848,056	(5,176)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(5,176)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810104 swap	2008.04.30~2012.02.23	603,500	1,381	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,381
Bank Taiwan Life Insurance Co., Ltd.	CLSW810225 swap	2008.10.16~2012.02.23	2,715,750	6,214	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	6,214
Bank Taiwan Life Insurance Co., Ltd.	CLSW810247 swap	2008.11.20~2012.04.24	1,198,480	8,871	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	8,871
Bank Taiwan Life Insurance Co., Ltd.	CLSW810273 swap	2008.12.22~2012.04.24	149,810	1,109	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,109
Bank Taiwan Life Insurance Co., Ltd.	CLSW910009 swap	2009.01.23~2012.01.31	287,260	15,284	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	15,284
Bank Taiwan Life Insurance Co., Ltd.	CLSW910010 swap	2009.01.23~2012.01.31	287,260	15,284	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	15,284
Bank Taiwan Life Insurance Co., Ltd.	CLSW910011 swap	2009.01.23~2012.01.31	287,260	15,284	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	15,284
Bank Taiwan Life Insurance Co., Ltd.	CLSW910012 swap	2009.01.23~2012.01.31	287,260	15,284	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	15,284
Bank Taiwan Life Insurance Co., Ltd.	CLSW910014 swap	2009.01.23~2012.01.31	574,520	30,568	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	30,568
Bank Taiwan Life Insurance Co., Ltd.	CLSW910017 swap	2009.02.04~2012.03.08	482,448	1,334	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,334
Bank Taiwan Life Insurance Co., Ltd.	CLSW910033 swap	2009.03.18~2012.04.24	299,620	2,218	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	2,218
Bank Taiwan Life Insurance Co., Ltd.	CLSW910101 swap	2009.05.04~2012.02.09	150,155	1,091	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,091
Bank Taiwan Life Insurance Co., Ltd.	CLSW910117 swap	2009.05.14~2012.02.23	603,500	1,381	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	1,381
Bank Taiwan Life Insurance Co., Ltd.	CLSW910155 swap	2009.06.08~2012.02.13	2,438,440	(18,593)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(18,593)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910158 swap	2009.06.11~2012.02.17	1,810,560	4,218	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	4,218
Bank Taiwan Life Insurance Co., Ltd.	CLSW910201 swap	2009.07.29~2012.01.31	172,356	9,170	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	9,170
Bank Taiwan Life Insurance Co., Ltd.	CLSW910207 swap	2009.08.04~2012.02.09	300,310	2,182	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	2,182
Bank Taiwan Life Insurance Co., Ltd.	CLSW910228 swap	2009.08.26~2012.06.29	1,508,850	(3,025)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(3,025)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910259 swap	2009.09.28~2012.06.29	1,207,080	(2,420)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(2,420)

December 31, 2011						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW910267 swap	2009.10.13~2012.02.17	301,760	703	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	703
Bank Taiwan Life Insurance Co., Ltd.	CLSW910287 swap	2009.10.19~2012.03.22	302,760	(556)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(556)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910313 swap	2009.11.04~2012.02.09	300,310	2,182	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	2,182
Bank Taiwan Life Insurance Co., Ltd.	CLSW910315 swap	2009.11.05~2012.02.10	577,060	27,897	Valuation adjustment of financial assets at fair value through profit or loss – current – held for trading – swap	27,897

December 31, 2010						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	AEBH410927 forward	2004.11.30~2011.01.10	141,536	(3,594)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – forward	(3,594)
Taiwan Life Insurance Co., Ltd.	AEBH411027 forward	2004.12.31~2011.01.10	140,022	(3,556)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – forward	(3,556)
Taiwan Life Insurance Co., Ltd.	AEBH510877 forward	2005.11.25~2011.01.10	145,058	(3,684)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – forward	(3,684)
Taiwan Life Insurance Co., Ltd.	BHSW010121 swap	2010.05.07~2011.03.14	150,160	(2,900)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(2,900)
Taiwan Life Insurance Co., Ltd.	BHSW010122 swap	2010.05.07~2011.03.14	450,480	(8,701)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(8,701)
Taiwan Life Insurance Co., Ltd.	BHSW010141 swap	2010.06.25~2011.01.07	2,688,930	(34,092)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(34,092)
Taiwan Life Insurance Co., Ltd.	BHSW010179 swap	2010.09.08~2011.02.14	300,560	(5,861)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(5,861)
Taiwan Life Insurance Co., Ltd.	BHSW010205 swap	2010.10.15~2011.03.22	594,364	(5,479)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(5,479)
Taiwan Life Insurance Co., Ltd.	BHSW810239 swap	2008.11.06~2011.01.31	159,345	(11,944)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(11,944)
Taiwan Life Insurance Co., Ltd.	BHSW910020 swap	2009.02.09~2011.01.31	149,417	(11,200)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(11,200)
Taiwan Life Insurance Co., Ltd.	BHSW910022 swap	2009.02.18~2011.01.31	254,952	(19,111)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(19,111)
Taiwan Life Insurance Co., Ltd.	BHSW910064 swap	2009.04.09~2011.01.31	318,690	(23,888)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(23,888)
Taiwan Life Insurance Co., Ltd.	BHSW910339 swap	2009.12.17~2011.02.10	1,203,380	(24,505)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(24,505)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010067 swap	2010.03.04~2011.06.08	611,380	(24,068)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(24,068)

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Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW010081 swap	2010.03.11~2011.06.15	1,216,700	(42,389)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(42,389)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010095 swap	2010.04.01~2011.01.06	1,555,350	(80,407)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(80,407)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010111 swap	2010.04.19~2011.03.22	1,214,200	(36,395)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(36,395)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010117 swap	2010.05.04~2011.05.09	1,067,500	(38,607)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(38,607)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010164 swap	2010.08.16~2011.02.18	1,592,500	(119,036)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(119,036)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010168 swap	2010.08.20~2011.01.24	2,068,950	(152,381)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(152,381)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010172 swap	2010.08.25~2011.01.27	2,079,025	(162,607)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(162,607)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010175 swap	2010.08.30~2011.03.01	1,914,120	(146,259)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(146,259)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010181 swap	2010.09.13~2011.06.15	608,350	(21,194)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(21,194)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010184 swap	2010.09.17~2011.03.22	910,650	(27,296)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(27,296)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010196 swap	2010.09.28~2011.03.31	627,720	(38,948)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(38,948)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010223 swap	2010.11.10~2011.02.14	1,226,080	(47,268)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(47,268)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010235 swap	2010.11.22~2011.02.24	1,209,520	(30,913)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(30,913)
Bank Taiwan Life Insurance Co., Ltd.	CLSW010238 swap	2010.12.06~2011.06.08	1,528,450	(60,169)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(60,169)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810104 swap	2008.04.30~2011.06.23	609,910	(22,917)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(22,917)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810108 swap	2008.05.07~2011.05.13	157,960	(10,983)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(10,983)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810109 swap	2008.05.07~2011.05.13	1,168,904	(81,271)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(81,271)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810130 swap	2008.06.30~2011.02.23	1,592,550	(119,199)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(119,199)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810207 swap	2008.09.26~2011.05.13	1,895,520	(131,791)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(131,791)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810208 swap	2008.09.26~2011.05.13	631,840	(43,930)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(43,930)

December 31, 2010						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW810211 swap	2008.09.30~2011.05.13	126,368	(8,786)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(8,786)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810212 swap	2008.09.30~2011.05.13	947,760	(65,895)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(65,895)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810225 swap	2008.10.16~2011.06.23	2,744,595	(103,125)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(103,125)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810241 swap	2008.11.13~2011.02.23	637,020	(47,680)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(47,680)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810242 swap	2008.11.13~2011.02.23	1,592,550	(119,199)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(119,199)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810247 swap	2008.11.20~2011.04.22	1,231,560	(54,941)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(54,941)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810265 swap	2008.12.15~2011.02.23	318,510	(23,840)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(23,840)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810273 swap	2008.12.22~2011.04.22	153,945	(6,868)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(6,868)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910009 swap	2009.01.23~2011.04.29	307,460	(13,380)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(13,380)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910010 swap	2009.01.23~2011.04.29	307,460	(13,380)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(13,380)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910011 swap	2009.01.23~2011.04.29	307,460	(13,380)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(13,380)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910012 swap	2009.01.23~2011.04.29	307,460	(13,380)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(13,380)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910014 swap	2009.01.23~2011.04.29	614,920	(26,759)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(26,759)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910017 swap	2009.02.04~2011.06.08	489,104	(19,254)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(19,254)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910033 swap	2009.03.18~2011.04.22	307,890	(13,735)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(13,735)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910101 swap	2009.05.04~2011.05.09	152,500	(5,515)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(5,515)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910110 swap	2009.05.07~2011.05.13	1,263,680	(87,861)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(87,861)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910117 swap	2009.05.14~2011.06.23	609,910	(22,917)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(22,917)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910155 swap	2009.06.08~2011.04.12	2,471,760	(117,665)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(117,665)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910158 swap	2009.06.11~2011.06.15	1,825,050	(63,583)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(63,583)

December 31, 2010						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW910174 swap	2009.06.29~2011.01.06	311,070	(16,081)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(16,081)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910201 swap	2009.07.29~2011.04.29	184,476	(8,028)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(8,028)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910207 swap	2009.08.04~2011.05.09	305,000	(11,031)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(11,031)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910228 swap	2009.08.26~2011.03.31	1,569,300	(97,370)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(97,370)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910259 swap	2009.09.28~2011.03.31	1,255,440	(77,896)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(77,896)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910267 swap	2009.10.13~2011.06.15	304,175	(10,597)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(10,597)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910287 swap	2009.10.19~2011.03.22	303,550	(9,099)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(9,099)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910298 swap	2009.10.23~2011.01.27	1,589,550	(115,386)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(115,386)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910313 swap	2009.11.04~2011.05.09	305,000	(11,031)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(11,031)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910315 swap	2009.11.05~2011.02.10	633,540	(44,083)	Valuation adjustment of financial liabilities at fair value through profit or loss – current – held for trading – swap	(44,083)

Note 1: The disclosure of the derivative instruments is by related party.

Note 2: Derivative financial instruments are assessed by the fair value method. Any relevant net present value created shall be recognized as current valuation adjustment.

Note 3: The ending balances of financial assets / liabilities at fair value through profit or loss and hedging derivative assets / liabilities are shown in the balance sheet item amount column.

18. The expense of shared assets was allocated to Taiwan Financial Holding, BankTaiwan Life Insurance, BankTaiwan Securities, and the Bank, as follows:

Name	2011		2010	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 7,468	-	5,687	-
BankTaiwan Life Insurance	45,341	0.02	39,303	0.03
BankTaiwan Securities	53,394	0.03	56,300	0.05
	<u>\$ 106,203</u>	<u>0.05</u>	<u>101,290</u>	<u>0.08</u>

3) Total amount of the major management's salaries and bonus

The related information about the salaries and bonus for the Bank's major management in 2011 and 2010 is as follows:

	2011	2010
Salaries	\$ 21,689	20,922
Bonus	12,282	11,704
Business expenses	1,108	1,142

The salaries and bonus given in 2010 were expressed as an actual figure, while 2011 is the estimated amount.

(31) Pledged Assets

Pledged assets	Purpose of pledge	Book value	
		December 31, 2011	December 31, 2010
Available-for-sale financial assets – bonds	Guarantee deposit for provisional seizure against defaulted loans and others	\$ 224,000	293,300
Held-to-maturity financial assets – government bonds	Guarantee deposit for provisional seizure against defaulted loans and others	12,200	12,200
Available-for-sale financial assets – bonds	Operating deposit for securities investment trust and consulting	150,000	100,000
Available-for-sale financial assets – bonds	Guarantee deposits for trust business compensation reserve	100,000	150,000
Held-to-maturity financial assets – bonds	Operating deposit for trust business	300,000	250,000
Available-for-sale financial assets – deposits in Central Bank	Negotiable certificates of deposit (accounted for as cash)	25,000,000	25,000,000
		<u>\$ 25,786,200</u>	<u>25,805,500</u>

(32) Commitments

1) Construction in progress and significant purchase agreements

The details of construction in progress and significant purchase agreements are as follows:

	December 31, 2011	
	Contract price	Unpaid portion of contract price
Construction contract:		
Construction of Nan Zin Branch	\$ -	-
Construction of Yi Lan Branch	-	-
Construction of Don Gang Branch	-	-
Total	<u>\$ -</u>	<u>-</u>

	December 31, 2010	
	Contract price	Unpaid portion of contract price
Construction contract:		
Construction of Nan Zih Branch	\$ 279,583	-
Construction of Yi Lan Branch	294,869	19,905
Construction of Don Gang Branch	119,394	6,205
Total	<u>\$ 693,846</u>	<u>26,110</u>

The construction of Yi Lan Branch and Don Gang Branch was completed on June 9 and July 28, 2011, respectively.

2) Operating leases

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

Fiscal Year	Amount
2012	\$ 336,137
2013	250,154
2014	130,020
2015	53,776
2016	22,745
	<u>\$ 792,832</u>

3) Commitments and contingencies

	December 31, 2011	December 31, 2010
Contract guarantee on behalf of counter-parties	\$ 5,393,061	5,561,498
Traveler's checks held on consignment	1,087,707	910,992
Marketable securities held as custodian	1,612,616,773	1,581,499,347
Letters of credit	43,112,360	35,705,957
Goods held in custody	10,797,009	8,095,388
Issuance of New Taiwan Dollars	1,322,680,282	1,206,905,438
Guarantee notes payable	240,200	306,530
Registered government bonds for sale	331,884,300	301,422,600
Registered short-term bills for sale	265,095,673	225,014,126
Consigned sales of goods	1,947,495	2,251,450
Trust liabilities	505,848,030	458,952,804
Guarantees	71,389,619	43,951,879
	<u>\$ 4,172,092,509</u>	<u>3,870,578,009</u>

4) Balance sheet, income statement and details of assets under trust

Trust assets	December 31, 2011	December 31, 2010
Deposits		
Deposits in the Bank	\$ 26,596,608	22,408,932
Deposits in other banks	3,029,334	1,065,689
Short-term investment		
Investment in funds	163,596,031	149,577,958
Investment in bonds	196,046,874	169,169,073
Common stock investment – marketable securities	51,158,626	65,198,569
Receivables		
Interest receivable	1,434,094	1,183,260
Cash dividend receivables	1,604	628
Receivables from trading securities	402,087	372,842
Receivables from forward contracts	9,558,813	-
Prepaid expense	677	2,118
Real estate		
Land	1,992,865	727,706
Buildings	151,797	151,510
Construction in progress	621,565	802,975
Other assets	51,257,055	48,291,544
Total of Trust assets	<u>\$ 505,848,030</u>	<u>458,952,804</u>

Trust liabilities	December 31, 2011	December 31, 2010
Loans		
Long-term loans	\$ -	511,090
Payables		
Payables from trading securities	271,267	653,417
Payables from forward contracts	9,535,900	-
Other payables	168	112
Payables from management fee	1,964	3,533
Payables from supervision fee	100	335
Tax payables	280	227
Securities held in custody payable	51,257,055	48,291,544
Trust capital		
Money trust	372,183,932	338,063,497
Marketable securities trust	8,280,795	16,616,353
Real estate investment trust	4,763,696	1,441,091
Other reserve and accumulated income		
Accumulated loss	31,085,015	22,826,831
Foreign currency transition	1,410,786	(7,258,807)
Deferred unrealized income	10,002,421	20,631,600
Current income	17,054,651	17,171,981
Total of trust liabilities	\$ 505,848,030	458,952,804

Details of trust	December 31, 2011	December 31, 2010
Deposits		
Deposits in the Bank	\$ 26,596,608	22,408,932
Deposits in other banks	3,029,334	1,065,689
Short-term investment		
Investment in funds	163,596,031	149,577,958
Investment in bonds	196,046,874	169,169,073
Common stock investment – marketable securities	51,158,626	65,198,569
Real estate		
Land	1,992,865	727,706
Buildings	151,797	151,510
Construction in progress	621,565	802,975
Other assets	51,257,055	48,291,544
Trust capital	\$ 494,450,755	457,393,956

Income statement for assets under trust	2011	2010
Trust revenue:		
Capital interest revenue	\$ 9,530,178	7,108,814
Cash dividend revenue	3,594,932	3,225,534
Realized capital gain – shares	97,050	1,009,565
Realized capital gain – fund	2,112,553	2,348,960
Realized exchange gain – bond	2,063,344	953,829
Realized foreign exchange gain	-	3,239,813
Realized gain on property exchange	101,545	-
Income from beneficiary certificates	96,075	3,436
	17,595,677	17,889,951

Income statement for assets under trust	2011	2010
Trust expense:		
Capital management fee	458,981	565,429
Tax expense	3,904	3,694
Supervisor fee	112	347
Storage fee	9,473	6,220
Commission fee	54	616
Realized foreign exchange loss	40,532	-
Other expense	27,970	141,664
	541,026	717,970
Trust capital	\$ 17,054,651	17,171,981

(33) Significant Disaster Loss: None.

