



BANK OF TAIWAN

2006 ANNUAL REPORT

BOT Spokesperson

Name : Wu-Shiung Chou
Title : Executive Vice President
Tel : (02)2349-3021
E-mail : botevp01@mail.bot.com.tw

Acting Spokesperson

Name : Fu-Chi Tsai
Title : Executive Vice President
Tel : (02)2349-3022
E-mail : bot12502@mail.bot.com.tw

Acting Spokesperson

Name : Teng-Lung Hsieh
Title : Executive Vice President
Tel : (02)2349-3020
E-mail : botevp02@mail.bot.com.tw

Head Office

No. 120, Sec.1, Chongcing South Road,
Jhongjheng District, Taipei City 10007, Taiwan (R.O.C.)
Tel : (02)2349-3456
SWIFT : BKTWWTWP
Web Site : www.bot.com.tw
Internet bank : <https://ebank.bot.com.tw>

Credit Rating Agencies

- (1) Standard & Poor's
55 Water Street, New York, N.Y. 10041 U.S.A.
Tel : 212-438-2000
(2) Moody's Investors Service
99 Church Street, New York N.Y. 10007 U.S.A.
Tel : 212-553-0300

Stock Transfer Agency

Name : Grand Cathay Securities Corp.
Address : 4F, No. 2, Sec.1, Chongcing South Road,
Jhongjheng District, Taipei City 10044,
Taiwan (R.O.C.)
Web Site : www.gcsc.com.tw
Tel : (02)2314-8800

The CPA-Auditor of The Financial Report

Name : David Ding, Yen-Ling Fang
CPA Firm : KPMG Certified Public Accountants
Address : 6 F, No.156, Sec. 3, Minsheng East Road,
Taipei City 10596, Taiwan (R.O.C.)
Web Site : www.kpmg.com.tw
Tel : (02)2715-9999

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2006 ANNUAL REPORT

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Foreword

Anytime Anywhere

盡在~台銀 Combo Card

Rich Combo

贈送現金回饋：最高百分之10

附贈旅遊平安險：最高2,000萬

全球旅行保險

精選折扣優惠名店 讓您生活倍添精彩

附贈旅遊救援及機場轉機停車（白金卡專屬）





Jer-Shyong Tsai, Chairman

Taiwan's domestic economic situation was generally characterized by stable development in 2006. Despite the impact of the domestic card-debt crisis and the influence of domestic and overseas non-economic factors, the economy still managed to grow at a rate of 4.68%, a slight improvement over the 4.07% recorded in 2005; and, thanks to the fall in international oil prices from their originally high level, consumer prices rose at a moderate 0.6% during the year. In the field of finance, the work of reform that the government has been pursuing over the past several years has built a more comprehensive legal foundation and financial institutions have seen a major improvement in their asset quality, with the non-performing-loan ratio of domestic banks dropping from a peak of 11.74% in March 2002 to 2.13% at the end of 2006.

The major countries of the world will continue raising interest rates in 2007 to keep inflation in check, and the pace of economic expansion will slacken. Global Insight Inc. forecasts that the global economy will grow by 3.5% this year, down from 4.0% in 2006; Taiwan's Directorate General of Budget, Accounting and Statistics, however, puts the 2007 growth rate at 4.38%. Although the prices of domestic commodities may be adjusted upward to reflect the high level of international agricultural and industrial raw materials prices, we expect that market liberalization and intense competition will limit upward pressure on commodity prices, with a predicted rise of 1.46%. With the global economy growing at a healthy pace, the turmoil caused by card-debt and the Rebar scandal will subside, the stock and real estate markets will become more active, and the government will push the Mega Warmth and Mega Investment plans by devoting full efforts to the creation of a superior investment environment and the building of a strong environment for financial development. Under these conditions we can expect consolidation to continue in the domestic financial industry, the introduction of foreign investment in domestic equity to become more heated, and the financial structure and profitability of the financial sector to improve.

The domestic financial market is becoming more open by the day, while the operating environment is also becoming more competitive. Under the outstanding leadership of the government and with the tireless efforts of all our staff, the Bank of Taiwan flexibly adjusts its operating strategy in response to market conditions and utilizes its abundant capital effectively in the pursuit of steady growth and a rich yield in all of its businesses. In addition to exceeding the targets for volume of deposits, loans, foreign exchange, and other operations, we have recorded a particularly good performance in the development of e-finance businesses and solicitation of the syndicated loan business.

On July 1, 2007 the Bank will carry out an epoch-making merger with the Central Trust of China. A brand-new Bank of Taiwan will emerge, with capitalization increased to NT\$53 billion, nearly NT\$3 trillion in assets, and a dense branch network consisting of close to 170 units. This will allow the Bank to manifest its financial service function even better in the future, and do more to assist Taiwan's economic growth. As we are about to merge, we look forward to the new combined institution with its expanded business territory being able to encompass the fields of banking, securities, trust, insurance, trade, procurement, and other businesses. We will then have the form of a prototype financial holding company which, through vigorous integration and cross-marketing, will build its operating strength and brighten the Bank of Taiwan brand, laying the cornerstone for a BOT that is a leading national-class bank.

The Bank of Taiwan has been in business for 61 years now; if we include our forerunner during the period of Japanese occupation, our history goes back more than a century. In addition to our outstanding professional personnel and stable operating strategy, the contributions that the Bank has made to Taiwan's economic and financial development, with the long-term care and support of all sectors of society, have won the approbation of all. But the creation of value and the heightening of competitiveness is a never-ending task, and we face a constant stream of approaching challenges and missions. In the second half of the year we will initiate a corporate right-sizing project that will secure our competitive advantage in the turbulent environment. Besides reinforcing our existing strengths in corporate finance, foreign exchange, and international finance, we will also strive for expansion in the wealth management, insurance, and trust businesses. Through the development of these two core areas of business we will enlarge cross-marketing, create business synergies, and enhance our competitive edge. Our operating team and our entire staff will courageously face the upcoming challenges and shoulder the upcoming missions, helping the Bank of Taiwan to become the bank with the greatest value and develop into a national-class leader in Taiwan and a quality bank for the Asia-Pacific region. In this way, the BOT will be visible to the entire world and the vision of a BOT that embraces globalization will be realized.

Chairman





Tse-Cheng Lo, President

Taiwan's domestic economy continued growing steadily in 2006, with a brilliant performance by export and manufacturing industries. The unemployment rate slipped to a post-2001 low of 3.91%, while consumer prices crept upward by only 0.6%, and the economic growth rate reached 4.68%. Overall, the economy evidenced an "externally hot, internally warm" situation. Due to excessive competition among domestic banks, however, the interest-rate spread was difficult to widen; and, due to the card-debt turmoil, profits in the banking industry were shaved thin. Under the leadership of our Board of Directors and with the tireless and unstinting efforts of our entire staff, however, the BOT was able to meet its operating targets.

In the year to come the BOT will not only face more severe competition than ever in the financial environment; it will also confront numerous challenges of transition, including the work surrounding the merger with the Central Trust of China on July 1, 2007. We hope that under the leadership of our Board of Directors, our entire operating team will exert more strenuous efforts in the areas of organization, strategy, and marketing, that our entire staff will work more effectively than ever in the directions of business diversification and operational and service efficiency, and that they will devote their full efforts to business promotion, operating effectiveness, and profit performance so that our operating targets can be smoothly achieved. Our business report for 2006 and operating plans for 2007 are described briefly below:

I. Business Report for 2006

1. Implementation of Business Plans

- (1) The organizational structure was readjusted to reinforce management performance.
- (2) Merger work was carried out in line with government policy so as to upgrade competitiveness.
- (3) Business promotion and management improvement were vigorously carried out.
- (4) Branch institutions were established and additional automatic service facilities installed.
- (5) The enhancement of service quality continued and staff loyalty consolidated.

2. Budget Implementation

The volume of deposit operations during the year was NT\$2,135,731 million, giving a target achievement ratio of 104.18%. Loans amounted to NT\$1,430,883 million, for a target achievement ratio of 106.78%. Foreign exchange operations undertaken in 2006 totaled US\$97,624 million, amounting to 187.74% of the target figure, and profits reached NT\$10,928 million, achieving 89.96% of the target.

3. Revenues, Expenditures, and Profits

Operating revenue for 2006 amounted to NT\$77,168 million; operating expenses and costs totaled NT\$73,089 million, leaving an operating income of NT\$4,079 million and a net non-operating income of NT\$7,147 million. Income before tax reached NT\$11,226 million; income tax amounted to NT\$421 million and the cumulative effect of changes in accounting policy to NT\$123 million, leaving a net income after tax of NT\$10,928 million.

This year's NT\$11,226 million in before-tax income was NT\$2,271 million less than the budgeted income of NT\$13,497 million.

Return on assets (ROA) for 2006: 0.41%

Return on equity (ROE) for 2006: 5.61%

II. Business Plan for 2007

1. Major Operating Policies

The BOT's Business Plan for 2007 was formulated in accordance with the business plan approved by the Ministry of Finance, with consideration given to past performance as well as to future trends of development. The Plan's main points are as follows:

- (1) Consolidation of existing businesses.
- (2) Development of the corporate banking business.
- (3) Development of the personal banking business.
- (4) Provision of diversified international banking businesses.
- (5) Strengthening of R&D in innovative businesses.
- (6) Various businesses will be consolidated and joint marketing will be carried out.
- (7) Reinforcement of business and management performance, and strengthening of the operating system.
- (8) The utilization of manpower resources will be upgraded, employee morale and loyalty will be heightened, and business competitiveness will be improved.
- (9) Special businesses such as materials procurement, trade, life insurance, and government insurance (new businesses added following merger with the Central Trust of China) will be carried out.

2. Business Targets

- | | |
|---|--|
| (1) Deposits: NT\$2,195,079 million | (2) Loans: NT\$1,470,808 million |
| (3) Guarantees: NT\$65,753 million | (4) Foreign exchange: US\$65,491 million |
| (5) Securities brokerage: NT\$157,315 million | |

III. Most Recent Credit Ratings, and Rating Dates

Rating Company	Items	Rating Date	Rating Results		Outlook
			Long-term	Short-term	
Standard & Poor's		Oct. 2006	A+	A-1	stable
Moody's Investors Service		May 2007	Aa3	P-1	stable

President



Introduction

台灣銀行
桐花 認同卡



歡迎向各營業所索取申請
申請網址 www.taiwanbank.com.tw



Wu-Shiung Chou, Executive Vice President



Fu-Chi Tsai, Executive Vice President



Teng-Lung Hsieh, Executive Vice President

Hong-Chi Chang, Executive Vice
President and General Auditor

Introduction

The Bank of Taiwan was established on May 20, 1946 as the first bank to be set up in Taiwan following the island's restoration to China at the end of World War II. The Bank first operated under the administration of the Taiwan Provincial Government; when that government was downsized on Dec. 21, 1998, however, the Bank 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 Financial Supervisory Commission to become a public company.

In every stage of Taiwan's economic development the Bank of Taiwan has always firmly pursued the goals of adjusting 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 to which it has been entrusted by the government. In years past the BOT served as agency for the Central Bank of China 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 island's financial situation. The BOT's position throughout the progress of Taiwan's economic and financial development has been one of primary importance.

The trend in the domestic and international financial environments in recent years has been toward liberalization and internationalization, and domestic financial institutions have developed in the direction of enlargement of scale and diversification of business. To move along with these trends and boost its competitiveness, the BOT has entered into a merger project with the Central Trust of China under which the BOT will emerge as the surviving institution. The merger involves a share swap of two Central Trust of China shares for one BOT share, with all equity remaining in the hands of the Ministry of Finance. The merger was approved by the Financial Supervisory Commission on Dec. 22, 2006, and the base date for the merger has been set at July 1, 2007.

After the merger, the BOT will take over all of the business items now operated by the Central Trust of China. This will expand the Bank's operating scope to encompass banking, securities, trust, life insurance, gold transactions, trade, and procurement, making us a prototype financial holding company. Besides this, the BOT will engage in an organizational re-engineering project that will allow us to break out of the existing functional organizational framework and develop into a customer-oriented organizational form. At the same time, we will, in reference to the experience of large international banks, plan for expansion into the territories of IT and Internet banking.



Corporate Governance Report

A Wonderful Team

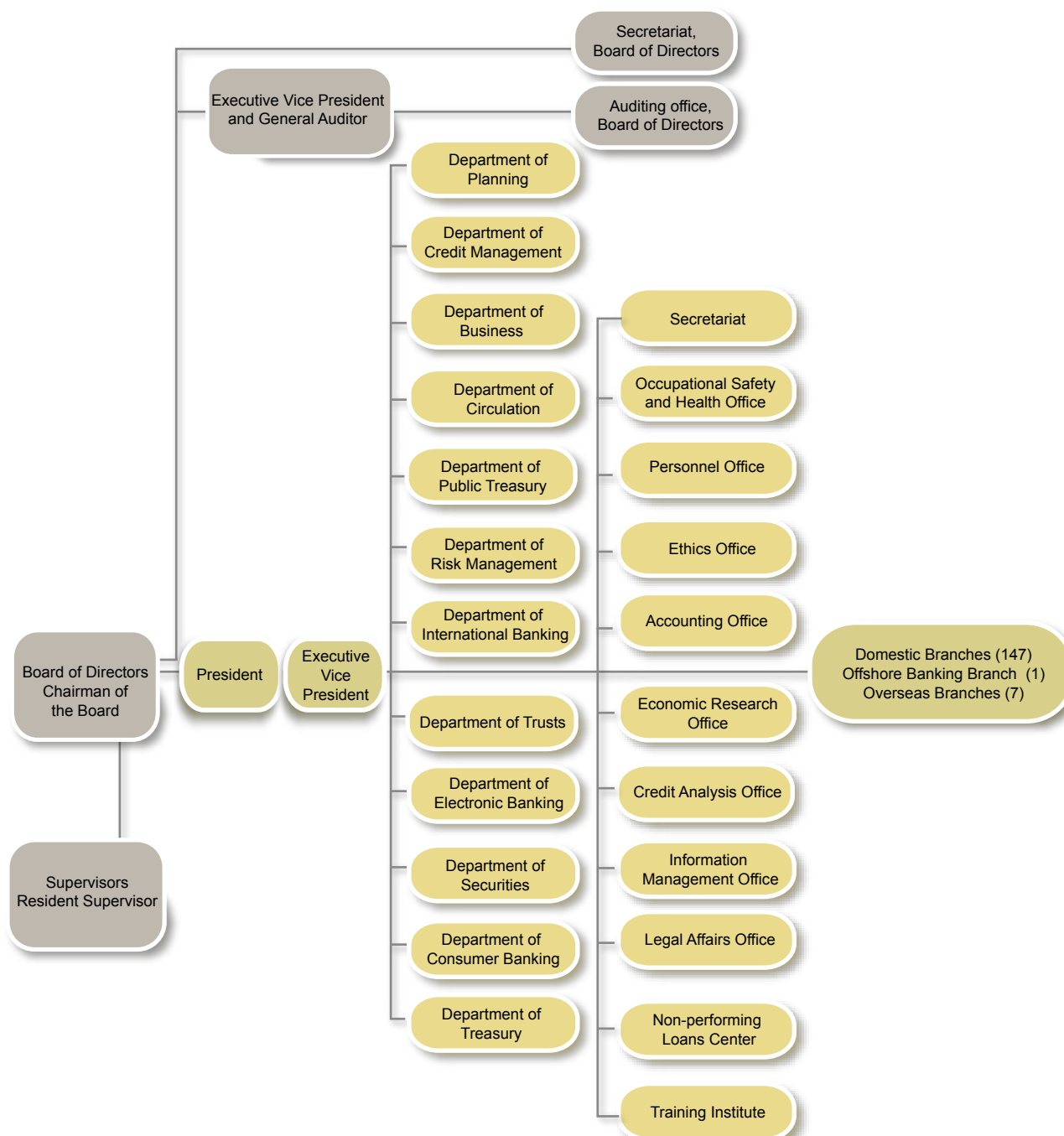
有活力就有動力 有希望就有未來

嘉德銀行與您一起掌握更美好的新紀元

I. Organization

At the end of 2006 the BOT's management organization consisted of 12 departments, nine offices, one institute, one center, 147 domestic branches, one offshore banking branch and seven overseas branches. The sum of employees is 6,666 (not including contract salespersons, contract workers, and overseas hirees.)

Organizational Chart



Note: (1) Information in this Organizational Chart is presented as of the end of December 2006.

(2) The name of the General Affairs Office was changed to Occupational Safety and Health Office on October 2, 2006.

The names of the Department of Business (I) and Department of Business (II) were changed to Department of Business and Guancian Branch, respectively, on November 20, 2006.

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

1. Directors and Supervisors

Information on Directors and Supervisors (1)

Position	Name	Date of Employment	Term of Employment	Date of First Appointment	Shareholding at Time of Appointment		Present Shareholding		Shareholding by Spouse and Dependent Children		Shareholding in the Name of Other People	
					No.	Ratio	No.	Ratio	No.	Ratio	No.	Ratio
Chairman	Jer-Shyong Tsai	Jan. 02, 2007	July 30, 2009	Jan. 02, 2007	Ministry of Finance 4,800,000,000 shares (100%)							
Managing Director	Tse-Cheng Lo	Jan. 02, 2007	July 30, 2009	Jan. 02, 2007								
Managing Director	Ruey-Tsang Lee	July 31, 2006	July 30, 2009	July 01, 2003								
Managing Director	Chih-Hung Chang	July 31, 2006	July 30, 2009	July 01, 2003								
Managing Director	Yang-Tzong Tsay	July 31, 2006	July 30, 2009	July 01, 2003								
Director	Chia-Cheng Lin	July 31, 2006	July 30, 2009	July 01, 2003								
Director	Hsiu-Hua Rau	July 31, 2006	July 30, 2009	July 01, 2003								
Director	Jin-Tung Lee	July 31, 2006	July 30, 2009	July 01, 2003								
Director	Yuh-San Liu	July 31, 2006	July 30, 2009	July 01, 2003								
Director	Shin-Hsin Huang	July 31, 2006	July 30, 2009	July 01, 2003								
Director	Chin-Long Yang	July 31, 2006	July 30, 2009	Dec. 08, 2005								
Director	Yeong-Yuh Chiang	July 31, 2006	July 30, 2009	July 31, 2006								
Director	Chang-Sheng Lin	July 31, 2006	July 30, 2009	July 05, 2005								
Director	Hsi-Chuan Chen	July 31, 2006	July 30, 2009	Aug. 19, 2005								
Director	Her-Jong Lin	July 31, 2006	July 30, 2009	July 31, 2006								
Resident Supervisor	Bing-Huang Shih	July 31, 2006	July 30, 2009	July 01, 2003								
Supervisor	Chan-Jane Lin	July 31, 2006	July 30, 2009	July 01, 2003								
Supervisor	Tzer-Ming Chu	July 31, 2006	July 30, 2009	July 01, 2003								
Supervisor	Shaw-Wu Yu	July 31, 2006	July 30, 2009	April 13, 2004								

Jan. 31, 2007

Education and Career	Positions Currently Held in the BOT and Other Companies	Being the Spouse or Relative within 2 Tiers of Other Managers, Directors, or Supervisors		
		Position	Name	Relationship
Bachelor of International Trade Department, National Chengchi University Chairman, Land Bank of Taiwan President, First Financial Holding Co., Ltd. President, First Commercial Bank Co., Ltd. Executive Vice President, First Commercial Bank Co., Ltd.	Chairman, Bank of Taiwan Director, Central Bank of China Director, Mega Financial Holding Company	-		
M.A. in Economics, Chinese Culture University President, Taiwan Business Bank Supervisor, Taiwan Business Bank Director, Taiwan Life Insurance Co., Ltd. Executive Vice President, Bank of Taiwan	President, Bank of Taiwan Director, Taiwan Small Business Integrated Assistance Center	-		
Master of Land Economics, National Chengchi University Director General, Deputy Director General, Secretary General, National Property Administration Director, Northern Taiwan Office, National Property Administration	Deputy Minister, Ministry of Finance	-		
MBA in Statistics, National Chengchi University Director-General, Dept. of Budget, Accounting and Statistics, Kaohsiung City Government Director-General, Dept. of Budget, Accounting and Statistics, Taiwan Province Government	Accountant-General, Dept. of Accounting, Judicial Yuan	-		
Ph.D., University of Maryland, U.S.A. List Screening Committee Member, The Taiwan Stock Exchange List Screening Committee Member, The OTC Stock Exchange Chairman, the Dept. of Accounting, National Taiwan University	Professor, the Dept. of Accounting, National Taiwan University Supervisor, Taiwan Tobacco and Liquor Corporation General Manager and Columnist, Accounting Research Monthly Board Member, Auras Technology Co., Ltd. Supervisor, CHB Board Member, KingPak Technology Incorporation Supervisor, Cyber Link Corp. Supervisor, Shin Zu Shing Co., Ltd. Supervisor, Speed Tech Corp.	-		
Ph.D. in Political Science, National Taiwan University Chairman, Research, Development and Evaluation Commission, Executive Yuan	Minister, Ministry of Examination	-		
Ph.D. in Economics, Yale University, U.S.A. Assistant Professor, Rice University, U.S.A.	Associate Professor, Department of International Trade, National Chengchi University	-		
Master of Public Finance, National Chengchi University Chairman, Chung Kuo Insurance Co., Ltd.	Professor, Dept. of Public Finance, National Chengchi University Chairman, ChinMin Institute of Technology Independent Supervisor, Honyi Precision Industry Co., Ltd. Independent Director, Her Chee Industrial Company Independent Director, Planet Technology Company Independent Director, Level Biology Co. Director, Well-Glory Development Co., Ltd. Independent Director, Kinik Company	-		
Doctor of Engineering, National Cheng-Kung University Deputy Secretary-General, Executive Yuan Vice Chairman, Council for Economic Planning and Development	Secretary-General, Executive Yuan	-		
Dr. sc. Pol. Institute of Public Finance Christian Albrechts University, Kiel, Germany Member of Council of Labor Affairs Member of Research, Development and Evaluation Commission, Executive Yuan	Chairman & Professor, Department of Public Finance, National Taipei University	-		
Ph.D. in Economics, The University of Birmingham, U.K. Deputy Director General, Dept. of Banking, Central Bank of the Republic of China (Taiwan)	Director General, Dept. of Banking, Central Bank of the Republic of China (Taiwan) Director, Taiwan Power Company	-		
Ph.D. in Economics, University of Minnesota, Minneapolis Associate Professor, Dept. of Money and Banking, National Chengchi University Assistant Researcher, Institute of Economics, Academia Sinica	Professor and Chairman, Dept. of Money and Banking, National Chengchi University	-		
Bachelor of Law, Soochow University the Councilor of Changhua County Council the Court Clerk of Taiwan Taipei District Court	Director-General, Bank of Taiwan Employees Union Chairman, Labor Union of Bank of Taiwan (Taipei) Commissioner, Conciliation Committee, Shihlin District Court, Taiwan	-		
Banking Insurance Dept., Kaohsiung Kuochi Junior College of Commerce Assistant Banking Officer, Bank of Taiwan	Deputy Manager, Bank of Taiwan Managing Director, Labor Union of Bank of Taiwan (Kaohsiung)	-		
Department of Accounting, National Taipei College of Business Deputy Manager, Bank of Taiwan	Auditor, Auditing Office of Board of Directors, Bank of Taiwan Managing Director, Labor Union of Bank of Taiwan (Taipei)	-		
M.A. in EMPA, National Taiwan University Chairperson, Accounting Operation Unit, DGBAS Chief Secretary, DGBAS Vice Comptroller in Department of Accounting, Ministry of Interior	Director-General, Second Department, DGBAS Supervisor-General, Agriculture Bank of Taiwan Director, Chinese B.A.S. Coordinate and Development Society	-		
Ph.D. in Accounting, University of Maryland, U.S.A. Professor and Chairman, Department of Accounting, National Taiwan University	Professor, Department of Accounting & Director, Division of Continuing Education and Professional Development, National Taiwan University Supervisor, Taiwan Power Company	-		
M.D. in Law (Public Finance), National Chengchi University, Vice President & Chief Financial Officer, Bureau of National Health Insurance, Department of Health, Executive Yuan Associate Professor, Department of Public Finance, and Tax, Jin Wen Institute of Technology	President & CEO, Bureau of National Health Insurance, Department of Health, Executive Yuan	-		
M.A. in Department of Marine, State University of New York, U.S.A. Director General, of the Directorate General of Customs Director General of the Dept. of Customs Administration, MOF Director, Economic Division, Taipei Economic & Cultural Office in Canada	Representative, Taipei Economic and Cultural Office in Brunei Darussalam Supervisor, 228 Incident Memorial Foundation	-		

Major Institutional Shareholders

Dec.31, 2006

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder
Ministry of Finance	Government Agencies (100% shareholding)

Information on Directors and Supervisors (2)

Name	Has at Least Five Years' Work Experience and the Following Professional Qualifications			Status of Conformity with Independence (Notes)										Number of Independent Directorships on Other Publicly Listed Companies
	Business, legal affairs, finance, accounting, or lectureship or above in a discipline needed for the company's business at a public or private university or college	Judge, prosecutor, attorney, CPA, or professional or technical certification awarded after national testing in a discipline needed for the company's business.	Work experience in business, legal affairs, finance, accounting, or other discipline needed for the company's business	1	2	3	4	5	6	7	8	9	10	
Jer-Shyong Tsai			✓	✓		✓	✓	✓	✓	✓	✓	✓		
Tse-Cheng Lo			✓			✓	✓	✓	✓	✓	✓	✓		
Ruey-Tsang Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Chih-Hung Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Yang-Tzong Tsay	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Chia-Cheng Lin	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hsiu-Hua Rau	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Jin-Tung Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4
Yuh-San Liu		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Shin-Hsin Huang	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chin-Long Yang			✓			✓	✓	✓		✓	✓	✓		
Yeong-Yuh Chiang	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chang-Sheng Lin					✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hsi-Chuan Chen					✓	✓	✓	✓	✓	✓	✓	✓	✓	
Her-Jong Lin					✓	✓	✓	✓	✓	✓	✓	✓	✓	
Bing-Huang Shih			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Chan-Jane Lin	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Tzer-Ming Chu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Shaw-Wu Yu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

Notes: Check " ✓ " the space below the code number for which the director or supervisor conforms for the period of two years prior to appointment and during period of appointment:

1. Not employed by the bank or its related enterprise.
2. Not a director or supervisor of the bank or its related enterprise (however, an independent director of the bank or its mother company, or of a subsidiary in which the bank directly or indirectly holds more than 50% of the voting stock, is exempt from this restriction).
3. The person himself or his or her spouse or underage children, in their own names or in the name of another person, owning 1% or more of the bank's issued shares or being one of the 10 biggest natural-person shareholders.
4. Not the spouses, relative to the second degree, or lineal blood relative to the fifth degree of someone listed in the previous three items.
5. Not the director, supervisor, or employee of a corporate person directly owning 5% or more of the bank's shares, or director, supervisor, or employee of a corporate person which is among the five biggest corporate shareholders.
6. Not the director, supervisor, or manager of, or holder of 5% or more of the shares in, a specified company or institution which has financial or business dealings with the bank.
7. Not a professional person or the owner, partner, director, supervisor, or manager of a wholly-owned enterprise, partnership, company, or institution, or spouse of any of the persons aforementioned, which provides commercial, legal, financial, or accounting services to the bank or its related enterprise.
8. Not having a spousal or other relationship up to the second degree of another director.
9. Not conforming to any of the conditions listed in Article 30 of the Company Law.
10. Not having been elected, as stipulated by the provisions of Article 27 of the Company Law, as director for the government, a corporate person, or their representative.

2. Information on the President, Executive Vice Presidents, and Heads of Departments and Branches

Jan. 31, 2007

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
President	Lo, Tse-Cheng	2007.01.02	100% of Shareholding: Ministry of Finance						Master of Economics, Chinese Cultural College	Director, Taiwan Small Business Integrated Assistance Center			
Executive Vice President	Chou, Wu-Hsiung	1998.10.28							M.A. in Industrial Engineering and Management, Chung Hua University	Director, Fuhwa Financial Holding Co. Director, Taiwan Fire & Marine Insurance Co. Director, Fuhwa Commercial Bank.			
Executive Vice President	Tsai, Fu-Chi	2005.07.25							Dept. of Business Administration, Feng-Chia College	Director, Hua Nan Financial Holdings Co. Managing Director, Hua Nan Commercial Bank Director, Taiwan Asset Management Corp.			
Executive Vice President	Hsieh, Teng-Lung	2006.05.12							Dept. of Banking & Insurance, National Taichung Institute of Commerce	Director, First Financial Holding Co. Managing Director, First Commercial Bank			
Auditing Office, Board of Directors Executive Vice President and General Auditor	Chang, Hong-Chi	2006.05.12							Master of Agricultural Economics, National Chung-Hsing University	Director, Mega Bills Finance Corp.			
Secretariat, Board of Directors SVP and Chief Secretary	Ho, Tung-Fu	2007.01.15							Dept. of Economics, National Chung-Hsing University	Director, Small and Medium Business Credit Guarantee Fund			
Department of Planning SVP and General Manager	Chen, Min-Chang	2005.11.18							Dept. of Banking and Insurance, Feng-Chia College	Director, Taiwan Life Insurance Co.			
Department of Credit Management SVP and General Manager	Hsieh, Chuan-Chuan	2005.12.06							Dept. of Business Administration, National Taiwan University	Director, Hua Nan Financial Holdings Co. Director, Hua Nan Commercial Bank			
Department of Business SVP and General Manager	Lu, Te-Fu	2005.11.18							College of Business, Tamkang University	Director, The Taiwan Payments Clearing System Development Foundation Director, First Financial Holding Co.			
Department of Circulation SVP and General Manager	Fang, Chung-Nan	2003.01.16							Dept. of Accounting, National Chengchi University	Supervisor, Mega Bills Finance Corp.			
Department of Public Treasury SVP and General Manager	Pan, Cheng-Yi	2006.08.01							Dept. of Economics, National Taiwan University	Managing Director, China Daily News			
Department of Treasury SVP and General Manager	Chen, Su-Tien	2006.03.20							M.A. in Public Finance, National Chengchi University	Director, United Taiwan Bank S.A.			
Department of International Banking SVP and General Manager	Yang, Li-Yen	2006.03.06							Dept. of Business Administration, National Taiwan University	Supervisor, Hua Nan Financial Holdings Co. Supervisor, Hua Nan Commercial Bank			
Department of Trusts VP and General Manager	Wu, Mu-Ying	2005.11.18							Dept. of Business Administration, National Chengchi University	Supervisor, Taiwan Handicraft Promotion Center			
Department of Consumer Banking VP and General Manager	Yu, Yung-Chuan	2006.11.07							Dept. of Accounting, Tamkang University				
Secretariat SVP and General Manager	Hung, Hsien-Ming	2005.01.26							Dept. of Business, National Open University	Supervisor, Taiwan Business Bank			
Occupational Safety and Health Office SVP and General Manager	Liang, Chien-Yi	2005.01.10							Dept. of Banking and Insurance, Provincial TaiChung Commercial Junior College				
General Affairs Office (II) SVP and General Manager	Chi, Yen-Shan	2003.07.07							Dept. of Business Administration, Tamkang College of Arts and Sciences	Supervisor, Taiyi Real Estate Management Co., Ltd.			

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Personnel Office SVP and General Manager	Chiang, Chih-Jen	2006.08.01	100% of Shareholding: Ministry of Finance						Supplementary Open Junior College for Public Administration, National Chengchi University				
Ethics Office SVP and General Manager	Hu, Yeh-Liang	2003.05.16							Master of Laws, National Chengchi University	Supervisor, China Daily News			
Accounting Office SVP and General Manager	Liu, Hsi-Kuang	2006.03.20							Dept. of Accounting, Tamkang University	Director, Taiyi Real Estate Management Co., Ltd.			
Economic Research Office SVP and General Manager	Ou, Shing-Shiang	2001.02.15							Ph.D in Economics, Georgia State University, U.S.A.	Director, China Development Financial Holding Corp.			
Credit Analysis Office SVP and General Manager	Chuang, Kao-Chen	2002.09.09							Dept. of Business Administration, National Chengchi University	Supervisor, First Financial Holding Co. Supervisor, First Commercial Bank			
Information Management Office SVP and General Manager	Song, Shiao-Shuan	2003.07.15							Dept. of Chemistry, National Cheng Kung University	Director, Bankpro E-Service Technology Co. Director, Financial eSolution Co., Ltd.			
Legal Affairs Office SVP and General Manager	Lin, Su-Lan	2004.01.15							Master of Laws, The University of New South Wales	Director, Tang Eng Iron Work Co.			
Training Institute SVP and General Manager	Wang, I-An	2006.05.12							Dept. of Banking, National Chengchi University	Director, China Daily News			
Non-performing Loans Center SVP and General Manager	Lin, Tieh-Hai	2004.07.16							Dept. of Banking and Insurance, Chinese Culture University	Supervisor, Taiwan Fire & Marine Insurance Co.			
Department of Securities VP and General Manager	Lin, Yi	2005.12.06							Dept. of Public Finance, National Chung Hsing University				
Offshore Banking Branch VP and General Manager	Chen, Chiu-Yuan	2006.03.20							Dept. of Business Administration, National Chung Hsing University	Director, United Taiwan Bank S.A.			
Department of Risk Management VP and General Manager	Ku, Chao-Chu	2005.09.21							Dept. of Economics, Chinese Cultural College				
Department of Electronic Banking SVP and General Manager	Chou, Chao-Hsiung	2003.07.15							Dept. of Mechanical Engineering, National Cheng Kung University	Director, Taiwan Business Bank			
New York Agency SVP and General Manager	Yeh, Shiou-Jsu	2002.08.31							Dept. of Business Administration, National Taiwan University				
Los Angeles Branch VP and General Manager	Yeh, Ton-Yuan	2006.03.20							Dept. of Accounting, National ChengKung University				
Hong Kong Branch SVP and General Manager	Chiou, Ye-Chin	2006.03.16							Dept. of Economics, National Taiwan University				
Tokyo Branch SVP and General Manager	Shih, Ying-Yen	2002.05.10							Graduate School of International Trade, National Chengchi University				
Singapore Branch VP and General Manager	Ho, Kai-Cheng	2006.03.13							Master of Business Administration, National Chengchi University				
South Africa Branch SVP and General Manager	Wang, Chun-Te	2005.07.13							M.A. in Insurance, Feng-Chia University				
London Branch VP and General Manager	Chen, Tsung-Jen	2006.08.30							M.A. in Business Management, National Sun Yat-Sen University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Bank Of Taiwan Guancian Branch SVP and General Manager	Hong, Pao-Chung	2004.01.15	100% of Shareholding: Ministry of Finance						Dept. of Public Finance, National Chengchi University	Managing Director, Tang Eng Iron Work Co.			
Tainan Branch SVP and General Manager	Wang, Chia-Nan	2005.07.16							Dept. of Banking and Insurance, Kuochi Junior College of Commerce				
Taichung Branch SVP and General Manager	Dai, Cheng-Wen	2007.01.15							Dept. of Business Administration, National Taichung Institute of Commerce				
Kaohsiung Branch SVP and General Manager	Huang, Wen-Tao	2007.01.15							Dept. of International Trade, Feng Chia University				
Keelung Branch SVP and General Manager	Yu, Ta-Kang	2006.01.17							National Chengchi University	Supervisor, Small Business Integrated Assistance Center			
Chunghsin New Village Branch VP and General Manager	Lin, Chung-Yung	2006.02.27							Dept. of International Trade, Feng chia University				
Chiayi Branch SVP and General Manager	Liaw, Shiaw-Ming	2006.01.18							Dept. of Agricultural Economics, National Taiwan University				
Hsinchu Branch VP and General Manager	Chen, Wei-Chi	2007.01.15							Dept. of Public Administration, National Open University				
Changhua Branch SVP and General Manager	Li, Hsien-Cheng	2006.01.16							National Changhua Senior School of Commerce				
Pingtung Branch VP and General Manager	Leu, Yaw-Neng	2004.01.15							Dept. of Business, National Open University				
Hualien Branch SVP and General Manager	Cheng, Chun-Liang	2004.07.16							Dept. of Insurance, National Taipei Junior College of Business Open Business Junior College				
Yenping Branch SVP and General Manager	Shen, Jia-Chen	2005.07.25							Dept. of Economics, National Chunghsing University				
Chung-shan Branch SVP and General Manager	Lin, Ing-Lieh	2004.07.16							Dept. of Banking and Insurance, Chinese Culture University				
Kaohsiung Export Processing Eone Branch VP and General Manager	Lin, Ping-Ho	2006.07.14							Dept. of Finance and Taxation, Fengchia University				
Ilan Branch VP and General Manager	Yu, Ching-Lung	2004.07.16							Dept. of Industrial Management, Chung Yuan University				
Taitung Branch VP and General Manager	Lee, Chao-Ming	2006.07.14							Supplementary Open Junior College for Public Administration National Chengchi University				
Penghu Branch VP and General Manager	Chang, Chiu-Huang	2006.07.14							Dept. of International Trade, Open Junior College of Commerce of National Cheng Kung University				
Fengshan Branch VP and General Manager	Ma, Jen-Shiau	2006.07.14							Master of Business Administration, North Western State University of L.A.				
Taoyuan Branch SVP and General Manager	Liao, Hong-Yen	2007.01.15							Dept. of Accounting and Statistics, National Taichung Institute of Technology				
Panchiao Branch VP and General Manager	Chu, Chung-Chih	2005.07.11							Dept. of Shipping and Transportation Management, National Taiwan Ocean University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Hsinying Branch SVP and General Manager	Huang, Wen-Ming	2005.04.25	100% of Shareholding: Ministry of Finance						Master of Business Administration, National Cheng Kung University				
Miaoli Branch VP and General Manager	Wen, Tzu-Cheng	2003.07.15							Dept. of Business Administration, National Chung Hsing University				
Fengyuan Branch VP and General Manager	Wang, Tzu-Tung	2003.07.15							Dept. of Banking and Insurance, Provincial TaiChung Commercial Junior College				
Douliou Branch VP and General Manager	Wu, Ah-Jou	2005.07.16							Dept. of Accounting and Statistics, National Open College of Continuing Education Affiliated To National Taichung Institute of Technology	Supervisor, China Daily News			
Nantou Branch VP and General Manager	Shih, Jing-Fang	2006.02.27							Dept. of International Trade, Feng Chia University				
Nanmen Branch SVP and General Manager	Ma, Li	2002.07.15							Dept. of Business Administration, National Taiwan University				
Kungkuan Branch VP and General Manager	Chiang, Man-Li	2005.11.18							Dept. of Accounting and Statistics, National Chengkung University				
Tzoyin Branch SVP and General Manager	Ma, Yang-Yi	2006.07.14							Dept. of Business Administration, National Taiwan University				
Peitou Branch VP and General Manager	Wu, Cheng-Hsiung	2005.12.06							Dept. of Business Administration, National Taiwan University				
Wufeng Branch VP and General Manager	Hung, Chi-Ho	2006.07.14							National Open College of Continuing Education				
Kinmen Branch VP and General Manager	Chien, Hsueh-Yang	2005.08.30							Taiwan Provincial Taipei Commercial School				
Matsu Branch VP and General Manager	Kuo, Wen-Son	2006.07.14							Dept. of Banking and Insurance, Provincial TaiChung Commercial Junior College				
Anping Branch VP and General Manager	Tsai, Yi-Wen	2007.01.15							Dept. of Business, National Open University				
Chungli Branch VP and General Manager	Lin, Chang-Fu	2003.01.16							Dept. of Banking and Insurance, Feng Chia College				
Sanchung Branch VP and General Manager	Chan, Yen-Tsang	2006.01.27							Dept. of Banking and Insurance, Tamkang University				
Toufen Branch VP and General Manager	Chou, Chang-Yi	2003.07.15							Dept. of Agricultural Economics National Taiwan University				
Chienchen Branch VP and General Manager	Lee, Huan-Hsun	2005.03.21							Dept. of Business, National Open University				
Cheng-chung Branch VP and General Manager	Yang, Chi-Lung	2004.01.15							Dept. of Economics, Fu-Jen University				
Minchuan Branch VP and General Manager	Chuang, Ching-Jiang	2004.01.15							Master of Business Administration, Chang Gung University				
Tantzu Branch VP and General Manager	Yu, Hsin-Hsing	2005.01.14							Dept. of Business Administration, Fengchia College				
Yungho Branch VP and General Manager	Tseng, Jau-Tai	2005.08.17							Dept. of Finance and Taxation, Fengchia University				
Yuanlin Branch VP and General Manager	Wang, Yuan-Yuan	2006.01.16							Dept. of Accounting, Fengchia University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Sung-chiang Branch VP and General Manager	Kang, Hsieh-Yi	2004.07.16	100% of Shareholding: Ministry of Finance						Dept. of Business Administration, Soo-Chow University				
Kusan Branch VP and General Manager	Chen, Cheng-Lung	2005.01.14							Dept. of Accounting and Statistics, Tamkang College				
Lungshan Branch VP and General Manager	Yu, Cheng-Fu	2005.11.28							Dept. of International Trade, Chinese Cultural College				
Chungh-siao Branch SVP and General Manager	Chang, Sen-Yei	2006.08.01							Dept. of Business, National Open University				
Hsinyi Branch VP and General Manager	Chen, Yung-Chia	2006.11.07							Dept. of Accounting and Statistics Tamkang College				
Fuhsing Branch VP and General Manager	Hung, Hung-Jung	2005.01.14							Dept. of Banking and Insurance, Open Junior College of Commerce National Chengkung University				
Sanming Branch VP and General Manager	Chen, Chin-Sheng	2004.01.15							Dept. of Business, National Open University				
Taichung Harbor Branch VP and General Manager	Chen, Wen-Yu	2004.04.26							Graduate Institute of Management Tamkang University				
Loutung Branch VP and General Manager	Jeng, Guo-Huei	2005.12.06							National Taipei College of Business Open Business Junior College				
Puli Branch VP and General Manager	Huang, Yeou-Nen	2006.03.27							Dept. of Banking, Overseas Chinese Business College				
Kangshan Branch VP and General Manager	Wang, Mong	2002.12.16							Dept. of Economics, National Chunghsing University				
Hsingsing Branch VP and General Manager	Huang, Shui-Chen	2004.01.15							National Changhua Senior School of Commerce				
Lingya Branch SVP and General Manager	Lin, Ruey-Dian	2006.07.14							Dept. of Public Finance, National Cheng-Chi University				
Sungshan Branch VP and General Manager	Wu, Chin-Huan	2004.07.16							Chihlee Institute of Technology				
Chien-Hsing Branch VP and General Manager	Tseng, Chin-Tsan	2006.01.18							Dept. of Economics, Tunghai University				
Chungho Branch VP and General Manager	Fu, Shan-Kuo	2007.01.15							Dept. of Banking and Insurance Tamkang University				
Taipao Branch VP and General Manager	Hsieh, Tien-Fu	2005.07.16							Dept. of Accounting and Statistics Tatung Junior Technological College of Commerce				
Chupei Branch VP and General Manager	Chu, Hsi-Chin	2007.01.15							M.A. in Insurance, Feng-Chia University				
Shihlin Branch VP and General Manager	Chen, Chin-Lin	2007.01.15							Dept. of International Trade, Open Business College with NTCB				
Hsinchuang Branch VP and General Manager	Jin, Jinn-Chen	2005.01.10							Dept. of International Trade, Kuochi Junior College of Commerce				
Tachia Branch VP and General Manager	Yen, Quei-Tien	2005.11.28							Dept. of Economics, Tunghai University				
Science-Based Industrial Park Branch VP and General Manager	Yeh, Gang-Feng	2003.07.15							Supplementary Open Junior College for Public Administration National Chengchi University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Shulin Branch VP and General Manager	Fan, Chun-Hsiung	2007.01.15	100% of Shareholding: Ministry of Finance						Dept. of Business Administration, National Taipei Junior College of Business Open Business Junior College				
Hsintien Branch VP and General Manager	Yau, Ming-Ren	2007.01.15							Dept. of Economics, Soochow University				
Liming Branch VP and General Manager	Hsu, Tsuey-Hwa	2006.01.16							Dept. of International Trade Tamkang University				
Minsheng Branch VP and General Manager	Yang, Yeong-Maw	2004.07.16							Dept. of Cooperative Economics, Fengchia University				
Yongkang Branch VP and General Manager	Ho, Wen-Shu	2006.07.14							Tatung Institute of Commerce and Technology				
Sandou Branch VP and General Manager	Wang, Yung-Shan	2005.01.17							Dept. of Business Management, National Chenkung University				
Taipei World Trade Center Branch VP and General Manager	Cheng, Kuen-Der	2006.07.14							Dept. of Economics, Soochow University				
Taan Branch VP and General Manager	Chen, Chun-Yen	2005.12.06							Dept. of Law Chinese, Culture University				
Huachiang Branch VP and General Manager	Wu, Tsang-Tay	2007.01.15							Dept. of Business Management, National Chenkung University				
Chaochou Branch SVP and General Manager	Chiang, Fu-San	2006.09.01							Dept. of Agricultural Economics, National Taiwan University				
Suao Branch VP and General Manager	Chen, Huan-Ning	2002.07.15							Dept. of Banking, Tamkang College				
Taya Branch VP and General Manager	Lin, Yuan-Tung	2003.07.15							Dept. of Business, National Open University				
Nantze Branch VP and General Manager	Chen, Chi-An	2007.01.15							Dept. of Business Administration, Fu-Jen University				
Taichung Industrial Park Branch VP and General Manager	Hsieh, Hua-Ching	2006.07.14							M.B.A in Finance, National Yunlin University of Science and Technology				
Tunhwa Branch VP and General Manager	Huang, Jui-Mu	2005.12.06							Dept. of Technology, Mechanical Engineering Mingchi University				
Nankang Branch VP and General Manager	Chao, Lai	2006.07.14							Dept. of Secretarial Science, Ming Chuan College				
Hoping Branch VP and General Manager	Liu, Tung-Chen	2005.08.30							Dept. of Business Administration, Soochow University				
Shuinan Branch VP and General Manager	Liu, Chih-Chien	2006.07.14							Dept. of Finance and Taxation, Feng-Chia University				
Chunglun Branch VP and General Manager	Ho, Chung-Huei	2004.07.16							Bliss College, Ohio, U.S.A.				
Tucheng Branch VP and General Manager	Lin, Min-Chien	2006.11.30							Dept. of Shipping and Transportation Management, National Taiwan Ocean University				
Taoyuan Airport Branch VP and General Manager	Lee, Chun-Hsi	2001.02.15							Taiwan Police Academy				
Dahchang Branch VP and General Manager	Liu, Cheng-Hsiung	2006.07.14							Dept. of Banking and Insurance, Open Junior College of Commerce National Chengkung University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Wuchia Branch VP and General Manager	Wu, Jung-Tsung	2006.07.14	100% of Shareholding: Ministry of Finance						Dept. of Shipping and Transportation Management, National Taiwan Ocean University				
Boai Branch VP and General Manager	Liu, Sen-Yuan	2006.02.27							Dept. of Business, National Open University				
Chung-chuang Branch VP and General Manager	Hsian, Ching-Chen	2006.07.14							Dept. of Accounting, Fengchia University				
Pingchen Branch VP and General Manager	Chen, Chen-Fang	2006.01.18							Dept. of Banking and Insurance, Fengchia College				
Jenai Branch VP and General Manager	Lin, Chen-Hung	2006.11.07							Dept. of Business Administration, Tamkang College of Arts and Sciences				
Nankan Branch VP and General Manager	Chen, Yung-Hsien	2004.01.15							Supplementary Open Junior College for Public Administration, National Chengchi University				
Yuanshan Branch VP and General Manager	Lin, Chun-Liang	2005.11.28							Dept. of Banking and Insurance, Tamkang University				
Wuku Branch VP and General Manager	Chen, Jung-Hsien	2002.12.16							Dept. of Banking, National Chengchi University				
Tali Branch VP and General Manager	Kuo, Te-Ming	2004.07.16							Dept. of Accounting and Statistics, Fujen Catholic University				
Annan Branch VP and General Manager	Chou, Mao-Hsiung	2002.07.15							Dept. of Banking, National Chengchi University				
Hsitwun Branch VP and General Manager	Tsai, Jin-Yuan	2006.07.14							Dept. of Business, National Open University				
Tienmou Branch VP and General Manager	Chen, Ying-Kuei	2005.11.28							Master of Business Administration, National Chengchi University				
Lukang Branch VP and General Manager	Chen, Chin-Cheng	2002.07.15							Dept. of International Trade, Overseas Chinese Business College				
Neili Branch VP and General Manager	Yu, Kuo-Yu	2006.07.14							Dept. of Economics, National Chengchi University				
Tainan Science-Based Industrial Park Branch VP and General Manager	Jen, Kun-Fa	2005.07.25							Dept. of Economics, National Taiwan University				
Huwei Branch VP and General Manager	Yeh, Kun-Yuan	2003.01.16							Dept. of Accounting and Statistics, Tatung Junior Technological College of Commerce				
Tamsui Branch VP and General Manager	Ho, Chwan-Ming	2007.01.15							Dept. of business Administration, National Chengchi University				
Neihu Branch VP and General Manager	Liao, Yun-Kuang	2003.04.02							Dept. of Shipping and Transportation Management, National Taiwan Ocean University				
Chiabei Branch VP and General Manager	Wen, Jeng-Hui	2006.01.18							Tatung Institute of Commerce and Technology				
Tunhkang Branch VP and General Manager	Huang, Hsui-Hsiang	2005.04.25							Dept. of Business, National Open University				
Hsichih Branch VP and General Manager	Wu, Kung-Min	2006.07.14							Dept. of Chinese Language and Literature, National Taiwan Normal University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Wuchi Branch VP and General Manager	Wang, Shih-Chien	2005.11.28	100% of Shareholding: Ministry of Finance						Master of Finance, National Chung Hsing University				
Putz Mini Branch VP and General Manager	Hsieh, Tien-Fu	2005.07.16							Dept. of Accounting and Statistics, Tatung Junior Technological College of Commerce				
Hsiaokang Mini Branch VP and General Manager	Chen, Chun-Hsiung	2003.12.29							M.A in Business Management, National Sun Yat-Sen University				
Chung-ping Branch VP and General Manager	Lee, Sheng-Hsiung	2005.03.21							Dept. of Statistics, Fengchia University				
Chunhsien Branch VP and General Manager	Tsai, Ming-Te	2006.07.14							Dept. of Cooperative Economics, Tamkang University				
Peitalu Branch VP and General Manager	Wu, Shiou-Rung	2001.08.17							Dept. Of Industrial Management, Tamsui Oxford College				
Wenshan Mini Branch VP and General Manager	Chiang, Man-Li	2005.11.18							Dept. of Accounting and Statistics, National Chengkung University				
Jian Mini Branch SVP and General Manager	Cheng, Chun-Liang	2004.07.16							Dept. of Insurance, National Taipei Junior College of Business Open Business Junior College				
Nankuo Mini Branch SVP and General Manager	Li, Hsien-Cheng	2006.01.16							National Changhua Senior School of Commerce				
Fucheng Mini Branch SVP and General Manager	Wang, Chia-Nan	2005.07.16							Dept. of Banking and Insurance, Kuochi Junior College of Commerce				
Taiiping Branch SVP and General Manager	Chen, Ching-Jui	2005.07.16							Dept. of Laws, Soo Chow University				
Defang Branch VP and General Manager	Chang, Kuo-Hsun	2006.01.18							M.B.A Taipei University				
Chienkuo Branch VP and General Manager	Liu, Huei-Hsin	2004.07.16							Dept. of Accounting and Statistics, Tamkang College				
Talun Branch VP and General Manager	Fu, Yung-Tuan	2002.09.12							Dept. of Business Administration, Taipei Commerce College Open Junior College of Commerce				
Yenpu Branch VP and General Manager	Wang, Wen-Li	2006.07.14							National Taipei Teachers' college				
Chentsing Branch VP and General Manager	Yang, Chao-Chia	2005.01.03							Dept. of Accounting and Statistics, Kuochi Junior College of Commerce				
Hsiyuan Branch VP and General Manager	Tsai, Ching-Chang	2005.04.21							Dept. of Accounting and Statistics, Open Junior College of Commerce of National Cheng Kung University				
Yinglong Branch VP and General Manager	Shen, E-Yuan	2006.06.12							Dept. of Industrial and Business Administration, Tamsui Oxford College				
Shintong Branch VP and General Manager	Fang, Chin-Ho	2005.12.22							Dept. of Business, National Open University				
East Taoyuan Branch VP and General Manager	Lee, Ming-Chih	2003.08.28							Dept. of Banking and Insurance, Fengchia University				
Lujhou Branch VP and General Manager	Chou, Shao-I	2006.07.14							Dept. of Business, National Open University				

Position	Name	Date of Employment	Shares Held		Shares Held by Spouse and Dependent Children		Shares Held in Name of Others		Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager		
			No.	Ratio	No.	Ratio	No.	Ratio			Position	Name	Relationship
Peifu Mini Branch VP and General Manager	Chu, Chung-Chih	2005.07.11	100% of Shareholding: Ministry of Finance						Dept. of Shipping and Transportation Management, National Taiwan Ocean University				
Kaohsiung Airport Branch VP and General Manager	Chen, Chun-Hsiung	2003.12.29							M.A in Business Management, National Sun Yat-Sen University				
Keelung Port Mini Branch SVP and General Manager	Yu, Ta-Kang	2006.01.17							National Chengchi University	Supervisor of Small Business Integrated Assistance Center			
Yongji Mini Branch SVP and General Manager	Lin, Ing-Lieh	2004.07.16							Dept. of Banking and Insurance, Chinese Culture University				
Tungmen Mini Branch VP and General Manager	Chen, Yung-Chia	2006.11.07							Dept. of Accounting and Statistics, Tamkang College				
Aiguo Mini Branch VP and General Manager	Chen, Yung-Chia	2006.11.07							Dept. of Accounting and Statistics, Tamkang College				
Kaorung Mini Branch SVP and General Manager	Ma, Yang-Yi	2006.07.14							Dept. of Business Administration, National Taiwan University				
Baoqing Mini Branch SVP and General Manager	Lu, Te-Fu	2005.11.18							College of Business Tamkang University	Director, The Taiwan Payments Clearing System Development Foundation Director of First Financial Holding Co.			
Taidian Mini Branch VP and General Manager	Chiang, Man-Li	2005.11.18							Dept. of Accounting and Statistics, National Chengkung University				
Jincheng Mini Branch VP and General Manager	Chien, Hsueh-Yang	2005.08.30							Taiwan Provincial Taipei Commercial School				
Renher Mini Branch VP and General Manager	Hsieh, Tien-Fu	2005.07.16							Dept. of Accounting and Statistics, Tatung Junior Technological College of Commerce				
Caotun Mini Branch VP and General Manager	Lin, Chung-Yung	2006.02.27							Dept. of International Trade, Feng Chia University				
TWTC Exhibition Hall Mini Branch VP and General Manager	Cheng, Kuen-Der	2006.07.14							Dept. of Economics, Soo Chow University				
Taichung Airport Mini Branch VP and General Manager	Liu, Chih-Chien	2006.07.14							Dept. of Finance and Taxation, Fengchia University				
Chongcing South Road Mini Branch SVP and General Manager	Hong, Pao-Chung	2004.01.15							Dept. of Public Finance, National Chengchi University	Managing Director of Tang Eng Iron Work Co.			
Taipei Port Mini Branch VP and General Manager	Chou, Shao-I	2006.07.14							Dept. of Business, National Open University				
Chunan Science-Based Industrial Park Branch VP and General Manager	Chou, Chang-Yi	2005.06.10							Dept. of Agricultural Economics, National Taiwan University				
Taichung Science Park Branch VP and General Manager	Hsu, Pi-Chih	2005.11.30							M.B.A in Finance, National Yunlin University of Science and Technology				
Kaohsiung Science Park Branch VP and General Manager	Cheng, En-Tzu	2006.04.17							Dept. of Finance and Taxation, Fengchia University				

3. Compensation Paid to Directors, Supervisors, President, and Executive Vice Presidents for 2006

Compensation Paid to Directors

Dec. 31, 2006

Unit: NT\$1,000

Position	Name (Note)	Compensation Paid to Directors						Ratio of Total of A, B, and C to Aftertax Net Profit	Compensation Paid to Concurrently Serving Employees								Ratio of Total of A, B, C, D, and E to Aftertax Net Profit		Any Compensation Paid by Invested Enterprises Other than Subsidiaries
		Compensation (A)		Profits Distributed to Directors (B)		Business Administration Costs (C)			Salary, Bonus, Special Expenses (D)		Profits Distributed to Employees (E)				No. of Shares Purchasable via Employee Stock Warrants (F)				
		BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report		BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report	BOT		All Companies in Consolidated Report	BOT	All Companies in Consolidated Report		
													Cash Bonuses	Stock Bonuses				Cash Bonuses	
Chairman	Jye-Cherng Lyu	4009	None	None	3190	None	0.0659	None	7720	None	None				None	0.1365	None	Yes	145
Chairman	Teh-Nan Hsu																		
Managing Director	Sheng-Yann Lii																		
Managing Director	Chih-Hung Chang																		
Managing Director	Ruey-Tsang Lee																		
Managing Director	Ming-Ming Wu																		
Managing Director	Yang-Tzong Tsay																		
Director	Chia-Cheng Lin																		
Director	Hsiu-Hua Rau																		
Director	Jin-Tung Lee																		
Director	Yuh-San Liu																		
Director	Shin-Hsin Huang																		
Director	Chin-Long Yang																		
Director	Yeong-Yuh Chiang																		
Director	Hsi-Chuan Chen																		
Director	Chang-Sheng Lin																		
Director	Her-Jong Lin																		

Note: All Directors are assigned by the Ministry of Finance.

Compensation Paid to BOT Directors	No. of Directors			
	Total of Previous three items (A+B+C)		Total of Previous Five items (A+B+C+D+E)	
	BOT	All companies included in consolidated report	BOT	All companies included in consolidated report
Under NT\$2,000,000	15		14	
NT\$2,000,000 - NT\$5,000,000	2		3	
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	17		17	

Compensation Paid to Supervisors

Dec. 31, 2006

Unit: NT\$1,000

Position	Name (Note)	Compensation Paid to Supervisors						Ratio of Total of A,B, and C to Aftertax Net Profit		Any Compensation Paid by Invested Enterprises Other than Subsidiaries
		Compensation (A)		Profits Distributed to Supervisors (B)		Business Administration Costs (C)				
		BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report	
Resident Supervisor	Bing-Huang Shih	None	None	None	None	1320	None	0.0121	None	None
Supervisor	Shaw-Wu Yu									
Supervisor	Chan-Jane Lin									
Supervisor	Fu-Deng Hsieh									
Supervisor	Tzer-Ming Chu									

Note: All Supervisors are assigned by the Ministry of Finance.

Compensation Paid to BOT Supervisors	No. of Supervisors	
	Total of Previous three Items (A+B+C)	
	BOT	All companies included in consolidated report
Under NT\$2,000,000	5	
NT\$2,000,000 - NT\$5,000,000		
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	5	

Compensation Paid to President and Executive Vice Presidents

Dec. 31, 2006

Unit: NT\$1,000

Position	Name	Salary		Bonus, Special Expenses		Profit Distributed as Employee Bonuses								Total of Previous Three Items		Ratio of Total Amount to Aftertax Net Profit(%)		Amount of Employee Stock Warrants		Any Compensation Paid by Invested Enterprises Other than Subsidiaries
		BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report	BOT				All Companies in Consolidated Report				BOT	All Companies in Consolidated Report	BOT	All Companies in Consolidated Report			
						Cash Bonuses	Stock Bonuses			Cash Bonuses	Stock Bonuses									
							No. of Shares	Market Value	Amount		No. of Shares	Market Value	Amount							
President	Sheng-Yann Lii	15126	None	8711	None	None								23837	None	0.2181	None	None	Yes	673
Executive Vice President	Wu-Shiung Chou																			
Executive Vice President	Fu-Chi Tsai																			
Executive Vice President	Fan-Chih Wu																			
Executive Vice President	K.C. Wang																			
Executive Vice President	Tse-Cheng Lo																			
Executive Vice President	Teng-Lung Hsieh																			
Executive Vice President and General Auditor	Hong-Chi Chang																			

Compensation Paid to BOT President and Executive Vice Presidents	No. of President and Executive Vice Presidents	
	BOT	All Companies in Consolidated Report
Under NT\$2,000,000	2	
NT\$2,000,000 - NT\$5,000,000	5	
NT\$5,000,000 - NT\$10,000,000	1	
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	8	

4. Analysis of remuneration paid to directors, supervisors, presidents, and executive vice presidents during the most recent two years as a percentage of net income; Explanation of remuneration payment policies, standards, and combinations, procedures for determination, and relationship with business performance

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

Duties of Major Units

Major Units	Duties
Secretariat, Board of Directors	Handles important matters related to the Board of Directors, and documentary affairs.
Auditing Office, 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 Credit Management	Handles planning, review, supervision, consulting assistance services, and management for the loan business except for consumer financing.
Department of Business	Takes care of general deposit, loan, remittance, and agency businesses.
Department of Circulation	Responsible for the issuance, distribution, arrangement, custodianship, and destruction of New Taiwan Dollar 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 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 Securities	Handles securities brokerage and underwriting business management and operations.
Department of Consumer Banking	Takes care of planning, promotion, review, management, and consultation 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 Electronic Banking	Responsible for planning, study, marketing, integration, supervision, and management and examination of the electronic banking business and deposit business.
Department of Risk Management	Responsible for the planning and revision of risk management, handles formulation and integration of risk management regulations.
Secretariat	Takes care of important affairs, documentation, chop management, meetings, editing, and public relations.
Occupational Safety and Health Office	Handles labor safety and health, general affairs, receipts and disbursements, procurement, and management of civil engineering and real estate.
Personnel Office	Carries out the planning, study, and implementation of personnel affairs.
Ethics Office	Looks after the propagation of ethics laws and regulations, and the formulation and revision of ethics regulations.
Accounting Office	Responsible for the planning and formulation of accounting systems, budgets, statistics, internal auditing, and bank-wide accounts and interest matters.
Economic Research Office	Carries out surveys and analyses of domestic and overseas economic, financial, and industrial conditions, business research and development, and the compilation of economic publications.
Credit Analysis Office	Responsible for the collection, surveying, and editing of data related to the loan business, as well as overseas credit investigation services.
Information Management Office	In charge of planning, design, and management of automation.
Legal Affairs Office	Handles legal matters as well as the collection and study of domestic and overseas laws and regulations.
Non-performing Loans Center	Takes care of planning, examination, supervision, and management related to non-performing loans, loans for collection, and the clearing up of bad loans.
Training Institute	Responsible for personnel training and advanced training, planning and implementation of monographic studies, evaluation studies, and joint operations with overseas training institutions.

III. Corporate Governance Operations

1. Board of Directors Operations

The Board of Directors met a total of 63 times in 2006 (including 11 regular and extraordinary meetings of the Board of Directors, and 52 meetings of the Board of Managing Directors). Attendance by directors and supervisors was as follows:

Position	Name	Actual Times of Attendance	Times of Commissioned Attendance	Ratio of Attendance (%)	Notes
Chairman	Jye-Cherng Lyu	4	0	100.00	Relieved from office on Jan. 25, 2006
Chairman	Teh-Nan Hsu	53	4	92.98	Relieved from office on Jan. 2, 2007
Managing Director	Sheng-Yann Lii	49	2	96.08	Relieved from office on Oct. 24, 2006
Managing Director	Ruey-Tsang Lee	49	2	77.78	
Managing Director	Chih-Hung Chang	59	3	93.65	
Managing Director	Ming-Ming Wu	5	0	100.00	Relieved from office on Feb. 9, 2006
Managing Director	Yang-Tzong Tsay	41	4	85.42	Transferred from director to managing director on Apr. 3, 2006
Director	Chia-Cheng Lin	8	3	72.73	
Director	Hsiu-Hua Rau	11	0	100.00	
Director	Jin-Tung Lee	11	0	100.00	
Director	Yuh-San Liu	7	0	63.64	
Director	Shin-Hsin Huang	11	0	100.00	
Director	Chin-Long Yang	11	0	100.00	
Director	Yeong-Yuh Chiang	4	1	80.00	Assumed office on July 31, 2006
Director	Chang-Sheng Lin	11	0	100.00	
Director	Hsi-Chuan Chen	11	0	100.00	
Director	Sheng-Tien Yang	6	0	100.00	Relieved from office on July 31, 2006
Director	Her-Jong Lin	4	0	80.00	Assumed office on July 31, 2006
Resident Supervisor	Bing-Huang Shih	48	0	76.19	
Supervisor	Shaw-Wu Yu	4	0	36.36	
Supervisor	Chan-Jane Lin	4	0	36.36	
Supervisor	Fu-Deng Hsieh	4	0	36.36	
Supervisor	Tzer-Ming Chu	7	0	63.64	

Other items of record:

1. The Ministry of Finance has not yet appointed an independent director for the Bank.
2. At the 31st meeting of the first Board of Directors on June 30, 2006, Director Lee Chin-tung was not Present in person since Directon Lee was serving as an independent director of the KinKi Co. which had applied for a new loan at that time.
3. Because there were no independent directors, no auditing committee was formed to substitute for the supervisors. Changes of chairman, president, or one-third of directors and supervisors, and resolutions exempt from the non-competition clause restrictions that were passed by the Board of Directors were, in accordance with the regulations, announced on a site open to the public.

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

The Bank of Taiwan publishes information regarding corporate governance on its website, in accordance with the regulations. Please refer to the home page of the Bank's website "<http://www.bot.com.tw>" and click on "Financial Reports".