(34) Significant Subsequent Events: None.

(35) Others

1) Personnel, depreciation, depletion, and amortization expenses

A summary of personnel costs, and depreciation and amortization expenses categorized by cost of goods sold and operating expenses is as follows:

Accounts	2011	2010
	Operating expenses	Operating expenses
Personnel costs:		
Salaries (Note)	\$ 10,042,592	9,920,940
Labor and health insurance (Note)	429,894	416,227
Pension (Note)	1,304,777	1,185,918
Other employment	151,512	140,413
	11,928,775	11,663,498
Depreciation (Note)	970,884	924,128
Amortization	441,317	443,152
	\$ 13,340,976	13,030,778

Note: Exclude other non-interest (net) salaries cost of \$475,540 thousands and \$47,032 thousands; labor and health insurance of \$117,090 thousands and \$112,208 thousands; pension costs of \$2,847 thousands and \$3,005 thousands; Depreciation of 2,854 thousands and 1,249 thousands.

2) Disclosure of SFAS No. 28 "Disclosures in the Financial Statements of Banks":

1. Asset quality, concentration of credit risk, and policies on allowance for bad debts from loans and advances to customers

(a) Asset quality

Type / Item			December 31, 2011				
			Amount of overdue loans	Total amount of loans	Ratio	Allowance for bad debt	Coverage ratio
Enterprise	Secured		3,063,664	529,151,229	0.58%	9,553,203	311.82%
	Non-secured		1,792,161	1,006,480,293	0.18%	4,104,641	229.03%
Consumer finance	House mortgage		2,883,236	408,856,119	0.71%	2,385,189	82.73%
	Cash card		-	-	-	-	-
	Micro credit		114,067	8,860,282	1.29%	87,705	76.89%
	Others	Secured	491,008	68,705,528	0.71%	305,373	62.19%
		Non-secured	1,316,419	149,486,023	0.88%	1,458,131	110.76%
Total			9,660,555	2,171,539,474	0.44%	17,894,242	185.23%
			Overdue receivables	Account receivable	Ratio	Allowance bad debt	Cover ratio
Credit card business			4,273	1,039,246	0.41%	12,012	281.11%
Factoring receivables – non-recourse			-	10,054,670	-	86,714	-

Type / Item			December 31, 2010				
			Amount of overdue loans	Total amount of loans	Ratio	Allowance for bad debt	Coverage ratio
Enterprise	Secured		3,774,613	473,494,947	0.80%	3,424,698	90.73%
	Non-secured		3,045,462	1,006,570,258	0.30%	4,515,246	148.26%
Consumer finance	House mortgage		3,701,637	388,523,166	0.95%	2,012,207	54.36%
	Cash card		-	-	-	-	-
	Micro credit		177,289	11,175,663	1.59%	214,308	120.88%
	Others	Secured	629,450	65,048,818	0.97%	353,492	56.16%
		Non-secured	1,608,788	146,287,809	1.10%	1,022,032	63.53%
Total			12,937,239	2,091,100,661	0.62%	11,541,983	89.22%
			Overdue receivables	Account receivable	Ratio	Allowance bad debt	Cover ratio
Credit card business			3,198	1,050,171	0.30%	7,644	239.02%
Factoring receivables – nonrecourse			-	7,008,990	-	21,027	

Note 1: For loan business: Overdue loans represent the amounts of reported overdue loans pursuant to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the MoF.

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL Ratio = NPL/Total Loans.

For credit card business: Delinquency Ratio = Overdue receivables / Account receivables.

Note 3: For loan business: Coverage Ratio = LLR/NPL

For credit card business: Coverage Ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage means the purpose of financing is to purchase, build, or fix up a dwelling, and the dwelling owned by the borrower, spouse, or children fully secures the loan.

Note 5: Micro credit is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer finance refer to secured or non-secured loans excluding mortgage, cash card, micro credit, and credit card.

Note 7: Account receivable – factoring with no recourse: As required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), provision for bad debt is recognized once no compensation is received from the factoring or insurance company.

Note 8: Account receivable – credit cards contains overdue receivable, accounts receivable, and others.

(b) The amounts of excluded NPL and excluded overdue receivables

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2011		December 31, 2010	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loans agreement	5,309	-	6,996	-
As a result of debt solvency and restart plan	121,013	18,902	143,774	15,586
Total	126,322	18,902	150,770	15,586

(c) Concentration of credit extensions

December 31, 2011

(in millions of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% of Net Asset Value
1	A company – transportation and Storage	72,181	29.29
2	B company – plastic products manufacturing	49,320	20.02
3	C company – basic metal manufacturing	37,224	15.11
4	D company – optoelectronic materials and components manufacturing	23,166	9.40
5	E company – optoelectronic materials and components manufacturing	22,704	9.21
6	F company – transportation and storage	21,353	8.67
7	G company – financial insurance	10,400	4.22
8	H company – textiles mills	9,848	4.00
9	I company – computers and accessories manufacturing	9,461	3.84
10	J company – transportation and storage	9,060	3.68

December 31, 2010

(in millions of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% of Net Asset Value
1	A company – transportation and Storage	71,971	28.61
2	B company – basic metal manufacturing	37,610	14.95
3	C company – plastic products manufacturing	31,847	12.66
4	D company – optoelectronic materials and components manufacturing	26,552	10.56
5	E company – transportation and storage	19,483	7.75
6	F company – optoelectronic materials and components manufacturing	16,491	6.56
7	G company – real estate	12,659	5.03
8	H company – computers and accessories manufacturing	9,232	3.67
9	I company – semiconductor manufacturing	8,865	3.52
10	J company – transportation and storage	8,721	3.47

Note 1: Top ten borrowers (excluding government or state-owned utilities) according to total credit extensions. Arrange according to the total amt of credit extensions, please list the name of top ten corporations, not belong to government or public ones. If the creditor belongs to a group corporation, show the subtotaled amount of the group corporation, and disclose by using "Code" plus "Industry category"; if the creditor is a group corporation, disclose the category that expose most. The rule of disclosing industry category should follow Directorate-General of Budget, Accounting and Statistics' standard.

Note 2: Groups are regulated in the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings, Article 6.

Note 3: Total credit extensions comprise loans (including import bills negotiated, export bills negotiated, overdrafts, short-term loans, short-term secured loans, receivables from pecuniary finance, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and overdue receivables), exchange bills negotiated, factoring receivable without recourse, acceptances receivable, and guarantees issued.

2. Information on concentration for credit risk of assets, liabilities, and off-balance-sheet items Please see note 28.

3. The average amount of assets and liabilities, as well as the current rate, was disclosed as follows:

	December 31, 2011 (Bank of Taiwan)		December 31, 2010	
	Average	Average interest rate (%)	Average	Average interest rate (%)
Interest-earning assets:				
Call loans and placement with banks	79,446,442	0.89	107,209,206	0.71
Placement with Central Bank	427,424,964	0.88	514,699,202	0.69
Financial assets	760,840,638	1.23	797,347,272	0.98
Negotiation, discounts and total loans	2,104,126,925	1.77	2,048,534,841	1.59
Interest-bearing liabilities:				
Deposit of Central Bank	14,907,629	-	13,854,500	-
Loans of Central Bank and other banks	1	-	-	-
Deposits and call loans from banks	169,216,584	0.66	156,353,505	0.49
Demand deposit	249,427,075	0.12	241,623,875	0.09
Demand savings	619,970,857	0.72	620,031,773	0.62
Time savings	1,577,427,974	1.78	1,541,974,187	1.58
Time deposits	459,641,375	1.02	622,873,001	0.83
Government deposits	216,911,936	0.32	213,161,202	0.26
Structured products	13,159,542	0.62	-	-

Note 1: Average is calculated by daily average of interest-earning assets and interest-bearing liabilities from January to current month.

Note 2: The table contains the amounts for the departments of the Bank only.

Note 3: Interest for current and timed savings including excess interest.

4. Ratios of interest-rate-sensitive assets to liabilities and of interest-rate-sensitive spreads to net equity

Interest-rate-sensitive balance sheet – for NTD

December 31, 2011

	1-90 Days	91-180 Days	181 Days to One Year	Total
Interest rate-sensitive assets	1,485,212,568	1,282,755,366	290,047,314	3,058,015,248
Interest rate-sensitive liabilities	192,636,073	2,433,759,573	425,650,104	3,052,045,750
Interest rate-sensitive gap	1,292,576,495	(1,151,004,207)	(135,602,790)	5,969,498
Net worth				246,679,631
Ratio of interest rate-sensitive assets to liabilities				100.20
Ratio of interest rate-sensitive gap to net worth				2.42

December 31, 2010

	1-90 Days	91-180 Days	181 Days to One Year	Total
Interest rate-sensitive assets	1,640,441,260	1,176,812,684	159,064,535	2,976,318,479
Interest rate-sensitive liabilities	225,920,966	2,521,028,612	227,977,058	2,974,926,636
Interest rate-sensitive gap	1,414,520,294	(1,344,215,928)	(68,912,523)	1,391,843
Net worth				251,335,947
Ratio of interest rate-sensitive assets to liabilities				100.05
Ratio of interest rate-sensitive gap to net worth				0.55

Note 1: The above amounts include only New Taiwan Dollar amounts held by the Bank's onshore branches (i.e., excluding foreign currency).

Note 2: Interest-rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities, which are affected by interest rate changes.

Note 3: Interest-rate-sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets / Interest-rate-sensitive liabilities (only interest-rate-sensitive assets and liabilities within one year, in New Taiwan Dollars).

Note 5: Ratio of interest-rate-sensitive gap to net value = Interest-rate-sensitive gap / Net value.

Interest-rate-sensitive balance sheet – for USD

December 31, 2011

	1-90 Days	91-180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	20,320,716	4,229,999	1,778,879	1,116,053	27,445,647
Interest rate-sensitive liabilities	21,722,210	3,934,428	1,364,888	206,973	27,228,499
Interest rate-sensitive gap	(1,401,494)	295,571	413,991	909,080	217,148
Net worth					(41,843)
Ratio of interest rate-sensitive assets to liabilities					100.80
Ratio of interest rate-sensitive gap to net worth					(518.96)

December 31, 2010

	1-90 Days	91-180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	16,141,921	4,868,370	1,424,550	988,609	23,423,450
Interest rate-sensitive liabilities	17,457,697	4,214,828	1,290,154	140,827	23,103,506
Interest rate-sensitive gap	(1,315,776)	653,542	134,396	847,782	319,944
Net worth					14,686
Ratio of interest rate-sensitive assets to liabilities					101.38
Ratio of interest rate-sensitive gap to net worth					2,178.56

Note 1: The above amounts include only U.S. dollar amounts held by the onshore branches, OBU, and offshore branches of the Bank and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities which are affected by interest rate changes.

Note 3: Interest-rate-sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate sensitive assets / Interest-rate-sensitive liabilities (only interest-rate-sensitive assets and liabilities within 180 days, in U.S. Dollars).

Note 5: Ratio of interest-rate-sensitive gap to net value = interest-rate-sensitive gap / Net value.

5. Major foreign currency position, net

(Units: thousands of stated currencies)

December 31, 2011				December 31, 2010			
Amount in functional currency		Amount in New Taiwan dollars		Amount in functional currency		Amount in New Taiwan dollars	
GBP	28,276	1,319,924		USD	394,267	11,630,877	
USD	9,406	284,767		JPY	3,016,498	1,092,576	
SGD	11,289	263,034		GBP	18,756	854,355	
CNY	35,211	168,907		CNY	153,948	687,594	
ZAR	6,270	23,262		SGD	15,763	360,528	

Note 1: The major foreign currencies were the top 5 currencies by position expressed in New Taiwan Dollars after exchange rate conversion.

Note 2: Net position represented the absolute value of each currency.

6. Profitability

(a) For the years ended December 31, 2011 and 2010, information on return on assets, return on net equity, and net income to operating revenue was as follows:

Item		December 31, 2011	December 31, 2010
Return on total assets	Before income tax	0.11	0.20
	After income tax	0.09	0.18
Return on net worth	Before income tax	1.80	3.18
	After income tax	1.49	2.88
Profit margin		13.41	27.76

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

Note 2: Return on net worth = Income before (after) income tax / Average net worth.

Note 3: Profit margin = Income after income tax / Total operating revenues.

Note 4: Income before (after) income tax is the income of the year ended December 31, 2011 and 2010.

Note 5: The above profitability ratios are at annual rates.

(b) Duration analysis of assets and liabilities

Term Structure Analysis of NTD

	December 31, 2011					
	Total	Less than 30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Major matured capital inflow	3,822,254,738	802,311,389	678,469,732	385,900,252	373,328,997	1,582,244,368
Major matured capital outflow	4,176,475,777	478,582,783	556,460,135	508,071,726	915,866,757	1,717,494,376
Capital gap	(354,221,039)	323,728,606	122,009,597	(122,171,474)	(542,537,760)	(135,250,008)

	December 31, 2010					
	Total	Less than 30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Major matured capital inflow	3,759,621,399	889,994,289	578,316,017	348,684,135	231,059,106	1,711,567,852
Major matured capital outflow	4,290,523,630	544,127,505	495,347,238	543,412,244	1,019,809,738	1,687,826,905
Capital gap	(530,902,231)	345,866,784	82,968,779	(194,728,109)	(788,750,632)	23,740,947

Note: The table includes only assets and liabilities denominated in NTD held in head office and domestic and overseas branches; assets and liabilities denominated in foreign currencies are excluded.

Term Structure Analysis of USD

	December 31, 2011					
	Total	Less than 30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Major matured capital inflow	23,314,824	6,889,263	9,450,063	3,625,532	1,574,075	1,775,891
Major matured capital outflow	22,818,079	11,880,343	6,980,792	2,006,354	1,343,291	607,299
Capital gap	496,745	(4,991,080)	2,469,271	1,619,178	230,784	1,168,592

	December 31, 2010					
	Total	Less than 30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Major matured capital inflow	20,312,625	7,119,199	5,938,070	4,382,325	1,350,149	1,522,882
Major matured capital outflow	19,907,610	11,254,352	4,469,203	2,302,642	1,271,577	609,836
Capital gap	405,015	(4,135,153)	1,468,867	2,079,683	78,572	913,046

Note 1: The above amounts are book values of the assets and liabilities of the onshore branches and offshore banking unit of the Bank in U.S. Dollar, without off-balance-sheet amounts (for example, the issuance of negotiable certificates of deposits, bonds or stocks).

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

3) Capital adequacy

			December 31, 2011	December 31, 2010
Eligible capital	Tier 1 capital		\$ 172,881,294	176,521,653
	Tier 2 capital		14,484,521	-
	Tier 3 capital		-	-
	Eligible capital		187,365,815	176,521,653
Risk-weighted assets	Credit risk	Standardized approach	1,525,347,746	1,387,342,993
		Internal rating-based approach	-	-
		Securitization	2,125,603	2,722,945
	Operational risk	Basic indicator approach	47,184,300	46,779,788
		Standardized approach/Alternative standardized approach	-	-
		Advance measurement approach	-	-
	Market risk	Standardized approach	71,441,638	49,679,588
		Internal models approach	-	-
	Total risk-weighted assets		1,646,099,287	1,486,525,314
Capital adequacy ratio			11.38%	11.87%
Tier 1 risk-based capital ratio			10.50%	11.87%
Tier 2 risk-based capital ratio			0.88%	-
Tier 3 risk-based capital ratio			-	-
Ratio of common stockholders' equity to total assets			1.77%	1.79%
Leverage ratio			4.45%	4.61%

Note 1: These tables were prepared according to the "Regulations Governing the Capital Adequacy Ratio of Banks" and related calculation tables.