3. Status of Corporate Governance Operations, Deviations from Corporate Governance Best-Practice Principles for the Banking Industry" and Reason

Since the BOT is 100% owned by the government, its directors and supervisors are appointed by the government and have an "independent" function. Deviations from the corporate governance best-practice principles for the banking Industry are revealed in the Bank's website.

4. Other Important Information on the Bank's Corporate Governance Operations

(1) Attendance of Directors and Supervisors at Board of Directors' Meetings

- a. The Bank's directors and supervisors attend meetings of the Board of Directors (Board of Managing Directors) in accordance with the "BOT Board of Directors Organizational Charter".
- b. The "Performance Evaluation Guidelines for Directors and Supervisors Appointed by the Ministry of Finance to Government and Private Enterprises and Foundations" promulgated by the Ministry of Finance, are used as the standard for evaluating the job performance of government-appointed directors and supervisors. A scheduled evaluation is carried out annually.
- c. The attendance of directors and supervisors at Board of Directors (Board of Managing Directors) meetings is reported to the Ministry of Finance every year.

(2) Consumer Protection

- a. 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.
- b. The loan contracts signed by the borrowers of consumer loans contain a complaint hot line that consumers can use to lodge complaints after taking out loans.
- 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.
- d. To expand services and carry through with the Bank's service-oriented operating principle, a Customer Service Center was set up on Sept. 1, 2004 to provide round-the-clock financial services, answer customer enquiries, and resolve customer complaints and questions.
- e. The BOT's credit card contracts detail (a) procedures for the disposition of questions about accounts and (b) methods of calculating credit card charges.

5. Revealed Items in the Implementation of Internal Control System

(1) Statement of Internal Controls

Statement of Internal Controls of the Bank of Taiwan

On behalf of the Bank of Taiwan we declare that during the period of Jan. 1, 2006 through Dec. 31, 2006 the Bank of Taiwan did conform to the provisions of the "Implementation Rules for Banks' Internal Control and Auditing Systems" by establishing an internal controls system and carrying out risk management, and by having auditing carried out by an impartial and independent auditing unit, with reports submitted on a regular basis to the Boards of Directors and Supervisors. In the operation of the securities business, the Bank assessed the effectiveness of the design and implementation of its internal controls system in accordance with the items for judgment of the effectiveness of internal controls systems as contained in the "Guidelines for the Establishment of Internal Controls Systems by Securities and Futures Enterprises" as promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. Careful assessment shows that with the exception of the items listed in the accompanying chart, the Bank's units effectively carried out internal controls and legal compliance during the period. This Statement will become an important part of the Bank's annual report and its public announcements, and will be made public. Any fraudulence, undisclosed items, or illegality in the public content described above will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities Transaction Law.

Submitted to the Financial Supervisory Commission, Executive Yuan

Attestor

Chairman



President



Executive Vice President and General Auditor



Headquarters Legal Compliance Official



April 11, 2007

(2) Independent Auditors' Report

Independent Auditors' Report

The Board of Directors
Bank of Taiwan

Article 25, Item 1 of the Implementation Rules for Banks' Internal Control and Auditing Systems requires 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 conformance, 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 28 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

March 15, 2007

6. Legal Violations Incurring Punishment and Major Deficiencies of the Past Two Years, and Status of Improvement

(1) Indictments of Officials and Employees for Crimes Committed in the Performance of Duty During the Past Two Years

- a. In the case of forgery against staff member Cheng of the Pingtung Branch, the Pingtung District Court ruled in December 2005 that Cheng's forgery of documents caused harm to others and handed down a sentence of 10 months in prison, suspended for three years. Cheng has left the Bank's employment.
- b. In the case of alleged misuse of NT\$2.9 million in customers' deposits by senior official Li of the Sanchung Branch, the Banciao District Court judged that the accused had used improper methods to create false computer information and alter records so as to acquire the property of others, and handed down a sentence of one year and 10 months in prison, suspended for four years.
- c. Five personnel from the Tachia Branch, including former manager Huang, are accused of breach of trust in the handling of real estate loans, and have been indicted by the Prosecutor's Office of the Hsinchu District Court.
- d. In the case of suspected violation of the anti-corruption statute by senior clerk Lu of the Chiayi Branch, an indictment was issued by the Prosecutor's Office of the Changhua District Court; in its first ruling the court found that Lu was involved in taking a bribe, and sentenced him to two years and eight months in prison and stripped him of civil rights for one year.

(2) Violations of the Law Resulting in the Imposition of Fines by the Financial Supervisory Commission

(None)

(3) Deficiencies Resulting in Severe Disciplinary Action by the Financial Supervisory Commission

In the case of the alleged use of his position by clerk Li of the Sanchung Branch to improperly acquire NT\$2.9 million in deposits belonging to customer Chang in May 2006, the Financial Supervisory Commission investigated and issued the opinion that strict discipline should be meted out.

(4) Punishments Imposed by the Financial Supervisory Commission in Accordance with Article 61-1 of the Banking Law

(None)

(5) Major Security Incidents Occurring During the Past Two Years as a Result of Staff Malpractice or Major Unexpected Incidents, or of Failure to Observe the Guidelines for the Maintenance of Security in Financial Institutions, the Losses from Which Exceeded NT\$50 Million During One or Both of the Years

Cases of employee fraud, and major incidents causing actual losses were not more than NT\$50 million, either individually or collectively, in 2005 and 2006.

(6) Other Matters Requiring Disclosure as Directed by the Financial Supervisory Commission

(None)

7. Year 2006 and to Date of Annual Report Publication, Major Resolutions of the Board of Directors

- (1) The 115th meeting of the 1st Board of Managing Directors decided on Feb. 15, 2006 to nominate Managing Director Teh-Nan Hsu as the third chairman of the BOT's 1st Board of Directors.
- (2) The 30th meeting of the 1st Board of Directors resolved on Apr. 21, 2006 to nominate director Yang-tzong Tsay as managing director of the company.
- (3) The 3rd extraordinary meeting of the 1st Board of Directors resolved on Apr. 28, 2006 to approve the retirement of vice president Fan-chih Wu, the resulting vacancy to be filled by chief auditor Teng-Lung Hsieh, and the vacant position of chief auditor to be filled by Hong-Chi Chang, director of the personnel training center and director of the Board of Directors Secretariat.
- (4) The 1st meeting of the 2nd Board of Directors resolved on Aug. 4, 2006 to nominate, based on the list of directors and supervisors (15 directors and five supervisors) appointed to the 2nd Board of Directors by the Ministry of Finance, to nominate director Teh-Nan Hsu and four others as managing directors for the 2nd Board of Managing Directors and to have director Sheng-Yann Lii continue in position as acting president.

- (5) The 1st meeting of the 2nd Board of Managing Directors resolved on Aug. 4, 2006 to nominate managing director Teh-Nan Hsu as the 1st chairman of the 2nd Board of Directors.
- (6) The 1st extraordinary meeting of the 2nd Board of Directors resolved on Oct. 5, 2006 to set the base date for the merger of the BOT and the Central Trust of China for July 1, 2007. A ratio of 1:2 was set for the exchange of shares between the BOT and the Central Trust to effect the merger. To finance the capital increase for the merger, the Board proposed the issuance of NT\$5 billion worth of new shares.
- (7) The 2nd extraordinary meeting of the 2nd Board of Directors resolved on Oct. 24, 2006 to transfer managing director Sheng-Yann Lii to the post of president of the Export-Import Bank of the ROC, with chairman Teh-Nan Hsu filling the vacant post of BOT president on a temporary basis.
- (8) The 3rd meeting of the 2nd Board of Directors resolved on Jan. 2, 2007 to nominate director Jer-Shyong Tsai and Mr. Tse-Cheng Lo as new members of the 2nd Board of Managing Directors, with Tse-Cheng Lo also taking the post of president.
- (9) The 1st meeting of the 2nd Board of Managing Directors resolved on Jan. 2, 2007 to nominate managing director Jer-Shyong Tsai as the 2nd chairman of the 2nd Board of Directors.

8. Year 2006 and to Date of Annual Report Publication, Directors' or Supervisors' Dissenting Opinions About Resolutions Passed by the Board of Directors

(None)

9. Resignation or Dismissal of Persons Related to Financial Reports in 2006 and up to the Date of Publication of the Annual Report

Position	Name	Date of Employment	Date of Dismissal	Reason for Resignation or Dismissal
Chairman	Teh-Nan Hsu	Feb. 15, 2006	Jan. 2, 2007	Assumed office of chairman of Cooperative Bank
President	Sheng-Yann Lii	Sep. 3, 2001	Oct. 24, 2006	Request to retire
SVP and General Manager, Accounting Office	Ting-Chu Leu	Jan. 16, 2003	Mar. 20, 2006	Resignation
Executive Vice President and General Auditor, Auditing Office, Board of Directors	Teng-Lung Hsieh	Dec. 5, 2005	May 12, 2006	Elected EVP of BOT

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

IV. CPA Information

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

CPA information

Unit: NT\$1,000

Name of Accounting Firm	Name of CPA		Auditing Cost	Non-auditing Costs					Did the Audit Period Cover the Entire Fiscal Year?			Notes
				System Design	Business Registration	Human Resources	Others	Subtotal	Yes	No	Audit Period	
KPMG Certified Public Accountants	Yen-Ling Fang	David Ding	3,741	-	-	-	-	-	Yes		Jan. 1 ~ Dec. 31, 2006	

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 on the Relationships between the 10 Largest Shareholders as Given in SFAS No. 35

(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, 2006

Unit: Share, %

Reinvested Enterprise	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	34,497,273	0.44	57,634,762	0.74
Taiwan Power Company	865,191,972	2.62	149,732,991	0.45	1,014,924,963	3.07
Taiwan Machinery Manufacturing Corp.	10,253,459	1.60	0	0.00	10,253,459	1.60
Taiwan Stock Exchange Corp.	26,468,027	5.01	20,883,849	3.95	47,351,876	8.96
First Financial Holding Co., Ltd.	473,675,937	7.93	268,691,658	4.50	742,367,595	12.43
Hua Nan Financial Holdings Co., Ltd.	1,753,059,836	29.36	118,897,251	1.99	1,871,957,087	31.35
Taiwan Business Bank	750,222,335	19.37	99,582,888	2.57	849,805,223	21.94
Cathay Financial Holding Co., Ltd.	84,841,198	0.94	739,025	0.01	85,580,223	0.95
Mega Financial Holding Company	277,170,670	2.48	1,114,499,411	9.98	1,391,670,081	12.46
Taiwan Television Enterprise, Ltd.	40,316,161	14.37	20,353,680	7.25	60,669,841	21.62
Taiwan Life Insurance Co., Ltd.	132,853,223	28.46	279	0.00	132,853,502	28.46
Taiwan Fire & Marine Insurance Co., Ltd.	55,696,792	17.58	0	0.00	55,696,792	17.58
Tang Eng Iron Work Co., Ltd.	70,323,770	20.09	31,074,512	8.88	101,398,282	28.97
Taiwan Development Corp.	36,219,000	12.07	8,410,000	2.80	44,629,000	14.87
China Development Financial Holding Corp.	221,697,555	2.07	3,724,036	0.03	225,421,591	2.10
Kaohsiung Ammonium Sulfate Co., Ltd.	303,131,576	91.86	0	0.00	303,131,576	91.86
Taiwan Chung Hsing Paper Corp.	25,035,822	9.54	0	0.00	25,035,822	9.54
Taiwan Shin-Sheng Press Enterprise Company	355,005	0.23	21,735	0.01	376,740	0.24
China Trade & Development Corp.	1,250,110	1.91	0	0.00	1,250,110	1.91
China Daily News	3,477,600	10.32	0	0.00	3,477,600	10.32
China Shipbuilding Corp.	2,697,208	0.24	0	0.00	2,697,208	0.24
Central Motion Picture Corp.	8,913,458	15.22	0	0.00	8,913,458	15.22
Fuhwa Financial Holding Co., Ltd.	211,441,123	6.69	8,379	0.00	211,449,502	6.69
International Investment Trust Co., Ltd.	27,221	0.07	0	0.00	27,221	0.07
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	10.00	146,250	10.00	292,500	20.00
Taiwan Forex Inc.	700,000	3.53	1,400,000	7.06	2,100,000	10.59
Taiwan Futures Exchange Corp.	2,600,000	1.30	5,934,000	2.97	8,534,000	4.27
Bankpro E-Service Technology Co., Ltd.	450,000	3.33	0	0.00	450,000	3.33
Taiwan Asset Management Corp.	70,000,000	3.97	300,000,000	17.03	370,000,000	21.00
Taiwan Financial Asset Service Corp.	5,000,000	2.94	10,000,000	5.88	15,000,000	8.82
Financial Information Service Co., Ltd.	6,115,000	1.53	157,165,000	39.29	163,280,000	40.82
Financial eSolution Co., Ltd.	2,481,467	7.19	2,563,074	7.43	5,044,541	14.62
Taiwan Integrative Shareholder Service Company	160,000	0.53	1,910,000	6.37	2,070,000	6.90
Sunny Asset Management Corp.	7,269	0.12	115,802	1.93	123,071	2.05

*Investment according to Article 74 of the Banking Law



Fund-Raising Activities

I. Shares and Stock Dividends

1. Source of Equity Capital

Unit: Share, NT\$

Month and Year	Issue Price	Approved Equity Capital		Paid-in Equity Capital		Notes	
		No. of Shares	Amount	No. of Shares	Amount	Source of Equity Capital	Others
July 2003	\$10	4.8 billion	\$48 billion	4.8 billion	\$48 billion	National Treasury	-

Type of Stock	Approved Equity Capital			Notes
	Shares in Circulation		Unissued Shares	
Common Stock	4.8 billion (100% shares are held by the Ministry of Finance; Shares have not been listed)		0	4.8 billion -

Type of Securities	Projected Amount of Issuance		Amount Already Issued		Purpose and Expected Effect of Already-issued Shares	Projected Time of Issuance of Unissued Shares	Notes
	Total No. of Shares	Approved Value	No. of Shares	Price			
Common Shares	4.8 billion	\$48 billion	4.8 billion	\$48 billion	To make operating policies transparent and strengthen market competitiveness so as to enhance overall operating performance and advance toward internationalization	None	

2. Shareholder Structure, Dispersal of Shares, and List of Major Shareholders

100% shares are held by the Ministry of Finance; Shares have not been listed.

3. Net Worth, Earnings, Dividends, and Market Value Per Share for Most Recent Two Years

Items		Year	2006	2005	As of March 31, 2007
Market Value Per Share	Highest		-	-	
	Lowest		-	-	
	Average		-	-	
Net Worth Per Share	Before Appropriation		44.39	36.83	43.56
	After Appropriation		-	35.95	-
Earnings Per Share	Weighted Average		4,800,000,000	4,800,000,000	4,800,000,000
	Earnings Per Share		2.28	2.96	0.32
Dividends Per Share	Cash Dividends		-	0.87	-
	Stock Dividends	Earnings	-	-	-
		Capital Reserve	-	-	-
	Cumulative Dividends Undistributed		-	-	-
Return Analysis	P/E Ratio (notes 1)		-	-	-
	Ratio of Share Price to Dividends (notes 2)		-	-	-
	Cash Dividend Yield % (notes 3)		-	-	-

Notes 1: P/E ratio = current year average closing share price/earnings per share.

2: Ratio of share price to dividends = current year average closing share price/cash dividend per share.

3: Cash Dividend Yield % = cash dividend per share/current year average closing share price.

4. Stock Dividend Policy and Implementation

(1) Stock 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% for special reserve;
- e. Re-appropriation 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.

According to the stipulations of the Banking Law, 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 2006, a cash dividend of NT\$5,136 million, or NT\$1.07 per share, was decided. Under Article 50 of the Audit Law, however, the final determiner of the BOT's profit is the Ministry of Audit; since the Bank's final 2006 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 compensation for directors and supervisors

(None)

7. Repurchase of the Bank's shares by the BOT

(None)

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

(None)

III. Merging or Entrusted for Other Financial Institutions

1. Opinions on Review of Reasonableness of Stock-exchange Ratio by the CPA

Bank of Taiwan

Opinions on Review of Reasonableness of Stock-exchange Ratio

The Ministry of Finance mapped out the merger between the Bank of Taiwan (BOT) and the Central Trust of China, in response to the trend toward consolidation and internationalization in the financial industry, so as to cope with the competitive environment by providing for an enlargement of operating scale. In view of the current changes in Taiwan's financial environment and the trend toward consolidation in the financial industry, the BOT and the Central Trust of China went through a substantial period of evaluation resulting in the expectation that the merger will quickly expand operating scale, enlarge the customer base, strengthen competitiveness, and facilitate diversified development. We offer the following opinions on the reasonableness of the stock exchange ratio resulting from the final negotiations between the two companies.

1. Negotiations for and basis of the stock-exchange ratio: Both of the companies involved in the merger are government-owned enterprises of which 100% of the shares are held by the Ministry of Finance. Based on the fact that the merger involves an organizational readjustment between connected companies, the two companies referred to the base date for the merger and exchange of stocks as approved by the Ministry of Audit and, after sufficient discussion and negotiation, set the exchange ratio at one share of BOT common stock for two shares of Central Trust of China common stock, (at 1:2 ratio). The determination of the stock exchange ratio by negotiation between the two companies involved in the merger was based on subjective and objective factors at the time of the negotiations, including the main shareholder of the objects of the merger, laws and regulations, and accounting rules.

2. We have referred to the balance sheets of the BOT and the Central Trust of China as of Dec. 31, 2005 as approved by the Ministry of Audit (the base date for the merger stock exchange) and, in accordance with Interpretation (95) Ji Mi Zih No. 141 issued by the Accounting Research and Development Foundation on June 5, 2006, have adopted the book value method in calculating the values of the two companies and the stock exchange ratio situation, as follows:

Unit: NT\$/share

Company \ Item		Book Value Method
		Per-share Value
Bank of Taiwan		35.95
Central Trust of China		18.26
Ratio Calculation for the Exchange of Shares	No. of Central Trust of China Shares Exchanged for Each BOT Share	1 share
		2 shares

Since both of the companies involved in the merger are government-run enterprises that are 100% owned by the Ministry of Finance, their merger amounts to an organizational readjustment of connected companies under the control of the same juridical person and does not involve the rights of minority shareholders; the book value method, therefore, was adopted as the price-assessment model for calculating the share-exchange ratio. Following review of the Ministry of Audit-approved balance sheets of the BOT and the Central Trust of China for Dec. 31, 2005 (the base date for the stock exchange), and taking overall consideration of the fact that following the merger the two companies will undergo no change in right of control, we find that the stock-exchange ratio determined after sufficient discussion is reasonable.

This is our opinion, following review, on the reasonableness of the stock-exchange ratio negotiated by the Bank of Taiwan and the Central Trust of China; it is provided for the two companies to use in carrying out the legal procedures for merger, and may not be used for other purposes.

SUN RISE CPAS & CO.,

July 13, 2006

2. Issuance of new shares during the most recent quarter for the acquisition or sale of shares in other financial institutions, and influence on shareholders' equity

The Bank's issuance of common shares for a capital increase to accommodate the merger with the Central Trust of China was approved by the Financial Supervisory Commission of the Executive Yuan via Jin Guan Jheng Yi Zih Document No. 0950161387, with effect Jan. 12, 2007, and the Bank is currently carrying out matters dealing with the merger. Since the BOT and the Central Trust of China are both enterprise units under the Ministry of Finance, and since their shares have not been released to the public, there will be no influence on shareholders' rights following the merger.

3. Status of merger implementation, and basic information on the merged financial institution

(1) Status of implementation

The Bank is currently engaged in carrying out matters relating to its merger with the Central Trust of China. Permission to proceed with the merger was received from the Bureau of Monetary Affairs of the Financial Supervisory Commission on Dec. 22, 2006, and the base date of the merger is July 1, 2007.

(2) Basic information on the Merged Financial Institution

Unit : NT\$1,000

Name of Financial Institution		Central Trust of China
Address of Financial Institution		49 Sec. 1, Wuchang St., Taipei
Responsible Person		Shea Jia-Dong
Paid-in Capital		NT\$10 billion
Main Items of Business		H101991 Other Banking Businesses (businesses listed in the Statute of the Central Trust of China)
Main Products		Financial Products
Financial Information for 2006	Total Assets	471,666,060
	Total Liabilities	451,667,071
	Total Shareholder Equity	19,998,989
	Operating Income	100,961,394
	Gross Operating Profit	5,005,683
	Profit or Loss on Operations	1,558,670
	Profit or Loss This Period	1,992,439
Earnings per Share (NT\$)		1.99

IV. Fund Utilization Plans

On July 1, 2007 the Bank will merge with the Central Trust of China, with the exchange ratio at one share of BOT common stock for two shares of Central Trust of China common stock (at 1:2 ratio). The Bank's capital will increase from NT\$48 billion to NT\$53 billion.



General Operating Conditions

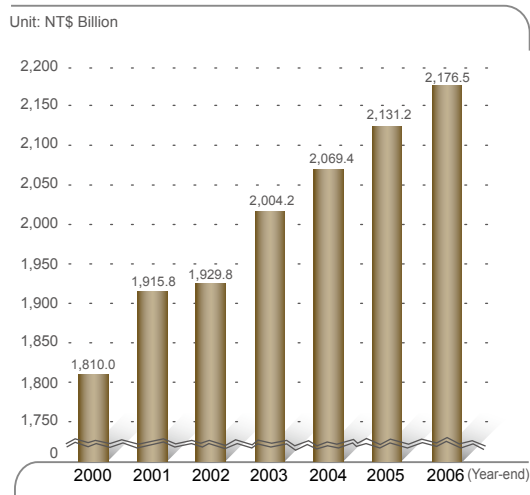
I. Contents of Business

1. Major Items of Business

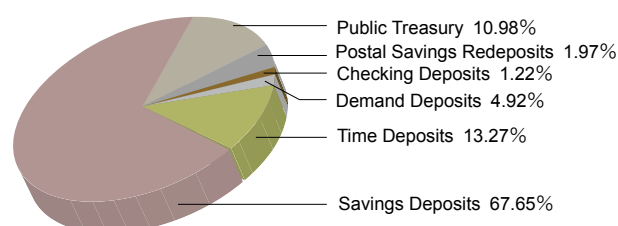
(1) Deposits

Total deposits in the Bank at the end of December 2006 amounted to NT\$2,176.5 billion, equal to 80.53% of the NT\$2,702.8 billion in total assets; this was an increase of NT\$45.3 billion over the previous year, for a growth of 2.13%. Demand deposits in 2006 grew by 3.06%, time deposits grew by 3.32%, and deposits from public treasuries dropped by 7.33% over the year before.

Balance of Deposits



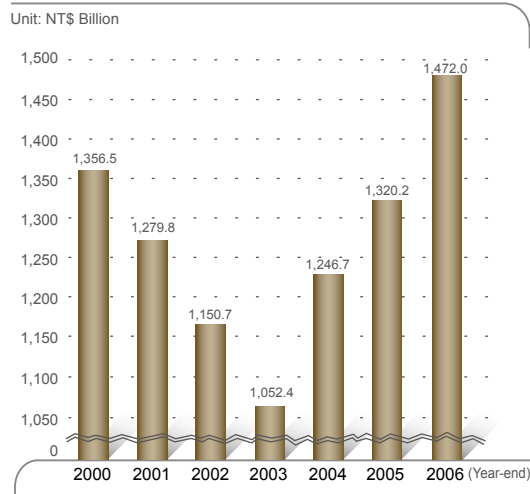
Structure of Deposit



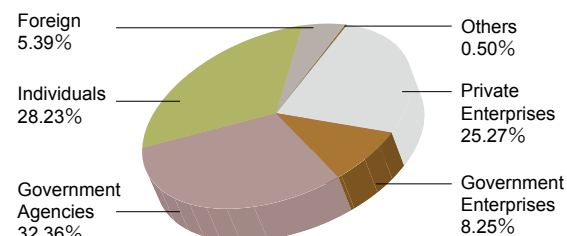
(2) Corporate Banking

The amount of the Bank's total loans outstanding at the end of December 2006 (including general loans as well as import and export negotiations) stood at NT\$1,472.0 billion, equal to 54.46% of the NT\$2,702.8 billion in total assets; this was an increase of NT\$151.8 billion, or 11.50%, over a year earlier. Corporate loans outstanding at the end of 2006 (including loans to government agencies and government-owned enterprises) amounted to NT\$1,056.5 billion, accounting for 39.09% of all loans; this was an increase of 9.90% over the NT\$961.3 billion in corporate loans outstanding at the end of 2005, indicating that results are being achieved in the promotion of the loan business.

Balance of Loans



Structure of Loans



(3) Consumer Banking

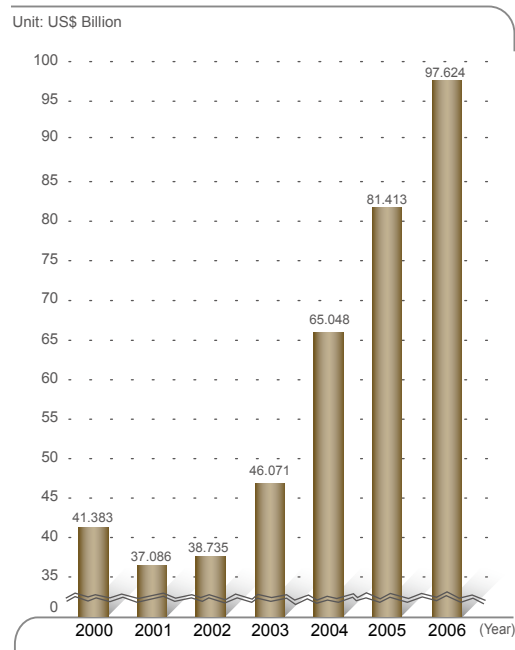
The Bank engages vigorously in all facets of consumer banking in order to strengthen services to the general public and promote economic growth, including the provision of general consumer loans, bank cards, and credit cards. The Bank Continued promotion of housing loans (loans for the purchase of housing other than for residence by the buyer), home improvement loans, consumer loans, home growth loans, personal revolving-fund loans, and policy loans of various kinds. The Bank also continued promoting Assistance Home Loans for Workers, Youth Entrepreneur Loans, and Student Loans for Senior High School and Above. Consumer loans outstanding at the end of 2006 amounted to NT\$393.0 billion, NT\$54.0 million more than a year earlier for a growth of 15.93%.

(4) Foreign Exchange and International Banking

The amount of foreign exchange transactions undertaken during the year reached US\$97.624 billion, up 19.91% over 2005. The volume of forex transactions carried out by DBUs as agents for the OBU amounted to NT\$21.812 billion, an increase of NT\$2.522 billion over the year before, for a growth of 13.07%.

At the end of 2006 the Bank had correspondent relations with 2,492 financial institutions in 135 countries, providing a correspondent banking network covering major cities around the world. A total of 107 branches are currently designated to handle foreign exchange services, and another 26 deal in simple foreign-currency cash and traveler's check transactions. The Bank also has an Offshore Banking Unit and seven overseas branches which, in addition to the traditional 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 2006, the total assets of these offshore branches amounted to US\$6.795 billion.

Foreign Exchange Operations



(5) Electronic Banking

The bank promoted Internet banking, phone banking, mobile banking, EDI, and other electronic banking services. The corporate financial management system was extended to 912 clients in 2006, and EDI clients numbered 1,605; funds transfer transactions undertaken during the year numbered 801,023, giving a market share of 12% and a No. 3 ranking among the island's banks. Schools using the Bank's portal site for the collection of tuition and miscellaneous fees increase by 602, and the accumulated number of collections reached 2.5 million for a growth of 95.3% over 2005.

(6) Trust Business

The Bank's trust business focuses mainly on non-discretionary investment in domestic and overseas securities, retirement trust funds, securities trust, personal trust, public-benefit trust, real estate trust, and building management trust. The volume of this business reached NT\$32.9 billion at the end of 2006, up 44.13% over a year earlier. Commission-fee income from the trust business totaled NT\$124 million, for a growth of 101.65% over 2005. In the ancillary business of securities trust fund custodianship, the amount of assets under custodianship at the end of 2006 amounted to NT\$21.2 billion, down 20.22% from a year earlier; fee income from this business was NT\$24 million, a reduction of 19.36%.

(7) Securities

The Bank's integrated electronic ordering system was completed in 2006, bringing Internet, telephone, WAP, and EMOME mobile securities purchasing together on a single platform. This system was also integrated with the financial services of the Internet bank. The volume of securities brokerage transactions carried out in 2006 grew 46.17% over 2005 to reach NT\$100.9 billion. Securities underwriting amounted to NT\$133 million,

for a reduction of 80.72% from 2005. Income from securities brokerage and underwriting was NT\$73 million, an increase of 28.07% over 2005.

The volume of government bond purchasing and sale undertaken during the year reached NT\$194.9 billion and the volume of repurchase and resale agreements was NT\$1,491.1 billion, for a total business volume of NT\$1,686.1 billion. This represented a growth of 16.07% over 2005. Net interest income from the bonds business amounted to NT\$266 million in 2006, up 9.47% over the year before.

(8) Investment

a. Bills Finance

The value of bills outstanding at the end of December 2006 was NT\$52.3 billion, of which Central Bank negotiable certificates of deposit accounted for NT\$40.2 billion, or 77% of the total. Profit from securities dealing during the year was NT\$1.2 billion, giving an average profit margin of 1.63%. The amount of short-term bills underwriting undertaken in 2006 reached NT\$38.3 billion, an increase of NT23.1 billion over the year before.

b. Long-term Equity Investment

At the end of 2006 the Bank held equity investment in 35 companies; the book value of this investment was NT\$56.0 billion, 0.74% more than a year earlier. The main reason for the increase was an adjustment of long-term equity investment value recorded by the equity method. Profit on long-term investment amounted to more than NT\$9.6 billion in 2006, derived mainly from stock dividends, profit on the sale of stocks, and the benefit from booking by the equity method.

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

The volume of stock investment was NT\$4.4 billion in 2006, and profit from this investment amounted to NT\$1.1 billion for a return on investment of approximately 24.2%. The fund investment volume was NT\$666 million and the profit on this investment was NT\$95 million, for a return of 14.26%.

(9) 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 2006 was NT\$982.1 billion, an increase of 4.57% over the previous year; the peak amount in circulation was NT\$1,319.0 billion (on the eve of the Chinese New Year on Jan. 27, 2006), also an increase, of 6.68% over the 2005 peak. The amount in circulation at the end of the year was NT\$959.8 billion, 4% more than year-end 2005.

2. Operating Plans for 2007

(1) Deposits

To raise the level of demand deposits and improve the deposit structure, as well as to coordinate with the requirement for electronic operations by government agencies, the Bank will continue promoting the cross-industry integrated service network by developing the online payment of fees and reinforcing peripheral public treasury financial services.

(2) Corporate Banking

The Bank will vigorously solicit the right to serve as lead bank for syndicated loans, and for the construction loan business; continue to extend "batch credit guarantees" for the Small and Medium Enterprise Credit Guarantee Fund; develop the e-loan business so as to expand the base of private corporate clients; and adopt a simplified double-track credit investigation and extension procedure.

(3) Consumer Banking

The function of the Student Loan Portal site will be strengthened and the Bank will continue extending loans under the Easy House Purchase Preferential Loan Program, Warm Home Preferential Home Loan Program, and Low-Interest Nest-building Loan Program, as well as the 2006 National Home Loans for Civil Servants and Teachers. It will also continuously promote its international credit-card business and participation in debt negotiation mechanisms.

(4) Foreign Exchange and International Banking

The absorption of foreign-currency deposits will be strengthened, export and import negotiation and remittance businesses will be expanded, the handling of foreign-currency transactions over the Internet will be promoted, and portfolio products, foreign-currency swaps, and options will be introduced. The business of managing syndicated loans to and trade financing for overseas Chinese companies will be vigorously promoted, the integration of information system integration will be constantly carried out, and the headquarters office online control mechanism will be strengthened.

(5) Electronic Banking

The Bank will continue to develop corporate banking, personal banking, and wealth management businesses; carry out planning for investment products; organize investment and financial management seminars; and complete the expansion of forex operations, development of the student-loan portal site, development of fax banking, and preliminary systems for IC financial card front-end processing.

(6) Trust Business

The Bank will coordinate with the integrated marketing by business units of the Internet purchase of securities and of consolidated financial management clients, the planning and promotion of the securities trust business, real estate trust business, public-benefit trust business, and centralized trust fund management and utilization clients, and will vigorously but carefully select high-quality funds for the provision of custodianship services so as to increase income from custodianship fees.

(7) Investment

The Bank will participate actively in new bills and bonds businesses, strengthen proprietary dealing in government bonds and repurchase agreements, and expand investment in fixed-income foreign-currency products and funds; in investment in stock portfolios it will continue focusing on blue-chip stocks, and will always consider changes in the fundamentals, capital aspects, and sector rotations so as to achieve a good performance.

(8) Securities

The stock brokerage business will be promoted vigorously, the integrated e-purchasing system will be improved, the ratio of e-trading will be heightened, and operating volume and commission fee income will be increased through the bank-wide marketing network.