Note 2: Financial reports for the year ended should disclose the Capital adequacy of 2 periods; and financial reports for the month ended June 30 should additionally disclose the capital adequacy of the end of last year.

Note 3: The formula:

- (1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
- (2) Risk-weighted assets = Credit risk-weighted assets + (operations risk + market risk) × 12.5.
- (3) Capital adequacy ratio = eligible capital / risk-weighted assets.
- (4) Tier 1 risk – based capital ratio = tier 1 capital / risk-weighted assets.
- (5) Tier 2 risk – based capital ratio = tier 2 capital / risk-weighted assets.
- (6) Tier 3 risk – based capital ratio = tier 3 capital / risk-weighted assets.
- (7) Ratio of common stockholders' equity to total assets = common stockholders' equity / total assets.
- (8) Leverage ratio = tier 1 capital / adjusted average assets (average assets minus goodwill, unamortized loss of selling non-performing loans, and the amount calculated in accordance with Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks)

Note 4: The disclosure for the formula will only be calculated for the financial reports for the month ended in June and the annual report.

4) Supplementary information for government employees insurance department:

1. Balance sheet

	Government employees insurance department	
	December 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 24,911,164	16,895,308
Financial assets measured at fair value through profit or loss	65,802,579	64,574,377
Receivable, net	23,330,050	19,293,627
Held-to-maturity financial assets, net	50,321,722	53,631,156
Fixed assets, net	6,832	7,493
Goodwill and intangible assets, net	442	1,254
Other assets, net	13,690,111	20,126,389
Total assets	\$ 178,062,900	174,529,604
Financial liabilities measured at fair value through profit or loss	\$ 5,254	-
Payables	33,146	31,978
Other liabilities	178,024,500	174,497,626
Total liabilities	178,062,900	174,529,604
Total liabilities and stockholders' equity	\$ 178,062,900	174,529,604

2. Income statement

	Government employees insurance department	
	2011	2010
Net interest income	\$ 1,396,332	1,060,828
Net non-interest income		
Net income on service charges and commissions	114,692	128,967
Gains (losses) on financial assets and liabilities at fair value through profit or loss	(8,021,468)	7,014,054
Foreign exchange gains	838,664	(4,207,957)
Premium income	17,695,580	17,418,404
Premium reserve recovered	-	284
Subsidized income from Government (note)	18,619,038	17,871,279
Benefits and claims	(26,971,342)	(24,991,430)
Provision for policyholders' reserve premium	(3,526,880)	(14,138,729)
Others	(7,221)	(24,550)
Net income	137,395	131,150
Credit provisions	566	-
Operating expenses:		
Personnel expenses	120,411	115,149
Depreciation and amortization expenses	3,295	3,454
Other business and administrative expenses	13,123	12,547
	136,829	131,150
Net income	\$ -	-

Note: According to Government Employees and School Staff Insurance Act, if GESSI experiences a loss, the loss before May 31, 1999, would be covered by the Ministry of Finance; and the loss after that date would be covered by an adjustment of the insurance premium.

5) The statements except government employees insurance department was disclosed as follows:

1. Balance sheet

	December 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 51,515,012	27,581,056
Placement with Central Bank and call loans to banks	488,555,403	518,166,823
Financial assets measured at fair value through profit or loss, net	45,083,428	35,300,656
Bonds and bills purchased under resell agreements	3,231,949	600,294
Receivables, net	63,092,884	64,979,144
Loans and discounts, net	2,153,645,232	2,079,558,679
Available-for-sale financial assets, net	757,373,465	837,360,582
Held-to-maturity financial assets, net	620,867	576,351
Investment under equity method, net	32,479,598	31,330,008
Other financial assets, net	72,207,332	69,201,006
Fixed assets, net	97,858,072	76,589,506
Intangible assets	820,615	968,321
Other assets, net	15,048,179	18,503,049
Total assets	\$ 3,781,532,036	3,760,715,475

	December 31, 2011	December 31, 2010
Deposits of Central Bank and other banks	\$ 208,926,475	207,612,937
Financial liabilities measured at fair value through profit or loss	3,897,631	18,985,604
Bonds and bills sold under repurchase agreements	14,906,165	9,429,373
Payables	39,438,433	38,920,026
Deposits and remittances	3,218,010,687	3,185,931,012
Accrued pension liability	4,566,754	3,389,155
Other financial liabilities	5,756,183	1,048,528
Other liabilities	39,623,312	43,850,234
Total liabilities	3,535,125,640	3,509,166,869
Common stock	70,000,000	70,000,000
Capital surplus	106,077,872	105,581,440
Retained earnings:		
Legal reserve	24,119,287	21,993,796
Special reserve	518,561	1,645,137
Unappropriated retained earnings	6,301,072	9,284,968
Equity adjustments:		
Unrealized gain on revaluation increments	26,581,673	14,640,018
Cumulative translation adjustments	(366,046)	(455,457)
Net loss not recognized as pension cost	(809,180)	(1,915)
Unrealized gain (loss) on financial instruments	13,983,157	28,860,619
Total stockholders' equity	246,406,396	251,548,606
Total liabilities and stockholders' equity	\$ 3,781,532,036	3,760,715,475

2. Statement of income

	2011	2010
Interest income	\$ 52,367,857	45,294,545
Less: interest expense	(30,577,630)	(26,086,235)
Net interest income	21,790,227	19,208,310
Net non-interest income		
Fee and commission income	5,438,046	5,405,720
Fee and commission expense	(592,442)	(571,557)
Gain on financial assets and liabilities measured at fair value	3,892,395	2,567,082
Realized gain (losses) on available-for-sale financial assets	1,363,849	1,987,283
Gain on investments under equity method	2,255,273	1,667,093
Foreign exchange gains, net	1,757,717	3,530,193
Losses on asset impairment	37,027	(88,625)
Other non-interest income	(8,902,810)	(8,923,464)
Gain on property transaction	421,670	612,974
Net revenues	27,460,952	25,395,009
Bad debt expenses	4,989,803	376,029
Operating costs		
Personnel expense	11,808,364	11,548,349
Depreciation and amortization expense	1,408,906	1,362,482
Other business and administrative expense	4,763,506	4,281,343
	17,980,776	17,192,174
Income before income tax	4,490,373	7,826,806
Income tax expense	789,301	741,838
Net income	\$ 3,701,072	7,084,968

6) Government Audit Adjustments for Fiscal Year Ended December 31, 2010 and 2009

The accounting records as of and for the year ended December 31, 2010 and 2009, have been audited and examined by the MoA, and the resulting adjustments are summarized as follows:

	As Previously Reported December 31, 2010	Adjustments – Increase (Decrease)	As Audited by the MoA December 31, 2010
Balance Sheet			
Assets			
Receivables, net	\$ 84,272,586	185	84,272,771
Liabilities			
Payables	38,951,861	143	38,952,004
Stockholders' equity			
Unappropriated retained earnings	9,284,925	43	9,284,968
Income statement			
Other non-interest gain (losses)	(12,788,249)	43	(12,788,206)
Net income	7,084,925	43	7,084,968

Revised entries by the MoA in 2010 were as follows:

Item	Adjustment accounts	Amount revised by the MoA	Explanation of revision by the MoA
1	Refundable income tax	\$ 43	Disclosed in net total
	Operating assets rental revenue	43	
2	Refundable income tax	\$ 143	Payment of basketball team of the Bank adjusted for tax for the year 2010.
	Other payables	143	

Note: Another income tax entry is "debit: deferred income tax assets 16, credit: allowance for deferred income tax assets 16", such adjustment did not impact the financial report.

	As Previously Reported December 31, 2009	Adjustments – Increase (Decrease)	As Audited by the MoA December 31, 2009
Balance Sheet			
Assets			
Receivables, net	\$ 91,299,631	(9)	91,299,622
Liabilities			
Accounts payable	58,561,964	(59,289)	58,502,675
Stockholders' equity			
Unappropriated retained earnings	8,117,131	59,280	8,176,411
Income statement			
Depreciation and amortization	1,319,555	40	1,319,595
Other business and administrative expense	4,271,468	(40)	4,271,428
Income tax	481,207	(59,280)	421,927
Net income	8,117,131	59,280	8,176,411

Revised entries by the MoA in 2009 were as follows:

Item	Adjustment accounts	Amount revised by the MoA	Explanation of revision by the MoA
1	Business expense – depreciation of transportation equipment	\$ 24	Yongkang, Shuinan, Chienkuo, and Gaorong Branch of the founding of the nature of reclassification of subjects according to personnel expense
	Business expense – depreciation of other equipment	16	
	Business expense – depreciation of leasehold improvements	140	
	Business expense – repairmen for transportation equipment	24	
	Business expense – other amortization expense	140	
	Business expense – repairmen for other equipment	16	

Item	Adjustment accounts	Amount revised by the MoA		Explanation of revision by the MoA
2	Deferred tax assets	\$	17	Adjustment for income tax
	Income tax payable		59,289	
	Income tax expense		59,280	
	Allowance for valuation – deferred tax assets		17	
	Income tax refund receivable		9	

7) Significant effect on our foreign currency assets and liabilities related to the information as follows:

	December 31, 2011			December 31, 2010		
	Currency (thousand)	Exchange rate	NTD (thousand)	Currency (thousand)	Exchange rate	NTD (thousand)
Financial assets:						
Monetary items						
USD	9,018,170	30.2750	273,025,097	9,001,651	29.5000	265,548,705
HKD	12,422,465	3.8970	48,410,346	7,666,903	3.7900	29,057,562
MYR	3,989	9.5360	38,039	2,495	9.5624	23,858
GBP	429,575	46.6800	20,052,561	497,898	45.5510	22,679,752
AUD	580,397	30.7450	17,844,306	598,990	30.0281	17,986,532
CAD	42,915	29.6700	1,273,288	6,330	29.5118	186,810
SGD	1,395,628	23.3000	32,518,132	1,180,280	22.8718	26,995,128
CHF	5,017	32.1850	161,472	4,738	31.5339	149,408
JPY	106,085,406	0.3897	41,341,483	109,938,180	0.3622	39,819,609
ZAR	1,288,822	3.7100	4,781,530	1,160,947	4.4426	5,157,623
SEK	6,255	4.3900	27,459	4,296	4.3671	18,761
NZD	6,725	23.4100	157,432	9,652	22.7593	219,673
THB	218,376	0.9583	209,270	156,570	0.9788	153,251
PHP	32,161	0.6906	22,210	16,641	0.6733	11,204
IDR	3,491,497	0.0034	11,871	2,399,609	0.0033	7,919
EUR	364,612	39.2200	14,300,083	431,135	39.2468	16,920,669
KRW	7,128,657	0.0262	186,771	5,058,219	0.0261	132,020
CNY	366,597	4.7970	1,758,566	163,159	4.4664	728,733
VND	8,005,820	0.0015	12,009	5,095,010	0.0015	7,643
Non-monetary items						
USD	841,066	30.2750	25,463,273	40	29.5000	1,180
HKD	45,116	3.8970	175,817	3,018	3.7900	11,438
MYR	3,982	9.5360	37,972	-	9.5624	-
GBP	46,605	46.6800	2,175,521	96	45.5510	4,373
AUD	164,017	30.7450	5,042,703	-	-	-
CAD	34,123	29.6700	1,012,429	-	29.5118	-
SGD	14,669	23.3000	341,788	377	22.8718	8,623
CHF	223	32.185	7,177	-	31.5339	-
JPY	3,311,074	0.3897	1,290,326	26,091	0.3622	9,450
ZAR	51,165	3.7100	189,822	1,773	4.4426	7,877
SEK	1,050	4.3900	4,610	-	-	-
NZD	247	23.4100	5,782	-	-	-
THB	1,877	0.9583	1,799	-	-	-
PHD	32,161	0.6906	22,210	-	-	-
IDR	3,491,497	0.0034	11,871	-	-	-
EUR	136,887	39.2200	5,368,708	-	-	-
KRW	7,128,657	0.0262	186,771	-	-	-
CNY	221,436	4.7970	1,062,228	-	-	-
VND	8,005,820	0.0015	12,009	-	0.0015	-

	December 31, 2011			December 31, 2010		
	Currency (thousand)	Exchange rate	NTD (thousand)	Currency (thousand)	Exchange rate	NTD (thousand)
Financial liabilities:						
Monetary items						
USD	11,409,937	30.2750	345,435,843	11,365,118	29.5000	335,270,981
HKD	12,187,584	3.8970	47,495,015	7,641,054	3.7900	28,959,595
MYR	6	9.5360	57	7	9.5624	67
GBP	492,548	46.6800	22,992,141	557,311	45.5510	25,386,073
AUD	654,621	30.7450	20,126,323	644,740	30.0281	19,360,317
CAD	123,792	29.6700	3,672,909	120,570	29.5118	3,558,238
SGD	1,334,091	23.3000	31,084,320	1,123,231	22.8718	25,690,315
CHF	19,240	32.1850	619,239	10,486	31.5339	330,664
JPY	82,494,495	0.3897	32,148,105	87,692,863	0.3622	31,762,355
ZAR	9,577,014	3.7100	35,530,722	6,619,409	4.4426	29,407,386
SEK	34,305	4.3900	150,599	22,206	4.3671	96,976
NZD	364,478	23.4100	8,532,430	580,654	22.7593	13,215,279
THB	254	0.9583	243	18	0.9788	18
EUR	320,918	39.2200	12,586,404	409,932	39.2468	16,088,519
KRW	-	0.0262	-	-	-	-
CNY	145,223	4.7970	696,635	9,211	4.4664	41,140
Non-monetary items						
USD	11,193	30.2750	338,868	-	-	-
HKD	54,490	3.8970	212,348	-	-	-
MYR	-	9.5360	-	-	-	-
GBP	2,397	46.6800	111,892	-	-	-
SGD	13,041	23.3000	303,855	-	-	-
JPY	962,268	0.3897	374,996	-	-	-
ZAR	15,892	3.7106	58,959	-	-	-

8) Disclosure on adopting IFRSs for the year ended 2011:

- Under the order No. 10000073410 issued by the Financial Supervisory Commission Executive Yuan on May 14, 2009, starting 2013, the Bank is required to disclose the financial report in conformity with the International Financial Reporting Standard (IFRSs), interpreted and issued by Accounting Research and Development Foundation. To assist the adjustment, the Company has formed a special task force and established an IFRS adoption plan. General Manager, Ming-Dao Chang is responsible for the conversion plan. Significant plan contents, expected schedules and completion status are summarized as follows:

Plan Contents	Responsible Department (or Responsible Person)	Status
Phase 1 - Evaluation: (2009.09.30 ~ 2010.06.30)		
◎ Form a special task force for IFRS conversion	All operational units and accounting Department	Completed
◎ Initial understanding towards IFRS	Accounting Department	Completed
◎ Establish a conversion plan and timeline and report to the Board of Directors	Accounting Department	Completed
◎ Evaluate the need for assistance from external expert	Accounting Department	Completed
◎ Establish task team for IFRS conversion	All operational units and accounting Department	Completed
◎ Establish IFRS site in the Bank's intranet	I.T, legal and accounting department	Completed
◎ Compare and analyze the differences between the current Accounting Policies and IFRS	All operational units, I.T and accounting Department	Completed
◎ Evaluate all units' daily potential operational influence	All operational units, I.T and accounting Department	Completed
◎ Evaluate the adoption of IFRS 1 - "First-time Adoption of IFRS"	All operational units, I.T and accounting Department	Completed
◎ Perform internal training for employees	Human Resources (the support of all units)	Completed
◎ Establish book reading group	All operational units, I.T and accounting Department	Completed
Phase 2 - Preparation: (2010.09.30 ~ 2011.12.31)		
◎ Devise a complete conversion plan	All operational units and accounting Department	Completed
◎ Complete the comparison and evaluation between the ROC GAAP and IFRS	All operational units and accounting Department	Completed
◎ Determine relevant IFRS policies	All operational units and accounting Department	Completed
◎ Determine how to revise the current Accounting Policies to comply with IFRS	All operational units and accounting Department	Completed
◎ Book reading group	All operational units, IT and accounting Department	In Process
◎ Adjust and review the standard operational procedure , information technology and financial reporting of all units	All operational units, IT and accounting Department	Completed
◎ Perform simulated system test, identify the area requiring revised SOP and system	All operational units, IT and accounting Department	Completed
◎ Complete paperwork and relevant controls for IFRS	All operational units, IT and accounting Department	Completed
◎ Continue internal training for employees	Human Resources (support from all units)	Completed
◎ Prepare balance sheet on IFRS conversion date (2012.01.01) in accordance with IFRS 1	All operational units, IT and accounting Department	Completed
Phase 3 - Implementation: (2012.01.01 ~ 2012.12.31)		
◎ Prepare balance sheet on IFRS conversion date in accordance with IFRS 1 in parallel with the ROC GAAP	All operational units, IT and accounting Department	Completed
◎ Internal controls adjustment	All operational units	Completed
◎ Prepare the first IFRS financial statement for the three-month periods ended March 31, 2012	All operational units, IT and accounting Department	In Process
◎ Identify and prepare process analysis for areas of improvement regarding the preparation of first IFRS financial report	All operational units, IT and accounting Department	In Process
◎ Establishment for performance evaluation standard	International, domestic operations and planning Department	In Process
◎ Awareness towards the continuous impact of IFRS on preparation of financial statements	All operational units and accounting Department	In Process
◎ Continue internal training for employees	Human Resources (support from all units)	In Process
Phase 4 – Implementation and adjustment: (2013.01.01 ~ 2013.12.31)		
◎ Consolidate management information	All operational units, IT and accounting Department	In Process
◎ Process analysis and improvement procedures for IFRS conversion	All operational units, IT and accounting Department	In Process
◎ Ensure the disclosure and preparation of financial statements in compliance with the requirements of IFRS and formulate necessary response to changes	All operational units, IT and accounting Department	In Process