3. Market Analysis

Following the opening of Taiwan to the establishment of new banks in 1991, excessive market competition led to a decline in banks' profitability; and then, after the Financial Holding Companies Law was implemented, the island's financial market changed from the oligopolistic form of the past to a fully competitive situation. Channels for the raising of funds by corporations also diversified, and direct financing came to threaten growth in the banks' traditional deposit and loan business as large enterprises tended more and more toward the raising of funds directly in the market. The ratio of direct financing rose from 11.01% in 1994 to 26.81% in December of 2006, leaving banks with an excess of lendable funds and the domestic financial system with huge amounts of liquid reserves. In addition, with the global deployment of Taiwanese companies and with depositors seeking higher returns, it has become impossible for financial institutions to raise their interest rates effectively. As a result, interest rate spreads have become paper thin and banks' profitability has declined.

In 2002 the Executive Yuan established a Financial Reform Task Force to carry out a series of reforms, and in June 2004 set up a Regional Financial Service Center Promotion Committee; based on the effectiveness of the first financial reform, it continued with the implementation of the second financial reform and the promotion of financial consolidation. The government followed up on the first two financial reform programs, realizing that future trends toward an intelligent, globalized, and aging market world bring opportunities as well as threats to

Taiwan's financial industry. It therefore implemented a financial market package plan and a restructuring of the financial market designed to enhance the operating scale and efficiency of financial institutions and bring about an overall upgrade in the competitiveness of the island's financial industry.

(1) Competitive Niches, and Factors Favorable and Unfavorable to the Bank's Development Prospects

As a government-owned bank, the BOT has long borne the burden of policy-type businesses such as policy loans and preferential-interest deposits for retired personnel. Following financial liberalization and internationalization, the increase in the number of banks, and the advantage that financial holding companies derive from cross-marketing, the BOT's original business niches have been gradually eroding. In addition, the BOT has been hampered by the requirement that it submit its budgets and financial accounts to legislative organs for review, legal restrictions on its hiring of personnel, and the need to follow the Government Procurement Law in its procurement operations, which have all caused the Bank to suffer a lack of flexibility in comparison with private banks and the branches of foreign banks in Taiwan. The favorable and unfavorable factors that the Bank will face in the future are listed below:

Favorable factors:

- a. Being wholly owned by the government, the Bank's credit rating is the same as the government's, making it the highest among all domestic banks and giving the Bank access to relatively low capital costs.
- b. The BOT has the largest scale and longest history of any bank in Taiwan, and high international recognition.
- c. A leadership position in the domestic banking industry makes the BOT a leader in setting deposit and loan interest rates.
- d. A large asset scale and solid business foundation give the BOT the best position for the acquisition of other domestic financial institutions and the opportunity to become a leading national-class bank.
- e. Stable operations and an excellent loan quality.

Unfavorable factors:

- a. As a government bank, the BOT lacks flexibility in its personnel system and suffers from organizational rigidity.
- b. Administrative management of the Bank's budget, final accounts, and auditing, the constrictive procedures of the Government Procurement Act, and supervision by the Legislative Yuan make budgeting procedures very lengthy and make it difficult to respond quickly to changes in the external environment.
- c. Employees have the status of civil servants and are subject to investigation of financial responsibility for losses on bad loans. This makes them conservative in developing business.
- d. Although the Bank is an enterprise unit, the government and the people alike view it as an administrative agency; it therefore serves a dual role and must pursue the achievement of profit targets while coordinating with government missions at the same time. This sometimes leads to conflicts of interest.

(2) Countermeasures

Faced with the fierce competition that has come with financial liberalization and internationalization, and the threats posed by the development of the domestic financial business in the direction of large financial holding companies, the Bank will continue carrying out its merger with the Central Trust of China and will strive for the maximization of corporate value, the grasping of trends in market development, the strengthening of new financial product development capability, the expansion of operating scope, and strengthened promotion of the core businesses of corporate banking and wealth management in order to create a competitive niche for itself.

4. Financial Product R&D and Business Development

(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

To cope with the diversified financial environment, the Bank develops new kinds of financial products and new methods of marketing, provides its customers with a diversity of convenient financial services, and upgrades its competitiveness. Businesses inaugurated in 2006 include "batch credit guarantees," priority loans for distribution services enterprises, electronic bid bond guarantees, roadside parking fee collection in Taipei County and Tainan City, banking insurance, online corporate forex operations, and structured foreign-currency time deposits and gold options.

(2) R&D Expenditures and Results for the Past Two Years, and Future R&D Plans

R&D spending amounted to NT\$8,511,000 in 2006 and NT\$8,596,000 in 2005.

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. Eleven self-initiated research projects will be proposed in 2007, including "Establishment of a model for the imposition of contract-violation penalties for the early repayment of home loans," "Cashier operations and banking automation," "A study of joint electronic financial management by the treasury agency bank and local governments - the Bank of Taiwan case." One of the studies is listed for monitoring by the Ministry of Finance: "Factors of success in the introduction of customer relationship management by financial institutions, and its linkage to marketing strategy."

5. Long- and Short-term Business Development Plans

Following merger with the Central Trust of China, the BOT will target its development at the twin pillars of banking and non-banking businesses. The BOT's corporate banking, foreign exchange, and international banking businesses will be combined with the Central Trust's wealth management, insurance, trust, and securities businesses to achieve an integrated marketing effect and bring about an expected substantial strengthening of the competitiveness of financial products. In addition, the scope of post-merger business will encompass banking, securities, trust, insurance, trade, procurement, and other non-banking businesses, providing in fact the form of a prototype financial holding company. Application for the establishment of a financial holding company will be completed in the second half of 2007, with initial plans calling for the holding company to have within its structure, in addition to a commercial bank, a consolidated securities subsidiary, life insurance subsidiary, and asset management subsidiary. In the future, applications will be submitted, with consideration given to the effectiveness of integration of subsidiary resources, development of the financial market, the resources of the financial holding company, and other factors, for more financial subsidiaries that will result in a complete financial group.

II. Human Resources

In 2006 the Bank held 220 in-house training courses with a total of 11,632 trainees participating; sent 1,265 employees for outside training in Taiwan; and subsidized domestic advanced training for 599 persons.

Employee Statistics

Mar. 31, 2007

Items		Year		
		2005	2006	Mar. 31, 2007
No. of Employees	Staff	5,632	5,682	5,685
	Guards	178	170	170
	Janitors	850	814	804
	Total	6,660	6,666	6,654
Average Age		43.17	43.36	43.51
Average Seniority		17.03	17.23	17.38
Education (%)	Ph.D.	0.03	0.02	0.02
	Master's	3.89	4.18	4.24
	College and University	78.21	78.86	79.04
	Senior High	15.02	14.36	14.22
	Under Senior High	2.85	2.58	2.48
Professional Licenses Held	Personal Insurance Agent	42	3,459	3,547
	C-Grade Software Application	7	11	12
	Proficiency Test on Foreign Exchange Trading	0	59	62
	Test of English for International Communication	4	11	14
	Investment Trust and Consulting Regulations	0	622	826
	Investment-Type Insurance Product Agent	4	17	414
	Share Specialist	35	52	55
	Basic Proficiency Test for International Banking Personnel	1,508	1,605	1,621
	Basic Proficiency Test for Bank Lending Personnel	1,433	1,534	1,576
	Proficiency Test for Bank Collateral Appraisal Personnel	0	39	41
	Financial Markets & Ethics	0	462	1,215
	Proficiency Test for Trust Operations personnel	3,132	3,416	3,483
	Intermediate English Certificate	37	49	49
	High-intermediate English Certificate	6	11	12
	Elementary English Certificate	15	63	66
	Proficiency Test for Financial Planning Personnel	1,449	1,591	1,642
	Property Insurance Agent	9	508	527
	Bills Agent	62	97	98
	Futures Agent	386	472	505
	Futures Brokerage Agent	32	33	34
	Advanced Loan Agent	42	45	45
	Bond Specialist	80	109	110
	Proficiency Test for Debt-Collection Personnel	0	24	36
	Information Technician	6	9	10
	Basic Asset Securitization Proficiency Test	41	60	62
	Bank Internal Controls	3,187	3,400	3,401
	Bank Internal Controls and Internal Audit	0	34	55
	Securities Investment Consultant	439	557	621
	Advanced Securities Agent	698	812	885
	Securities Agent	309	379	401

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

III. Corporate Responsibility and Ethical Behavior

The government is the BOT's sole shareholder, and all of the Bank's profits are turned over to the national treasury. In addition to making every effort to attain the budget targets set by the government, the Bank also coordinates with the government's major economic 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 repay society's goodwill the Bank carries through with the principle of "caring" under the "Rules Governing BOT Subsidies and Grants to Private Groups and Individuals," and coordinates with government policy by offering student loans. These activities make significant contributions to the public welfare.

IV. Information Equipment

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

All of the Bank's software is automated software which is divided into two categories: core banking and front-end processing. 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 Bank's Remote Back-up Center

The equipment and capabilities of the remote back-up center will be reinforced, an open-system remote back-up function will be added, and back-up exercises will be held on a regular basis.

(2) Coordination with the Needs of Office Automation, New Branches, and Business Growth

Terminal equipment for branches, ATMs, personal computers, notebook computers, and communications processing equipment will be procured.

(3) Upgrading of Internet Facilities

The Bank will provide a stable Internet core exchange center, an optimal Internet environment for development and operation, upgrade the functions of the core Internet exchange equipment, and install back-up systems.

(4) Risk Management Systems

To conform to the requirements of Basel II, the Bank will continue reinforcing the prescribed risk-management systems.

(5) Integration of the BOT and Central Trust Information Systems

In response to the merger with the Central Trust of China, integration will be carried out of the two institutions' systems including deposit, loan, foreign exchange, securities, trust, and other business systems; risk, assets and liabilities, and other business management systems; and human resources and branch systems; in addition, loan, procurement, and trade systems will be added.

(6) Establishment of a Software Development and Management Platform

Standard procedures and environments will be established for change control and testing automation.

V. Labor-Ownership 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, and clear criteria and protections are stipulated for worker and owner interests. To assure harmonious relations between labor and ownership, concrete suggestions and complaints raised by the employee union or individual employees are actively addressed during labor-ownership meetings or are answered during employee seminars or bank affairs meetings so as to relieve doubts and forge a consensus.

(2) No cases of labor-ownership disputes causing losses to the Bank have occurred during the past year. The measures that the Bank adopts to deal with labor-ownership disputes that might occur in the future include keeping top-to-bottom channels of communication open and considering the maximum benefit of both labor and ownership in all matters. In case there are any major changes in labor conditions or if anything happens that affects employees' interests, worker representatives will be invited to participate in negotiations in order to gather a wide range of opinions, improve worker-ownership harmony, and avoid the outbreak of unnecessary labor-ownership disputes. Disputes that cannot be resolved are given over as soon as possible to the dispute mediation or judicial process so as to bring them to a timely resolution, thus reducing losses.

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

(None)

VI. Major Contracts

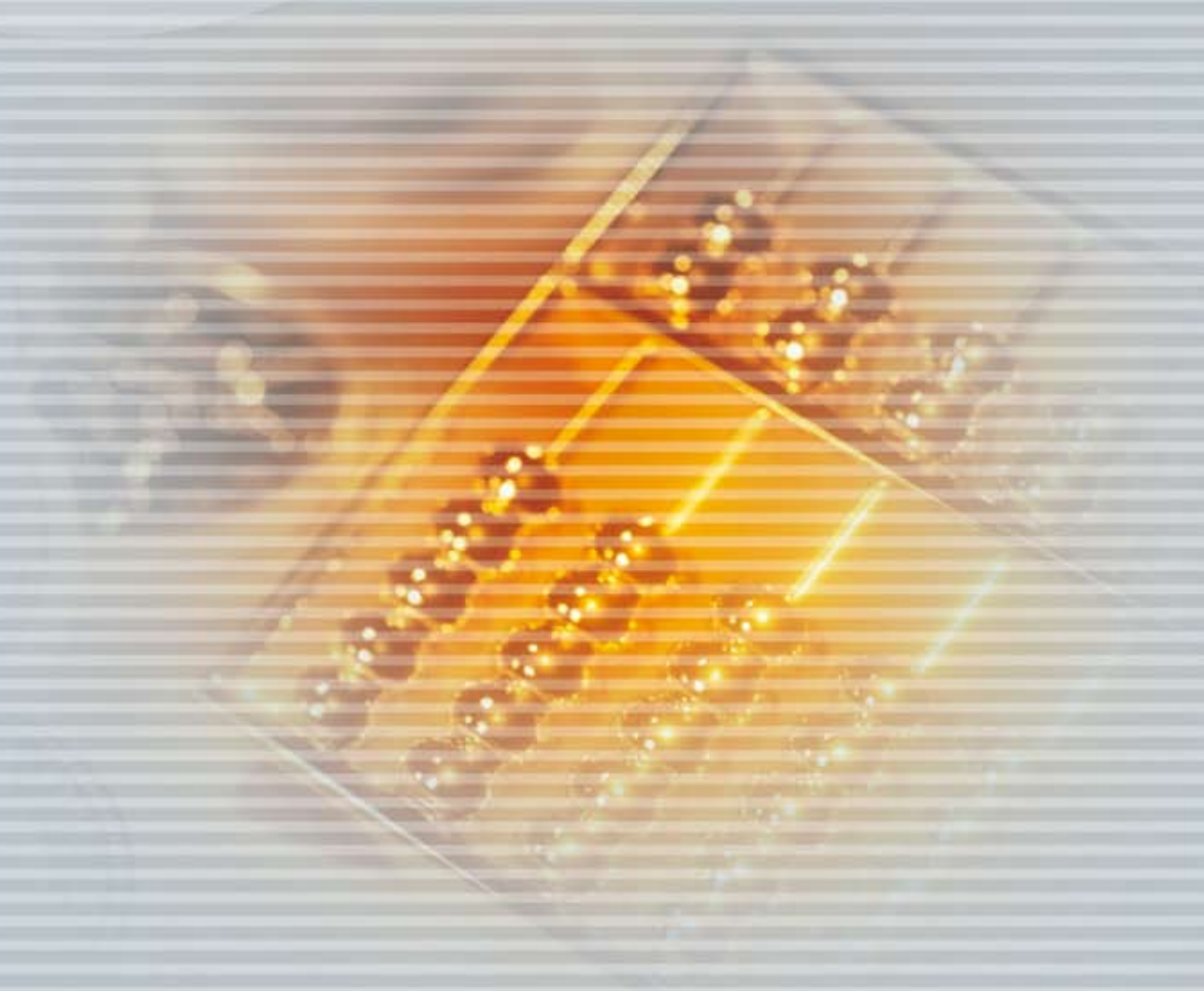
Nature of Contract	Contracting Party	Validity Period	Major Contents and Limiting Conditions
Commissioning by the Small and Medium Enterprise Credit Guarantee Fund	Small and Medium Enterprise Credit Guarantee Fund	From July 1974	Provision of credit guarantees for loans to SMEs that meet the conditions for credit guarantees.
Loan guarantees for the Overseas Chinese Credit Guarantee Fund	Overseas Chinese 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.
"Preferential Loan Plan for Distribution Services - Manager Bank" commissioning contract	Ministry of Economic Affairs	Nov. 22, 2005 - Dec.31, 2007	Provision of a loan application channel to help distribution service companies obtain financing
Deposit insurance	Central Deposit Insurance Corp.	From Feb. 1999	Deposit insurance contract
Takeover of the credit departments of the Taiwan Provincial Farmers' Association, Pingtung County Farmers' Association, and Sinyuan Township Farmers' Association	Central Deposit Insurance Corp.	From Sep. 15, 2001	1. The objectives of the BOT's takeover of the three credit departments is their businesses, assets, and liabilities. 2. The values of the three takeover targets was assessed by certified accountants commissioned by the BOT, adjusted to the book value on the base date. The BOT was compensated, by the Central Deposit Insurance Corp., for the excess of liabilities over assets on the base date of the takeover in accordance with the compensation contract.
Compensation contract	Central Deposit Insurance Corp.	From Sep. 15, 2001	The Deposit Insurance Corp. was charged by the Executive Yuan's Financial Reconstruction Fund with the payment of compensation for the excess of liabilities over assets of the credit departments of farmers' associations. To calculate the excess, the BOT and the Deposit Insurance Corp. have agreed to use the results of assessment by certified public accountants adjusted to book value on the base date.
Outsourced procurement of operating cash (including foreign currencies) shipping	Taiwan Security Co., Ltd.	Jan. 1, 2006 - Dec.31, 2006 Jan. 1, 2007 - Dec. 31, 2007	Service method: Fixed and irregular duties Operating method: As specified in the "Outsourced Cash Shipment Service Criteria"
"Outsourced Shipment of Cash for ATMs" procurement	An Feng Enterprise Co., Ltd.	Jan. 1, 2006 - Dec. 31, 2007	Shipment of cash to refill off-premises ATMs, changing of cash boxes and other associated items, and handling of malfunctions
"Outsourced Nonregular Shipment of Cash for ATMs" procurement	An Feng Enterprise Co., Ltd.	Jan. 15, 2006 - Dec. 31, 2007	Shipment of cash to refill off-premises ATMs, changing of cash boxes and other associated items, and handling of malfunctions
Commissioning of an express delivery company to ship notes (1) Taichung Harbour Branch (2) KangShan Branch	Chung Hwa Express Co., Ltd.	July 1, 2006 - June 30, 2007 Mar. 1, 2006 - Feb. 28, 2007	Commissioning of professional parcel delivery services to handle the exchange of notes
Lawyer appointment	Cheng Yan Gyi	Certificate of appointment signed on Feb 9, 2006	The case involving the fraudulent sale by Chen Shou-pu of 279 government bonds owned by the Chung Hsing Bills Finance Corp. and deposited with a nominee.
Credit-card service operations	Financial Information Service Co., Ltd.	June 3, 2005 - June 2, 2008	Credit-card authorization operations, reporting operations for lost cards, clearing of accounts, and handling of emergency services

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)



Financial Status



I. Balance Sheets and Income Statements for Past Five Years

Brief Balance Sheets for Past Five Years

Unit: NT\$1,000

Year Items		Financial Information for Past Five Years (Notes 1)					As of Mar 31, 2007 (Notes 2)
		FY2006	FY2005	FY2004	FY2003	FY2002	
Cash, Cash equivalent, Placement with Central Bank and call loans to banks		716,648,225	745,127,082	313,483,059	374,743,038	401,936,134	633,169,309
Financial assets measured at fair value through profit or loss		31,810,176	39,276,474	-	-	-	33,651,184
Bonds and bills purchased under resell agreements		25,768,082	35,424,929	-	-	-	15,653,099
Bills and securities purchased		-	-	649,936,781	683,603,401	497,180,837	-
Available-for-sale financial assets, net		180,148,670	140,123,625	-	-	-	166,566,016
Loans and discounts		1,474,483,072	1,327,387,136	1,243,063,477	1,048,030,255	1,139,934,122	1,543,504,684
Receivables		73,450,388	74,156,103	50,123,953	40,260,478	44,715,480	75,931,341
Held-to-maturity financial assets, net		4,794,846	3,953,309	-	-	-	4,796,293
Investments under equity method, net		34,485,337	39,900,690	-	-	-	34,801,266
Long-term investments		-	-	49,219,694	39,861,338	42,544,645	-
Fixed assets (Notes 3)		74,448,747	78,346,964	83,439,786	94,736,985	89,268,863	73,297,514
Intangible assets		948,673	496,140	-	-	-	969,071
Other financial assets, net		68,204,387	78,285,473	-	-	-	74,703,895
Other assets	Before distribution	17,560,973	19,812,340	118,549,811	113,068,764	105,226,085	13,723,692
	After distribution	12,424,650	15,550,674	114,351,700	106,789,161	105,081,797	-
Total assets	Before distribution	2,702,751,576	2,582,290,265	2,507,816,561	2,394,304,259	2,320,806,166	2,670,767,364
	After distribution	2,697,615,253	2,578,028,599	2,503,618,450	2,388,024,656	2,320,661,878	-
Deposits of Central Bank and other banks		247,531,376	220,293,687	152,196,184	116,254,486	133,349,145	197,702,783
Deposits and remittances		2,134,200,850	2,060,997,248	2,070,088,165	2,004,733,672	1,931,276,252	2,165,491,250
Financial liabilities measured at fair value through profit or loss		1,537,583	835,958	-	-	-	613,731
Bonds and bills sold under repurchase agreements		18,528,449	15,360,066	-	-	-	12,076,249
Borrowed from Central Bank and other banks, and Financial bond payable		-	-	5,739,207	10,255,132	10,035,819	-
Preferred liability		-	-	-	-	-	-
Accrued pension liability		1,730,071	1,579,743	-	-	-	1,127,144
Other financial liabilities		1,720,871	20,624,509	-	-	-	1,700,740
Other liabilities	Before distribution	84,421,295	85,798,458	115,038,490	105,093,702	65,042,902	82,987,895
	After distribution	84,421,295	85,798,458	115,038,490	105,641,642	65,042,902	82,987,895
Total liabilities	Before distribution	2,489,670,495	2,405,489,669	2,343,062,046	2,236,336,992	2,139,704,118	2,461,699,792
	After distribution	2,489,670,495	2,405,489,669	2,343,062,046	2,236,884,932	2,139,704,118	-
Common stock		48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
Capital surplus		97,159,325	99,354,224	97,314,647	97,314,648	60,432,181	98,524,255
Retained earnings	Before distribution	36,338,347	29,671,666	19,664,224	12,498,065	72,245,553	35,231,254
	After distribution	31,202,024	25,410,000	15,466,113	5,670,522	72,101,265	-
Unrealized gain or loss on financial assets		30,407,834	-	-	-	-	27,492,287
Cumulative translation adjustments		-255,012	-225,294	-224,356	154,554	424,314	-180,224
Shareholder's equity and other items		1,430,587	-	-	-	-	-
Total shareholders' equity	Before distribution	213,081,081	176,800,596	164,754,515	157,967,267	181,102,048	209,067,572
	After distribution	207,944,758	172,538,930	160,556,404	151,139,724	180,957,760	-

Notes: 1. Figures for FY2002, FY2003, FY2004 and FY2005 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; figures for FY2006 are CPA approved.

2. The financial data for the first three months of the current year have not been approved by CPA.

3. Re-evaluation of assets was made on June 30, 2003 resulting in an increase of \$9,718,844,000.

Brief Income Statements for Past Five Years

Unit: NT\$1,000

Financial Information for Past Five Years (Notes 1)							
Year Items	FY2006	FY2005	As of Mar. 31, 2007 (Notes 2)	Year Items	FY2004	FY2003	FY2002
Net interest income	4,598,056	6,361,403	1,571,337	Operating revenues	60,298,601	64,719,745	89,731,261
Non-interest income, net	24,079,798	21,277,681	5,126,034	Operating disbursements	52,150,954	62,373,145	85,892,857
Bad debt expenses	2,871,741	-	1,422,137	Operating income(loss)	8,147,647	2,346,600	3,838,404
Operating costs	14,579,600	14,724,750	3,474,799	Non-operating income(loss)	7,568,390	4,250,544	109,720
Income(loss) before tax from continued operations	11,226,513	12,914,334	1,800,435	Income(loss) before tax from continued operations	15,716,037	6,597,144	3,948,124
Income(loss) from continued operations	10,805,446	11,941,383	1,536,300	Income(loss) from continued operations	13,993,702	5,068,111	480,958
Gain(loss) from discontinued operations	-	-	-	Gain(loss) from discontinued operations	-	-	-
Extraordinary gain or loss	-	-	-	Extraordinary gain or loss	-	-	-
Cumulative effect of changes in accounting principles	122,901	2,264,170	-	Cumulative effect of changes in accounting principles	-	-	-
Net income	10,928,347	14,205,553	1,536,300	Net income	13,993,702	5,068,111	480,958
Earnings per share(after tax) (NT\$)	2.28	2.96	0.32	Earnings per share (after tax) (NT\$)	2.92	1.06	0.13

Notes: 1. Figures for FY2002, FY2003, FY2004 and FY2005 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; figures for FY2006 are CPA approved.

2. The financial data for the first three months of the current year have not been approved by CPA.

II. Financial Ratios for Past Five Years

Unit: NT\$1,000;%

Year Items(Notes 3)		Five-year Financial Analysis (Notes 1)					As of Mar. 31, 2007 (Notes 2)
		FY2006	FY2005	FY2004	FY2003	FY2002	
Operating Ability	Ratio of Deposits to Loans	67.00	61.38	54.53	58.30	62.73	69.95
	Non-performing loan ratio	1.36	1.50	1.36	2.17	2.90	1.55
	Ratio of interest cost to annual average deposits	2.28	1.90	1.67	1.96	2.72	2.29
	Ratio of interest income to annual average loans outstanding	2.75	2.49	2.58	3.48	5.16	2.85
	Total Assets Turnover (times)	1.06	1.07	0.02	0.03	0.04	1.00
	Average operation revenue per employee	4,222	4,068	8,786	9,204	12,585	988
	Average Profit per Employee	1,609	2,091	2,039	721	67	227
Profitability	Return on Tier I Capital (%)	6.41	7.76	10.08	4.84	3.27	4.73
	Return on Assets (%)	0.41	0.56	0.57	0.21	1.79	0.23
	Return on Shareholders' Equity (%)	5.61	8.32	8.67	2.99	0.26	2.91
	Net Income Ratio (%)	38.11	51.40	23.21	7.83	0.54	22.94
	Earnings per Share (NT\$)	2.28	2.96	2.92	1.06	0.13	0.32
Financial Structure	Ratio of Liabilities to Assets	92.11	93.15	93.46	93.43	92.20	92.17
	Ratio of Fix Assets to Stockholders'equity	34.94	44.31	50.64	62.68	49.33	35.06
Growth Rates	Rate of Asset Growth	4.66	2.97	4.74	3.17	0.14	2.49
	Rate of Earnings Growth	(13.07)	(17.42)	138.22	67.10	(65.17)	(44.44)
Cash Flow	Cash Flow Ratio	4.74	10.35	(6.63)	18.06	3.98	-
	Cash Flow Adequacy Ratio	239.52	175.28	191.36	199.73	80.10	-
	Cash Flow for Operating to Cash Flow from Investing	9.36	(5.69)	8.88	38.44	(36.96)	-
Liquidity Reserve Ratio		42.84	50.53	54.46	59.23	48.22	35.69
Loans to Parties with Material Relationship with the Bank		21,052,806	11,145,353	15,549,085	16,791,318	18,745,379	20,961,326
Ratio of Loans to Parties with Material Relationship with the Bank to Total Loans		1.36	0.80	1.18	1.49	1.54	1.30
Operating Scale	Market Share of Assets	9.80	9.59	9.82	10.09	10.52	9.87
	Market Share of Net Worth	12.26	11.05	10.19	11.00	12.99	12.24
	Market Share of Deposits	10.28	10.53	10.83	11.19	11.42	10.42
	Market Share of Loans	8.72	8.12	8.27	7.59	8.72	9.02

Notes: 1. Figures for FY2002, FY2003, FY2004 and FY2005 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; figures for FY2006 are CPA approved.

2. The financial data for the first three months of the current year have not been approved by CPA.

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/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)= Operating Income/Average Total Assets
- f. Average operation revenues per employee = Operating Revenues/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/Total Operating Revenues
- 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 =Liabilities/Total assets
- b. Ratio of fix assets to stockholders' equity = Fix assets/Stockholders' 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 payable + 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 + cash dividends) for the past five years
- c. Cash flow for operating to cash flow from investing = 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

Adequacy of Capital

Unit:NT\$1,000:%

Year Items			Capital Adequacy Ratio of Recent Five Years (Notes 1)					Unit:NT\$1,000.	
			FY 2006	FY 2005	FY 2004	FY 2003	FY 2002	As of Mar. 31, 2007 (Notes 2)	
Self-owned Capital	Tier 1 Capital	Common Stocks	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	
		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)	97,159,325	99,354,224	97,314,647	97,314,648	143,357	98,524,255	
		Legal Reserves	13,258,714	9,999,490	5,671,854	1,633,066	39,507,825	14,122,687	
		Special Reserve	17,943,310	15,455,497	9,685,316	2,177,422	27,723,202	19,572,267	
		Retained Earnings	-	-	-	2,122,844	5,307,110	1,536,249	
		Minority Interests	-	-	-	-	-	-	
		Others of Equity	1,175,575	-225,294	-224,356	154,554	424,314	19,432	
		deducted:Goodwill	-	-	-	-	-	-	
		deducted:Non-amortization of NPL Disposal Loss	-	-	-	-	-	-	
		deducted:Others	39,345,292	38,333,743	20,093,272	15,926,343	22,300,557	54,946,882	
		Total Tier 1	138,191,632	134,250,174	140,354,189	135,476,191	98,805,251	126,828,008	
	Tier 2 Capital	Perpetual Cumulative Preferred Stocks	-	-	-	-	-	-	
		Cumulative Subordinated Debts without Maturity Dates	-	-	-	-	-	-	
		Fixed Asset Appreciation Surplus	-	-	-	-	35,855,384	-	
		45% of Unrealized Gain of Financial Assets in Available-for-sale	13,683,525	17,592,422	26,630,890	21,302,639	15,356,248	12,342,340	
		Convertible Bonds	-	-	-	-	-	-	
		Operating Reserve and Loan Provision	4,132,161	3,769,262	4,919,047	5,609,874	7,188,950	2,861,184	
		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	17,815,686	21,361,684	31,549,937	26,912,513	22,300,557	15,203,524	
		Total Tier 2	0	0	0	0	36,100,025	0	
		Tier 3 Capital	Short-term Subordinated Debts	-	-	-	-	-	-
			Non-perpetual Preferred Stocks	-	-	-	-	-	-
			Total Tier 3	-	-	-	-	-	-
	Self-owned Capital		138,191,632	134,250,174	140,354,189	135,476,191	134,905,276	126,828,008	
	Total Risk Weighted Assets	Credit Risk	Standardized Approach	1,045,910,697	1,005,692,741	920,261,960	795,535,197	740,064,641	1,050,106,791
Internal Rating Based Approach			-	-	-	-	-	-	
Securitization			-	-	-	-	-	3,058,773	
Operational Risk		Basic Indicator Approach	-	-	-	-	-	35,186,132	
		Standardized Approach/ Alternative Standardized Approach	-	-	-	-	-	-	
		Advanced Measurement Approach	-	-	-	-	-	-	
Market Risk		Standardized Approach	29,196,138	66,392,269	96,806,290	131,036,906	127,080,673	23,950,312	
		Internal Model Approach	-	-	-	-	-	-	
Total Risk Weighted Assets		1,075,106,835	1,072,085,010	1,017,068,250	926,572,103	867,145,314	1,112,302,008		
Capital Adequacy Ratio		12.85	12.52	13.80	14.62	15.56	11.40		
Ratio of Tier 1 Capital to Risk Assets		12.85	12.52	13.80	14.62	11.40	11.40		
Ratio of Tier 2 Capital to Risk Assets		-	-	-	-	4.16	-		
Ratio of Tier 3 Capital to Risk Assets		-	-	-	-	-	-		
Capital-Common Stock to Total Assets Ratio		1.78	1.86	1.91	2.00	2.07	1.80		

Notes: 1. Figures for FY2002, FY2003, FY2004 and FY2005 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit; figures for FY2006 are CPA approved.

2. The financial data for the first three months of the current year have not been approved by CPA.

3. Formulate used in calculators:

a. Self-owned capital = Tier 1 capital+Tier 2 capital+Tier 3 capital

b. Total risk weighted assets = Credit risk weighted assets+(operational risk+market risk)capital requirement x 12.5

c. Capital adequacy ratio = Self-owned capital / total risk weighted assets

d. Ratio of Tier 1 capital to risk assets = Tier 1 capital / total risk weighted assets

e. Ratio of Tier 2 capital to risk assets=Tier 2 capital / total risk weighted assets

f. Ratio of Tier 3 capital to risk assets=Tier 3 capital / total risk weighted assets

g. Ratio of common share equity to total assets = Common share equity/total assets

III. Supervisors' Report on Financial Statements for Most Recent Years

Supervisors' Report

We hereby certify that the Bank of Taiwan's second Panel of Supervisors have examined, at their 6th meeting on Apr. 23, 2007, the Business Reports and List of Important Properties for fiscal year 2006 (Jan. 1, 2006 - Dec. 31, 2006) as submitted by the Bank's Board of Directors; and the Balance Sheet, Statement of Income, Statement of Changes in Shareholders' Equity, and Statement of Cash Flows of the Bank of Taiwan for fiscal year 2006 as submitted by the Bank's Board of Directors and audited and certified by Yen-ling Fang and David Ding, CPAs of KPMG, and have found no discrepancies.

Resident Supervisor:

Shih Bing-Huang

Supervisors:

Chao L

Zer Ming Chu

April 23, 2007

IV. Financial Statements for Past Year



KPMG Certified Public Accountants

Independent Auditors' Report

The Board of Directors

Bank of Taiwan, Ltd.:

We have audited the accompanying balance sheets of Bank of Taiwan, Ltd. as of December 31, 2006 and 2005, and 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 Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in note 13 to the financial statements, certain long-term investments in the financial statements of Bank of Taiwan, Ltd. amounting to NT\$29,470,597 thousand and NT\$28,858,949 thousand as of December 31, 2006 and 2005, respectively, which were 1.09% and 1.12%, respectively, of total assets, and related investment gains of NT\$2,571,207 thousand and NT\$6,490,438 thousand in 2006 and 2005, respectively, which were 22.90% and 50.26%, respectively, of income before income tax, were accounted for by using the equity method and based on the investees' financial statements audited by other auditors and the Ministry of Audit.

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

In our opinion, based on our audits and the reports of the other auditors and the Ministry of Audit, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Taiwan, Ltd. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with government regulations and accounting principles generally accepted in the Republic of China.

As stated in note 3, the bank starting from January 1, 2006, adopted the ROC Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement" and SFAS No. 36 "Financial Instruments: Disclosure and Presentation". In accordance with SFAS No. 34, the beginning balances of financial assets and liabilities were reclassified and re-measured at fair-value. The adoption of SFAS No. 34 also resulted in revaluation differences, which were accounting for as cumulative effect of changes in accounting principle and adjustment to stockholders' equity amounting to NT\$122,901 thousand and NT\$29,760,127 thousand, respectively, for the year ended December 31, 2006.

As stated in the note 3, in accordance with SFAS No. 35 "Impairment of Assets", the Bank recognized impairment loss of \$801,475 thousand in 2005. According to the amendment of SFAS No. 5 "Long-term Investments under Equity Method", the Bank can no longer defer recognition of current period gain by an investee company; the cumulative effect of changes in accounting principles was \$2,264,170 thousand.

As stated in the note 4, in accordance with Ministry of Audit letters Tai-Sun-Bu No. 0950002015 and No. 0940002296 issued on June 9, 2006, and July 27, 2005, respectively, the Bank's 2005 and 2004 annual operating results were amended according to the audit result of the Ministry of Audit. Therefore, the beginning balances of the financial statements for 2006 and 2005 were restated accordingly.

March 15, 2007

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the 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.

V. CPA-Audited Consolidated Financial Statements for 2006

(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)

Balance Sheets

December 31, 2006 and 2005

	2006	2005 (restated)	Change of percentage
Assets			
Cash and cash equivalents (notes 5 and 30)	\$ 27,232,819	25,841,785	5
Placement with Central Bank and call loans to banks (notes 6, 30 and 31)	689,415,406	719,285,297	(4)
Financial assets measured at fair value through profit or loss, net (notes 7 and 28)	31,810,176	39,276,474	(19)
Bonds and bills purchased under resell agreements (note 8)	25,768,082	35,424,929	(27)
Receivables, net (notes 9 and 10)	73,450,388	74,156,103	(1)
Loans and discounts, net (notes 10 and 30)	1,474,483,072	1,327,387,136	11
Available-for-sale financial assets, net (notes 11 and 31)	180,148,670	140,123,625	29
Held-to-maturity financial assets, net (note 12)	4,794,846	3,953,309	21
Investments under equity method, net (note 13)	34,485,337	39,900,690	(14)
Other financial assets, net (notes 10, 14 and 17)	68,204,387	78,285,473	(13)
Fixed assets, net (notes 15 and 17)	74,448,747	78,346,964	(5)
Intangible assets	948,673	496,140	91
Other assets, net (notes 16, 17 and 25)	<u>17,560,973</u>	<u>19,812,340</u>	<u>(11)</u>
Total assets	<u>\$ 2,702,751,576</u>	<u>2,582,290,265</u>	5

See accompanying notes to financial statements.

(expressed in thousands of New Taiwan dollars)

	2006	2005 (restated)	Change of percentage
Liabilities and Stockholders' Equity			
Deposits of Central Bank and other banks (notes 18 and 30)	\$ 247,531,376	220,293,687	12
Financial liabilities measured at fair value through profit or loss (notes 19 and 28)	1,537,583	835,958	84
Bonds and bills sold under repurchase agreements (note 8)	18,528,449	15,360,066	21
Payables (notes 20 and 25)	50,612,842	49,561,734	2
Deposits and remittances (notes 21 and 30)	2,134,200,850	2,060,997,248	4
Accrued pension liability (note 24)	1,730,071	1,579,743	10
Other financial liabilities (note 22)	1,720,871	20,624,509	(92)
Other liabilities (notes 15 and 23)	33,808,453	36,236,724	(7)
Total liabilities	2,489,670,495	2,405,489,669	3
Stockholders' equity (note 26):			
Common stock	48,000,000	48,000,000	-
Capital surplus	97,159,325	99,354,224	(2)
Retained earnings:			
Legal reserve	9,980,210	5,718,544	75
Special reserve	15,429,790	9,747,569	58
Unappropriated retained earnings	10,928,347	14,205,553	(23)
	36,338,347	29,671,666	22
Equity adjustments:			
Reserve for land revaluation increments	1,430,587	-	-
Cumulative translation adjustments (notes 13 and 26)	(255,012)	(225,294)	(13)
Unrealized gain (loss) on financial instruments (notes 3 and 11)	30,407,834	-	-
	31,583,409	(225,294)	14,119
Total stockholders' equity	213,081,081	176,800,596	21
Commitments and contingent liabilities (note 32)			
Total liabilities and stockholders' equity	\$ 2,702,751,576	2,582,290,265	5

Statements of Income

For the years ended December 31, 2006 and 2005

(expressed in thousands of New Taiwan dollars)

	2006		2005 (restated)		Percentage change
Revenues:					
Interest income (note 30)	\$	59,549,567		49,867,192	19
Less: interest expenses (note 30)		<u>54,951,511</u>		<u>43,505,789</u>	26
Net interest income		4,598,056		6,361,403	(28)
Non-interest income, net					
Fee and commission income, net (note 30)		1,819,526		1,695,679	7
Gain on financial assets and liabilities measured at fair value through profit or loss (note 7)		4,021,772		1,144,619	251
Realized gain or loss on available-for-sale financial assets (note 11)		5,645,571		3,020,783	87
Gain or loss on investments under equity method (note 13)		4,289,777		5,582,317	(23)
Foreign exchange gain or loss, net		753,064		773,170	(3)
Loss on asset impairment (notes 3, 14, 15, 16 and 17)		(7,970)		(888,588)	99
Other non-interest income (loss) (note 30)		(316,689)		2,763,761	(111)
Gain on property transaction (notes 15 and 30)		<u>7,874,747</u>		<u>7,185,940</u>	10
Net revenues		<u>28,677,854</u>		<u>27,639,084</u>	4
Bad debt expenses (note 10)		<u>2,871,741</u>		-	-
Operating costs:					
Personnel expense (note 24)		9,881,123		10,201,691	(3)
Depreciation and amortization expense		988,379		980,029	1
Other business and administrative expense		<u>3,710,098</u>		<u>3,543,030</u>	5
Total operation costs		<u>14,579,600</u>		<u>14,724,750</u>	(1)
Net income before cumulative effect of changes in accounting principles and income tax		11,226,513		12,914,334	(13)
Income tax expense (note 25)		<u>421,067</u>		<u>972,951</u>	(57)
Net income before cumulative effect of changes in accounting principles		10,805,446		11,941,383	(10)
Cumulative effect of changes in accounting principles (notes 3 and 13)		<u>122,901</u>		<u>2,264,170</u>	(95)
Net income	\$	<u>10,928,347</u>		<u>14,205,553</u>	(23)
Earnings per share - basic (note 27)	Before tax	After tax	Before tax	After tax	
Income from continuing operations	\$ 2.33	2.25	2.69	2.49	
Cumulative effect of changes in accounting principles	<u>0.03</u>	<u>0.03</u>	<u>0.47</u>	<u>0.47</u>	
Net income	<u>\$ 2.36</u>	<u>2.28</u>	<u>3.16</u>	<u>2.96</u>	

See accompanying notes to financial statements.

Statements of Cash Flows

For the years ended December 31, 2006 and 2005

(expressed in thousands of New Taiwan dollars)

	2006	2005 (restated)
Cash flows from operating activities:		
Net income	\$ 10,928,347	14,205,553
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	990,917	983,113
Loss on asset impairment	7,970	888,588
Provision for (reversal of) allowance for doubtful accounts	2,791,709	(3,151,083)
Adjustments for valuation of available-for-sale assets	185,339	-
Provision for reserves	17,747	19,052
Gain on disposal of financial assets	(4,244,693)	(551,018)
Gain on disposal of fixed assets and non-operating assets	(7,840,178)	(7,162,433)
Loss (gain) on long-term equity investments under the equity method exceeding cash dividends received	(1,593,942)	(6,480,034)
Loss on write-off of printed matter	740	3,003
Reclassification of accumulated depreciation	130	(1,848)
Unpaid pension cost recognized	256,520	152,664
Decrease (increase) in financial assets measured at fair value through profit or loss	(455,194)	30,564,509
Decrease (increase) in bonds and bills purchased under resell agreements	9,656,846	(6,409,175)
Decrease (increase) in receivables	19,564,168	(7,295,350)
Increase in deferred tax assets, net	(63,172)	(40,928)
Decrease (increase) in other financial assets (net)	(3,989,267)	2,606,728
Decrease in other assets	75,359	25,976
Increase in bonds sold under agreements to repurchase	3,168,383	5,776,114
Increase (decrease) in financial liabilities measured at fair value through profit or loss	701,624	(4,903,248)
Increase (decrease) in payables	(17,619,339)	6,628,114
Increase in other financial liabilities (net)	22,355	-
Decrease (increase) in other liabilities	495,842	(1,650,923)
Net cash provided by operating activities	<u>13,058,211</u>	<u>24,207,374</u>
Cash flows from investing activities:		
Decrease (increase) in placement with Central Bank	3,865,089	(365,857,714)
Proceeds from (acquisition of) available-for-sale financial assets	(1,104,444)	661,839
Acquisition of held-to-maturity financial assets	(841,537)	-
Decrease in loans and discounts	(151,834,751)	(73,537,450)
Increase in equity investment under equity method	1,360,584	11,100
Proceeds from disposal of fixed assets and non-operating assets	11,733,968	12,574,589
Acquisition of fixed assets	(907,403)	(927,519)
Increase in intangible assets	(653,391)	(126,804)
Decrease (increase) in other financial assets	(4,609,230)	7,971
Decrease in other assets	3,458,368	2,115,689
Net cash used in investing activities	<u>(139,532,747)</u>	<u>(425,078,301)</u>
Cash flows from financing activities:		
Decrease in deposits of Central Bank	(2,142,380)	(5,710,908)
Increase in deposits of banks	57,452,730	2,905,603
Increase in deposits and remittances	45,130,940	61,811,892
Decrease in other financial liabilities	(143,642)	(158,470)
Decrease in other liabilities	(2,578,928)	(2,920,928)
Payment of cash dividends and bonus for government	(4,465,285)	(2,121,576)
Net cash provided by financing activities	<u>93,253,435</u>	<u>53,805,613</u>
Effect of exchange rate changes	(42,690)	25,668
Decrease in cash and cash equivalents	(33,263,791)	(347,039,646)
Cash and cash equivalents, beginning of year	<u>211,087,866</u>	<u>558,127,512</u>
Cash and cash equivalents, end of year	<u>\$ 177,824,075</u>	<u>211,087,866</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 52,636,786</u>	<u>42,075,776</u>
Income tax paid	<u>\$ 330,215</u>	<u>867,556</u>

See accompanying notes to financial statements.

Statements of Changes in Stockholder's Equity

For the years ended December 31, 2006 and 2005

	Common stock	Capital surplus
Balance as of January 1, 2005 (restated)	\$ 48,000,000	97,314,648
Appropriation of retained earnings:		
Legal reserve	-	-
Special reserve	-	-
Cash dividends for government	-	-
Net income of 2005 (restated)	-	-
Additional paid-in capital from long-term equity investment under equity method (note 26)	-	2,039,576
Cumulative translation adjustments	-	-
Balance as of December 31, 2005 (restated)	48,000,000	99,354,224
Appropriation of retained earnings for 2005		
Legal reserve	-	-
Special reserve	-	-
Cash dividends for government	-	-
Net income of 2006	-	-
Capital reduction by transferring land to National Treasury Agency	(264,844)	-
Capital surplus transferred to capital	264,844	(264,844)
Additional paid-in capital from long-term equity investment under equity method (note 26)	-	(1,540,045)
Disposal of investment (note 13)	-	(390,010)
Cumulative translation adjustments	-	-
Unrealized gain or loss from subsidiary financial instruments to be disposed of	-	-
Unrealized gain or loss from available-for-sale financial assets	-	-
Balance as of December 31, 2006	<u>\$ 48,000,000</u>	<u>97,159,325</u>

See accompanying notes to financial statements.

(expressed in thousands of New Taiwan dollars)

Retained earnings			Unrealized gain or losses on financial instruments	Unrealized gain on land revaluation increments	Cumulative translation adjustments	Total
Legal reserve	Special reserve	Unappropriated retained earnings				
1,520,433	2,027,245	16,116,545	-	-	(224,356)	164,754,515
4,198,111	-	(4,198,111)	-	-	-	-
-	7,720,324	(7,720,324)	-	-	-	-
-	-	(4,198,110)	-	-	-	(4,198,110)
-	-	14,205,553	-	-	-	14,205,553
-	-	-	-	-	-	2,039,576
-	-	-	-	-	(938)	(938)
5,718,544	9,747,569	14,205,553	-	-	(225,294)	176,800,596
4,261,666	-	(4,261,666)	-	-	-	-
-	5,682,221	(5,682,221)	-	-	-	-
-	-	(4,261,666)	-	-	-	(4,261,666)
-	-	10,928,347	-	-	-	10,928,347
-	-	-	-	-	-	(264,844)
-	-	-	-	-	-	-
-	-	-	-	1,430,587	-	(109,458)
-	-	-	(7,594)	-	-	(397,604)
-	-	-	-	-	(29,718)	(29,718)
-	-	-	1,011,339	-	-	1,011,339
-	-	-	29,404,089	-	-	29,404,089
<u>9,980,210</u>	<u>15,429,790</u>	<u>10,928,347</u>	<u>30,407,834</u>	<u>1,430,587</u>	<u>(255,012)</u>	<u>213,081,081</u>

Notes to Financial Statements

December 31, 2006 and 2005

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

(1) Organization and Business Scope

The 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. The Bank became a legal entity in 1985 in accordance with the Banking Law, and transformed into a corporate entity starting from July 1, 2003, as approved by the Ministry of Finance on April 24, 2003. It has now been operating for 60 years, much of the time under the administration of the Taiwan Provincial Government. Following the phase-out of the Taiwan Provincial Government on December 21, 1998, the Bank was directed by the central government of the Republic of China and placed under the administration of the Ministry of Finance, in accordance with the regulations on government-owned financial institutions.

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

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, 2006, in addition to the Department of Business, Department of International Banking, Department of Trusts, and Department of Public Treasury, Treasury, Securities and Electronic Banking at the Bank's headquarters, there were 147 domestic branches, one offshore banking unit, and 7 overseas branches.

The Department of Trusts of the Bank plans and manages trust investments as well as foreign securities and funds.

As of December 31, 2006 and 2005, the Bank had 6,793 and 6,795 employees, respectively.

(2) Summary of Significant Accounting Policies

The financial statements of the Bank have been prepared in the local currency and in Chinese. These financial statements have been translated into English. The translated information is consistent with the Chinese language financial statements from which it is derived.

1) General accounting policies

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 financial statements become final only after such an audit by the MOA.

In 2006, the financial statements of 2005 were approved by the MOA, and the beginning balances in 2006 were the same as the approved closing balances in 2005.

2) Basis of financial statements

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

3) Standard for classifying assets and liabilities as current or noncurrent

Because the operating turnover in banking is uncertain, asset and liability accounts are not categorized as current or noncurrent. Assets and liabilities are only categorized and arranged according to currency.

4) Cash and cash equivalents

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.

5) Revenue recognition

Revenue is recognized when realized or realizable; related costs and expenses are recorded when revenue is recognized.

6) Foreign currency transactions

Foreign currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transaction occurred. Gains or losses resulting from adjustments or settlements of foreign currency assets and liabilities are credited or charged to income. Foreign currency assets and liabilities at the balance sheet date are translated at year-end exchange rates announced by the Central Bank (CBC closing rates). Any exchange differences resulting from long-term equity investments are recorded as foreign currency translation adjustment

under adjustments to stockholders' equity, and exchange differences resulting from other foreign currency assets and liabilities are included in the income statements.

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.

7) Asset management 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 administers on behalf of trustors. All the entrusted assets are booked to the memo account.

8) Financial assets

Starting from January 1, 2006, the Bank accounts for financial assets in accordance with ROC SFAS No. 34, "Financial Instruments: Recognition and Measurement", under which financial assets are classified into one of following categories: measured at fair value through profit or loss, available-for-sale, held-to-maturity, carried at cost, and debt investments without quoted price in active markets.

Financial instruments held by the Bank are recorded on the trading date (except for bonds and funds on the settling date) and initially recognized at fair value plus transaction costs, except for financial instruments held for trading purposes, which are initially recognized at fair value only.

Subsequent to their initial recognition, the financial instruments held by the Company are classified according to the purpose of holding as follows:

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) 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.
2. Available-for-sale financial assets are recorded at fair value, and the change in market value is adjusted against shareholders' equity. 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.
3. 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 realizable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.
4. 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.
5. 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. The carrying value after the reversal should not exceed the realizable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

As of December 31, 2005, investments held by the Bank were classified into short-term investments and long-term investments. The Bank recorded these investments at cost and evaluated them using the lower-of-cost-or-market (LCM) method. Devaluation losses on long-term investments were charged to shareholders' equity, and devaluation losses on short-term investments and trading securities were recognized in profit or loss.

9) Loans and related allowance for doubtful accounts

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 six 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 and booked to the memo account.

All loans are recorded initially as the actual amount lent out and reported at their outstanding principal balances net of any provisions for doubtful accounts. In determining the allowance for credit losses, the Bank evaluates the collectability of its loan portfolio and credit guarantees based on the borrowers'/clients' payment history and the related loan classification as nonperforming, 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, write-offs of specific loans and related provision are permitted with the approval of 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%.

10) Investment under equity method

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

The difference resulting from reasons which cannot be analyzed is amortized using the straight-line method over five years. The remaining difference is no longer amortized from January 1, 2006. The difference resulting from the cost of investment in excess of the fair value of identifiable net assets is recognized as goodwill.

When the equity of an investee exceeds the carrying value accounted for by the equity method, 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.

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 to account for the investment. Instead, it should follow the rules specified in the Statements of Financial Accounting Standards No. 34: Financial Instruments: Recognition and Measurement. The new cost of investment will be the carrying amount of the investment at the time of change.

Gain or loss on disposal of long-term equity investment is calculated based on the difference between selling price and book value. The capital surplus arising from long-term equity investment is adjusted to profit and loss based on the percentage sold.

11) Fixed assets

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 basis over 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

Leasehold improvements are amortized over the lesser of lease terms or the useful lives of such improvements. When the Bank uses fixed assets beyond their initial estimated useful lives, the depreciation for such assets is calculated by writing off the residual value of the asset using the straight-line method over the remaining estimated useful life of the asset.

Gains or losses on the disposal of fixed assets are recorded as non-operating income or loss.

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.

12) Asset impairment

Effective January 1, 2005, the Bank adopted Statement of Financial Accounting Standards No. 35 (SFAS 35) "Impairment of Assets". In accordance with SFAS 35, the Bank assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit) other than goodwill may have been impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. The Bank recognizes impairment

loss for an asset whose carrying value is higher than the recoverable amount.

The Bank reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

The Bank assesses the cash-generating unit to which goodwill is allocated on an annual basis and recognizes an impairment loss on the carrying value in excess of the recoverable amount.

13) Intangible assets

Intangible assets are computer software, which is amortized on a straight-line basis over a period of 5 years.

14) Other assets - non-operating assets

Non-operating assets are stated at the lower of net realizable value or book value.

15) Other assets - 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 of collaterals on the balance sheet date due to cost of collaterals exceeding 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 according to the official letter from competent authorities, which instruct to recorded as provision for allowance for decline in fair value.

16) Financial liabilities

According to SAFS No. 34 "Financial Instruments: Recognition and Measurement", which is effective from January 1, 2006, financial liabilities (include held-for-trading financial liabilities and financial liabilities designated to be measured at fair value) are classified into financial liabilities measured at fair value through profit or loss.

Financial liabilities for trading purposes are designated as such at the time of initial recognition. The following shall be classified as financial liabilities for trading purposes:

1. Liabilities acquired primarily for the purpose of repurchase in the near term.
2. Liabilities that are part of a group of distinct financial instrument portfolios under comprehensive management, where there is evidence that in the near term the group is in fact being managed for short-term profit.
3. Derivative financial liabilities.

To eliminate or reduce significant inconsistency related to accounting for financial instruments, such financial instruments are classified as financial assets or liabilities measured at fair value at the time of initial recognition.

Fair value of listed or Gre Tai (over-the-counter) securities market ("OTC") debt securities is determined based on the closing market prices on the balance sheet date, except for emerging market securities.

17) Deposits of banks, deposits and remittances

Deposits are recorded at the contracted principal amount or the expected maturity value. Negotiable certificates of deposit are issued at face value, and principal and accrued interest are paid on the maturity date.

18) Other liabilities - 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. Such reserve can only be used to offset actual losses.

19) Other liabilities - reserve for default losses

According to the "Rules Governing the Administration of Securities Firms", 0.0028% of monthly brokerage income must be provided as a reserve for defaults until the balance of the provision equals NT\$200 million. Such reserve can only be used to offset default losses or for other purposes as approved by the SFC.

20) Other liabilities - reserve for accidental losses

According to Ministry of Finance Order No. (63) Tai-Tsai-Chien 16677 issued on October 29, 1974, reserve for accidental losses is provided equal to 2% of monthly brokerage revenue to cover the possible losses arising from mistakes in securities processing for financial institutions which engaged in securities brokerage business. The reserve for accidental loss will be used for making up the losses arising from mistakes in securities processing.

21) 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 July 1, 2006) 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 July 1, 2005, 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 and to deposit the contribution in a personal retirement benefit account.

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 fund is deposited in a trust account with the Central Trust of China 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.

22) 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.

Since the Bank is a government-owned enterprise, income tax should be determined by the Ministry of Audit. In addition, in accordance with Ministry of Finance Ruling Tai-Tsai-Shui No. 910456521, since the Bank is a 100%-government-owned enterprise, no 10% surtax will be imposed on unappropriated retained earnings.

23) Financial derivatives

Derivative financial instruments refer to transactions such as forward contracts, interest swaps, cross currency swaps, asset swaps and options that are engaged in 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.

24) Significant 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.

25) 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

The Bank, starting from January 1, 2006, adopted Republic of China Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement" and No. 36 "Financial Instruments: Disclosure and Presentation". In accordance with SFAS No. 34, the beginning balances of financial assets and liabilities should be reclassified and re-measured at fair value and after amortization cost. The adoption of SFAS No. 34 also resulted in revaluation differences, which were accounted for as cumulative effect of changes in accounting principles and adjustment to shareholders' equity for the year ended December 31, 2006, of NT\$122,901 and NT\$29,760,127, respectively.

Further, in accordance with Accounting Research and Development Foundation pronouncement Ji-Mi-Zih 016 issued on January 13, 2005, certain accounts in the 2005 financial report should be reclassified for conform to the 2006 financial report. Previous pro-forma data, however, requires no reclassification and is excluded from disclosure.

As to the allowance for price decline in investments in the financial statements of 2005, which was due to using the lower-of-cost-or-market method, it should be allocated to short-term investment and to long-term investments valued at cost.

Effective January 1, 2005 the Bank adopted SFAS No. 35 "Impairment of Assets". As of December 31, 2005, after performing an impairment test on those assets which had an indication of impairment, the Bank recognized impairment of fixed assets of \$620,492 and of non-operating assets of \$180,983, and a decrease in net income before tax of \$801,475 for the year ended December 31, 2005.

After the amendment of Statement of Financial Accounting Standards No. 5 (SFAS 5) "Long-term Investments under Equity Method", the gain or loss on long-term investments under the equity method is recognized in the current year and can no longer be deferred. The cumulative effect of changes in accounting principles resulting from the amendment amounted to \$2,264,170 in 2005.

(4) Government Audit Adjustments for Fiscal Year Ended December 31, 2005

The Bank's accounting records as of and for the year ended December 31, 2005, have been audited and examined by the MOA, and the resulting adjustments are summarized as follows:

	As Previously Reported December 31, 2005	Adjustments Increase (Decrease)	As Audited by the MOA December 31, 2005
Balance Sheet			
Assets			
Loans, net	\$ 1,327,451,424	(64,288)	1,327,387,136
Receivables, net	74,156,059	44	74,156,103
Other assets, net	19,812,363	(23)	19,812,340
Interest expense	44,406,110	(900,321)	43,505,789
Other non-interest income, net	3,334,370	(570,609)	2,763,761
Personnel expense	9,807,735	393,956	10,201,691
Income before income tax	12,978,578	(64,244)	12,914,334
Income tax expense	972,928	23	972,951
Net income	14,269,820	(64,267)	14,205,553

Revised entries by the MOA in 2005 were as follows:

Item	Adjustments accounts	Amount revised by MOA	Explanation of revision by MOA
1.	Bad debt expenses Allowance for doubtful account - long-term secured loans	\$ 64,288 64,288	Increase bad debt expenses for some discretionary accounts with doubtful collectibility
2.	Refundable income tax Lease revenue of operating assets	\$ 44 44	Adjustment of rent revenue of Yilan and Lua Dong Branches
3.	Income tax expense Prepayment of income tax	\$ 23 23	Tokyo Branch income tax estimate adjustment
4.	Business - welfare Administrative expenses - welfare expenses Miscellaneous expenses - welfare Interest expense	\$ 361,983 31,973 506,365 900,321	The interest arising from the difference between the savings interest rate of employees and retired employees and the regular interest rate is transferred to personnel expense
5.	Deferred income tax assets Allowance for deferred income tax assets	\$ 16,061 16,061	Income tax loss carryforward estimate adjustment

(5) Cash

	December 31, 2006	December 31, 2005
Cash on hand	\$ 8,337,689	8,559,343
Foreign currency on hand	3,551,770	3,493,580
Notes and checks for clearing	11,529,058	9,060,965
Placement with banks	3,814,302	4,727,897
	<u>\$ 27,232,819</u>	<u>25,841,785</u>

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

	December 31, 2006	December 31, 2005
Cash	\$ 27,232,819	25,841,785
Call loans to banks and bank overdraft	80,442,496	112,477,570
Placement with Central Bank, including reserve - checking account and foreign-currency-denominated deposit reserves	17,836,469	11,806,197
Negotiable certificates of deposit (NCDs)	40,854,181	40,928,531
Investment in bills and securities maturing within 90 days	11,458,110	20,033,783
Total	<u>\$ 177,824,075</u>	<u>211,087,866</u>

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

	December 31, 2006	December 31, 2005
Overdraft from banks	\$ 1,992	-
Call loans to banks	80,440,504	112,477,570
New-Taiwan-dollar-denominated deposit reserve - checking account and reserves for deposits - foreign-currency-denominated deposit and so on	17,836,469	11,806,197
New-Taiwan-dollar-denominated required deposit reserve	34,408,923	33,332,164
Deposits in Central Bank	556,727,518	561,619,366
Placement with Central Bank - reserve for trust fund compensation	50,000	50,000
Less: guarantee placement with Central Bank - reserve for trust fund compensation	<u>(50,000)</u>	<u>-</u>
	<u>\$ 689,415,406</u>	<u>719,285,297</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, 2006 and 2005, 60% of the reserve deposits collected on behalf of a government institution amounted to \$12,541,523 and \$14,596,862, respectively, and its use is restricted according to the regulations.

The Bank, in accordance with the Central Bank's System for Accounting and Allocation of Bank Funds, adopted the RTGS (Real-Time Gross Settlement) clearing system. The purchased CDs (certificates of deposit) serve as the security for day-term overdrafts. As of December 31, 2006 and 2005, \$20,000,000 in negotiable time certificates was provided as the security for overdrafts. The secured credit limit can be modified at any time; those credits not used at the closing day may still serve as liquid reserves.

(7) Financial Assets Measured at Fair Value through Profit or Loss

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

	December 31, 2006	December 31, 2005
Financial assets held for trading	\$ 16,836,032	32,109,343
Add: Adjustment valuation	<u>2,885,366</u>	<u>(2,384)</u>
Subtotal	<u>19,721,398</u>	<u>32,106,959</u>
Financial assets designated as at fair value through profit or loss	12,311,363	7,270,462
Add: Adjustment valuation	<u>(222,585)</u>	<u>(100,947)</u>
Subtotal	<u>12,088,778</u>	<u>7,169,515</u>
	<u>\$ 31,810,176</u>	<u>39,276,474</u>

- 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, 2006	December 31, 2005
Commercial paper	\$ 11,446,255	19,990,773
Acceptances	11,855	43,010
Treasury bills	-	492,321
Government bonds	2,091,650	5,146,595
Convertible bonds	-	21,500
Negotiable certificates of deposit	654,181	-
Foreign corporate bonds	-	58,367
Call foreign exchange options	1,364	-
Stock and beneficiary certificates	2,630,727	6,356,777
Add: Adjustment valuation - non-derivative financial instruments	414,949	(2,384)
Adjustment valuation - call foreign exchange options	714	-
Adjustment valuation - cross currency swaps	1,710,894	-
Adjustment valuation - interest rate swaps	395,056	-
Adjustment valuation - foreign exchange forward transactions	363,753	-
Total	\$ 19,721,398	32,106,959

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

	December 31, 2006	December 31, 2005
Foreign corporate bonds and financial bonds	\$ 12,311,363	7,270,462
Add: Adjustment valuation	(222,585)	(100,947)
Total	\$ 12,088,778	7,169,515

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

	December 31, 2006	December 31, 2005
Call foreign exchange options	\$ 455,412	1,962,420
Cross currency swaps	82,693,086	328,600
Interest rate swaps	8,840,662	22,275,670
Foreign exchange forward transactions	19,543,674	48,892,947
Total	\$ 111,532,834	73,459,637

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

	December 31, 2006	December 31, 2005
Cash dividend of financial assets	\$ 254,937	270,255
Net gain on disposal of financial assets	25,081,109	951,472
Net gain on valuation of financial assets	1,350,082	(77,108)
Net loss on disposal of financial liabilities	(23,114,713)	-
Net gain on valuation of financial liabilities	450,357	-
Total	\$ 4,021,772	1,144,619

(8) Bills and Bond Sold under Repurchase Agreements and Resell Agreements

As of December 31, 2006 and 2005, the details of bonds and bills purchased under agreements to resell (repurchase) were as follows:

	December 31, 2006	December 31, 2005
Bills and bonds sold under repurchase agreements:		
Commercial paper	\$ 1,410,955	9,478,569
Government bonds	24,357,127	25,806,360
Negotiable certificates of deposit	-	140,000
Total	\$ 25,768,082	35,424,929
Bills and bonds sold under resell agreements:		
Commercial paper	\$ 2,894,695	-
Government bonds	15,621,899	15,360,066
Acceptances	11,855	-
Total	\$ 18,528,449	15,360,066

(9) Receivables

	December 31, 2006	December 31, 2005 (restated)
Accounts receivable	\$ 1,287,855	1,228,867
Long-term receivable	40,348,553	41,715,225
Accrued revenue	184,389	239,665
Interest receivable	15,194,991	11,801,473
Refundable income tax	1,365,934	1,101,314
Acceptance notes receivable	4,896,313	1,766,884
Factoring receivable - non-recourse	488,364	943,598
Others	<u>10,608,651</u>	<u>16,391,049</u>
Subtotal	74,375,050	75,188,075
Less: allowance for doubtful accounts	<u>924,662</u>	<u>1,031,972</u>
Total	<u>\$ 73,450,388</u>	<u>74,156,103</u>

(10) Discounts and Loans

	December 31, 2006	December 31, 2005 (restated)
Discounted	\$ 6,097,429	3,732,903
Overdrafts	49,040,409	53,234,653
Secured overdrafts	933,815	1,980,940
Short-term loans	224,931,459	229,417,361
Short-term secured loans	75,435,493	75,097,128
Receivables from securities financing	733,557	597,119
Medium-term loans	514,324,233	418,718,186
Medium-term secured loans	109,783,673	95,444,465
Long-term loans	172,813,251	166,463,321
Long-term secured loans	317,950,021	275,538,601
Nonperforming loans	<u>16,191,145</u>	<u>17,395,568</u>
Subtotal	1,488,234,485	1,337,620,245
Less: allowance for doubtful accounts	<u>13,751,413</u>	<u>10,233,109</u>
	<u>\$ 1,474,483,072</u>	<u>1,327,387,136</u>

Movements of allowance for doubtful accounts in years 2006 and 2005 were as follows:

	2006			
	Risk of specific uncollectable debts	Country risk	Potential risk of total debts	Total
Beginning balance	\$ 9,580,337	660,159	1,024,667	11,265,163
Add: provision (reversal) for doubtful accounts collected from write- off of debts	2,845,862 2,522,961	60,180 115,268	(114,333) -	2,791,709 2,638,229
Less: write-off foreign exchange translation adjustments	(1,890,564) - -	(85,014) (16,088) -	- - -	(1,975,578) (16,088) -
Ending balance	<u>\$ 13,058,596</u>	<u>734,505</u>	<u>910,334</u>	<u>14,703,435</u>

	2005 (restated)			
	Risk of specific uncollectable debts	Country risk	Potential risk of total debts	Total
Beginning balance	\$ 10,528,378	842,194	1,859,932	13,230,504
Add: reversal for doubtful accounts collected from write- off of debts foreign exchange translation adjustments	(2,005,449) 3,520,978 - -	(310,369) 157,271 289 -	(835,265) - - -	(3,151,083) 3,678,249 289 -
Less: write-off	<u>(2,463,570)</u>	<u>(29,226)</u>	<u>-</u>	<u>(2,492,796)</u>
Ending balance	<u>\$ 9,580,337</u>	<u>660,159</u>	<u>1,024,667</u>	<u>11,265,163</u>

Details of allowance for doubtful accounts were as follows:

	December 31, 2006	December 31, 2005 (restated)
Receivables	\$ 924,662	1,031,972
Discounts and loans	13,751,413	10,233,109
Other financial assets	<u>27,360</u>	<u>82</u>
Total	<u>\$ 14,703,435</u>	<u>11,265,163</u>

As of December 31, 2006 and 2005, the amount of loans with non-accumulating interest revenues was \$16,321,933 and \$17,395,568, respectively, which was booked as other assets - nonperforming loans. As of December 31, 2006 and 2005, the estimation of non-accumulating interest revenues was \$3,227,564 and \$3,850,481, respectively.