2. The significant differences of preparing financial statements which the Company evaluated between current GAAP and IFRSs are listed below:

Accounting issues	Difference explanation
Employee benefit	<p>(a) Minimum pension liability: The Bank accrues the minimum pension liability in accordance with the actuarial report; under IFRS, there are no minimum standard.</p> <p>(b) Gains/losses for pension: The Bank amortizes the actuarial pension gains and losses; under IFRS, the amount is fully recognized under profit or loss as other comprehensive income.</p> <p>(c) Employee benefit savings account: The Bank recognizes employees benefit savings interests fee as current profit or loss; under IFRS, the interest fee for retired employee shall be fully recognized and estimated at the time of retirement.</p>
Financial Products	<p>(a) Usual transaction: The Bank's usual transaction is categorized by product as transaction date accounting or settlement date accounting; under IFRS, usual transactions are categorized by financial product account.</p> <p>(b) Effective interest rate: The Bank's financial cost after amortization uses the straight-line method; under IFRS, the amortized costs shall be calculated using the effective interest rate method.</p>
Fixed assets and equipments	The change in current price or CPI may be adjusted under the shareholder's equity for the Bank's properties and equipment; under IFRS, except for the revaluation method that is adjusted through fair value, adjustment is not allowed using the cost method for the current and subsequent period stated in the policy for the preparation of financial statements.
Affiliated companies under equity method	<p>(a) Capital Reserve is adjusted as the ownership percentage changes when the Bank's investee company increases its share capital; under IFRS, the Bank recognizes any gains or losses derived from the decrease in percentage of shareholding from the investee company.</p> <p>(b) For the long-term equity investment under equity method, if the Bank loses its influence over an investee company because of a decrease in ownership or other reasons, it shall cease using the equity method. The cost of investment will be the book value at the time of change. If there is a balance on the additional paid-in capital or other equity adjustment items from the long-term equity investment, then the Bank shall calculate its share when the investment is sold so that the pro-rata gain or losses from the disposal of the long-term investment can be accounted for; Under IFRS, when losing influence and control over the investee company, the Bank shall calculate the fair value of the remaining investment. For the comprehensive profit or loss recognized through affiliated companies, the accounting principle adopted shall be identical to those used for the disposal of assets and liabilities of the affiliated company. Therefore, when assets or liabilities are reclassified at the time the affiliate company recognizes other comprehensive profit or loss, the profit or loss recognized by the Bank shall also be reclassified from equity when the Bank loses influence and control over the investee company.</p>

3. The Company conducted the evaluation above in accordance with the International Financial Reporting Interpretations Committee accepted in the Financial Supervisory Commission. The actual monetary difference is still under evaluation.

10) Disclosure on Chinese market: None.

(37) Notes to Disclosure Items

1) Information on significant transactions

- Information regarding 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.
- 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.
- Information on the disposal of real estate for which the sale amount exceeded \$300 million or 10% of the Bank's paid-in capital: none.
- Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: none.
- Information regarding receivables from related parties for which the amount exceeded \$300 million or 10% of the Bank's paid-in capital: none.
- Information regarding selling non-performing loans:

(a) Summary of transaction information of NPL disposition

Date	Counter-party	Content	Book value	Selling price	Gain (loss) on disposal	Additional condition	The relationship of the counter-party and the Company
2011.01.07	A Company	General Working Capital Fund Loans	-	6,043	6,043	-	-
2011.04.19	B Company	General Working Capital Fund Loans	254,785	242,045	(12,740)	-	-
2011.09.09	C Company	General Working Capital Fund Loans	36,494	164,311	127,817	-	-

- (b) The information of a transaction of NPL disposition up to \$1,000,000 should be disclosed: None.

7. Approved securitization instrument types and related information according to “asset-backed securitization” or “mortgage-backed securitization”: none.

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

2) Information on long-term equity investments:

1. Information on investees' names, locations, etc.

Name of the investee	Investee location	Investee's main operations	% of shares	Original investment amount	Gain (loss) recognized during the period	Held by the bank and related party at year-end (Note 1)				Remarks
						Shares	Par-forma shares	Subtotal		
								Shares	% of shares	
Hua Nan Financial Holding Co., Ltd.	No. 38, Sec.1, Chongqing S. Rd. Taipei City, Taiwan	Financial Holdings	21.23	26,646,642	2,120,025	1,943,061,717	-	1,943,061,717	25.07	-
Taiwan Life Insurance Co., Ltd.	No.17, Syuchang St., Taipei City, Taiwan	Life Insurance	18.94	1,742,973	55,007	176,228,584	-	176,228,584	21.60	-
Tang-Eng Iron Works Co., Ltd.	5F., No. 53, Tonghua 4th Rd., Kaohsiung, Taiwan	Iron Industry	21.37	1,653,862	103,479	74,802,414	-	74,802,414	21.37	-
Kaohsiung Ammonium Sulfate Co., Ltd.	8F., No.53, Tonghua 4th Rd., Kaohsiung, Taiwan	Liquidation	91.86	2,420,898	(28,212)	303,131,576	-	303,131,576	91.86	-
Tai Yi Real-Estate Management Co., Ltd.	3F., No.56, Dunhua N. Rd., Taipei City, Taiwan	Real Estate Service	30.00	15,223	4,974	1,500,000	-	1,500,000	30.00	-

Note 1: The investees' shares or pro-forma shares held by the Company's board of directors, supervisor, CEO, vice CEO, and affiliates conforming to the Company Act should be included.

Note 2: (1) Pro-forma shares are the “securities having equity property” or “derivative instrument contracts (have not been converted into stock)” that can be converted into shares of the investee company under Article 74 of the “Company Act” for investment purposes.

(2) The above “securities having equity property” means the securities that conform to the regulation in Article 11, Paragraph 1 of the Securities and Exchange Act Enforcement Rules, for example, convertible bonds and stock warrants.

(3) The abovementioned “derivative instrument contracts” conformed to the definition of derivative instrument in SFAS No. 34 “Financial Instruments: Recognition and Measurement”, for example, stock options.

Note 3: The statement can be omitted in the 1st and 3rd quarters.

2. Lending to other parties: none.

3. Guarantees and endorsements for other parties: none.

4. Securities held as of December 31 2011: none.

5. Information regarding securities for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital: none.

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

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

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

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

10. Information regarding trading in derivative financial instruments: none.

11. Information regarding selling non-performing loans: none.

12. Approved securitization instrument types and related information according to “asset-back securitization” or “mortgage-backed securitization” : none.

13. Other significant transaction items having influence on the decisions of these financial statements' users: none.

3) Information regarding investment in China:

In order to accelerate the investment speed in China approved by the Board of Directors, the Bank has agreed to upgrade the representative office in Shang-hai as branch approved by the Financial Supervisory Commission and Ministry of Economy on February 10, 2011 and March 31, 2011, respectively. The upgrade is currently in progress.

(38) Operational Department

1) Segment Information

	December 31, 2011					
	Bank department	Department of Government Employees insurance	Department of Procurement	Department of Precious Metals	Offset amount	Total
Assets						
Cash and cash equivalents	\$ 50,489,558	24,911,164	624,645	400,809	-	76,426,176
Placement with Central Bank and call loans to banks	488,555,403	-	-	-	-	488,555,403
Financial assets at fair value through profit or loss	45,083,428	65,802,579	-	-	-	110,886,007
Bonds and bills purchased under resell agreements	3,231,949	-	-	-	-	3,231,949
Receivables, net	62,883,039	23,330,050	9,076	200,769	-	86,422,934
Loans and discounts, net	2,153,645,232	-	-	-	-	2,153,645,232
Available-for-sale financial assets, net	757,373,465	-	-	-	-	757,373,465
Held-to-maturity financial assets, net	620,867	50,321,722	-	-	-	50,942,589
Long-term investment under equity method, net	32,479,598	-	-	-	-	32,479,598
Other financial assets, net	72,207,332	-	-	-	-	72,207,332
Fixed assets, net	97,845,861	6,832	7,875	4,336	-	97,864,904
Intangible assets, net	815,019	442	3,375	2,221	-	821,057
Other assets, net	9,020,338	13,690,111	3,384,358	6,020,484	(16,996,181)	15,119,110
Total assets	\$3,774,251,089	178,062,900	4,029,329	6,628,619	(16,996,181)	3,945,975,756
Liabilities						
Deposit of Central Bank and other banks	\$ 208,926,475	-	-	-	-	208,926,475
Financial liabilities at fair value through profit or loss	3,897,631	5,254	-	-	-	3,902,885
Bonds and bills sold under repurchase agreements	14,906,165	-	-	-	-	14,906,165
Payables	37,312,050	33,146	121,551	2,004,832	-	39,471,579
Deposits and remittances	3,218,010,687	-	-	-	-	3,218,010,687
Accrued pension liability	4,566,754	-	-	-	-	4,566,754
Other financial liabilities	5,756,183	-	-	-	-	5,756,183
Other liabilities	35,260,126	178,024,500	3,488,963	4,251,224	(16,996,181)	204,028,632
Total liabilities	3,528,636,071	178,062,900	3,610,514	6,256,056	(16,996,181)	3,699,569,360
Stockholders' equity						
Common stock	70,000,000	-	-	-	-	70,000,000
Capital surplus	106,077,872	-	-	-	-	106,077,872
Retained earnings						
Legal reserve	24,119,287	-	-	-	-	24,119,287
Special reserve	518,561	-	-	-	-	518,561
Unappropriated retained earnings	5,509,694	-	418,815	372,563	-	6,301,072
Equity adjustment						
Unrealized increments on reevaluation	26,581,673	-	-	-	-	26,581,673
Cumulative foreign currency translation adjustment	(366,046)	-	-	-	-	(366,046)
Net loss not recognized as pension cost	(809,180)	-	-	-	-	(809,180)
Unrealized gain (loss) on financial instruments	13,983,157	-	-	-	-	13,983,157
Total stockholders' equity	245,615,018	-	418,815	372,563	-	246,406,396
Total liabilities and stockholders' equity	\$3,774,251,089	178,062,900	4,029,329	6,628,619	(16,996,181)	3,945,975,756

	2011					
	Bank department	Department of Government Employees insurance	Department of Procurement	Department of Precious Metals	Offset amount	Total
Interest revenue	\$ 52,367,793	1,396,332	63	1	-	53,764,189
Less: Interest expense	(30,577,630)	-	-	-	-	(30,577,630)
Interest income, net	21,790,163	1,396,332	63	1	-	23,186,559
Non-interest income, net					-	
Service fee income	4,821,824	135,279	573,025	43,197	-	5,573,325
Service fee expense	(490,844)	(20,587)	(37,156)	(64,442)	-	(613,029)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	3,892,395	(8,021,468)	-	-	-	(4,129,073)
Realized gain on available-for-sale financial assets	1,363,849	-	-	-	-	1,363,849
Gain on long-term investment under equity method	2,255,273	-	-	-	-	2,255,273
Foreign exchange gain (loss)	1,757,424	838,664	-	293	-	2,596,381
Gain on asset revaluation (impairment loss)	37,027	-	-	-	-	37,027
Other non-interest income	(9,380,210)	5,809,175	6,856	471,610	(70)	(3,092,639)
Income from property transaction	421,670	-	-	-	-	421,670
Net revenue	26,468,571	137,395	542,788	450,659	(70)	27,599,343
Bad debt expense	4,990,869	566	-	-	(70)	4,991,365
Operating expense	17,778,708	136,829	123,973	78,095	-	18,117,605
Net income before tax	3,698,994	-	418,815	372,564	-	4,490,373
Income tax expense	789,301	-	-	-	-	789,301
Net income	\$ 2,909,693	-	418,815	372,564	-	3,701,072

	December 31, 2010					
	Bank department	Department of Government Employees insurance	Department of Procurement	Department of Precious Metals	Offset amount	Total
Assets						
Cash and cash equivalents	\$ 27,243,313	16,895,308	296,027	41,716	-	44,476,364
Placement with Central Bank and call loans to banks	518,166,823	-	-	-	-	518,166,823
Financial assets at fair value through profit or loss	35,300,656	64,574,377	-	-	-	99,875,033
Bonds and bills purchased under resell agreements	600,294	-	-	-	-	600,294
Receivables, net	64,945,452	19,293,627	10,332	23,360	-	84,272,771
Loans and discounts, net	2,079,558,679	-	-	-	-	2,079,558,679
Available-for-sale financial assets, net	837,360,582	-	-	-	-	837,360,582
Held-to-maturity financial assets, net	576,351	53,631,156	-	-	-	54,207,507
Long-term investment under equity method, net	31,330,008	-	-	-	-	31,330,008
Other financial assets, net	69,201,006	-	-	-	-	69,201,006
Fixed assets, net	76,575,448	7,493	8,925	5,133	-	76,596,999
Intangible assets, net	958,852	1,254	5,187	4,281	-	969,574
Other assets, net	17,614,967	20,126,389	3,512,545	1,121,005	(23,767,662)	18,607,244
Total assets	\$3,759,432,431	174,529,604	3,833,016	1,195,495	(23,767,662)	3,915,222,884

	December 31, 2010					
	Bank department	Department of Government Employees insurance	Department of Procurement	Department of Precious Metals	Offset amount	Total
Liabilities						
Deposit of Central Bank and other banks	\$ 207,612,937	-	-	-	-	207,612,937
Financial liabilities at fair value through profit or loss	18,985,604	-	-	-	-	18,985,604
Bonds and bills sold under repurchase agreements	9,429,373	-	-	-	-	9,429,373
Payables	38,044,692	31,978	183,511	691,823	-	38,952,004
Deposits and remittances	3,185,931,012	-	-	-	-	3,185,931,012
Accrued pension liability	3,389,155	-	-	-	-	3,389,155
Other financial liabilities	1,048,528	-	-	-	-	1,048,528
Other liabilities	<u>44,278,229</u>	<u>174,497,626</u>	<u>3,143,727</u>	<u>173,745</u>	<u>(23,767,662)</u>	<u>198,325,665</u>
Total liabilities	<u>3,508,719,530</u>	<u>174,529,604</u>	<u>3,327,238</u>	<u>865,568</u>	<u>(23,767,662)</u>	<u>3,663,674,278</u>
Stockholders' equity						
Common stock	70,000,000	-	-	-	-	70,000,000
Capital surplus	105,581,440	-	-	-	-	105,581,440
Retained earnings						
Legal reserve	21,993,796	-	-	-	-	21,993,796
Special reserve	1,645,137	-	-	-	-	1,645,137
Unappropriated retained earnings	8,449,263	-	505,778	329,927	-	9,284,968
Equity adjustment						
Unrealized increments on reevaluation	14,640,018	-	-	-	-	14,640,018
Cumulative foreign currency translation adjustment	(455,457)	-	-	-	-	(455,457)
Net loss not recognized as pension cost	(1,915)	-	-	-	-	(1,915)
Unrealized gain (loss) on financial instruments	<u>28,860,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,860,619</u>
Total stockholders' equity	<u>250,712,901</u>	<u>-</u>	<u>505,778</u>	<u>329,927</u>	<u>-</u>	<u>251,548,606</u>
Total liabilities and stockholders' equity	<u>\$3,759,432,431</u>	<u>174,529,604</u>	<u>3,833,016</u>	<u>1,195,495</u>	<u>(23,767,662)</u>	<u>3,915,222,884</u>