For the years ended December 31, 2006 and 2005, the Bank did not write off any loan without legal proceedings having been initiated.

(11) Available-for-sale Financial Assets

	December 31, 2006	December 31, 2005
Negotiable certificates of deposit	\$ 40,200,000	40,928,531
Government bonds	52,999,000	54,484,773
Foreign government bonds, treasury bills and corporate bonds	35,580,592	35,158,998
Financial bonds	2,184,224	790,419
Corporate bonds	3,992,483	150,000
Preferred stocks	1,200,000	1,200,000
TSEC and OTC stocks	14,805,642	7,442,925
Add: Adjustment valuation	<u>29,186,729</u>	<u>(32,021)</u>
Total	<u>\$ 180,148,670</u>	<u>140,123,625</u>

- 1) Please see note 28, "Information on Financial Instruments", for valuation of available-for-sale financial assets.
- 2) Details of realized profit or loss on available-for-sale financial assets were as follows:

	December 31, 2006	December 31, 2005
Cash dividend	\$ 1,381,151	1,307,006
Profit on available-for-sale financial asset transactions	<u>4,264,420</u>	<u>1,713,777</u>
Total	<u>\$ 5,645,571</u>	<u>3,020,783</u>

- 3) As of December 31, 2006 unrealized profit or loss on available-for-sale financial assets was as follows:

	Amount
Beginning balance	\$ -
Cumulative effect of changes in accounting principles	29,760,127
Net increase	<u>647,707</u>
Ending balance	<u>\$30,407,834</u>

(12) Held-to-maturity Investment

	December 31, 2006	December 31, 2005
Financial bonds	\$ 1,995,579	989,950
Corporate bonds	2,799,267	2,799,059
Foreign government bonds	<u>-</u>	<u>164,300</u>
Total	<u>\$ 4,794,846</u>	<u>3,953,309</u>

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

(13) Investments under Equity Method

Name of Investee	2006		2005	
	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount
Hua Nan Financial Holdings Co., Ltd.	29.36	\$ 26,625,899	29.36	26,296,689
Taiwan Business Bank, Ltd.	-	-	20.72	5,956,463
Taiwan Life Insurance Co., Ltd.	28.46	3,529,416	28.46	2,845,715
Tang Eng Iron Works Co., Ltd.	20.09	1,485,324	44.00	2,239,563
Kaohsiung Ammonium Sulfate Co., Ltd.	91.86	2,831,326	91.86	2,548,502
Tai Yi Real-Estate Management Co., Ltd.	30.00	<u>13,372</u>	30.00	<u>13,758</u>
		<u>\$ 34,485,337</u>		<u>39,900,690</u>

1) The Bank increased its cumulative translation adjustments under stockholders' equity by \$12,973 and decreased it by \$26,606 on December 31, 2006 and 2005, respectively.

2) The long-term equity investments which decreased capital to make up a deficit were as follows:

Name of Investee	Decrease in Capital Date	Decrease in Shares	Loss Recognized
Tang Eng Iron Works Co., Ltd.	June 29, 2005	<u>154,008,511</u>	<u>\$ -</u>
Tai Yi Real-Estate Management Co., Ltd.	November 15, 2005	<u>1,110,000</u>	<u>\$ -</u>

3) The original cost of long-term equity investment under the equity method was as follows:

Name of Investee	December 31, 2006	December 31, 2005
Hua Nan Financial Holdings Co., Ltd.	\$ 8,105,279	8,105,279
Taiwan Business Bank, Ltd.	-	6,323,648
Taiwan Life Insurance Co., Ltd.	812,325	812,325
Kaohsiung Ammonium Sulfate Co., Ltd.	1,377,872	1,377,870
Tang Eng Iron Works Co., Ltd.	1,406,475	3,080,170
Tai Yi Real-Estate Management Co., Ltd.	<u>3,793</u>	<u>3,793</u>
	<u>\$ 11,705,744</u>	<u>19,703,085</u>

Pursuant to Executive Yuan Ruling Yuan-Shou-Zhu-Jiao-Yi No. 0950000515 dated January 24, 2006, to accelerate the liquidation procedures for Kaohsiung Ammonium Sulfate Co., Ltd., the Bank purchased 264 shares from another stockholder in May 2006 for \$2.

For coordinating the Tang Eng Iron Works Co., Ltd. privatization, the Bank sold 83,684,741 shares in 2006. The total cost of this investment was \$1,384,644, the unrealized profit on financial assets was \$7,594, and the disposal gain recognized was \$373,547 (under equity method).

In addition, the Bank subscribed for 154,807,783 shares of Taiwan Business Bank in December 2006. The investment cost amounted to \$1,493,895, and the ownership percentage decreased from 20.72% to 19.37%. Therefore, on December 29, 2006, the Bank transferred this investment from investment under equity method to available-for-sale financial assets.

4) The gains and losses from long-term investment under the equity method were as follows:

Name of Investee	2006	2005
Hua Nan financial Holdings Co., Ltd.	\$ 2,291,338	6,142,621
Taiwan Business Bank, Ltd.	357,227	(1,913,240)
Taiwan Life Insurance Co., Ltd.	365,100	540,059
Tang Eng Iron Works Co., Ltd.	996,243	465,060
Kaohsiung Ammonium Sulfate Co., Ltd.	280,255	348,932
Tai Yi Real-Estate Management Co., Ltd.	<u>(386)</u>	<u>(1,115)</u>
	<u>\$ 4,289,777</u>	<u>5,582,317</u>

Related investment gains on the above investees were \$2,571,207 and \$6,490,438 in 2006 and 2005, respectively.

The gains and losses of the investees were recognized by proportion of ownership based on the investees' financial statements audited by other auditors except for Kaohsiung Ammonium Sulfate Co., Ltd. and Tai Yi Real-Estate Management Co., Ltd., a company undergoing liquidation whose financial statements have not been audited.

The gains above included the amortization of the difference between investment cost and the investee's net equity, due to the accounting method changing from the cost method to the equity method in 2001. The amount was \$5,178,460 in both 2006 and 2005.

After the amendment of Statement of Financial Accounting Standards No. 5 (SFAS 5) "Long-term Investments under Equity Method", the gain or loss on long-term investments under the equity method is recognized in the current year and can no longer be deferred. The cumulative effect of changes in accounting principles resulting from the amendment amounted to \$2,264,170 in 2005.

(14) Other Financial Asset, Net

	December 31, 2006	December 31, 2005
Temporary advances	\$ 51,399,970	47,621,166
Hedging derivative financial assets	225,486	-
Debt investments without quoted price in active markets	6,227,657	1,620,080
Financial assets carried at cost	10,219,537	10,239,191
Less: accumulated asset impairment - financial assets carried at cost	(12,222)	-
Bills purchased	40,531	53,975
Less: allowance for doubtful accounts - bills purchased	(61)	(82)
Nonperforming loans	130,788	-
Less: allowance for doubtful accounts - nonperforming loans	(27,299)	-
Forward contract receivables - foreign currency denominated, net	-	18,751,143
Total	<u>\$ 68,204,387</u>	<u>78,285,473</u>

- 1) Financial assets carried at cost are measured by the cost method.
- 2) Please see note 28, "Information on Financial Instruments", for details of hedging derivative financial assets and debt investments without quoted price in active markets.
- 3) Pursuant to Executive Yuan Ruling Yuan-Shou-Zhu-Jiao-Yi No. 0950002990 dated May 11, 2006, regarding government policy on the credit card debt issue, the Bank invested \$73 in Sunlight Assets Management Co., Ltd. in June 2006, and holds 7,000 shares, recorded under other financial assets - financial assets carried at cost.
- 4) The investees which decreased capital to make up a deficit were as follows (booked as other non-interest income):

Name of Investee	Decrease in Capital Date	Decrease in Shares	Loss Recognized
International Investment Trust Co., Ltd.	May 22, 2006	4,646,790	\$ 18,838
International Investment Trust Co., Ltd.	September 21, 2006	88,948	\$ 889

- 5) In January 2003, the Bank increased its long-term investment in preferred stock of Taiwan High Speed Rail Corp. by \$2,000,000. For each of the years 2006 and 2005, the Bank accrued construction dividends amounting to \$100,000, booked as receivables and other operating revenues.
- 6) The financial report of China Shipbuilding Co., Ltd. (recorded under the other financial assets - financial assets carried at cost) was audited by the Ministry of Audit, which approved decreasing the net value in 2005; therefore, the Bank estimated financial asset impairment of \$12,222 on December 31, 2006.

(15) Fixed Assets

	December 31, 2006	December 31, 2005
Cost:		
Land (including revaluation increments)	\$ 64,739,263	68,589,206
Buildings	10,561,284	10,643,520
Machinery and equipment	4,112,922	4,069,731
Transportation equipment	1,006,980	1,013,088
Miscellaneous equipment	821,559	799,997
Leasehold improvements	364,226	354,634
Construction in progress and prepayment for equipment	<u>1,080,192</u>	<u>921,259</u>
	<u>82,686,426</u>	<u>86,391,435</u>
Accumulated depreciation:		
Buildings	3,463,365	3,332,553
Machinery and equipment	2,577,676	2,571,300
Transportation equipment	675,481	667,308
Miscellaneous equipment	586,391	567,959
Leasehold improvements	<u>311,113</u>	<u>284,859</u>
	<u>7,614,026</u>	<u>7,423,979</u>
Accumulated impairment		
Land	\$ 567,567	502,095
Buildings	<u>56,086</u>	<u>118,397</u>
	<u>623,653</u>	<u>620,492</u>
	<u>\$ 74,448,747</u>	<u>78,346,964</u>

Movement of accumulated depreciation:

	December 31, 2006	December 31, 2005
Beginning balance	\$ 7,423,979	6,962,128
Add: depreciation for the period	787,491	825,502
Less: decrease for the period	(597,156)	(360,054)
Foreign exchange translation adjustment	<u>(288)</u>	<u>(3,597)</u>
Ending balance	<u>\$ 7,614,026</u>	<u>7,423,979</u>

There have been many revaluations of land and buildings, with the latest in June 2003. As of December 31, 2006 and 2005, the total increment, including land and buildings, was \$60,557,905 and \$64,371,018, respectively, and the estimated tax on the increment was \$30,943,931 and \$33,582,632, respectively, booked as long-term liabilities.

In 2006 and 2005, gain on disposal of property (land and buildings) was \$7,874,747 and \$7,185,940, respectively, booked as non-interest income.

As of December 31, 2006 and 2005, property and equipment did not serve as a guarantee or collateral, nor were they pledged.

As of December 31, 2006, the cost (including revaluation increments) of the rental land was \$28,049,230. Most of the rental buildings have been depreciated over the useful lives. The estimated future lease revenue was follows:

Fiscal Year	Amount
2007	\$ 96,850
2008	59,635
2009	18,899
2010	2,266
2011	<u>661</u>
	<u>\$ 178,311</u>

(16) Other Assets

	December 31, 2006	December 31, 2005 (restated)
Non-operating assets, net	\$ 8,691,473	9,317,099
Collateral assumed, net	1,140,886	1,181,092
Advance payable	6,596,218	6,468,698
Operating guarantee deposits and settlement fund	309,934	313,883
Less: securities serving as operating guarantee deposits and settlement fund	(275,983)	-
Refundable deposits	90,758	86,642
Customer advance and accounts awaiting clearance	2,685	1,361,148
Deferred tax assets, net	306,048	242,876
Deferred pension costs	537,121	643,313
Others	<u>161,833</u>	<u>197,589</u>
	<u>\$ 17,560,973</u>	<u>19,812,340</u>

1) Non-operating assets, net

	December 31, 2006	December 31, 2005
Land (non-operating)	\$ 8,863,931	9,496,836
Buildings	3,088	4,533
Miscellaneous equipment	92	92
Accumulated depreciation - buildings	(2,229)	(3,379)
Accumulated impairment	<u>(173,409)</u>	<u>(180,983)</u>
	<u>\$ 8,691,473</u>	<u>9,317,099</u>

2) Collateral assumed, net

	December 31, 2006	December 31, 2005
Collateral assumed	\$ 1,322,858	1,366,083
Less: allowance for decline in market value	<u>(181,972)</u>	<u>(184,991)</u>
	<u>\$ 1,140,886</u>	<u>1,181,092</u>

3) Advance payment

	December 31, 2006	December 31, 2005
Prepaid expense	\$ 293,140	303,367
Prepaid interest	161	5,227
Prepaid tax	12,213	83,968
Prepaid dividends (for government)	5,183,956	4,980,337
Other prepaid	<u>1,106,748</u>	<u>1,095,799</u>
	<u>\$ 6,596,218</u>	<u>6,468,698</u>

(17) Impairment

As of December 31, 2006 and 2005, the balance of the accumulated impairment was as follows:

	December 31, 2006	December 31, 2005
Beginning balance	\$ 986,466	124,349
Recognized impairment loss	1,164,213	888,588
Reversal of impairment loss	(1,156,243)	-
Write-off amount - disposal of collateral and residuals taken over	<u>(3,180)</u>	<u>(26,471)</u>
Ending balance	<u>\$ 991,256</u>	<u>986,466</u>

The accumulated impairment ending balance was composed of the following:

	December 31, 2006	December 31, 2005
Other financial assets	\$ 12,222	-
Fixed assets	623,653	620,492
Other assets	355,381	365,974
Ending balance	<u>\$ 991,256</u>	<u>986,466</u>

(18) Deposits of Banks and Central Bank

	December 31, 2006	December 31, 2005
Deposits of Central Bank	\$ 12,866,282	15,008,661
Deposits of banks	30,000,372	28,518,142
Postal deposits transferred	42,830,147	70,902,809
Bank overdrafts	795,736	734,480
Call loans from bank	161,038,839	105,129,595
	<u>\$ 247,531,376</u>	<u>220,293,687</u>

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

1) Financial liabilities measurement at fair value through profit or loss were as follows:

	December 31, 2006	December 31, 2005
Held-for-trading financial liabilities	\$ 1,718	-
Adjustment valuation	691,877	-
	<u>693,595</u>	-
Financial liabilities designated to be measured at fair value	822,780	835,958
Adjustment valuation	21,208	-
	<u>843,988</u>	<u>835,958</u>
	<u>\$ 1,537,583</u>	<u>835,958</u>

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, 2006	December 31, 2005
Foreign exchange put options	\$ 1,718	-
Adjustment valuation - foreign exchange put options	440	-
Adjustment valuation - cross currency swaps	407,467	-
Adjustment valuation - interest rate swaps	141,198	-
Adjustment valuation - foreign exchange swaps	142,772	-
	<u>\$ 693,595</u>	-

4) Unmatured derivative financial instruments

	December 31, 2006	December 31, 2005
Foreign exchange put options	\$ 455,563	-
Cross currency swaps	50,767,359	-
Interest rate swaps	4,480,328	-
Foreign exchange swaps	9,206,082	64,919,808
	<u>\$ 64,909,332</u>	<u>64,919,808</u>

5) Financial liabilities designated to be measured at fair value

	December 31, 2006	December 31, 2005
Business financing	\$ 822,780	835,958
Adjustment valuation	21,208	-
	<u>\$ 843,988</u>	<u>835,958</u>

(20) Payables

	December 31, 2006	December 31, 2005
Accounts payable	\$ 11,695,232	9,144,289
Advance receipts	1,645,276	2,340,813
Accrued expense	1,996,551	3,128,432
Income tax payable	256,869	174,601
Interest payable	15,848,836	13,534,111
Banker's acceptances payable	4,919,345	1,783,401
Other payables	14,169,003	19,262,452
Others	81,730	193,635
	<u>\$ 50,612,842</u>	<u>49,561,734</u>

(21) Deposits and Remittances

	December 31, 2006	December 31, 2005
Checking account	\$ 26,476,387	27,901,111
Government deposits	238,977,636	248,461,756
Demand deposits	107,020,262	108,801,199
Time deposits	288,716,649	232,103,948
Remittances	537,026	718,047
Savings account:		
Demand deposits	304,920,046	290,752,027
Staff accounts	17,868,637	17,269,692
Installment savings	1,270,251	1,215,991
Time savings deposits	429,621,795	404,312,100
Interest-drawing savings	285,571,176	288,343,814
Premium interest-drawing savings	<u>433,220,985</u>	<u>441,117,563</u>
	<u>\$ 2,134,200,850</u>	<u>2,060,997,248</u>

As of December 31, 2006 and 2005, the above deposit accounts, except for demand deposits, would mature in one month to three years.

(22) Other Financial Liabilities

	December 31, 2006	December 31, 2005 (restated)
Hedging derivative financial liabilities	\$ 41,875	-
Appropriated loan funds	1,678,996	1,842,158
Forward contract payable - foreign currency, net	-	18,782,351
	<u>\$ 1,720,871</u>	<u>20,624,509</u>

For details of hedging derivative financial liabilities on December 31, 2006, please refer to note 28.

(23) Other Liabilities

	December 31, 2006	December 31, 2005
Reserve for guarantees	\$ 163,252	151,802
Reserve for foreign exchange losses	-	609
Reserve for losses on trading securities	1,851	9,287
Reserve for default losses	18,683	15,858
Reserve for accidental losses	10,711	9,931
Advance collections	1,697,868	1,202,028
Estimated tax payable on land increment	30,943,931	33,582,632
Guarantee deposits received	876,416	926,709
Temporary received and waiting to be transferred	21,255	275,246
Reserve for interest and principal repayment	29,903	29,903
Other liabilities to be restructured	8,239	8,239
Others	<u>36,344</u>	<u>24,480</u>
	<u>\$ 33,808,453</u>	<u>36,236,724</u>

(24) Pension

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

	December 31, 2006		December 31, 2005	
	Regular Employees	Regular Labor	Regular Employees	Regular Labor
Benefit obligation:				
Vested benefit obligation	\$ (3,216,024)	(273,619)	(2,579,696)	(253,656)
Nonvested benefit obligation	<u>(2,022,138)</u>	<u>(216,255)</u>	<u>(2,064,508)</u>	<u>(212,298)</u>
Accumulated benefit obligation	(5,238,162)	(489,874)	(4,644,204)	(465,954)
Additional benefits based on future salaries	<u>(1,530,620)</u>	<u>(112,253)</u>	<u>(1,435,338)</u>	<u>(111,121)</u>
Projected benefit obligation (PBO)	(6,768,782)	(602,127)	(6,079,542)	(577,075)
Fair value of plan assets	<u>3,587,556</u>	<u>410,409</u>	<u>3,156,422</u>	<u>373,993</u>
Funding status	(3,181,226)	(191,718)	(2,923,120)	(203,082)
Unrecognized net transition obligation (assets)	489,773	129,778	578,823	149,745
Unrecognized prior year service cost	255,990	(31,011)	276,469	(34,659)
Unrecognized loss (gain)	1,305,616	29,848	1,200,590	18,804
Deferred pension cost (booked as other assets)	<u>(520,759)</u>	<u>(16,362)</u>	<u>(620,544)</u>	<u>(22,769)</u>
Accrued pension cost (booked as long-term liabilities)	<u>\$ (1,650,606)</u>	<u>(79,465)</u>	<u>(1,487,782)</u>	<u>(91,961)</u>
Vested benefit	<u>\$ (4,090,895)</u>	<u>(316,312)</u>	<u>(3,265,167)</u>	<u>(295,001)</u>

The components of net pension cost for the years 2006 and 2005 were as follows:

	2006		2005	
	Regular Employees	Regular Labor	Regular Employees	Regular Labor
Service cost	\$ 634,198	34,965	572,905	35,454
Interest cost	142,696	13,546	146,728	15,537
Projected return on plan assets	(76,620)	(9,431)	(88,560)	(10,812)
Amortization and deferred cost	<u>140,720</u>	<u>16,319</u>	<u>111,165</u>	<u>16,319</u>
Net pension cost	<u>\$ 840,994</u>	<u>55,399</u>	<u>742,238</u>	<u>56,498</u>

Actuarial assumptions:

	2006	2005
Discount rate	2.50%	2.50%
Rate of increase in future compensation	2.00%	2.00%
Rate of projected return on plan assets	2.50%	2.50%

(25) Income Tax

The Bank is subject to ROC income tax at a maximum rate of 25%. The income tax expense for 2006 and 2005 is summarized below:

	2006	2005 (restated)
Current income tax	\$ 484,239	1,013,879
Deferred tax benefit	<u>(63,172)</u>	<u>(40,928)</u>
Income tax expense	<u>\$ 421,067</u>	<u>972,951</u>

For the years ended December 31, 2006 and 2005, the differences between the "expected" income tax at the statutory income tax rate and the income tax expense in the accompanying financial statements were as follows:

	2006	2005 (restated)
Expected income tax expense	\$ 2,837,353	3,794,626
Tax effect of interest income from short-term notes separately taxed	(107,849)	270,143
Securities trading gain	(1,074,301)	(436,088)
Unrealized loss (gain) on evaluation of financial instruments	(483,751)	19,278
Tax-free earnings from OBU	(131,830)	(138,015)
Investment income recognized under equity method	(979,058)	(1,961,622)
Gain on sale of land	(1,963,759)	(1,794,514)
Unrealized exchange loss	144,829	30,975
Dividend free of tax	(462,611)	(568,457)
Allowance for deferred tax assets	2,379,288	1,291,423
Income tax expense of overseas branches	298,869	228,435
Withholding tax on bond interest (35% unrefunded)	47	20,130
Loss on asset impairment - land	14,475	170,770
Adjustments of outright purchase and sale of bills	(202,990)	45,926
Others	152,355	(59)
Income tax expense	<u>\$ 421,067</u>	<u>972,951</u>

For the years ended December 31, 2006 and 2005, the major components of deferred income tax expense (benefit) were as follows:

	2006	2005
Pension costs disallowed per tax regulation	\$ (64,130)	(38,165)
Reserve for losses on trading bills and securities	1,859	(2,052)
Others	(901)	(711)
Deferred income tax expense (income)	<u>\$ (63,172)</u>	<u>(40,928)</u>

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

	December 31, 2006		December 31, 2005 (restated)	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets-noncurrent				
Pension costs disallowed per tax regulation	\$ 1,192,949	298,237	936,429	234,107
Loss on asset impairment	56,086	14,021	118,397	29,599
Allowance for decline in market value - collateral assumed	181,972	45,493	184,991	46,248
Reserve for losses on trading bills and securities	1,851	463	9,287	2,322
Loss carryforward	24,174,447	6,043,612	14,604,189	3,651,047
Loss on financial asset impairment	12,222	3,056	-	-
Others	29,394	7,348	25,789	6,447
		<u>6,412,230</u>		<u>3,969,770</u>
Allowance for deferred income tax assets - noncurrent		<u>(6,106,182)</u>		<u>(3,726,894)</u>
Deferred income tax assets, net-noncurrent (booked as other assets)		<u>\$ 306,048</u>		<u>242,876</u>

For the years ended December 31, 2006 and 2005, the components of income tax payable were as follows:

	December 31, 2006	December 31, 2005 (restated)
Current income tax expense	\$ 484,239	1,013,879
Income tax on separately taxed short-term bills	(185,323)	(765,314)
Income tax paid by overseas branches	(298,869)	(228,435)
Prior income tax adjustment	(47)	(20,130)
Prepaid and withheld tax	(693,132)	(672,802)
Prior year's income tax receivable	(672,802)	(428,512)
Income tax receivable (booked as receivables)	<u>\$ (1,365,934)</u>	<u>(1,101,314)</u>

The Bank's income tax returns through 2005 have been examined by the tax authorities.

Imputation credit account information

As of December 31, 2006 and 2005, the balance of the ICA (imputation credit account) was as follows:

	December 31, 2006 (expected)	December 31, 2005 (actual)
Balance of ICA	<u>\$ 329,043</u>	<u>1,691,509</u>

The imputation tax creditable ratio for 2006 was 12.72% (actual) and for 2005 was approximately 33.33% (actual).

As of December 31, 2006 and 2005, unappropriated retained earnings were as follows:

	December 31, 2006	December 31, 2005 (restated)
1998 and after	\$ 10,928,347	14,205,553

(26) Stockholders' Equity

1) As of December 31, 2006 and 2005, the amount of capital was \$48,000,000, and common stock had a par value of \$10.

2) The composition of capital surplus was as follows:

	December 31, 2006	December 31, 2005
Additional paid-in capital - from cash subscription	\$ 97,049,804	97,314,648
Additional paid-in capital - from long-term equity investment under equity method	109,521	2,039,576
	\$ 97,159,325	99,354,224

According to the ROC Company Act, capital surplus can only be used to offset an accumulated deficit or to increase share capital, and cannot be distributed as cash dividends.

In compliance with Rulings Tai-Cai-Ku-Zi No. 09401017630 and No. 09500022000 from the Ministry of Finance, the Bank adopted capital reduction for purposes of land expropriation. The board of directors decided to reduce capital by \$264,844 thousand and 26,484 thousand shares. The date of this capital reduction was January 16, 2006.

The board of directors then decided to increase capital by \$264,844 thousand through additional paid-in capital and to issue 26,484 thousand shares. The date of this capital increase was January 17, 2006.

The authorized and paid-in capital of the Bank after such capital reduction and increase were both \$48,000,000 thousand, divided into 4,800,000 thousand shares with par value of 10 dollars.

The foregoing capital reduction and increase were approved under Ruling Jin Guan Zheng Yi Zi No. 0940158718 of the FSB. The amendment was approved and registered under Ruling Shang Ni No. 09501017790 of the Ministry of Finance.

3) Legal reserve and appropriation of earnings

The articles of incorporation of the Bank stipulate that net income should be distributed as follows:

1. to pay income tax;
2. to offset prior years' deficit;
3. to appropriate 30% as legal reserve;
4. to appropriate 40% as special reserve.
5. to appropriate dividend.

The remaining balance is retained or appropriated upon approval of the board of directors.

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.

(27) Earnings per Share

	December 31, 2006		December 31, 2005(restated)	
	Pretax	After tax	Pretax	After tax
Income from continuing operations	\$ 11,226,513	10,805,446	12,914,334	11,941,383
Cumulative effect of changes in accounting principles	122,901	122,901	2,264,170	2,264,170
Net income	11,349,414	10,928,347	15,178,504	14,205,553
Denominator (shares in thousands)	4,800,000	4,800,000	4,800,000	4,800,000
Basic earnings per share				
Income from continuing operations	\$ 2.33	2.25	2.69	2.49
Cumulative effect of changes in accounting principles	0.03	0.03	0.47	0.47
Net income	\$ 2.36	2.28	3.16	2.96

(28) Information on Financial Instruments

1) Information on fair value of financial instruments

	2006		2005 (restated)	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Financial assets measured at fair value through profit or loss	\$ 31,810,176	31,810,176	39,276,474	39,276,474
Available-for-sale financial assets	180,148,670	180,148,670	140,123,625	140,123,625
Loans and discounts	1,474,483,072	1,474,483,072	1,327,387,136	1,327,387,136
Held-to-maturity financial assets	4,794,846	4,801,636	3,953,309	3,953,309
Other financial assets	68,204,387	68,204,387	78,285,473	78,285,473
Financial Liabilities				
Financial liabilities measured at fair value through profit or loss	1,537,583	1,537,583	835,958	835,958
Other financial liabilities	1,720,871	1,720,871	20,624,509	20,624,509

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

1. The book value of financial instruments approaching 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, 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 of Central Bank, deposits of banks, repurchase bond transactions, and accounts payable and other liabilities.
2. 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 such 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.
3. Interest for loans is calculated by a floating rate; thus the book value is the present fair value.
4. Deposits and remittances are mostly due within one year. If the due date is more than one year, the interest is calculated by a floating rate; thus the book value is the present fair value.
5. 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, 2006, were as follows:

	2006	
	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	\$ 29,338,395	2,471,781
Available-for-sale financial assets	180,148,670	-
Held-to-maturity financial assets	-	4,794,846
Other financial assets	-	68,204,387
Financial Liabilities		
Financial liabilities measured at fair value through profit or loss	-	1,537,583
Other financial liabilities	-	1,720,871

The Bank recognized current profit of \$1,933,217 due to variation in fair value derived from appraisal in the first half year of 2006.

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

- (a) Identifying, evaluating and analyzing (qualification/non-qualification) risks and adopting appropriate methods (including risk hedging, risk sharing, risk reduction, and risk bearing).
- (b) 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.
- (c) 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 and BASEL II.

2. Credit risk

- (a) The possibility of a loss occurring due to the failure of 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 loaning of \$496,227 million is based on collateral and accounts for 33.34% of the total loaned amount (excluding advances and off-balance sheet) amounts of \$1,488,234 million. Acceptance loans with collateral of \$20 million account for 0.40% of the total acceptance amount of \$4,896 million. Guarantee loans with collateral of \$274 million account for 0.53% of the total guarantee amount of \$51,272 million. Collateral but 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

	December 31, 2006	
	Book Value (Note1)	Greatest Credit Exposure
Financial assets measured at fair value through profit or loss	\$ 31,810	29,750
Available-for-sale financial assets	180,149	83,948
Held-to-maturity financial assets	4,795	4,795
Loans and advances	1,595,802	1,271,535
Hedging derivatives	10,606	225
Debt investments without quoted price in active markets	6,228	6,228
Financial assets carried at cost	10,207	10,207

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; loan receivables; import bill advances/export bill purchases; overdue receivables; acceptance receivables; guarantee payment receivables; and short-term loans.

- (c) Disclosure of obvious concentration of credit risk

When the trading of a commodity is centered in a single industry or location, the ability to fulfill the contract, affected by economic or other factors, is similar; thus the occurrence of obvious concentration of credit risk.

- a) The Bank is a government bank with the objective of coordinating with government policy. Therefore, the majority of loans are to government agencies. The loans of \$476,279 million to government agencies cover 32.35% of the total loans. Of the \$476,279 million of loans to government agencies, 67.12% goes to the central government (\$319,686 million) and 32.88% goes to provincial and local governments (\$156,593 million). For other loan recipients, loans to individuals account for 28.23% of total loans. Loans to manufacturing concerns account for 15.21%, while loans to shipping, warehousing and communications concerns make up 5.50%, and loans to utilities stand at 4.54%.

Unit: Million NTD

Industry Type	December 31, 2006	
	Book Value (Note 1)	Greatest Credit Exposure (Note 2)
Government agencies	\$ 476,279	156,593
Individual	415,522	415,522
Manufacturing	223,913	223,913
Shipping, warehousing and communications	80,927	80,927
Utilities	66,896	66,896
Others	208,507	208,507
Subtotal	<u>\$ 1,472,044</u>	<u>1,152,358</u>

Note 1: The book value means the outstanding amounts of discounts, overdrafts, treasury overdrafts, guarantee overdrafts, short-term, medium-term and long-term secured/unsecured loans, loan receivables, and import bill advances/export bill purchases.

Note 2: The greatest credit exposure is the remaining amount when loans to the central government are deducted from book value.

- b) Loan exposure of the Bank categorized by region is mainly in domestic sales. Domestic loans of \$1,392,701 million accounted for 94.61% of total loans, while foreign loans of \$79,343 million accounted for 5.39% of total loans.