	2010					
	Bank department	Department of Government Employees insurance	Department of Procurement	Department of Precious Metals	Offset amount	Total
Interest revenue	\$ 45,294,436	1,060,828	108	1	-	46,355,373
Less: Interest expense	(26,086,235)	-	-	-	-	(26,086,235)
Interest income, net	19,208,201	1,060,828	108	1	-	20,269,138
Non-interest income, net					-	
Service fee income	4,709,074	152,375	651,935	44,711	-	5,558,095
Service fee expense	(511,863)	(23,408)	(35,085)	(24,609)	-	(594,965)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	2,567,082	7,014,054	-	-	-	9,581,136
Realized gain on available-for-sale financial assets	1,987,283	-	-	-	-	1,987,283
Gain on long-term investment under equity method	1,667,093	-	-	-	-	1,667,093
Foreign exchange gain (loss)	3,532,642	(4,207,957)	-	(2,449)	-	(677,764)
Gain on asset revaluation (impairment loss)	(88,625)	-	-	-	-	(88,625)
Other non-interest income	(9,326,848)	(3,864,742)	18,504	384,955	(75)	(12,788,206)
Income from property transaction	612,974	-	-	-	-	612,974
Net revenue	24,357,013	131,150	635,462	402,609	(75)	25,526,159
Bad debt expense	376,104	-	-	-	(75)	376,029
Operating expense	16,989,808	131,150	129,684	72,682	-	17,323,324
Net income before tax	6,991,101	-	505,778	329,927	-	7,826,806
Income tax expense	741,838	-	-	-	-	741,838
Net income	\$ 6,249,263	-	505,778	329,927	-	7,084,968

2) Geographical information:

The Bank categorizes oversea operational department in accordance to their location. As the income and non-current assets do not meet the substantial material amount, the Bank will not disclose the information.

3) Information of important clients

As the Bank does not contain any client of more than 10% of income, the information will not be disclosed.

V. Consolidated Financial Statements for the Years Ended December 31, 2011 and 2010, and Independent Auditors' Report

None

VI. Effect of Financial Difficulties Experienced by the Bank and Related Enterprises on the Bank's Financial Status in Most Recent Year and to the Annual Report Publication Date

None

Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Unit: NT\$1,000

Items	Year	Dec. 31, 2011	Dec. 31, 2010 (restated)	change	
				Amount	%
Total Assets		3,945,975,756	3,915,222,884	30,752,872	0.79
Total Liabilities		3,699,569,360	3,663,674,278	35,895,082	0.98
Total Shareholders' Equities		246,406,396	251,548,606	(5,142,210)	(2.04)

II. Analysis of Operating Results

Unit: NT\$1,000

Items	Year	2011	2010 (restated)	Amount Change	% Change
Net interest income		23,186,559	20,269,138	2,917,421	14.39
Non-interest income (net)		4,412,784	5,257,020	(844,236)	(16.06)
Net revenues		27,599,343	25,526,158	2,073,185	8.12
Bad debt expenses		4,991,365	376,029	4,615,336	1,227.39
Operating expenses		18,117,605	17,323,324	794,281	4.59
Net income-before tax		4,490,373	7,826,805	(3,336,432)	(42.63)
Income tax expense		789,301	741,837	47,464	6.40
Net income-after tax		3,701,072	7,084,968	(3,383,896)	(47.76)

Analysis of changes in increase / decrease ratios:

1. The decrease in net income-before tax in 2011 as compared with 2010 was caused mainly by the added allocation in provision against bad debts as a result of Bulletin 34's third revision.
2. The increase in net interest income in 2011 compared with 2010 was due to the fact that the increase in interest income was larger than the increase in interest costs.
3. The increase in non-interest net income in 2011 was due mainly to a decrease in provision for policyholders' reserve premium.
4. The increase in provision for loan losses in 2011 was caused mainly by the added allocation in provision against bad debts as a result of Bulletin 34's third revision.
5. The increase in income tax expense in 2011 as compared with 2010 was caused primarily by the provision for valuation allowance for deferred tax assets.

III. Analysis of Cash Flow

1. Liquidity Analysis for the Past Year

(1) Cash Flow Analysis

Unit: NT\$1,000

Item	2011	2010 (restated)	Amount Change	% Change
Net cash inflow (outflow)	(41,064,481)	647,092,175	(688,156,656)	(106.35)

The main reasons for the net change were as follows:

Unit: NT\$1,000

Items	Amount
Increase in net cash inflow from operating activities	(35,897,938)
Increase in net cash inflow from placement with Central Bank	190,051
Increase in net cash outflow from acquisition of available-for-sale financial assets	48,498,922
Increase in net cash inflow from proceeds of available-for-sale financial assets at maturity	(49,902,582)
Increase in net cash outflow from acquisition of held-to-maturity financial assets	52,077,209
Increase in net cash inflow from Proceeds of held-to-maturity financial assets at maturity	(53,163,652)
Decrease in net cash outflow from loans and discounts	(46,384,226)
Decrease in net cash inflow from deposits of banks	(1,538,591)
Decrease in net cash inflow from deposits and remittances	35,820,635
Others	(637,856,484)
Amount Change	(688,156,656)

(2) Remedy for Estimated Shortage of Liquidity : Not applicable.

2. Cash Flow Analysis for the Coming Year

Unit: NT\$1,000

Beginning Cash Balance (a)	Annual Net Cash Flow from Business Activities (b)	Annual Net Cash Flow from Other Activities (c)	Cash Balance (Shortage) (a) + (b) - (c)	Remedy for Estimated Cash Shortage	
				Investment Plan	Financial Management Plan
845,954,590	18,851,547	(16,750,012)	848,056,125	-	-

(1) Cash Flow Analysis

- a. Business activities: Due primarily to a new cash inflow of NT\$18,851,547,000 produced by business activities.
- b. Investment activities: A net cash outflow of NT\$42,390,168,000 from investment activities mainly due to a net increase of loans & discounts, and placement with Central Bank together with a net decrease of the current financial assets, fund, long-term investment, and long-term receivables.
- c. Financing activities: Primarily a net cash inflow of NT\$25,990,303,000 produced by financing activities as a result of increases in deposits and remittances, financial bonds, current financial liabilities together with a decrease in cash dividends released

(2) Remedial action to make up for cash inadequacy, and liquidity analysis: Not applicable.

IV. Major Capital Expenditure Items

None

V. Investment Policy in Last Year

The Bank actively plans for the disposal of reinvested enterprises that are performing poorly, for which the original purpose of investment has been achieved, or which are unrelated to the Bank's business in order to heighten the overall performance of investment. Despite the impact of the European debt turmoil on the global financial market in 2011, the overall profitability of the BOT's reinvested companies, as calculated by the equity method, was good. The Bank's stock dividends and return on investment as booked by the equity method increased as a result, and investment income for the year reached approximately NT\$3.1 billion.

To assure the quality of investment and to heighten return on investment, the Bank actively implements share-release plans to release the weak and keep the strong, and participates in meetings of the boards of directors and supervisors of invested enterprises so as to remain aware of their business conditions and protect the Bank's investment interests.

The Bank's investment plans include a 100% reinvestment in the establishment of an insurance broker company with a capitalization of NT\$20 million in 2012.

VI. Risk Management

1. Qualitative & Quantitative Information on Different Types of Risk

(1) Credit Risk Management and Accrued Capital

A. Credit Risk Management System

Fiscal Year 2011

Items	Contents
Credit Risk Strategies, Goals, Policies, and Procedures	<ol style="list-style-type: none"> Credit Risk Strategies, Goals, Policies <ol style="list-style-type: none"> In accordance with the loan, investment strategies and operating directions approved by the Board of Directors, and in compliance with the New Basel Capital Accord and the regulatory provisions of the competent authority, the Bank has established a credit risk management system and policy and, in response to changes in the macroeconomic market, loan portfolio risk, and asset quality, and to coordinate with government policy, the Bank readjusts its risk management policy according to internal procedures whenever necessary. The Bank will establish and effectively implement a healthy credit risk management mechanism, lower credit risk, and achieve operating and management targets. When the Bank engages in business and management procedures related to credit risk, it evaluates the probability and severity of losses from the investment or loan and adopts appropriate credit risk management countermeasures in consideration of the Bank's risk appetite and cost effectiveness. Risk management countermeasures include risk hedging, risk transfer or mitigation, risk control, and assumption of risk. Credit Risk Procedures <ol style="list-style-type: none"> Credit risk assessment and monitoring are carried out in accordance with the relevant regulations of the competent authority and the BOT, and reports are submitted to the BOT's Board of Directors and Risk Management Committee. Risk quotas and early-warning indexes are established by industry, country, conglomerate, financial institution, and trading partner in order to control the concentration of risk and large exposure, and monitoring and reporting are carried out. To effectively measure the quality of loan assets, the Bank has established pre-loan investigation and screening rules and procedures. It has also strengthened post-loan management, and has adopted the following control and measurement mechanisms: a loan review and follow-up evaluation system, and loan early-warning mechanism; monitoring of asset quality; strengthened early warning and management for abnormal loans; full allocation of loss provisions; and adequate capital provision. The Bank has developed and established various risk rating models, rating systems, and management systems related to credit risk, and is gradually introducing them into the Bank's credit analysis and loan processes to help the Bank identify and weigh credit risk and strengthen its credit risk management capability.
Organizational Framework of Credit Risk Management	<p>The BOT's organizational framework of credit risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and other business units.</p> <p>The Board of Directors is the Bank's supreme policymaking unit and has final responsibility for the Bank's overall risk management. The Risk Management Committee is responsible for the Bank's risk management policy, system, rules, organization, overall risk assessment, supervise, and examining revision affairs.</p>
Scope and Characteristics of the Credit Risk Reporting and Measuring System	<ol style="list-style-type: none"> Credit Risk Reporting <p>Scope: Includes the standard system-produced credit risk reports that are submitted to the competent authority, and monthly credit risk monitoring reports.</p> <p>Characteristics: The Bank's Department of Risk Management produces credit risk monitoring reports and submits them to the chief executive on a monthly basis, and also makes regular reports to the Board of Directors and Risk Management Committee. The contents of these reports include risk-control conditions such as the status of bank-wide exposure to credit risk, the status of utilization of total amounts and quota limits, analysis of the management of credit risk concentration, analysis of overseas branch (including the OBU) loan asset portfolios and anonymous loan participants, and asset quality and off-book items. Dynamic monitoring of credit risk is also carried out as necessary, and if major changes are found they are reported, according to established procedure, to the relevant superior unit and then to the chief executive in order to control credit risk effectively.</p>

Items	Contents
	<p>2. Credit Risk Measuring System</p> <p>Scope: The Bank currently uses the risk standardized approach to calculate capital allocation. The Risk Management Information System automatically produces various reports each month, including reports to the competent authority, management-related reports, and information-disclosure reports. These reports are used to compile monitoring reports for ranking executives, the Risk Management Committee, and the Board of Directors.</p> <p>The Bank is currently installing a risk-management mechanism with an internal ratings-based approach that is compliant with the New Basel Capital Accord. Corporate banking information is being collected bank-wide for the establishment of a credit risk databank, data mart, and credit-rating system, and models are being set up for default probability in corporate banking and consumer banking, loss given default, and exposure at default. After these systems are in place they will be introduced into the Bank's credit analysis and loan processes, and the advance measurement approach will be used to measure and manage credit risk.</p> <p>Characteristics: The risk measurement and mechanisms are used together with consideration of credit characteristics, changes in the market and economic environment, collateral or guarantees, individual transaction risk, and investment portfolio in carrying out general business and risk cost performance consolidation so as to enhance the Bank's credit risk management capability and strengthen its credit risk management mechanism.</p>
Credit Risk Hedging and Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	<p>1. Credit Risk Hedging and Mitigation Policy</p> <ol style="list-style-type: none"> (1) The Bank has established quotas for the concentration of various items of risk—by industry, conglomerate, and country, among others. (2) The Bank has established a loan review and follow-up auditing system to strengthen post-loan management, and continuous monitoring of the condition of borrowers. Loan review is carried out within the term of loans in accordance with the review rating, and follow-up auditing is carried out for important loan cases. (3) The Bank operates in accordance with its loan policy and rules for the handling of collateral to seek the provision of collateral or guarantees to augment the creditworthiness of borrowers and lower credit risk. (4) Credit risk mitigation methods (such as offset against net, and eligible collateral and guarantees) are included in related information systems in accordance with the rules of the New Basel Capital Accord and the competent authority in order to calculate the results of the Bank's risk mitigation accurately. <p>2. Strategy and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments</p> <ol style="list-style-type: none"> (1) The Bank monitors the status of and changes in credit risk-concentration quotas, distribution of risk exposure, asset quality, and types of collateral exposure on a scheduled basis, reviews trigger ratios and limit ratios whenever necessary, and assure the integrity and effectiveness of collateral and guarantees. Scheduled reports are submitted to the Risk Management Committee for use in compiling statements on effective strategies and procedures, and in studying countermeasures. (2) The Bank has set up a collateral management system that can effectively handle its collateral. Analysis and policy readjustments are carried out when necessary in response to market and economic changes. In the future, a collateral reappraisal system and mechanism will be established for the accurate calculation of the results of collateral mitigation and the effective use of the early-warning system.
Method of Legal Capital Allocation	Standardized Credit Risk Approach

B. Exposure and Accrued Capital Following Risk Mitigation Using the Standardized Credit Risk Approach

Dec. 31, 2011

Unit: NT\$1,000

Type of Exposure	Exposure Following Risk Mitigation	Accrued Capital
Sovereign Nations	1,410,061,446	50,086
Non-Central Government Public Sector	524,357,947	13,637,682
Banks (including multilateral development banks)	174,608,102	5,033,018
Enterprises (including securities and insurance firms)	829,076,008	58,476,986
Retail Debt	320,049,932	13,195,782
Residential Real Estate	465,481,494	18,703,510
Equity Investment	13,501,413	4,188,143
Other Assets	147,588,487	8,739,613
Total	3,884,724,829	122,027,820

(2) Asset Securitization Risk Management System, Exposure, and Accrued Capital

A. Asset Securitization Risk Management System

Fiscal Year 2011

Items	Contents
Asset Securitization Management Strategy and Procedures	<ol style="list-style-type: none"> 1. The BOT has not acted as the originator of securitized products, but only as investor. 2. The BOT's management strategy and procedures for investment in securitized products are handled in accordance with the rules contained in the Bank's "Investment Policy," "Guidelines for Dealing in Domestic Bonds," and "Operating Rules for Engaging in the Offshore Banking Business."
Asset Securitization Management Organization and Framework	The BOT has not played the role of originator bank, and the risks potentially associated with its investment in securitized asset products (including credit risk, market risk, liquidity risk, interest rate risk, and operational risk) are controlled in accordance with the organizations and frameworks related to the different categories of risk as well as with the BOT's risk management system and reporting mechanism.
Scope and Characteristics of the Asset Securitization Risk Reporting and Measuring System	The BOT carries out prior evaluation of the risks and benefits associated with investment in securitized products in accordance with the relevant investment rules; evaluates profit and loss on a monthly basis; submits risk reports to the unit in charge, Department of Risk Management, ranking executives, and Investment Commission; and reports regularly to the Risk Management Committee and the Board of Directors.
Asset Securitization Risk Hedging and Mitigation Policies, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Risk Hedging and Mitigation Instruments	The BOT has not acted as originator bank.
Method of Legal Capital Allocation	Standardized Approach

B. Status of Risk Securitization Undertaken

None

C. Asset Securitization Risk Exposure and Accrued Capital

Dec. 31, 2011

Unit: NT\$1,000

Type of Exposure	Non-Originating Bank		Originating Bank					
	Purchased or Held Securitization Risk Exposure	Accrued Capital	Exposure				Asset- Backed Commercial Paper	Accrued Capital Before Securitization
			Non-Asset-Backed Commercial Paper					
			Traditional		Synthetic			
			Hold Positions	Not Hold Positions	Hold Positions	Not Hold Positions		
Beneficiary Securities -Home mortgage loans	2,629,100	42,066						
Beneficiary Securities- Real Estate Asset Trust	40,293	1,612						
Collateralized Debt Obligation	1,042,458	126,370						
Total	3,711,851	170,048						

Note: According to the rules of the competent authority, when calculating the qualifying capital instruments issued by banking, securities, or other financial enterprises (including the bank itself) in a bank's investment pool of asset securitization beneficiary securities or asset-backed securities, a 50% "equivalent amount of booked investment in eligible capital instruments" should be deducted from each Tier 1 capital and eligible Tier 2 capital.