Unit: Million NTD

Area Type	December 31, 2006	
	Book Value (Note 1)	Greatest Credit Exposure (Note 2)
Domestic	\$ 1,392,701	1,073,015
Foreign	79,343	79,343
Subtotal	<u>\$ 1,472,044</u>	<u>1,152,358</u>

Note 1: The book value means the outstanding amounts of discounts, overdrafts, treasury overdrafts, guarantee overdrafts, short-term, medium-term and long-term secured/unsecured loans, loan receivables, and import bill advances/export bill purchases.

Note 2: The greatest credit exposure is the remaining amount when loans to the central government are deducted from book value.

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

The Bank's terms and conditions are not applicable to loan commitments, net settlement agreements, and offset rights, but rather conform to SFAS 34.

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 June 2006 was 42.84%. 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, 2006, is as follows:

Unit: Thousand NTD

	December 31, 2006				
	1st-30th day	31st--90th day	91st-365th day	Over a year	Subtotal
Asset					
Cash	\$ 27,232,819	-	-	-	27,232,819
Due from Central Bank and call loans to banks	156,968,762	265,305,836	214,247,668	52,893,140	689,415,406
Financial assets at fair value through profit or loss, net	11,168,004	2,534,261	2,345,192	15,762,719	31,810,176
Bonds and bills purchased under resell agreements	23,260,882	2,507,200	-	-	25,768,082
Receivables, net	8,339,887	102,079	23,818	65,909,266	74,375,050
Loans and discounts, net	87,029,841	127,197,202	248,747,977	1,009,068,320	1,472,043,340
Available-for-sale financial assets, net	27,849,992	18,133,086	22,716,060	111,449,532	180,148,670
Held-to-maturity financial assets, net	-	-	295,580	4,499,266	4,794,846
Investments under equity method, net	-	-	-	34,485,337	34,485,337
Debt investments without quoted price in active markets	-	-	60,207	6,167,450	6,227,657
Financial assets carried at cost	-	-	-	10,207,315	10,207,315
Nonperforming loans	386,637	673,931	4,264,293	10,997,072	16,321,933
Hedging derivatives assets	163,250	62,236	-	-	225,486
Total Assets	\$ 342,400,074	416,515,831	492,700,795	1,321,439,417	2,573,056,117
Liability					
Due to Central Bank and other banks	\$ 86,677,229	75,406,548	42,417,799	43,029,800	247,531,376
Payables	4,493,401	310,586	122,198	45,686,657	50,612,842
Financial liabilities measured at fair value through profit or loss	152,066	822,600	-	562,917	1,537,583
Bonds and bills sold under repurchase agreements	17,308,531	1,219,918	-	-	18,528,449
Hedging derivatives liabilities	41,875	-	-	-	41,875
Other financial liability	-	-	-	1,678,996	1,678,996
Deposits and remittances	179,780,176	241,443,810	747,097,195	965,879,669	2,134,200,850
Total Liabilities	\$ 288,453,278	319,203,462	789,637,192	1,056,838,039	2,454,131,971

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 June 30, 2006, 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 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, 2006				
	1st-30th day	31st-90th day	91st-365th day	Over a year	Subtotal
Asset					
Current Financial Assets					
Financial assets measured at fair value through profit or loss - current	\$ 11,168	2,534	2,345	15,763	31,810
Bonds and bills purchased under resell agreements	23,261	2,507	-	-	25,768
Available-for-sale financial assets - current	27,850	18,133	22,716	14,470	83,169
Held-to-maturity financial assets - current	-	-	296	-	296
Hedging derivatives assets - currency	163	62	-	-	225
Debt investment without quoted price in active markets - current	-	-	60	-	60
	<u>62,442</u>	<u>23,236</u>	<u>25,417</u>	<u>30,233</u>	<u>141,328</u>
Due from Central Bank and call loans to banks	<u>160,783</u>	<u>265,306</u>	<u>214,248</u>	<u>52,893</u>	<u>693,230</u>
Loans and discounts	<u>80,933</u>	<u>127,197</u>	<u>248,748</u>	<u>1,009,068</u>	<u>1,465,946</u>
Long-term investment					
Investments under equity method	-	-	-	34,485	34,485
Available-for-sale financial assets - noncurrent	-	-	-	96,980	96,980
Held-to-maturity financial assets - noncurrent	-	-	-	4,499	4,499
Financial assets carried at cost	-	-	-	10,207	10,207
Debt investment without quoted price in active markets - non-current	-	-	-	6,168	6,168
	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,339</u>	<u>152,339</u>
Other assets	<u>16,996</u>	<u>4,066</u>	<u>1,486</u>	<u>227,361</u>	<u>249,909</u>
Total Assets	<u>\$ 321,154</u>	<u>419,805</u>	<u>489,899</u>	<u>1,471,894</u>	<u>2,702,752</u>
Liabilities					
Current Financial Assets					
Financial liabilities measured at fair value through profit or loss -current	\$ 152	823	-	563	1,538
Bonds and bills sold under repurchase agreements	17,308	1,220	-	-	18,528
Hedging derivatives liabilities - currency	42	-	-	-	42
Other financial liabilities	-	-	-	142	142
	<u>17,502</u>	<u>2,043</u>	<u>-</u>	<u>705</u>	<u>20,250</u>
Deposits	<u>184,197</u>	<u>253,535</u>	<u>772,882</u>	<u>965,880</u>	<u>2,176,494</u>
Remittances	<u>81,723</u>	<u>63,316</u>	<u>16,633</u>	<u>163</u>	<u>161,835</u>
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,674</u>	<u>32,674</u>
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,537</u>	<u>1,537</u>
Other liabilities	<u>8,673</u>	<u>3,280</u>	<u>12,105</u>	<u>72,823</u>	<u>96,881</u>
Total Liabilities	<u>\$ 292,095</u>	<u>322,174</u>	<u>801,620</u>	<u>1,073,782</u>	<u>2,489,671</u>
Stockholders' equity	<u>\$ 29,059</u>	<u>97,631</u>	<u>(311,721)</u>	<u>398,112</u>	<u>213,081</u>

(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 June 30, 2006, was as follows:

Item	NTD	USD
Available-for-sale financial assets		
Government bonds	3.753%~6.961%	4.360%~10.375%
Financial bonds	2.110%~2.300%	4.125%~7.874%
Corporate bonds	1.960%~2.700%	0.000%~6.819%
Negotiable certificates of deposit by Central Bank	1.710%~1.806%	-
Taipei City Government bonds	4.619%	-
Second financial bonds	2.800%	-
Financial bonds	-	5.570%~6.420%
Real estate investment trust	-	5.500%~5.750%
Foreign organization bonds	-	5.920%
Held-to-maturity financial assets		
Second financial bonds	1.806%~3.300%	-
Corporate bonds	1.643%~2.270%	-
Debt investment without quoted price in active markets		
Asset-backed commercial paper	1.680%	-
Financial bonds	2.108%~2.200%	-
Real estate investment trust	-	5.650%~5.770%
Loans and discounts		
Short-term loans	1.340%~18.000%	5.000%~9.250%
Medium-term loans	1.390%~18.000%	4.799%~8.850%
Long-term loans	1.024%~9.350%	5.750%~6.932%
Liabilities		
Short-term loans	-	5.310%~5.620%
Hedging derivatives liabilities		
IRS	-	5.356%~10.540%

5. Fair-value hedge and cash flow hedge

In accordance with hedge accounting policies of the Bank, risk hedging can be categorized into fairvalue hedge, cash flow hedge, and hedge of a net investment in a foreign entity. When the above three hedging relations satisfy all conditions of hedge accounting, the gain-loss value created by offsetting changes in fair value of the hedging instrument and hedged item is recognized, and the accounting handling 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) Cash flow hedge: Gain or loss on hedging instruments is a measure of the hedging efficiency and shall be recognized as adjustment of owner's equity. The lower of "cumulative gain or loss on hedging instruments" or "cumulative gain or loss on cash flow hedging instruments" after hedging commences shall be recognized. Ineffective hedging is recognized as current income. If the hedging will create financial assets or liabilities, gain or loss initially reported as adjustment of owner's equity, during the period of time when such assets or liabilities affect gain or loss, should be recognized as current income.

6. Description of hedging

- (a) Currently, the New York, LA, and Singapore branches of the Bank adopt fair value hedge accounting and have IRS as designated hedging instruments to hedge the interest risk exposure of investing in fixed-rate bonds; the hedging strategies are as follows:
 - a) When the interest rate trends up, to avoid effects on income, the Bank adopts fair value hedging by swapping a fixed rate for a floating rate on fixed-rate bonds.
 - b) When the interest rate trends down, to avoid effects on income, the Bank adopts cash flow hedging by swapping a floating rate for a fixed rate on floating-rate notes.

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

Hedging Item	Designated Hedging Instruments	December 31, 2006	
		Original Amount	Fair Value
Foreign bonds	SWAP	\$ 9,261,085	225,486
Foreign bonds	SWAP	1,345,106	(41,875)

(c) Nature of hedged risk:

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

(29) Disclosure of Risk Management Policy**1) Various exposure hedging and avoiding excessive concentration**

A financial commodity refers to a contract when a financial asset is created for one party and a financial liability 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

- 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.
- 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.
- 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 statistics recorded by the Bank include loan assets, transaction assets, and off-balance sheet positions. Loan quotas are used for loans, guarantees, and confirmed credit. Transaction quotas are used in the foreign exchange market, money market, capital market, and financial derivative transactions.

(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

1. Daily evaluation

To control risk, each trading unit carries out a daily assessment of forex trading against trading objectives 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.

2. 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

1. 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.
2. 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 between 10% and 23%.
 - b) Short-term gap analysis: 1-10 day and 11-30 day gaps are calculated; and the period gap is greater than zero.
 - c) 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%.
 - d) 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.

(30) Related-party Transactions

1) Names and relationship of related parties

Name	Relationship
Hua Nan Financial Holdings Co., Ltd.	Investee company of the Bank under the equity method
Taiwan Business Bank, Ltd.	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
Taiwan Assets Management Corp.	The Bank is a director of the company
Taiwan Navigation Co., Ltd	The Bank is a director of the company
Others	Major stockholders, supervisors, directors, managers and their relatives

2) Significant related-party transactions

1. Placement with banks

Name	December 31, 2006		December 31, 2005	
	Amount	Percentage of placement with banks	Amount	Percentage of placement with banks
Hua Nan Financial Holdings Co., Ltd.	\$ 75	-	6,457	0.14
Taiwan Business Bank	3,229	0.08	-	-
	<u>\$ 3,304</u>	<u>0.08</u>	<u>6,457</u>	<u>0.14</u>

2. Deposits of banks

Name	December 31, 2006		December 31, 2005	
	Amount	Percentage of deposits of banks	Amount	Percentage of deposits of banks
Hua Nan Financial Holdings Co., Ltd.	\$ 544,395	1.82	166,135	0.58
Taiwan Business Bank	408,557	1.36	130,247	0.46
	<u>\$ 952,952</u>	<u>3.18</u>	<u>296,382</u>	<u>1.04</u>

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

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

Name	January 1 to December 31, 2006			
	Highest balance	Ending balance	Interest income	Annual interest rate(%)
Hua Nan Financial Holdings Co., Ltd.	\$ 21,370,865	1,867,200	28,983	0.45~6.12
Taiwan Business Bank	846,663	326,500	6,287	0.33~5.48
	<u>\$ 22,217,528</u>	<u>2,193,700</u>	<u>35,270</u>	

Name	January 1 to December 31, 2005			
	Highest balance	Ending balance	Interest income	Annual interest rate(%)
Hua Nan Financial Holdings Co., Ltd.	\$ 8,600,400	1,971,600	51,785	1.19~4.37
Taiwan Business Bank	7,873,654	627,744	14,819	1.19~4.46
	<u>\$ 16,474,054</u>	<u>2,599,344</u>	<u>66,604</u>	

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

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

Name	January 1 to December 31, 2006			
	Highest balance	Ending balance	Interest income	Annual interest rate(%)
Hua Nan Financial Holdings Co., Ltd.	\$ 15,811,211	4,021,611	68,257	1.45~5.37
Taiwan Business Bank	1,666,274	750,950	34,584	3.65~5.64
	<u>\$ 17,477,485</u>	<u>4,772,561</u>	<u>102,841</u>	

Name	January 1 to December 31, 2005			
	Highest balance	Ending balance	Interest income	Annual interest rate(%)
Hua Nan Financial Holdings Co., Ltd.	\$ 13,080,036	3,258,002	64,091	1.20~4.63
Taiwan Business Bank	3,485,500	2,000,000	15,001	1.275~3.27
	<u>\$ 16,565,536</u>	<u>5,258,002</u>	<u>79,092</u>	

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

5. Loans

Name	December 31, 2006		December 31, 2005	
	Amount	Percentage of loans(%)	Amount	Percentage of loans(%)
Tang-Eng Iron Works Co., Ltd.	<u>\$ 1,102,481</u>	<u>0.07</u>	<u>1,342,708</u>	<u>0.10</u>

6. Deposits

Name	December 31, 2006		December 31, 2005	
	Amount	Percentage of deposits(%)	Amount	Percentage of deposits(%)
Taiwan Life Insurance Co., Ltd.	\$ 1,463	-	4,140	-
Kaohsiung Ammonium Sulfate Co., Ltd.	793,416	0.04	20,771	-
Tang-Eng Iron Works Co., Ltd.	469	-	10,162	-
Tai Yi Real-Estate Management Co., Ltd	42,175	-	44,763	-
Others	390,854	0.02	317,001	0.02
	<u>\$ 1,228,377</u>	<u>0.06</u>	<u>396,837</u>	<u>0.02</u>

Apart from an interest rate limit on staff saving deposits, interest rates of related-party transactions are the same as those with other banks.

7. Other

The Bank sold land by tender to Taiwan Life Insurance Co., Ltd. for \$288,729 and recognized gain on disposal amounting \$1,106,161, booked as gain on property transaction.

8. Information regarding affiliates acting as borrowers, guarantors, and collateral providers of the Bank (which are related parties according to Article 32 of the Banking Law) were as follows:

December 31, 2006				
Type	Number of accounts	Amount	Default possibility	
			Normal loan	Overdue Accounts
Consumer loans	3,743	\$ 3,017,925	3,017,916	9
Mortgage loans for employees	2,073	4,086,617	4,082,141	4,476
Other loans to interested parties	1,034	4,779,611	4,776,380	3,231
Loans to others with interested parties acting as guarantors	1,876	1,642,661	1,636,035	6,626
Secured loans with collateral from interested parties	2,668	9,000,641	8,993,203	7,438

December 31, 2005				
Type	Number of accounts	Amount	Default possibility	
			Normal loan	Overdue Accounts
Consumer loans	2,080	\$ 1,003,787	1,003,749	38
Mortgage loans for employees	2,203	5,294,613	5,288,834	5,779
Other loans to interested parties	1,017	5,517,694	5,514,522	3,172
Loans to others with interested parties acting as guarantors	2,261	2,241,273	2,236,211	5,062
Secured loans with collateral from interested parties	2,726	9,623,558	9,615,571	7,987

(31) Pledged Assets

Pledged for	December 31, 2006	December 31, 2005
Guarantee deposit for provisional seizure against defaulted loans and others	\$ 1,345,700	1,635,900
Guarantee deposit for securities trading	275,983	280,352
Guarantee deposit for trust business compensation reserve	50,000	50,000
Negotiable certificates of deposit (accounted for as cash)	20,000,000	20,000,000
	<u>\$ 21,671,683</u>	<u>21,966,252</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, 2006	
	Contract price	Unpaid portion of contract price
Construction contract:		
Construction of Nan Zih Branch	\$ 224,400	172,091
Construction of An-Nan Branch	139,200	139,200
Total	<u>\$ 363,600</u>	<u>311,291</u>

	December 31, 2005	
	Contract price	Unpaid portion of contract price
Construction contract:		
Construction of Information Building	\$ 606,780	108,697
Construction of Tai - Li Branch	104,610	22,484
Total	<u>\$ 711,390</u>	<u>131,181</u>

2) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2006, estimated future lease contract commitments were as follows:

Fiscal Year	Amount
2007	\$ 240,331
2008	136,804
2009	74,258
2010	30,461
2011	13,695
	<u>\$ 495,549</u>

3) Others

	December 31, 2006	December 31, 2005
Collections for customers	\$ 89,042,954	100,026,567
Contract guarantee on behalf of counter-parties	213,006	177,646
Traveler's checks held on consignment	975,490	1,062,068
Marketable securities held as custodian	836,029,951	847,414,283
	<u>\$ 926,261,401</u>	<u>948,680,564</u>
Short-term bills and government bonds under repurchase agreement	<u>\$ 595,667</u>	<u>448,946</u>
Short-term bills under resale agreement	<u>\$ 744,986</u>	<u>449,493</u>

In 2005, a \$60,000,000 line of credit for short-term loans was participated in with Hua Nan Commercial Bank and Taipei Fubon Bank. For the purpose of increasing the yield and having more flexibility of assets, the Bank signed contracts to share the risk with the two banks mentioned above on March 28 and 30, 2005, respectively. The Bank treated the original loan and the risk-sharing contracts as off-balance-sheet accounts.

4) Balance sheet and details of asset management

Trust assets	December 31, 2006	December 31, 2005
Short-term investment		
Investment in funds	\$ 15,050,079	10,127,820
Investment in bonds	142,446	141,225
Common stock investment - marketable securities	7,037,644	2,306,629
Deposits		
Deposits in the Bank	10,461,914	10,155,249
Receivables		
Interest receivable	76,722	84,805
Other assets	122,005	4,304
Total	<u>\$ 32,890,810</u>	<u>22,820,032</u>

Trust liabilities	December 31, 2006	December 31, 2005
Trust capital		
Totten trust	\$ 29,366,097	22,820,032
Marketable securities trust	2,561,923	-
Other liabilities	962,790	-
Total	<u>\$ 32,890,810</u>	<u>22,820,032</u>

Details of trust	December 31, 2006	December 31, 2005
Short-term investment		
Investment in funds	\$ 15,050,079	10,127,820
Investment in bonds	142,446	141,225
Common stock investment - marketable securities	7,037,644	2,306,629
Deposits		
Deposits in the Bank	10,461,914	10,155,249
Receivables		
Interest receivable	76,722	84,805
Other assets	122,005	4,304
Trust capital	<u>\$ 32,890,810</u>	<u>22,820,032</u>

Income of trust	December 31, 2006
Trust revenue:	
Capital interest revenue	\$ 5,282
Capital property trade profit	(1,305)
Cash dividend revenue	<u>243,468</u>
	<u>247,445</u>
Trust expense:	
Capital management fee	51,869
Capital property trade loss	(133)
Other expense of capital	<u>5</u>
	<u>51,741</u>
Trust capital	<u>\$ 195,704</u>

(33) Others

1) Personnel, depreciation, depletion, and amortization expenses

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

Function Accounts	2006			2005 (restated)		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Personnel costs:						
Salaries	-	8,190,842	8,190,842	-	8,259,943	8,259,943
Labor and health insurance	-	403,991	403,991	-	395,200	395,200
Pension	-	915,814	915,814	-	816,735	816,735
Other employment	-	1,093,870	1,093,870	-	1,865,954	1,865,954
Depreciation	-	786,722	786,722	-	825,671	825,671
Depletion	-	-	-	-	-	-
Amortization	-	204,195	204,195	-	157,442	157,442

2) Disclosure of risk management policy, systems procedures, and practice for managing various kinds of risks, and the analysis of exposure to main business risks

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

(a) Asset quality

(Units=thousands of New Taiwan dollars,%)

	December 31, 2006		December 31, 2005	
	Amount	Ratio	Amount	Ratio
Overdue loans of Jia	\$ 15,407,131	1.03	15,575,595	1.50
Overdue loans of Yi	4,875,498	0.33	4,447,062	-
Total	20,282,629	1.36	20,022,657	1.50

Note 1: The overdue loans were those reported in accordance with the "Evaluation of Loan Assets".

Note 2: The overdue loans of Jia and Yi were those reported in accordance with Banking Bureau Ruling No. 0941000251 of April 19, 2005.

Note 3: Overdue loan ratio = overdue loans / total loans.

(b) Information on concentration of credit risk

	December 31, 2006		December 31, 2005	
	Industry	Ratio	Industry	Ratio
Lines of credit to related parties	\$ 11,270,365		12,122,805	
Ratio of lines of credit to related parties to total credit lines		0.73		0.87
Percentage of credit secured by stock		0.07		0.10
Concentration of credit risk by industry (top 3)	Government	30.84	Government	33.36
	Private	26.91	Private	26.16
	Manufacturing	14.15	Manufacturing	14.91

Note 1: Total credit lines include remittance bills, negotiation drafts under letters of credit, loans, discounts, acceptance receivables and guarantee receivables.

Note 2: Ratio of lines of credit to related parties to total credit line = Lines of credit issued to related parties (defined by Banking Law) / Total credit lines.

Note 3: Ratio of lines of credit mortgaged by stock = Lines of credit secured by stock / Total credit lines.

(c) Loans, nonperforming loans, and policy on reserve for investment loss

For the Evaluation of Loan and Non-Loan Assets, the Bank should evaluate based on the regulations and provide an allowance for bad debt and reserve for investment loss, with the consideration of the following terms as the fundamental standard.

- a) The First Category - 0.15% of the loan assets.
- b) The Second Category - 2% of the loan assets.
- c) The Third Category - 10% of the loan assets.
- d) The Fourth Category - 50% of the loan assets.
- e) The Fifth Category - 100% of the loan assets.
- f) Losses on Non-Loan Assets are evaluated based on generally accepted accounting principles.

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

Please see note 4(25).

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

	December 31, 2006		December 31, 2005	
	Average value	Average rate (%)	Average value	Average rate (%)
Assets				
Call loans to banks	\$ 80,646,367	3.43	71,651,792	2.22
Deposits of Central Bank	571,541,385	1.60	546,207,446	1.44
Bills and securities purchased	193,955,243	3.37	299,444,365	2.34
Loans, discounts and bills purchased	1,435,421,229	2.76	1,289,291,857	2.49
Liabilities				
Placement with Central Bank	13,479,799	-	12,393,706	-
Placement with banks	178,947,652	3.36	155,470,261	2.20
Borrowed from Central Bank and other banks	2,265	0.13	3,746,246	2.53
Savings deposits	102,557,047	0.78	106,250,199	0.51
Demand savings deposits	317,158,848	1.20	300,304,506	1.49
Time savings deposits	1,148,759,129	2.85	1,132,287,056	2.51
Time deposits	311,556,812	2.75	281,093,275	1.88
Government deposits	234,117,202	0.77	252,623,830	0.74

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

Interest-rate-sensitive assets and liabilities sheet - for NTD

	1-90 Days	91-180 Days	181 Days to One Year	Over One Year	total
Interest rate-sensitive assets	\$ 723,321,081	276,797,000	156,439,000	1,068,813,330	2,225,370,411
Interest rate-sensitive liabilities	391,024,664	236,372,000	506,575,000	1,014,467,000	2,148,438,664
Interest rate-sensitive GAP	332,296,417	40,425,000	(350,136,000)	54,346,330	76,931,747
Net worth					214,454,272
Ratio of interest rate-sensitive assets to liabilities					103.58
Ratio of interest rate-sensitive gap to net worth					35.87

Interest-rate-sensitive assets and liabilities sheet - for USD

	1-90 Days	91-180 Days	181 Days to One Year	Over One Year	total
Interest rate-sensitive assets	\$ 6,088,522	1,955,125	878,202	462,439	9,384,288
Interest rate-sensitive liabilities	6,491,011	2,027,908	734,173	59,409	9,312,501
Interest rate-sensitive GAP	(402,489)	(72,783)	144,029	403,030	71,787
Net worth					(2,409)
Ratio of interest rate-sensitive assets to liabilities					100.77
Ratio of interest rate-sensitive gap to net worth					(2,979.95)

5) Major foreign currency position, net

(Units: thousands of stated currencies)

	December 31, 2006		December 31, 2005	
	Amount in functional currency	Amount in New Taiwan dollars	Amount in functional currency	Amount in New Taiwan dollars
Major foreign currency position, net (market risk)	USD 106,469	3,476,213	USD 101,258	3,327,338
	JPY 3,022,057	828,648	JPY 3,041,988	847,498
	HKD 76,945	323,184	HKD 76,519	324,303
	SGD 15,435	328,116	SGD 14,990	295,822
	ZAR 13,892	64,751	ZAR 50,736	262,361

6) Profitability

1. For the years ended December 31, 2006 and 2005, information on return on assets, return on net equity, and net income to operating revenue was as follows:

Item		December 31, 2006	December 31, 2005 (restated)
Return on total assets	Before income tax	0.42	0.51
	After income tax	0.41	0.56
Return on net worth	Before income tax	5.76	7.56
	After income tax	5.61	8.32
Profit margin		38.11	51.40

Note 1: Return on assets = Profits before income taxes / Average assets

Note 2: Return on net equity = Profits before income taxes / Average net equity

Note 3: Net income tax operating revenue = Net income before income taxes / Operating revenue

2. Duration analysis of assets and liabilities

Term Structure Analysis of NTD-denominated Assets & Liabilities

	Total	December 31, 2006				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year
Major matured capital inflow	\$ 2,488,128,410	396,306,825	381,325,244	290,944,928	183,060,129	1,236,491,284
Major matured capital outflow	2,713,447,042	207,941,435	237,973,416	240,416,487	513,908,390	1,513,207,314
Capital GAP	(225,318,632)	188,365,390	143,351,828	50,528,441	(330,848,261)	(276,716,030)

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-denominated Assets & Liabilities

	Total	December 31, 2006				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year
Major matured capital inflow	\$ 8,129,524	1,898,302	1,623,011	1,390,221	846,267	2,371,723
Major matured capital outflow	8,071,357	3,851,963	1,088,416	743,608	757,479	1,629,891
Capital GAP	58,167	(1,953,661)	534,595	646,613	88,788	741,832

Note: The table includes only assets and liabilities denominated in USD held in head office and domestic and overseas branches and OBU.

3. Capital adequacy

	December 31, 2006	December 31, 2005
Regulatory capital, net	\$ 138,191,632	134,250,174
Risk-weighted assets total	1,075,106,835	1,072,085,010
Capital adequacy ratio	12.85	12.52
1. Category 1 capital	16.51	16.10
2. Category 2 capital	1.66	1.99
3. Category 3 capital	-	-
Total liabilities / shareholders' equity	7.88	6.85

(34) Notes to Disclosure Items

1) Information of significant transactions

1. 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:

Company name	Marketable securities type and name	Financial statement account	Counter-party	Nature of relationship	Beginning Balances		Acquisition		Disposal		Ending Balance			
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying value	Gain (loss) on disposal	Shares	Amount
The Bank	Tang Eng Iron Works Co., Ltd.	Investments under equity method	Open market	-	154,008,511	2,239,563	-	-	83,684,741	1,362,662	1,384,644	373,547	70,323,770	1,485,324
	Cathay Financial Holding Co., Ltd.	Available-for-sale financial assets	"	-	130,822,492	360,137	5,341,706	-	51,323,000	3,494,427	137,643	3,342,156	84,841,198	222,494
	Taiwan Navigation Co., Ltd.	"	"	-	24,755,838	146,763	1,730,050	-	26,485,888	565,800	146,763	416,574	-	-

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

3. Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital:

Disposing Company	Property Title	Transaction Date	Original Date Acquired	Book Value	Transaction Amount	Conditions of Payment	Disposal Gain/Loss	Bargainer	Relationship	Purpose of Disposal	Reference for Price	Other
The Bank	No. 25, 25-9 Xing-Fu Sector 1 st sec., Jia-Yi City, land and building	2006.08.10	1946.05.20	398,688	511,880	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	113,192	Hungtu Construction Co., Ltd.	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 399,000 thousand dollars.)	None
The Bank	No. 455 Guang-Shun Sector, Xi-Tun District, Tai-Zhong City, land and building	1966.08.10	1996.10.10	128,341	1,211,290	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	1,082,949	Sweeten Construction Co., Ltd.	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 761,000 thousand dollars.)	None

Disposing Company	Property Title	Transaction Date	Original Date Acquired	Book Value	Transaction Amount	Conditions of Payment	Disposal Gain/Loss	Bargainer	Relationship	Purpose of Disposal	Reference for Price	Other
The Bank	no. 55-5, 55-27, 57-45, 57-400, 57-428, Tu-Ku Sector, Xi District, Tai-Zhong City, land and building	2006.08.29	1972.11.11	288,729	1,394,890	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	1,106,161	Taiwan Life Instance Co., Ltd.	The investee by equity method of The Bank	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 815,000 thousand dollars.)	None
The Bank	No. 55-4, 55-18, 55-25, Tu Ku Sector, Xi District, TaiZhong City, land and building	2006.08.29	1972.01.01	205,411	855,508	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	650,097	Mrs. Lee Zhang Li Li	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 517,000 thousand dollars.)	None
The Bank	No. 178, 179, 179-1, 180, 181, 182, 183, 183-1, 183-2, 183-3, 183-4, 183-5, Min De Sector, Hua Lian city, land and building	2006.08.29	1949.01.01	186,377	345,700	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	159,323	Mr. Lee Rui Yong Mr. Cai Jia Bang	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 344,000 thousand dollars.)	None
The Bank	No. 7, 7-3, 8-1, 10, 11, Zhang-Zheng Sector, 3st, Sec., Xin Yi District, Ji Long City, land and building	2006.10.31	1951.08.01	161,887	365,500	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	203,613	Qing Shun construction Co., Ltd.	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 364,700 thousand dollars.)	None

Disposing Company	Property Title	Transaction Date	Original Date Acquired	Book Value	Transaction Amount	Conditions of Payment	Disposal Gain/Loss	Bargainer	Relationship	Purpose of Disposal	Reference for Price	Other
The Bank	No. 265-7, 265-39, 299-17, 299-18, 299-20, 299-21, Da Long Sector, 1 st Sec., Da Tong District, Taipei City, land	2006.12.28	1949.01.01	240,712	1,109,838	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	869,126	Huang Hsiang Construction Co., Ltd.	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 613,300 thousand dollars.)	None
The Bank	NO. 694-698, 698-1, 699-702, 754, 763, 764, 769, 775, 775-1, Lu Chuan Sector, Xin Ying City, Tai Nan County, land and building	2006.12.28	1949.11.01	238,461	335,500	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	97,039	Mr. Huang Zheng Yuan	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 332,500 thousand dollars.)	None
The Bank	No. 4, 4-1, Shuang-Lian Sector 2st, Sec., Da Tong District Taipei City, land and building	2006.12.28	1949.01.01	319,884	1,432,000	Bidder prepays 10% of the floor price as deposit at the time of bidding; after bid-opening, the bidder makes the payment at once within 40 days after receiving the Notice of Payment.	1,112,116	Huaku Construction Co., Ltd.	None	To reach budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the board of audit, the floor price is verified by the general manager and published for bidding. (The floor price for bidding is 634,000 thousand dollars.)	None

4. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
5. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
6. Information regarding selling non performing loans for which the amount exceeded NT\$5 billion: 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 investor	Name of the investee	Investee location	Investee's main operations	Original investment amount		Held by investor at year-end			Net income (loss) of investee	Gain (loss) recognized during the period	Remarks
				December 31, 2006	December 31, 2005	Shares (thousand)	Ratio	Book value			
The Bank	Hua Nan Financial Holdings Co., Ltd.	No. 38, Sec. 1, Chongching S. Rd. Taipei City, Taiwan	Financial Holdings	8,105,279	8,105,279	1,753,059,836	29.36	26,625,899	7,951,076	2,291,338	Investee company of the Bank under the equity method
"	Taiwan Life Insurance Co., Ltd.	No.17, Syuchang St., Taipei City, Taiwan	Life Insurance	812,325	812,325	132,853,223	—	3,529,416	1,582,586	365,100	"
"	Tang-Eng Iron Works Co., Ltd.	5F., No.53, Tonghua 4th Rd., Kaohsiung, Taiwan	Iron Industry	1,406,475	3,080,170	70,323,770	20.09	1,485,324	2,302,749	996,243	"
"	Kaohsiung Ammonium Sulfate Co., Ltd.	No.18, Jhangbinsiangong 2nd Rd., Siansi Township, Changhua County, Taiwan	Liquidation	1,377,872	1,377,870	303,131,576	91.86	2,831,326	307,885	280,255	"
"	Tai Yi Real-Estate Management Co., Ltd.	3F., No.56, Dunhua N. Rd., Taipei City, Taiwan	Real Estate Service	3,793	3,793	1,500,000	30.00	13,372	(1,287)	(386)	"