D. Securitized product information—securitized product investment summary sheet

Dec. 31, 2011

Unit: NT\$1,000

Items	Account Name	Historical Cost	Accumulated profit and loss assessment	Accumulated impairment loss	Book Value
REAT	Available-for-sale financial assets-noncurrent	10,000	48		10,048
REAT	Held-to-maturity financial assets-noncurrent	30,381			30,381
ABS	Available-for-sale financial assets-noncurrent	995,505		(995,505)	0
CDO	Financial assets measured at fair value through profit or loss-current	1,599,000	(274,803)		1,324,197
CDO	Debt investment without quoted price in active markets-noncurrent	605,500			605,500
CMO	Available-for-sale financial assets-current	24,374	1,584		25,958
CMO	Debt investment without quoted price in active markets-noncurrent	2,558,364			2,558,364

Securitized product information –
Original cost of single investment in securitized products in excess of NT\$300 million

Dec. 31, 2011

Unit: NT\$1,000

Name of Security	Account Name	Currency	Issuer of security and its location	Purchase Date	Expiry Date	Coupon Rate	Credit Rating	Settlement Method	Historical Cost	Accumulated assessment of profit and loss / Amortization	Book Value	Attachment point	Asset Pool
KKRF 2005-1X 1A FRN (USG6267NAA57)	Financial assets measured at fair value through profit or loss-Current	USD	Morgan Stanley Managed ACES SPC (Cayman Island)	2006/2/7	2013/3/20	3ML+50BP	Ba3/A	Quarterly interest payments and repayment of principal at maturity	454,125	(48,591)	405,534	11.53%	(1)Senior Debt (numbered 81) USD8,050,000,000 (2)Subordinated Debt (numbered 9) USD1,150,000,000
RUTLAND RATED INVESTMENTS (USG77264BL54)	Financial assets measured at fair value through profit or loss-Current	USD	Rutland Rated Investments (Cayman Island)	2006/5/24	2013/6/20	3ML+70BP	B1/BBB-/B	Quarterly interest payments and repayment of principal at maturity	454,125	(85,920)	368,205	573%	CDS (numbered 124) USD17,306,379,000
GREYLOCK SYNTHETIC (USG4119QAC99)	Financial assets measured at fair value through profit or loss-Current Debt	USD	Greylock Synthetic (Cayman Island)	2006/11/17	2014/3/20	3ML+0.7%	B2/BB	Monthly payments of interest and principal	302,750	(86,465)	216,285		Secured home loans
CHEYNE CREDIT SPI (XS0256381319)	investment without quoted price in active markets-noncurrent Debt	USD	Cheyne Credit SPI(Ireland) Plc. (Ireland)	2006/6/6	2014/6/30	USD0%	NR	Monthly payments of interest and principal	302,750		302,750		Secured home loans
EQUINOX (XS0282273704A)	investment without quoted price in active markets-noncurrent	USD	Equinox Credit Funding Plc. (Ireland)	2006/12/15	2013/12/20	USD0%	Aa3/AA-	Monthly payments of principal	302,750		302,750		Secured home loans
E. Sun Bank 2007-1 ABSB1	Available-for-sale financial assets-noncurrent	NTD	HSBC, Taipei	2007/5/25	2014/6/15	2.4500%	C.tw	Quarterly interest payments; repayment of principal in 10 payments beginning Mar. 15, 2012	995,505	(995,505)	0	6.67%	Triaxx Funding High Grade I, Ltd. Class C Notes : USD149,375,000

(3) Operational Risk Management System and Accrued Capital

A. Operational Risk Management System

Fiscal Year 2011

Items	Contents
Operational Risk Management Strategies and Procedures	The Bank has established multi-level authorization rules and reporting procedures, in its business rules and operating manuals, in regard to bank customers, products and business activities, business sources, sales channels, and transaction complexity and volume, and in consideration of potential risk. In its SOP the Bank also stipulates that in their review work officers should pay attention to risk control, strengthen identification, emphasize potential risk, formulate evaluation procedures, and establish a frequency of risk monitoring on a regular basis.
Organizational Framework of Operational Risk Management	<ol style="list-style-type: none"> 1. The Board of Directors is the Bank's operational risk management supreme policymaking unit, which approves the Bank operation management policies and makes sure the Bank effectively carries out the operational risk management mechanism. 2. The Risk Management Committee implements operational risk management policies approved by the Board of Directors, establishes and maintains operational risk management mechanism, coordinates interdepartmental operational risk management matters. 3. The Department of Auditing of Board of Directors is the Bank's independent auditing unit, and evaluates the effectiveness the design and implementation of operational risk management.

Items	Contents
	<p>4. The Department of Risk Management is responsible for establishing a systematic criteria to identify, measure, evaluate and monitor operational risk management, and submits reports to the Risk Management Committee on bank-wide operation risk information.</p> <p>5. The units in charge of different areas of business have established business rules and operating manuals in order to distinguish operational risk.</p> <p>6. The different units bank-wide carry out their various businesses in accordance with business rules, operating manuals, and standard operating procedures.</p>
Scope and Characteristics of the Operational Risk Reporting and Measurement System	<p>Operational risk reporting:</p> <p>1. The Bank convenes meetings of the Risk Management Committee on a regular basis, and bank-wide operational risk management and control reports are submitted. The scope of the reports encompasses the collection, filing, and analysis of incidents of operational risk loss; the establishment of standard operating procedure "SOP" pages on the Bank's internal global information website to provide for retrieval by Bank employees; and various kinds of risk-culture education. These activities are designed to lower operational risk.</p> <p>2. A unit that discovers deficiencies in the management mechanism or major operational risk incidents immediately notifies the relevant unit, and the unit in charge of the business concerned carries out review and improvement as well as guidance for the various units.</p> <p>Measurement system:</p> <p>The Bank constantly collects internal loss data and has set up an operational loss databank. The Bank is also introducing Operational Risk Control Self-Assessment (RCSA) and Key Risk Indicators (KRI) as tools for measuring operational risk.</p>
Operational risk hedging or risk mitigation policy, and strategies and procedures for monitoring the continuing effectiveness of risk hedging and mitigation instruments	<p>1. To reduce operational risk, the Bank has established regulations and operations manuals to serve as a basis for undertaking relevant business operations.</p> <p>2. The Bank hedges against operational risk by taking out insurance for its transfer in accordance with its accumulated experience and operating procedures, as well as in consideration of various types of business cost/effectiveness analysis. Insurance (such as employee fidelity insurance, cash insurance, home insurance, and miscellaneous equipment insurance) and remote backup are used to offset operational risk losses caused by operational negligence, personnel, assets, or systems. The outsourcing of operations is handled in accordance with the Bank's "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Operations" in order to prevent operational risk from outsourced operations.</p>
Method of Legal Capital Allocation	Basic Indicator Approach

B. Operational Risk Management Accrued Capital

Dec. 31, 2011

Unit: NT\$1,000

Fiscal Year	Operating gross profit	Accrued Capital
2009	25,024,985	
2010	23,959,996	
2011	26,509,906	
Total	75,494,887	3,774,744

(4) Market Risk Management System and Accrued Capital

A. Market Risk Management System

Fiscal Year 2011

Items	Contents
Market Risk Management Strategies and Procedures	In accordance with the business risk management strategies and operating directions approved by the Board of Directors, and in compliance with the New Basel Capital Accord and the regulatory provisions of the competent authority, the Bank has established a market risk management system and policy. To effectively identify, assess, measure and monitor the risk associated with different investment business, the Bank sets up different investment quotas and stop-lose limits and reports are submitted to the BOT's Board of Directors and Risk Management Committee.
Organizational Framework of Market Risk Management	<ol style="list-style-type: none"> 1. The BOT's organizational framework of risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, trading units and their traders, risk control personnel, and back-office personnel. 2. The Board of Directors is the Bank's supreme market risk management and monitoring unit, which is responsible for the risk policies and the Bank's quota limits approval. 3. The Risk Management Committee is responsible for the Bank's risk management policy, system, rules, organization, overall risk assessment, supervise, and examining revision affairs. 4. Department of Risk Management is Responsible for the planning and revision of risk management, handles formulation and integration of risk management regulations.
Scope and Characteristics of Market Risk Reporting and Measurement	<ol style="list-style-type: none"> 1. The Bank's market risk monitoring encompasses all trading units and overall and individual trading procedures for different financial products, and includes changes in position, changes in profit and loss, trading models, and trading targets, all of which should be carried out in accordance with the Bank's quota limits, stop-loss, and over limit disposition rules, and within authorization limits. 2. The Bank's Department of Risk Management produces market risk monitoring reports and submits them to the chief executive on a monthly basis, and also makes regular reports to the Board of Directors and Risk Management Committee. The contents of these reports include risk-control conditions such as the status of bank-wide exposure to credit risk, capital requirement, financial instruments quotas and limit exceeding, analysis of the management of risk concentration, and analysis of overseas branch (including the OBU) investment assets portfolio, among others. 3. The Bank currently uses the risk standardized approach to calculate capital allocation. The Risk Management Information System automatically produces various reports each month, including reports to the competent authority, management-related reports, and information-disclosure reports. These reports are used to compile monitoring reports for ranking executives, the Risk Management Committee, and the Board of Directors. 4. The Bank completed the introduction of the internal model approach (IMA) quantitative system for market risk in April of 2011. It is currently accumulating portfolio Value at Risk (VaR) data and is carrying out stress testing and back testing as a basis for the establishment of VaR limit management in the future.
Market Risk Hedging and Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Risk Mitigation Instruments	<ol style="list-style-type: none"> 1. The BOT's "Operating Rules for Engaging in the Offshore Banking Business" clearly specify the range of trading in the offshore banking business and establish trading limits according to the credit rating and world ranking of counterparties, issuing institutions, and guarantor institutions. The Rules also have strict specifications regarding categories of securities, with trading quotas and stop-loss limits being established for the trading book positions of different units. 2. In accordance with the "Operating Criteria for Derivatives Products, and Internal Control Operating Methods", the Bank uses the following risk-hedging principles to hedge risk in trading in derivative financial products by trading units: (1) Reviews principal and loss quotas on a regular basis. (2) For products that do not admit of decomposition, positions should be covered in round lots, with no retained positions allowed. (3) Reverse-squaring trading for derivatives positions has been provided for, and can be used for the mutual offsetting of positions, which are listed as net amounts. (4) When trading units undertake trading in derivative products based on product or other profits, with the exception of credit derivatives they must, in principle, engage in pairs trading so as to transfer and reduce risk.
Method of Legal Capital Allocation	Standardized Approach

B. Market Risk Accrued Capital

Dec. 31, 2011

Unit : NT\$ 1,000

Risk Category	Accrued Capital
Interest rate risk	2,104,918
Equity security risk	1,739,933
Foreign exchange risk	1,862,229
Commodity risk	8,251
Total	5,715,331

(5) Liquidity Risk

The Bank uses two methods to manage liquidity risk: total amount management, and flow management. Total amount management is carried out according to the Central Bank's "Liquidity Reserve Checking Guidelines for Financial Institutions," and liquidity reserves are allocated in reference to fluctuations in the Bank's flow of funds. The implementation of flow management depends on the time and place of inflow and outflow of funds and is divided into real-time management and medium- and long-term management. When the flow of funds reaches a set limit, business units are required to submit a report immediately so as to maintain a grasp of the status of capital and provide for the adoption of advance countermeasures. Medium- and long-term management calls for the compilation of a New Taiwan Dollar Cash Flow Gap Analysis Table, in which 1-10 days, 11-30 days, and over one month gaps are calculated, each week. In addition, a monthly analytic report on the Bank's New Taiwan Dollar and Foreign Currencies funds liquidity risk and interest-rate risk is compiled and submitted to the Assets and Liabilities Management Committee and to the Board of Managing Directors quarterly.

A. New Taiwan Dollars-Denominated Maturity Date Structure

Dec. 31, 2011

Unit : NT\$ 1,000

Items	Total	Amounts by Time Remaining before Maturity				
		1-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major inflows of matured funds	3,822,254,738	802,311,389	678,469,732	385,900,252	373,328,997	1,582,244,368
Major outflows of matured funds	4,176,475,777	478,582,783	556,460,135	508,071,726	915,866,757	1,717,494,376
Period gap	(354,221,039)	323,728,606	122,009,597	(122,171,474)	(542,537,760)	(135,250,008)

Note : The table includes only New Taiwan Dollar Amounts held in head office and the domestic branches, excluding foreign currencies.

B. U.S. Dollars-Denominated Maturity Date Structure

Dec. 31, 2011

Unit : US\$ 1,000

Items	Total	Amounts by Time Remaining before Maturity				
		1-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Assets	23,314,824	6,889,263	9,450,063	3,625,532	1,574,075	1,775,891
Liabilities	22,818,079	11,880,343	6,980,792	2,006,354	1,343,291	607,299
Gap	496,745	(4,991,080)	2,469,271	1,619,178	230,784	1,168,592
Accumulated Gap	496,745	(4,991,080)	(2,521,809)	(902,631)	(671,847)	496,745

Note : The table includes assets and liabilities denominated in USD held in head office, the domestic branches and Offshore Banking Branch.

2. Impact of Changes in Major Domestic and Overseas Policies and Laws on the Bank's Financial Operations, and Countermeasures

The Bank will remain attentive to the influence of major government financial and economic policies, and will provide appropriate responses in a timely fashion so as to lower the impact on its financial operations.

3. Impact of Technological and Industrial Changes on the Bank's Financial Operations, and Countermeasures

In response to changes in technology the Bank has brought in an operating procedure for overall banking business digitization, using IT equipment (computers together with information networks) to provide various services so that customers do not have to go to the bank in person but can access the information and carry out the account-processing functions they need through end-user equipment that is online with the Bank's computer. The use of Internet technology enables the Bank to remain in constant communication with actual branches, the Internet bank, customer telephone service center, wireless applications, and even digital TVs, this expanding the customer interface and enhancing operational efficiency.

The Bank has responded to changes in industry by establishing limits on loans to different industries. Besides complying with banking laws and regulations, this also reduces the risk of over-concentration of loan assets and alleviates the impact, via the domino effect, of any single incident or economic reversal. To strengthen trend studies and risk considerations in industry analysis for the purpose of credit investigation, information on the status of relatively high-risk industries such as the DRAM, Flat Panel Display, Solar Energy, LED, and PC industries is submitted monthly; in addition to being provided as a reference for headquarters review meetings, this information is also supplied to business units in order to reinforce loan risk control. In addition, to cope with changes in the financial environment, credit investigation personnel should themselves not only possess professional credit investigation know-how and experience but should also have full knowledge of the trends and latest developments in industry. The Bank, therefore, uses regular videoconference seminars on key industries and sends personnel to attend specialized industry seminars conducted by outside organizations in order to reinforce industry know-how, and it buys into outside industrial and economic databanks so that credit investigators can use them whenever necessary to secure a deep understanding of industrial developments and reduce loan risk.

4. Impact of Changes on the Bank's Image, and Countermeasures

In addition to achieving its budget profit target and participating actively in numerous public-benefit activities, the Bank also turned in an outstanding performance in other areas of business. This earned the following awards for the Bank: First Place among Government-owned Banks in the Operating Strategy category of the Banking Service Capital Survey and in Annual Customer Loyalty (Personal Banking), from the China Productivity Center; an Outstanding rating in the Digital Service Survey; first place in the financial category in Business Next Magazine's 100 best Taiwan websites and 50 best corporate websites survey; Golden Rudder Award and Promotion Award for the Electronic Money Flow Business and First Place for Transaction Volume on the Payment Network, from the Bankers Association; named most powerful financial institution, by CommonWealth Magazine; first Place in Financial Services category in the Yahoo! Emotive Brand Awards; and ROC Centennial Top 100 Taiwan Brands Award, from the Ministry of Economic Affairs, and a gold award in the banking category for the fifth year in a row in the Reader's Digest Trusted Brand awards. These honors reflect recognition by the public and the corporate sector of the Bank's outstanding quality of service and stable operating image.

5. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

None

6. Expected Benefits from, Risks Relating to and Response to Operating Channel Expansion Plans

The BOT enjoys outstanding credit, a broad and stable market base, a correspondent banking system that covers Taiwan and the world, and a fine management system. Since the addition of more business locations can expand the deposit, loan, remittance, and wealth management businesses while increasing stable customer sources, the Bank will continuously evaluate the feasibility of setting up new business locations, in light of economic conditions and the development of commerce and industry in different areas, in order to provide customers with a full range of services and establish a solid operating base.

The China Banking Regulatory Commission issued a preparation permit for the upgrading of the BOT's Shanghai Representative Office to a branch on Dec. 27, 2011, and establishment of the Shanghai Branch will be carried out according to the Bank's plan. Mainland Affairs Planning Task Force at the Bank has carried out preliminary planning for mainland deployment, branch establishment, manpower training, business marketing, and establishment of regulatory and information systems, and to make preparations for potential operational risk.

7. Risks Arising from the Concentration of Business, and Countermeasures

The Bank's main source of income is interest, and for this reason changes in interest rates have a relatively large influence on the Bank's income. To reduce the risk caused by interest-rate fluctuations, the Bank will monitor changes in interest rates both continuously and closely, and will adjust its interest rates when necessary to improve the structure of its assets and liabilities. The Bank will actively develop wealth management, trust, gold dealing and procurement business to increase fee and commission income.

8. Effects of, Risks Relating to and Response to Changes in Control over the Bank

None

9. Litigation or Non-litigation Matters

None

10. Other Major Risks

None

VII. Crisis Management Mechanism

In regard to latent or present crises, the Bank has adopted a series of pre-event, mid-event, and post-event countermeasures. The crisis management mechanism that has been established by the Bank includes the following:

1. A "BOT Emergency Response Manual."
2. The "BOT Crisis Reporting Rules."
3. A "BOT Operation Crisis Response Countermeasures."
4. A "BOT Operations Non-Interruption Plan."
5. An emergency reporting system for headquarters and branches.
6. A BOT Crisis Reporting System.

VIII. Other Important Matters

None

穩健

踏實經營、健全體質、穩定成長

臺灣銀行 步步高升 基金定期(不)定額優惠專案

(本專案「步步高升」係指客戶累積成功扣款次數愈多，享有之手續費折扣愈優惠)



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- II. Private Placement of Securities and Bank Debentures
- III. Holdings or Disposition of BOT Shares by Subsidiaries
- IV. Other Matters for Supplementary Explanation
- V. Incidents Occurring During the Previous Year and to Date of Annual Report Publication Which, as Stipulated in Article 36, Section 2, Subsection 2 of the Securities Transaction Law, Had a Major Impact on Shareholder Interests or Share Prices

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- I. Domestic Business Units
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Special Disclosure

I. Information on Affiliated Enterprises

Declaration Letter

The relationship report for the year ended 2011 (from January 1 to December 31, 2011) of the Company was prepared in accordance with the regulation of “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. There was no significant inconsistency on the related information between this report and notes for the financial report for the above period.

Declare here specially

Bank of Taiwan

Chairperson



April 13, 2012

1. Independent Auditors' Review Opinion

Independent Auditors' Review Opinion

The Board of Directors
Bank of Taiwan:

We have reviewed the relationship report of Bank of Taiwan for the year ended 2011 in accordance with the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan ruling Tai Tsai Jeng (6) No. 04448 announced on November 30, 1999. Our work is to express an opinion on the relationship report of Bank of Taiwan for the year ended 2011, whether it was prepared in accordance with the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and not significantly inconsistent with the notes for the financial report for the same period audited in 2011.

In our opinion, we did not find any violation of the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" or any significant inconsistencies with the notes for the financial report for the same period in the above relationship report.

KPMG Certified Public Accountants
April 13, 2012

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

2. A Relationship Profile Between Affiliated Company and Controlling Company

Name of Controlling Company	Reason for Control	Controlling Company Shareholding and Pledged Shares			Directors, Supervisors, and Managers Appointed by the Controlling Company	
		Shares Owned	Ratio of Shares Owned	No. of Pledged Shares	Position	Name
Taiwan Financial Holding Co., Ltd.	Affiliated Relationship with 100% shares	7,000,000,000 Shares	100%	None	Chairperson	Susan S. Chang
					Managing Director and President	Chang Mingdaw
					Independent Managing Director	Hsu Yihsung
					Managing Director	Yang Chengchen
					Independent Director	Shen Chunghua
					Independent Director	Lou Tienwei
					Director	Huang Shoutzuoo
					Director	Yang Mingshyang
					Director	Chang Chihhung
					Director	Rau Hsiuhua
					Director	Lee Kuanghuei
					Director	Yang Shengtien
					Director	Chen Hsichuan
					Director	Lee Haobsuan

3. Transactions Between Affiliated Company and Controlling Company

- (1) Transaction about sales and purchases: None
- (2) Transactions for properties: None
- (3) Finance:

Unit: NT\$1,000

Type	Highest balance	Ending balance	Annual interest rate (%)	Total interest for current period	Accommodation term	Purpose of accommodation	Guarantee		Transaction decision method	Allowance for doubtful accounts
							Name	Amount		
Short-term secured loan	5,700,000	5,700,000	0.695-1.011	48,227	June 30, 2011-June 29, 2012	Payment of BankTaiwan Life Insurance Co. capital increment	Letter of Guarantee	5,700,000	Resolution of Board Meeting	None

- (4) Leases of assets:

Unit: NT \$1,000

Type of Transaction (lease out or lease in)	Leased Item		Term of Lease	Nature of Lease	Basis for Lease Cost Decision	Method of Payment	Comparison with General Lease Standards	Total Lease Payment for Current Period	Status of Collection or Payment for Current Period	Other Commitments
	Name	Location								
Lease out	House	3F., 120 Sec. 1, Chongqing South Road, Taipei 1F., 1 and 3, PaoCing Road, Taipei	2008.1.1~2012.12.31	Business lease	House lease contract	Collection within first 5 days of each month	Normal	16,422	Collected	

- (5) Other Significant Transactions:

a. Account Receivables

	Dec. 31, 2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>632</u>	<u>-</u>

b. Other assets –Prepaid stock dividends and bonus

	Dec. 31, 2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>4,371,752</u>	<u>28.92</u>

c. Deposits

	Dec. 31, 2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>171,328</u>	<u>0.01</u>

d. Account payables

	Dec. 31, 2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>9</u>	<u>-</u>

e. Other liabilities

	2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>2,737</u>	<u>-</u>

f. Interest income

	2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>48,227</u>	<u>0.09</u>

g. Interest expenses

	2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>191</u>	<u>-</u>

h. Other non-interest gains or losses, net (including operation assets rented revenue and other revenue)

	2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>23,890</u>	<u>0.91</u>

i. Other business and management expenses

	2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>1,061</u>	<u>0.02</u>

j. Cost share of common assets

	2011	
	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	\$ <u>7,468</u>	<u>-</u>

4. Endorsements and Guarantees Between Affiliated Company and Controlling Company

None

II. Private Placement of Securities and Bank Debentures

None

III. Holdings or Disposition of BOT Shares by Subsidiaries

None

IV. Other Matters for Supplementary Explanation

None

V. Incidents Occurring During the Previous Year and to Date of Annual Report Publication Which, as Stipulated in Article 36, Section 2, Subsection 2 of the Securities Transaction Law, Had a Major Impact on Shareholder Interests or Share Prices

None

Directory of Head Office and Branches

I . Domestic Business Units

120 Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City 10007, Taiwan (R.O.C.)

P.O. Box 5 or 305, Taipei, Taiwan

SWIFT: BKTWTWTP <http://www.bot.com.tw> TELEX : 11201 TAIWANBK

CODE	OFFICE	ADDRESS	TELEPHONE	CODE
Head Office				
0037	Department of Business	No.120 Sec. 1, Chongqing South Road, Zhongzheng District, Taipei City	02-23493456	02-23759708
0059	Department of Public Treasury	120, Sec. 1, Gueiyang Street, Taipei City	02-23494123	02-23751125
0082	Department of Trusts	6F., No. 49, Sec. 1, Wuchang Street, Zhongzheng District, Taipei City	02-23493456	02-23146041
2329	Department of Procurement	45, Sec. 1, Wuchang Street, Taipei City	02-23493456	02-23832010
2330	Department of Precious Metals	2F. Building B, No. 49 Sec. 1, Wuchang St., Taipei City	02-23493456	02-23821047
2352	Department of Government Employees Insurance	6F., No. 140, Sec. 3, Sinyi Rd., Taipei City	02-27013411	02-27015622
0691	Offshore Banking Department	1st Fl., No. 162 Boai Road, Taipei City	02-23493456	02-23894500
Northern Area				
0071	Guancian Branch	No. 49 Guancian Road, Zhongzheng District, Taipei City	02-23812949	02-23753800
0336	Nanmen Branch	No. 120 Sec. 1, Nanchang Road, Zhongzheng District, Taipei City	02-23512121	02-23964281
0347	Kungkuan Branch	No. 120 Sec. 4, Roosevelt Road, Zhongzheng District, Taipei City	02-23672581	02-23698237
0451	Chengchung Branch	No. 47 Cingdao East Road, Zhongzheng District, Taipei City	02-23218934	02-23918761
1229	Jenai Branch	No. 99 Sec. 2, Ren-ai Road, Zhongzheng District, Taipei City	02-23975936	02-23975927
1621	Chunhsien Branch	No. 1 Jhongshan South Road, Zhongzheng District, Taipei City	02-23411001	02-23578831
1942	Tungmen Mini Branch	No 42 Sec. 1 Renai Road, Taipei City	02-23943168	02-23916855
1986	Taidian Mini Branch	No 242 Sec. 3 Roosevelt Road, Taipei City	02-23667506	02-23672354
2363	Wuchang Branch	No. 49 Sec. 1, Wuchang St., Zhongzheng District, Taipei City	02-23493456	02-23141340
0808	Minsheng Branch	No.167 Fusing North Road, Songshan District, Taipei City	02-27192081	02-27188897
1067	Tunhwa Branch	1F, No. 205 Dunhua North Road, Songshan District, Taipei City	02-25455111	02-25450913
2798	Taipei International Airport Branch	No. 340-9 Dunhua North Road, Songshan District, Taipei City	02-27187628	02-27187618

CODE	OFFICE	ADDRESS	TELEPHONE	CODE
1104	Chunglun Branch	No. 108 Sec. 5, Nanjing East Road, Songshan District, Taipei City	02-27698618	02-27603224
0646	Sungshan Branch	No. 560 Sec. 4, Jhongsiao East Road, Sinyi District, Taipei City	02-27293111	02-27230014
0853	Taipei World Trade Center Branch	3F, No. 333 Sec. 1, Keelung Road, Sinyi District, Taipei City	02-27200315	02-27576156
1931	Yongji Mini Branch	3F No 3 Songren Road, Taipei City	02-27209856	02-27209970
0532	Chunghsiao Branch	No. 202 Sec. 1, Dunhua South Road, Da-an District, Taipei City	02-27516091	02-27411704
0543	Hsinyi Branch	88 Sec. 2, Sinyi Road, Da-an District, Taipei City	02-23515486	02-23973887
0864	Taan Branch	1F., No. 69, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City	02-27553121	02-27093243
1089	Hoping Branch	No. 180 Sec. 1, Hoping East Road, Da-an District, Taipei City	02-23687027	02-23626987
2396	Jinshan Branch	No. 189 Sec. 2, Jinshan S. Rd., Da-an District, Taipei City	02-23413006	02-23413134
2400	Sinan Branch	No. 132 Sec. 3, Sinyi Rd., Da-an District, Taipei City	02-27057905	02-27057906
1953	Aiguo Mini Branch	No. 31 Aiguo East Road, Taipei City	02-23960017	02-23578646
0200	Chungshan Branch	No. 150 Sec. 1, Jhongshan North Road, Jhongshan District, Taipei City	02-25423434	02-25710210
0509	Sungchiang Branch	No. 115 Songjiang Road, Jhongshan District, Taipei City	02-25069421	02-25078786
1241	Yuanshan Branch	No. 577 Linsen North Road, Jhongshan District, Taipei City	02-25976699	02-25932760
2385	Taipei Branch	No. 80 Songjiang Rd., Jhongshan District, Taipei City	02-25435790	02-25236924
0196	Yenping Branch	No. 406 Nanjing West Road, Datong District, Taipei City	02-25522859	02-25524317
0462	Minchuan Branch	No. 239 Sec. 2, Chengde Road, Datong District, Taipei City	02-25530121	02-25529463
0521	Lungshan Branch	No. 380 Kangding Road, Wanhua District, Taipei City	02-23088111	02-23366978
2422	Wanhua Branch	No. 26, Sec. 2, Gueiyang St., Wanhua District, Taipei City	02-23830066	02-23830067
1654	Wenshan Branch	No. 218 Sec. 6, Roosevelt Road, Wunshan District, Taipei City	02-86633456	02-86635656
2293	Muzha Branch	No. 145 Sec. 1, Singuang Rd., Wunshan District, Taipei City	02-86615115	02-86617690
1078	Nankang Branch	1F, No. 95 Sec. 2, Nangang Road, Nangang District, Taipei City	02-26516706	02-27839049

CODE	OFFICE	ADDRESS	TELEPHONE	CODE
2259	Nankang Software Park Branch	2F.-2, No. 66 Sanchong Rd., Nangang District, Taipei City	02-27833009	02-27833900
1539	Neihu Branch	No. 396 Sec. 1, Neihu Road, Neihu District, Taipei City	02-87977933	02-87977957
2237	Donghu Branch	No. 458, Sec. 5, Chenggong Rd., Neihu District, Taipei City	02-26305768	02-26307233
2709	Xinhu Branch	No. 188, Xing-ai Road, Neihu District, Taipei City	02-87927988	02-87928118
0705	Shihlin Branch	No. 197 Sec. 6, Jhongshan North Road, Shihlin District, Taipei City	02-28367080	02-28362523
1425	Tienmou Branch	No. 18 Sec. 7, Jhongshan North Road, Shihlin District, Taipei City	02-28755222	02-28755219
2411	Jiantan Branch	No. 174 Sec. 4, Chengde Rd., Shihlin District, Taipei City	02-28831633	02-28831364
0369	Peitou Branch	No. 152 Sec. 1, Jhongyang South Road, Beitou District, Taipei City	02-28951200	02-28973345
0277	Panchiao Branch	No. 21 Fujhong Road, Banciao District, New Taipei City	02-29680172	02-29676416
2053	Peifu Mini Branch	B1 No. 161 Sec. 1, Jhongshan Road Banciao District, New Taipei City	02-89535968	02-89535268
0875	Huachiang Branch	No. 293-2 Sec. 1, Jhongshan Road, Banciao District, New Taipei City	02-29610101	02-29638280
2433	Bansin Branch	No. 268 Sec. 1, Wunhua Rd., Banciao District, New Taipei City	02-22540560	02-22540570
0428	Sanchung Branch	No. 39 Sec. 4, Chongsin Road, Sanchong District, New Taipei City	02-29719621	02-29719736
0484	Yunghe Branch	No. 97 Sec. 1, Yonghe Road, Yonghe District, New Taipei City	02-29216611	02-29233793
0668	Chunghe Branch	No. 253 Sec. 2, Jhongshan Road, Jhonghe District, New Taipei City	02-22488980	02-22461474
2444	Shuanghe Branch	No. 126 Jhonghe Rd., Jhonghe District, New Taipei City	02-82457558	02-82452722
0716	Hsinchuang Branch	No. 85 Sintai Road, Sinjhuang District, New Taipei City	02-22056699	02-22031524
2455	Nan HsinChuang Branch	No. 653, 653-1 Jhongjheng Rd., Hsin Chuang District, New Taipei City	02-29012999	02-29012119
2802	Xinzhuang Fuduxin Branch	No. 119, Touqian Road, Xinzhuang District, New Taipei City	02-22773000	02-89945222
0750	Hsintien Branch	No. 45 Baojhong Road, Sindian District, New Taipei City	02-29180795	02-29105461
1115	Tucheng Branch	No. 344 Sec. 2, Jhongyang Road, Tucheng District, New Taipei City	02-22703791	02-22603314
1872	Lu Jou Branch	No. 50 Sanmin Road, Lujhou District, New Taipei City	02-82868686	02-82868989
1562	Hsichih Branch	No. 175 Sec. 2, Datong Road, Sijhih District, New Taipei City	02-86926822	02-86926828
0749	Shulin Branch	No. 29 Wunhua Street, Shulin District, New Taipei City	02-26866511	02-26861307

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1481	Tamsui Branch	No. 93 Jhongshan Road, Danshuei District, New Taipei City	02-26281111	02-26281122
2189	Taipei Port Branch	2F., No. 123, Shanggang Rd., Bali District, New Taipei City	02-26196269	02-26196272
1355	Wuku Branch	No. 42 Sec. 4, Jhongsing Road, Wugu District, New Taipei City	02-22936699	02-22918201
0129	Keelung Branch	No. 16, YiYi Road, Jhongjheng District, Keelung City	02-24247113	02-24220436
0266	Taoyuan Branch	No. 46 Jhongjheng Road, Taoyuan City, Taoyuan County	03-3352801	03-3322007
1861	East Taoyuan Branch	No. 300 Jingguo Road, Taoyuan City, Taoyuan County	03-3263888	03-3265666
2466	Taosing Branch	No. 28-8, Yanping Rd., Taoyuan City, Taoyuan County	03-3645566	03-3643322
0417	Chungli Branch	No. 580 Yanping Road, Jhongli City, Taoyuan County	03-4252160	03-4258751
1447	Neili Branch	No.125 Singnong Road, Jhongli City, Taoyuan County	03-4618519	03-4519650
1724	Chienkuo Branch	No. 169 Jiansing Road, Jhongli City, Taoyuan County	03-4670081	03-4670010
2477	Sinming Branch	No. 7 Sinming Rd., Jhongli City, Taoyuan County	03-4951301	03-4943210
1218	Pingchen Branch	No. 11 Sec. 2, Huannan Road, Pingjhen City, Taoyuan County	03-4945688	03-4945699
2282	Linkou Branch	No. 368, Fusing 1st Rd., Gueishan Township, Taoyuan County	03-3277299	03-3277706
1230	Nankan Branch	No. 81 Sec. 1, Nankan Road, Lujhu Township, Taoyuan County	03-3529191	03-3520916
1159	Taoyuan International Airport Branch	No. 15 Hangshan South Road, Pusin Village, Dayuan Township, Taoyuan County	03-3982166	03-3834834
2260	Longtan Branch	No. 142, Donglong Rd., Longtan Township, Taoyuan County	03-4790888	03-4700999
0152	Hsinchu Branch	No. 29 Linsen Road, Hsinchu City	03-5266161	03-5266446
0738	Science-Based Industrial Park Branch	2F, No. 5 Gongye East 6th Rd, Science-Based Industrial Park, Hsinchu City	03-5770050	03-5777936
1643	Peitalu Branch	No. 68 Beida Road, Hsinchu City	03-5354381	03-5354380
0680	Chupei Branch	No. 16 Guangming 6th Road, Jhubei City, Hsinchu County	03-5513111	03-5517322
2488	Lioujia Branch	No. 312 Dong Sec. 1, Guangming 6th Rd., Jhubei City, Hsinchu County	03-6585858	03-6587500
0299	Miaoli Branch	No. 510 Jhongjheng Road, Miaoli City, Miaoli County	037-326791	037-327111
0439	Toufen Branch	No. 65 Jhongjheng Road, Toufen Township, Miaoli County	037-663451	037-672213

CODE	OFFICE	ADDRESS	TELEPHONE	CODE
Central Area				
0107	Taichung Branch	No. 140 Sec. 1, Zihyou Road, West District, Taichung City	04-22224001	04-22224274
0554	Fuhsing Branch	No. 102 Sec. 4, Fusing Road, East District, Taichung City	04-22244181	04-22205856
0657	Chienhsing Branch	No. 144 Jhongjheng Road, Central District, Taichung City	04-22242141	04-22293851
0794	Liming Branch	No. 607 Daye Rd., Nantun District, Taichung City	04-22551178	04-22524822
0923	Taichung Industrial Park Branch	No. 196 Industrial Park 1st Road, Situn District, Taichung City	04-23597850	04-23599868
1090	Shuinan Branch	No. 416 Sec. 2, Chongde Road, Beitun District, Taichung City	04-22468130	04-22466855
1414	Hsitwun Branch	No. 41 Sec. 2, Cinghai Road, Situn District, Taichung City	04-23128528	04-23117106
2499	North Taichung Branch	No. 17 Taiping Rd., North District, Taichung City	04-22257412	04-22257413
2503	Central Taichung Branch	No. 95 Mincyuan Rd., West District, Taichung City	04-22281191	04-22247323
0303	Fengyuan Branch	No. 302 Jhongjheng Road, Fongyuan District, Taichung City	04-25278686	04-25256981
0370	Wufeng Branch	No. 838 Jhongjheng Road, Wufong District, Taichung City	04-23302216	04-23327104
0473	Tantzu Branch	No. 1 Jianguo Road, Tanzih District, Taichung City	04-25323133	04-25339071
0576	Taichung Harbor Branch	No. 2 Sihwei Road, Wuci District, Taichung City	04-26562311	04-26580625
0727	Tachia Branch	No. 61 Minsheng Road, Dajia District, Taichung City	04-26868111	04-26865224
0901	Taya Branch	No. 106 Jhongcing South Road, Daya District, Taichung City	04-25683330	04-25680164
1366	Tali Branch	No. 481 Sec. 2, Guoguang Road, Dali District, Taichung City	04-24180211	04-24180801
1573	Wuchi Branch	No. 2 Jian 5th Road, Export Processing Zone, Wuci District, Taichung City	04-26565111	04-26570157
1702	Taiping Branch	No. 146 Jhongsing East Road, Taiping District, Taichung City	04-22736666	04-22736120
1713	Defang Branch	No. 63 Sec. 1, Defang Road, Dali District, Taichung City	04-24853280	04-24826661
2204	Taichung Science Park Branch	2F.-5 -6, No. 6, Zhongke Rd., Daya District, Taichung City	04-25658111	04-25658220
2787	Chungdu Branch	No. 89, Sec. 2, Taichung Port Rd., Xitun District, Taichung City	04-22589611	04-22584278
0130	Chunghsing New Village Branch	No. 11 Guanghua Road, Jhongsing Village, Nantou City, Nantou County	049-2332101	049-2350457

CODE	OFFICE	ADDRESS	TELEPHONE	CODE
0325	Nantou Branch	No. 101 Fusing Road, Nantou City, Nantou County	049-2232121	049-2229845
0598	Puli Branch	No. 112 Dongrong Road, Puli Township, Nantou County	049-2983991	049-2995949
0163	Changhua Branch	No. 130 Chenggong Road, Changhua City, Changhua County	04-7225191	04-7257871
0495	Yuanlin Branch	No. 63 Minsheng Road, Yuanlin Township, Changhua County	04-8323191	04-8330663
1436	Lukang Branch	No. 2 Lugong Road, Lugang Township, Changhua County	04-7810168	04-7810268
0314	Touliu Branch	27 Wunhua Road, Douliou City, Yunlin County	05-5324155	05-5338309
1470	Huwei Branch	No. 369 Sec. 2, Linsen Road, Huwei Township, Yunlin County	05-6337367	05-6321611
0141	Chiayi Branch	No. 306 Jhongshan Road, Chiayi City	05-2224471	05-2258400
1540	Chiabei Branch	No. 602 Jhongsiao Road, Chiayi City	05-2718911	05-2718922
2525	Jianan Branch	No. 353 Jhongsing Rd., Chiayi City	05-2348686	05-2348661
0679	Taipao Branch	No. 2 East Section, Sianghe 1st Road, Sianghe Village, Taibao City, Chiayi County	05-3620016	05-3620021
Southern Area				
0093	Tainan Branch	No. 155 Sec. 1, Fucian Road, Central District, Tainan City	06-2160168	06-2160188
0406	Anping Branch	No. 240 Jhongjheng Road, West Central District, Tainan City	06-2292181	06-2241520
1377	Annan Branch	No. 298 Sec. 2, Anhe Road, Annan District, Tainan City	06-3555111	06-3565881
2307	Tainan Innovation & Research Park Branch	1F, No. 31 Gongye 2nd Road, Annan District, Tainan City	06-3842585	06-3842568
2536	Nandu Branch	No. 180 Sec. 2, Jhongyi Rd., West Central District, Tainan City	06-2219999	06-2206977
0288	Hsinying Branch	10 Jhongjheng Road, Sinying District, Tainan City	06-6351111	06-6321843
0819	Yungkang Branch	No. 513 Siaodong Road, Yongkang District, Tainan City	06-3125411	06-3138709
1469	Tainan Science-Based Industrial Park Branch	2F, No. 15 Nanke 3rd Road, Sinshih District, Tainan City	06-5051701	06-5051709
2271	Rende Branch	No. 899 Sec. 2, Jhongjheng Rd., Rende District, Tainan City	06-2492389	06-2498078
2721	Lioujiading Branch	No. 41, Zhongzheng S. Road, Yongkang District, Tainan City	06-2810991	06-2810360
0118	Kaohsiung Branch	264 Jhongjheng 4th Road, Cianjin District, Kaohsiung City	07-2515131	07-2211257
0211	Kaohsiung Export Processing Zone Branch	No. 1 Jhongyi Road, Export Processing, Cianjhen District, Kaohsiung City	07-8215141	07-8115648

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0358	Tzoyin Branch	No. 19 Zuoying Avenue, Zuoying District, Kaohsiung City	07-5819141	07-5850051
0440	Chienchen Branch	No. 1-3 Kuojian Road, Cianjhen District, Kaohsiung City	07-8115171	07-8413413
0510	Kusan Branch	No. 23 Linhai 1st Road, Gushan District, Kaohsiung City	07-5218291	07-5315544
0565	Sanming Branch	No. 567 Jiouru 2nd Road, Sanmin District, Kaohsiung City	07-3127143	07-3215350
0613	Hsingsing Branch	No. 133 Minzu 2nd Road, Sinsing District, Kaohsiung City	07-2384611	07-2387374
0624	Lingya Branch	No. 261 Cingnian 1st Road, Lingya District, Kaohsiung City	07-3358700	07-3327904
0820	Sandou Branch	No. 142 Singuang Road, Lingya District, Kaohsiung City	07-3349341	07-3336835
0912	Nantze Branch	No. 201 Nanzih Road, Nanzih District, Kaohsiung City	07-3526680	07-3531484
1160	Tachang Branch	No. 540 Jiouru 1st Road, Sanmin District, Kaohsiung City	07-3891036	07-3806046
1193	Poi Branch	No. 394 Yucheng Road, Zuoying District, Kaohsiung City	07-5567690	07-5562613
1595	Hsiaokang Branch	No. 410 Hongping Road, Siaogang District, Kaohsiung City	07-8010399	07-8066029
1919	Kaohsiung Airport Branch	No. 2 Jhongshan 4th Road, Siaogang District, Kaohsiung City	07-8017564	07-8022004
2547	Cianjin Branch	No. 259 Jhongjheng 4th Rd., Cianjin District, Kaohsiung City	07-2413200	07-2414519
2558	North Kaohsiung Branch	No. 106 Bo-ai 2nd Rd., Zuoying District, Kaohsiung City	07-5581900	07-5583917
2569	Chenggong Branch	No. 261 Chenggong 1st Rd., Lingya District, Kaohsiung City	07-2512031	07-2517471
2248	Gaorong Branch	No. 415, Chongsin Rd., Zuoying District, Kaohsiung City	07-3432258	07-3431198
2710	Wufu Branch	No. 52, Sihwei 2nd Road, Lingya District, Kaohsiung City	07-7271606	07-7271617
0255	Fengshan Branch	No. 20 Caogong Road, Fongshan District, Kaohsiung City	07-7416131	07-7433478
0602	Kangshan Branch	No. 16 Shoutian Road, Gangshan District, Kaohsiung City	07-6216141	07-6214853
1182	Wuchia Branch	No. 168 Wujia 2nd Road, Fongshan District, Kaohsiung City	07-7170730	07-7233469
1207	Chungchuang Branch	No. 339 Fongping 1st Road, Daliao District, Kaohsiung City	07-7038838	07-7038964
2215	Kaohsiung Science Park Branch	1F No. 82, Luke 5th Rd., Lujhu District, Kaohsiung City	07-6955268	07-6955278
0174	Pingtung Branch	No. 43 Jhongshan Road, Pingtung City, Pingtung County	08-7328141	08-7322309

CODE	OFFICE	ADDRESS	TELEPHONE	CODE
0886	Chaochou Branch	No. 13-2 Sinsheng Road, Chaozhou Township, Pingtung County	08-7883084	08-7883614
1551	Tungkang Branch	105, Xinsheng St., Donggang Township, Pingtung County	08-8323131	08-8352545
1609	Chungping Branch	No. 9 Jhonghua Road, Pingtung City, Pingtung County	08-7677001	08-7320199
1768	Yenpu Branch	No. 37 Shengli Road, Yanjhong Village, Yanpu Township, Pingtung County	08-7932111	08-7932091
1805	Hsinyuan Branch	No. 65 Sianji Road, Sianji Village, Sinyuan Township, Pingtung County	08-8687705	08-8687505
Eastern Area				
0222	Ilan Branch	No. 50, Jiucheng S. Rd., I-Lan City, I-Lan County 260, Taiwan(R.O.C.)	03-9355121	03-9355822
0587	Lotung Branch	No. 93 Gongjheng Road, Luodong Township, Yilan County	03-9576866	03-9560622
0897	Suao Branch	No. 97 Sec. 1, Jhongshan Road, Su-ao Township, Yilan County	03-9962566	03-9963370
0233	Taitung Branch	No. 313 Jhongshan Road, Taitung City, Taitung County	089-324201	089-311608
0185	Hualien Branch	No. 3 Gongyuan Road, Hualien City, Hualien County	03-8322151	03-8322404
2570	North Hualien Branch	No. 61 Guangfu St., Hualien City Hualien County	03-8361163	03-8361165
Isolated Islands				
0244	Penghu Branch	No. 24 Ren-ai Road, Magong City, Penghu County	06-9279935	06-9272347
0381	Kinmen Branch	No. 4 Fusing Road, Jinhua Township, Kinmen County, Fuchien Province	082-333711	082-333719
0392	Matsu Branch	No. 257 Jieshou Village, Nangan Township, Lienchiang County, Fuchien Province	083-626046	083-625801

II. Overseas Units



Branch	Address	Telephone	SWIFT	FAX
New York Branch	100 Wall Street, 11th Floor New York, NY 10005 U.S.A.	1-212-968-8128	BKTWUS33	1-212-968-8370
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Singapore Branch	80 Raffles Place #28-20 UOB Plaza 2 Singapore 048624	65-6536-5536	BKTWSGSG	65-6536-8203
Tokyo Branch	7F, Fukoku Seimei Building, 2-2 Uchisaiwaicho 2-Chome Chiyoda-Ku, Tokyo 100-0011, Japan	81-3-3504-8881	BKTWJPJT	813-3504-8880
South Africa Branch	No. 11, Cradock Ave. Rosebank 2196, Johannesburg, South Africa	27-11-880-8008	BKTWZAJJ	27-11-447-1868
London Branch	Level 5, City Tower, 40 Basinghall Street, London, EC2V 5DE, U.K.	44-20-7382-4530	BKTWGB2L	44-20-7374-8899
Shanghai Representative Office	21st Floor 168 Yincheng Zhong Road Pudong Shanghai P.R.C. 200120	86-21-5116 7168		86-21-5116-7116



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