2. Lending to other parties: none.

3. Guarantees and endorsements for other parties: none.

4. Information regarding securities held as of December 31 2006:

Name of company which holds securities	Category and name of security	Relationship between issuer of security and the Bank	Account name	Year-end				Remarks
				Number of shares	Book value	Percentage of shares	Market value	
Hua Nan Financial Holdings Co., Ltd.	Stock:							
"	Hua Nan Commercial Bank	Subsidiary	Long-term equity investment	3,709,100,000	76,500,545	100.00	76,500,545	Note 1
"	Hua Nan Securities Co., Ltd.	"	"	811,174,346	10,875,557	100.00	10,875,557	"
"	Hua Nan Bills Finance Corp.	"	"	230,000,000	2,323,636	57.49	2,323,636	"
"	South China Insurance Co., Ltd.	"	"	200,138,625	2,453,455	100.00	2,453,455	"
"	Hua Nan Investment Trust Corp.	"	"	40,200,959	513,004	100.00	513,004	"
"	Hua Nan Venture Capital Co., Ltd.	"	"	100,000,000	974,230	100.00	974,230	"
"	Hua Nan Management & Consulting Co., Ltd.	"	"	600,000	7,779	60.00	7,779	"
"	Hua Nan Asset Management Co., Ltd.	"	"	100,000,000	1,001,325	100.00	1,001,325	"
"	Debt Instruments Depository and Clearing Co., Taiwan	Cost-method investee	"	706,512	18,314	0.25	18,314	Note 2
"	Taipei Financial Center Corp.	"	"	49,000,000	294,000	2.00	294,000	"
"	Bond:							
HNCB Insurance Agency Co., Ltd.	Government Bond - 89-7	-	Guarantee deposits	7,500	8,458	-	11,051	"
"	Beneficiary certificate:							
Hua Nan Investment Trust Corp.	Hua Nan Yung Chong Fund	"	"	1,825,558	17,105	-	17,105	"
"	Hua Nan Flamingo Balance Fund	"	"	1,991,814	20,642	-	20,642	"
"	Hua Nan Vision Tech Fund	"	"	469,314	5,463	-	5,463	"

Name of company which holds securities	Category and name of security	Relationship between issuer of security and the Bank	Account name	Year-end				Remarks
				Number of shares	Book value	Percentage of shares	Market value	
"	Hua Nan Global Balance Fund	"	"	987,840	10,121	-	10,121	"
"	Hua Nan Long-Win Balance Fund	"	"	1,184,125	13,240	-	13,240	"
	Stock:							
Hua Nan Venture Capital Co., Ltd.	Taiwan Futures Exchange	Cost-method investee	Long-term equity investment	700,000	7,000	0.35	7,000	"
"	CSC Securities An Wen Fund	-	Financial assets measured at fair value through profit or loss	2,055,664	30,609	-	30,609	"
"	CSC Securities An Xin Fund	-	"	1,280,115	15,003	-	15,003	"
"	Inotera Memories, Inc.		"	335,000	13,099	0.01	13,099	"
"	Taiwan Hi-Tech Corp.	The president is the same as the Corporation's	"	3,288,600	30,000	9.37	30,000	"
"	Agon-Tech Corp.	-	"	649,000	14,337	4.76	14,337	"
"	Nano Amp Solutions, Inc.	-	"	200,000	26,992	0.59	26,992	"
"	Genesis Photonics Inc.	-	"	1,965,700	25,214	3.93	25,214	"
"	Applied Wireless Identification Group	-	"	1,200,000	40,644	4.49	40,664	"
"	Groundhog Technologies Inc.	-	"	1,666,667	32,202	5.40	32,202	"
"	Therion Biologics Corporation	-	"	227,272	-	0.25	(18)	"
"	Nanopolymer Composites Corporation	-	"	3,300,000	33,000	8.15	33,000	"
"	Altea Therapeutics Corporation	-	"	344,827	31,995	1.67	31,995	"
"	Essence Technology Solution, Inc.	-	"	660,000	11,880	2.35	11,880	Note 2
"	Microcosm Technology Co., Ltd.	-	"	455,400	13,890	0.65	13,890	"
"	Inno Lux display Corporation	-	"	800,000	47,280	0.03	47,280	"
"	Pacific Tech Miroeleconics	-	"	1,066,666	26,659	6.67	26,659	Note 2
"	Legend Display Technology Co., Ltd.	-	"	1,000,000	25,000	7.04	25,000	"
"	Applied Photonics Inc.	-	"	642,425	23,537	6.96	23,537	"
"	MechanicNet Group, Inc.	-	"	200,000	9,597	1.18	9,597	"
"	Viking Tech Co.	-	"	1,000,000	22,978	1.83	22,978	"
"	Feature Integration Technology Inc.	-	"	1,500,000	33,000	5.23	33,000	"
"	SuperAlloy Industrial Co., Ltd.	-	"	800,000	36,000	2.20	36,000	"
"	Kionic, Inc.	-	"	2,308,238	26,504	1.04	26,504	"
"	Ultra-Pak Industries Co., Ltd.	-	"	1,000,000	24,000	3.70	24,000	"
"	Inotera Memories, Inc.	-	"	500,000	19,550	0.02	19,550	"

Name of company which holds securities	Category and name of security	Relationship between issuer of security and the Bank	Account name	Year-end				Remarks
				Number of shares	Book value	Percentage of shares	Market value	
"	Repurchase bonds:	"	"					
Hua Nan Future Management Corp.	Government Bond 97-1	-	Cash and cash equivalent	-	5,600	-	5,600	"
"	Commercial Check	-	"	-	5,025	-	5,025	"
"	Stock:							
"	Taiwan Futures Exchange	-	Financial assets carried at cost	2,875,000	28,750	1.44	28,750	"
"	Fund:							
"	Yung Chong Globle Short Term Fixed Income Fund	Related party in substance	Financial assets measured at fair value through profit or loss	2,000,000	20,420	-	20,420	"
Hua Nan Holdings Corp.	Hua Nan Securities (HK) Limited	Indirect investment	Long-term equity investment	7,997,500	USD 20,590	100.00	USD 20,590	Note 1
"	Hua Nan International Limited	"	"	500,000	USD 480	100.00	USD 480	"
"	Huan Nan Asset Management Corporation	"	"	150,000	USD 1,192	100.00	USD 1,192	"
Hua Nan Asset Management Corporation	U.S. Government Securities (10 years)	-	Financial assets measured at fair value through profit or loss	2,000,000	USD 1,998	-	USD 2,003	"
"	ChiMei ECB	-	"	250,000	USD 250	-	USD 259	"

Note 1: The net value calculation was based on the investee's audited financial statements.

Note 2: The market values of the listed and over-the-counter investees accounted for by the cost method were determined at the average daily closing prices for the last month of the accounting period. The market values of the beneficiary certificates were their net asset values as of December 31, 2006. The market values of bonds were based on the reference prices of the over-the counter securities exchange as of December 31, 2006. The net value calculations of the non-listed companies, except Taiwan Futures Exchange Corporation, were based on the latest unaudited financial statements.

Note 3: Financial assets are recorded at cost in accordance with SFAS No. 35 "Impairment of Assets". The impairment loss was \$15,858.

5. Information regarding securities for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital:

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Hua Nan Financial Holdings Co., Ltd.	Hua Nan Asset Management Co., Ltd.	Investment under equity method	Issuance and reduction of capital	-	30,000,000	383,761	155,000,000	1,550,000	144,799,041	-	1,447,990	-	40,200,959	513,004
Hua Nan Commercial Bank Co., Ltd.	Taiwan Business Bank Co., Ltd.	Available-for-sale financial assets	Open market	-	78,480,124	558,968	-	-	78,480,124	553,756	558,968	(5,212)	-	-

6. 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.
7. Information on the disposal of the real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid in capital: none.
8. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million:

Name of company which accounted for receivable from related party	Name of counter-party	Relationship with the Bank	Transaction details		Reason for difference	Remarks
			Amount	Fee rate		
Hua Nan Yung-Chong Securities Co.	Hua Nan Bank	Subsidiary	17,142	-	-	

9. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid in capital: none.
10. Information regarding trading in derivative financial instruments: not applicable.
11. Information regarding selling non performing loans for which the amount exceeded NT\$5 billion: none.
12. Other material transaction items which were significant to people who use the information in the financial statements: none.

3) Information regarding investments in Mainland China: none.

(35) Segment Information

not applicable.



Review and Analysis of Financial Results, and Risk Management



I. Financial Status

Unit: NT\$1,000

Items	Date	Dec. 31, 2006	Dec. 31, 2005 (restated)	Fluctuation	
				Amount	%
Total Assets		2,702,751,576	2,582,290,265	120,461,311	5
Total Liabilities		2,489,670,495	2,405,489,669	84,180,826	3
Total Shareholders' Equities		213,081,081	176,800,596	36,280,485	21

The change in shareholder equity over the past two years exceeded 20%, and the amount of the change surpassed NT\$10 million. The primary reason for this change is that beginning on Jan. 1, 2006, the SFAS No. 34, "Accounting Criteria for Financial Products" and SFAS No. 36, "Expression and Exposure of Financial Products" were adopted for the first time. According to the provisions of SFAS No. 34, beginning in the fiscal year in which the SFAS is used for the first time, financial assets and liabilities for the beginning of the period should be measured according to fair value and post-amortization cost. After re-categorization and measurement in accordance with the regulations, the unrealized profit or loss on Assets Available for Sale under the "Other Items" column of Shareholder Rights was adjusted to NT\$30,407,834,000.

II. Operating Results

Unit: NT\$1,000

Items	Year	2006	2005(restated)	Increase (Decrease)	% Change
Operating revenues		77,168,124	63,746,220	13,421,904	21
Operating costs		58,532,682	44,584,220	13,948,462	312
Operating gross profit		18,635,442	19,162,000	(526,558)	(3)
Operating expenses		14,556,005	14,702,173	(146,168)	(10)
Operating income		4,079,437	4,459,827	(380,390)	(53)
Non-operating revenue and income		8,164,240	10,687,828	(2,523,588)	(24)
Non-operating expenses and losses		1,017,164	2,233,321	(1,216,157)	(54)
Net income-before tax		11,226,513	12,914,334	(1,687,821)	(13)
Income tax expense		421,067	972,951	(551,884)	(57)
Cumulative effect of changes in accounting principles		122,901	2,264,170	(2,141,269)	(95)
Net income-after tax		10,928,347	14,205,553	(3,277,206)	(23)

Analysis of increased/decreased ratios:

- (1) Operating revenues: The increase in income for this fiscal year was due mainly to an increase in the amount of loans and a steady recovery in interest rates, leading to an increase of NT\$9,682 million in interest income. In addition, the "Accounting Criteria for Financial Products" of SFAS No. 34 was used for the first time this year and changes in fair value were listed in profit and loss on financial assets and liabilities, giving an increase in net income of NT\$2,877 million.
- (2) Operating costs: There was an increase in operating costs this fiscal year. Deposits exhibited a growing trend with a steady upturn in interest rates this year. There were relatively large increases in time deposits and preferential-interest deposits, leading to an increase of NT\$11,446 million in interest expenses.
- (3) Non-operating revenue and income: While there was an increase of approximately NT\$689 million in profit from the sale of land and other real estate, there was a net reduction in non-operating revenue and income during this year, mainly due to a reduction in reserve allocation for losses on bad debt led to a reduction of NT\$3,217 million in miscellaneous income.
- (4) Non-operating expenses and losses: Non-operating expenses and losses declined during this year, mainly because losses on assets dropped by NT\$801 million and miscellaneous expenses were reduced by NT\$426 million.
- (5) Cumulative effect of changes in accounting principles: The cumulative effect of changes in accounting principles for this fiscal year was booked at NT\$123 million due to the adoption of the "Accounting Criteria for Financial Products" of SFAS No. 34 beginning this year.

III. Cash Flow

1. Liquidity Analysis for the Past Year

(1) Cash Flow Analysis

Unit: NT\$1,000

	2006	2005	Increase or Decrease	% Change
Net cash inflow (outflow)	(33,263,791)	(347,039,646)	(313,775,855)	(90)

Net cash outflow in 2006 was NT\$313.77 billion less than in the previous year. The main reasons were as follows:

	Amount
Decrease in net cash inflow from operating activities	\$(11,149,163)
Decrease in placement with Central Bank	369,722,803
Increase in loans, discounts and bills purchased	(78,297,301)
Increase in deposits of banks	54,547,127
Decrease in deposits and remittances	(16,680,952)
Others	(4,366,659)
	\$313,775,855

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

2. Cash Flow Analysis for the Coming Year (On July 1, 2007 the Bank will carry out a merger with the Central Trust of China)

Unit: NT\$1,000

Balance of Cash at Beginning (a)	Annual Net Cash Flow from Business Activities (b)	Annual Cash Outflow (inflow) (c)	Remaining of Cash (Shortage) (a)+(b)-(c)	Remedy for Estimated Cash Shortage	
				Investment Plan	Financial Management Plan
199,810,647	19,294,983	474,555,392	693,661,022	-	-

(1) Cash Flow Analysis

- Business activities: Due primarily to a new cash inflow of NT\$19,294,983,000 produced by business activities.
- Investment activities: Mainly due to a net cash inflow of NT\$149,986,094,000 from investment activities produced by the sale of land and buildings.
- Financing activities: Primarily a net cash inflow of NT\$324,569,298,000 produced by financing activities as a result of increases in deposits and remittances, interbank deposits, and Central Bank deposits.

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

IV. Influence of Major Capital Expenditures on Financial Operations During Past Years

1. Utilization of Major Capital Expenditures, and Sources of Funds

Unit: NT\$1,000

Plan Items	Actual or Projected Sources of Funds	Actual or Projected Date of Completion	Needed Capital	Actual or Projected Funds Utilization					
				2003	2004	2005	2006	2007	2008
Construction of Nantze Branch Premises	Fixed assets-Non-plan capital expenditures-Buildings and structures	Dec. 2007	187,706	1,101	0	104,785	0	63,693	18,127
Construction of Tali Branch Premises	Fixed assets-Non-plan capital expenditures-Buildings and structures	Apr. 15, 2006	118,404	736	57,980	59,688	0	0	0
Construction of Aanan Branch Premises	Fixed assets-Non-plan capital expenditures-Buildings and structures	Feb. 2008	120,219	718	0	41,944	0	17,557	60,000
Total			426,329	2,555	57,980	206,417	0	81,250	78,127

2. Projected Potential Benefit

Potential benefits are expected through enhancement of the Bank's corporate image and service quality, stabilization of the Bank's business locations, and expansion of the service network; in addition to saving rental costs, via increased rental income through the leasing of excess office space.

V. Reinvestment Policy for the Past 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 reinvestment. The Bank's profit on long-term equity investment in 2006 amounted to more than NT\$9.6 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 BOT is currently engaged in a merger project with the Central Trust of China, and the merger of some of its reinvested enterprises with the BOT is expected to be completed in the first half of 2007.

VI. Risk Management

1. The BOT's Risk Management Organizational Framework and Policy

(1) Organizational Framework of Risk Management

The BOT's organizational framework for risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and other units.

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 operates under the Board of Directors, implementing risk management policies approved by the Board of Directors and coordinating interdepartmental risk management matters. The Department of Risk Management is the Bank's independent unit responsible for risk management affairs bank-wide. The units in charge of different areas of business coordinate with the Department of Risk Management in carrying out bank-wide risk

controls in regard to business management as well as new types of business and new products. Each unit carries out risk management in the prosecution of its business in accordance with the Bank's related regulations.



(2) Risk Management Policy

The risks encountered by the Bank in the pursuit of businesses included in its balance sheets as well as off-book businesses must all be encompassed within risk management, including credit risk, market risk, operations risk, banking book interest-rate risk, liquidity risk, country risk, and legal risk.

- a. Capital adequacy is monitored in regard to the Bank's business scale, credit risk, market risk, and operations risk, as well as future operating trends.
- b. A systematic risk assessment and monitoring mechanism has been established to assess, monitor, and control various kinds of risk.
- c. The management of risk for different areas of business is carried out in consideration of the extent of risk assumption, self-owned capital, characteristics of liabilities, performance, and return.
- d. Methods for the assessment of the Bank's asset quality and for asset categorization have been established so as to control concentrations and large exposures, with reviews carried out on a regular basis and reserves against losses allocated when necessary.
- e. An information security protection mechanism and emergency response plan have been set up for the Bank's business or trading, and for the exchange and use of information.
- f. Risk indexes and an early-warning mechanism have been established to provide for the adoption of appropriate risk controls.
- g. The training of professional risk managers has been strengthened and risk management training has been provided for general employees so as to strengthen the bank-wide risk management culture.

2. Methods of Risk Assessment and Control, and Quantified Information on Exposure

(1) General Formal Disclosure

a. Credit Risk Management

In the extension of credit, the Bank adopts pre-loan credit investigation and has an independent mechanism for the review of loans. Follow-up investigations are carried out for major loans, and the results of reviews are reported regularly. Loan-limit management is imposed for the Bank's responsible person, the Bank's employees, materially related persons, the same person, persons with the same relationships, the same related enterprise, and the same industry. Regulations for the control of risk to business groups, and ratios for the assumption of credit risk for different industries, have been established.

To strengthen management of the Bank's loan assets, the assessment of loan assets is carried out in accordance with the Banking Association's Manual for Bank Asset Assessment and Categorization, and Allocation of Reserves Against Losses, and reserves against losses for bad debts are allocated when necessary.

b. Market Risk Management

The Bank controls risk in the undertaking of trading positions in financial products, where losses might result because of unfavorable changes in market prices. Management rules and methods clearly stipulate the content of products that may be traded, the scope of trading, and the authorization framework for different units and different levels. Complete risk control procedures have been set up and are implemented in daily operations. The content of monitoring encompasses overall and country trading processes for each unit and each financial product, and includes changes in position, changes in profit or loss, trading models, and trading objects, all of which are carried out under the Bank's quotas, stop-loss, and over-limit handling.

c. Operations Risk Management

To reduce operations risk, the Bank has established regulations and operations manuals to serve as a basis for undertaking business of different types. The Bank has also formulated regulations for online operations, information and Internet security management, internal auditing and self-auditing, the outsourcing of data processing, and the outsourcing of operations. Follow-up monitoring is carried out on a scheduled basis to facilitate regulatory compliance and control operations risk.

In response to the increasing complexity and internationalization of dealing in financial derivatives in recent years, the Bank has also established criteria for trading operations and has charged each unit to follow international practice and to sign International Swaps and Derivatives Association (ISDA) contracts with trading counterparts when conducting relevant business operations so as to guard against operations risk.

d. Banking Book Interest Rate Risk and Liquidity Risk Management

To maintain stable operations and strengthen the structure of assets and liabilities, the Bank has established an Assets and Liabilities Management Committee, chaired by the president, to be responsible for bank-wide liquidity positions and associated risk management and analysis, interest-rate risk analysis, and the review of the deposit and loan structure. In addition, an Assets and Liabilities Management Information System has been set up to list the interest-rate-sensitive assets and liabilities for each item of assets and liabilities according to its nature, and to analyze the maturity gaps of assets and liabilities and changes in maturity structure to use as a basis for the management of interest-rate risk and for the setting of prices. Funds are allocated and utilized and the capital structure adjusted as appropriate to the capital situation so as to reduce liquidity risk and boost income.

(2) Credit Risk

a. On-Balance Sheet Items - Credit Risk and Risk-Weighted Assets

Dec. 31, 2006

Unit: NT\$1,000

Items	Risk Weight	Risk-Weighted Assets
Loans to or guaranteed by the central government or central bank, loans to or guaranteed by the central governments or central banks of OECD countries, and local-currency-valued loans to or guaranteed by the central governments or central banks of non-OECD countries	0%	0
Loans to or guaranteed by government agencies (excepting central government agencies) of Taiwan, and loans secured by bonds of government agencies of Taiwan (excluding those of central government agencies)	10%	23,106,549
Loans not valued in local currencies to the central governments and central banks of non-OECD countries, loans to international cooperation institutions, loans to or guaranteed by non-central government agencies of OECD countries, loans to or guaranteed by domestic banks, loans to or guaranteed by banks of OECD countries, loans with maturity within one year to or guaranteed by banks of non-OECD countries, loans guaranteed by the credit guarantee fund	20%	47,756,880
Loans secured by residential real estate	50%	135,134,158
Loans with maturity of one year or more to or guaranteed by banks of non-OECD countries, loans not valued in local currencies to central governments and central banks of non-OECD countries, holdings of non-equity capital instruments of other banks, loans and other assets not listed above	100%	728,902,093
Total		934,899,680

b. Off-Balance Sheet Items - Credit Risk and Risk-Weighted Assets

Dec. 31, 2006

Unit: NT\$1,000

Items	Risk-Weighted Assets
General off-balance sheet transaction	119,102,333
Derivatives	901,505
Bonds sold under agreements to repurchase	592,953
Bonds investment under agreements to resale	1,179,997
Total	121,776,788

c. Classes of Securities Issued, Total Amount Issued, Amount in Circulation, and Repurchase of Assets Entrusted or Transferred by the Originators up to Quarter Prior to Publication of the Annual Report

(None)

(3) Market Risk Capital Accrual and Amount of Risk Assets by Using Standard Method

Dec. 31, 2006

Unit: NT\$1,000

Risk Category	Accrued Capital	Risk-Weighted Assets(Accrued Capital * 12.5)
Interest rate risk	1,336,445	16,705,563
Equity security risk	492,200	6,152,500
Foreign exchange risk	507,046	6,338,075
Commodity risk	0	0
Adoption of simplified method for options	0	0
Total	2,335,691	29,196,138

(4) Market Risk Capital Accrual by Using Internal Models

(None)

(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 Guide-lines 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 in- 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 day and 11-30 day 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, 2006

Unit: NT\$1,000

	Total	Amounts by Time Remaining before Maturity				
		1-30 days	31-90 days	91-180 days	181days-one year	Over one year
Major inflows of matured funds	2,488,128,410	396,306,825	381,325,244	290,944,928	183,060,129	1,236,491,284
Major outflows of matured funds	2,713,447,042	207,941,435	237,973,416	240,416,487	513,908,390	1,513,207,314
Period gap	(225,318,632)	188,365,390	143,351,828	50,528,441	(330,848,261)	(276,716,030)

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, 2006

Unit: US\$1,000

	Total	Amounts by Time Remaining before Maturity				
		1-30 days	31-90 days	91-180 days	181days-one year	Over one year
Assets	8,129,524	1,898,302	1,623,011	1,390,221	846,267	2,371,723
Liabilities	8,071,357	3,851,963	1,088,416	743,608	757,479	1,629,891
Gap	58,167	(1,953,661)	534,595	646,613	88,788	741,732
Accumulated Gap	58,167	(1,953,661)	(1,419,066)	(772,453)	(683,665)	58,167

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

3. 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.

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

(1) Influence of Changes in Technology, and Countermeasures

The rapid advance of information technology has changed the trading habits of customers and, in consequence, the equipment and operating methods of banks have changed as well. The use of automated teller machines, telephone banking, unmanned banks, Internet banks, and electronic banking allows customers to carry out all kinds of cash withdrawals, funds transfer, and collections online and in real time. Besides enabling banks to reduce their operating costs and improve their operating efficiency, this also enables them to use management information to achieve even more effective management.

To strengthen loan risk management, the Bank has established quotas for the assumption of industry risk both by industry and by business group, and for loans to the same corporate group.

(2) Impact of Industrial Changes, and Countermeasures

The Bank holds key industry status and prospects seminars periodically, purchases industrial, economic, and specialized databanks, and has established a databank for inter-industry comparison and analysis of the financial conditions of companies listed on the stock and over-the-counter markets. In addition to these resources, employees can use the Bank's global information network to maintain grasp of the latest industrial changes, enhance the quality of credit investigation and loans, and lower the Bank's business risks.

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

Besides working vigorously to upgrade its service image, streamline operating procedures, and expand authorization limits, the Bank moved in 2004 to mold an image of youth and vigor by emphasizing "Make it happen with vitality, happiness, and hope." In 2005 the emphasis was on "Make a difference with creativity, integration, and action," portraying an image of a young heart, soaring emotion, and lively energy to mold an image of the BOT as a bank with a difference that fully manifests the operating team spirit. In 2006 the slogan "A Wonderful Team" was introduced, and the outstanding performance of a basketball team was used as a background for the introduction of the team ideals of "quick, accurate, fierce" into the Bank's marketing activities and cultivate a corporate vision of "with energy there is force, and with hope there is a future."

6. Expected Results of Merger, Potential Risks, and Countermeasures

Once the BOT and the Central Trust of China are merged, the resulting institution's business scope will encompass a diversified range of banking, insurance, securities, trust, procurement, trade, and gold. It will also have an expanded assets scale and integrated resources that will strengthen its competitiveness.

To allow for abundant communication and coordination regarding the difficulties encountered during the merger process, and to work out methods of resolving those difficulties, a Merger Implementation Committee was set up carry out planning and implementation in regard to merger principles, organizational framework, business plans, information systems, and employee interests, and to review progress at all times with the aim of completing the merger smoothly.

7. Expected Benefits and Potential Risks of Business Location Expansion

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. The expansion of business locations will not only increase the volume of the deposit, loan, and foreign exchange businesses, but will also offer customers more convenient services and establish solid operating niche.

8. 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 observe 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.

9. Influence and Risks Posed by Changes in Operating Rights

The BOT is currently a government-owned bank and the government is its only shareholder, so there have been no changes in operating rights.

10. Court Cases Pending

(None)

11. Other Important Risks

(None)

VII. Crisis Management Mechanism

In regard to latent or present crises, the Bank adopts 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. Establishing an emergency reporting system for headquarters and branches.
4. A "BOT Operations Non-Interruption Plan"

VIII. Other Important Matters

The merger of the BOT and the Central Trust of China is expected to be completed, in accordance with the established plan, by the base merger date of July 1, 2007.



Special Notes



I . Information on Affiliated Enterprises

(None)

II . Private Placement of Securities

(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

Love & Trust

填寫「**台灣導盲犬認同卡**」，愛心不落後

讓您的愛心傳送到每隻可愛的導盲犬**Guide Dog**身上！

您的每一筆消費，**台銀**將提撥**0.375%**的回贈金，捐助**台灣導盲犬協會**做為導盲犬訓練及建校基金。



I. Domestic Business Units

120 Sec 1, Chongcing South Road, Jhongjheng 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	FAX
0037	Department of Business	120 Sec 1, Chongcing South Road, Jhongjheng District, Taipei City	02-23493399	02-23759708
0059	Department of Public Treasury	120 Sec 1, Gueiyang Street, Jhongjheng District, Taipei City	02-23615421	02-23751125
0082	Department of Trusts	58 Sec 1, Chongcing South Road, Jhongjheng District, Taipei City	02-23618030	02-23821846
0691	Offshore Banking Branch	1F, 3 Baocing Road, Jhongjheng District, Taipei City	02-23493456	02-23894500
1850	Department of Electronic Banking	120 Sec 1, Chongcing South Road, Jhongjheng District, Taipei City	02-23494567	02-23893999
1698	Department of Securities	2F, 58 Sec 1, Chongcing South Road, Jhongjheng District, Taipei City	02-23882188	02-23716159
0071	Guancian Branch	49 Guancian Road, Jhongjheng District, Taipei City	02-23812949	02-23753800
0093	Tainan Branch	155 Sec 1, Fucian Road, Central District, Tainan City	06-2160168	06-2160188
0107	Taichung Branch	140 Sec 1, Zihyou Road, West District, Taichung City	04-22224001	04-22224274
0118	Kaohsiung Branch	264 Jhongjheng 4th Road, Cianjin District, Kaohsiung City	07-2515131	07-2211257
0129	Keelung Branch	16, YiYi Road, Jhongjheng District, Keelung City	02-24247113	02-24220436
0130	Chunghsin New Village Branch	11 Guanghua Road, Jhongsing Village, Nantou City, Nantou County	049-332101	049-2350457
0141	Chiayi Branch	306 Jhongshan Road, Chiayi City	05-2224471	05-2258400
0152	Hsinchu Branch	29 Linsen Road, Hsinchu City	03-5266161	03-5266446
0163	Changhua Branch	130 Chenggong Road, Changhua City, Changhua County	04-7225191	04-7257871
0174	Pingtung Branch	43 Jhongshan Road, Pingtung City, Pingtung County	08-7328141	08-7322309
0185	Hualien Branch	3 Gongyuan Road, Hualien City, Hualien County	03-8322151	03-8322404
0196	Yenping Branch	406 Nanjing West Road, Datong District, Taipei City	02-25522859	02-25524317
0200	Chungshan Branch	150 Sec 1, Jhongshan North Road, Jhongshan District, Taipei City	02-25423434	02-25710210
0211	Kaohsiung Export Processing Zone Branch	1 Jhongyi Road, Export Processing, Cianjhen District, Kaohsiung City	07-8215141	07-8115648
0222	Ilan Branch	1 Sec. 3 Jhongshan Road, Yilan City, Yilan County	03-9355121	03-9355822
0233	Taitung Branch	313 Jhongshan Road, Taitung City, Taitung County	089-324201	089-311608
0244	Penghu Branch	24 Ren-ai Road, Magong City, Penghu County	06-9279935	06-9272347
0255	Fengshan Branch	20 Caogong Road, Fongshan City, Kaohsiung County	07-7416131	07-7433478
0266	Taoyuan Branch	46 Jhongjheng Road, Taoyuan City, Taoyuan County	03-3352801	03-3322007
0277	Panchiao Branch	21 Fujhong Road, Banciao City, Taipei County	02-29680172	02-29676416
0288	Hsinying Branch	10 Jhongjheng Road, Sinying City, Tainan County	06-6351111	06-6321843
0299	Miaoli Branch	510 Jhongjheng Road, Miaoli City, Miaoli County	037-326791	037-327111
0303	Fengyuan Branch	302 Jhongjheng Road, Fongyuan City, Taichung County	04-25278686	04-25256981
0314	Touliu Branch	27 Wunhua Road, Douliou City, Yunlin County	05-5324155	05-5338309

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0325	Nantou Branch	101 Fusing Road, Nantou City, Nantou County	049-2232121	049-2229845
0336	Nanmen Branch	120 Sec 1, Nanchang Road, Jhongjheng District, Taipei City	02-23512121	02-23964281
0347	Kungkuan Branch	120 Sec 4, Roosevelt Road, Jhongjheng District, Taipei City	02-23672581	02-23698237
0358	Tzoyin Branch	19 Zuoying Avenue, Zuoying District, Kaohsiung City	07-5819141	07-5850051
0369	Peitou Branch	152 Sec 1, Jhongyang South Road, Beitou District, Taipei City	02-28951200	02-28973345
0370	Wufeng Branch	838 JhongJheng Road, Wufong Township, Taichung County	04-23302216	04-23327104
0381	Kinmen Branch	4 Fusing Road, Jinhu Township, Kinmen County, Fuchien Province	082-333711	082-333719
0392	Matsu Branch	257 Wunhua Road, Jieshou Village, Nangan Township, Lienchiang County, Fuchien Province	0836-26046	0836-25801
0406	Anping Branch	240 Jhongjheng Road, Central District, Tainan City	06-2292181	06-2241520
0417	Chungli Branch	580 Yanping Road, Jhongli City, Taoyuan County	03-4252160	03-4258751
0428	Sanchung Branch	39 Sec 4, Chongsin Road, Sanchong City, Taipei County	02-29719621	02-29719736
0439	Toufen Branch	65 Jhongjheng Road, Toufen Township, Miaoli County	037-663451	037-672213
0440	Chienchen Branch	1-3 Kuojian Road, Cianjhen District, Kaohsiung City	07-8115171	07-8413413
0451	Chengchung Branch	47 Cingdao East Road, Jhongjheng District, Taipei City	02-23218934	02-23918761
0462	Minchuan Branch	239 Sec 2, Chengde Road, Datong District, Taipei City	02-25530121	02-25529463
0473	Tantzu Branch	1 Jianguo Road, Tanzih Township, Taichung County	04-25323133	04-25339071
0484	Yunghe Branch	97 Sec 1, Yonghe Road, Yonghe City, Taipei County	02-29216611	02-29233793
0495	Yuanlin Branch	63 Minsheng Road, Yuanlin Township, Changhua County	04-8323191	04-8330663
0509	Sungchiang Branch	115 Songjiang Road, Jhongshan District, Taipei City	02-25069421	02-25078786
0510	Kusan Branch	23 Linhai 1st Road, Gushan District, Kaohsiung City	07-5218291	07-5315544
0521	Lungshan Branch	380 Kangding Road, Wanhua District, Taipei City	02-23088111	02-23366952
0532	Chunghsiao Branch	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
0554	Fuhsing Branch	102 Sec 4, Fusing Road, East District, Taichung City	04-22244181	04-22205856
0565	Sanming Branch	567 Jiouru 2nd Road, Sanmin District, Kaohsiung City	07-3127143	07-3215350
0576	Taichung Harbor Branch	2 Sihwei Road, Wuci Township, Taichung County	04-26562311	04-26571772
0587	Lotung Branch	93 Gongjheng Road, Luodong Township, Yilan County	03-9576866	03-9560622
0598	Puli Branch	112 Dongrong Road, Puli Township, Nantou County	049-2983991	049-2995949
0602	Kangshan Branch	16 Shoutian Road, Gangshan Township, Kaohsiung County	07-6216141	07-6214853
0613	Hsingsing Branch	133 Minzu 2nd Road, Sinsing District, Kaohsiung City	07-2384611	07-2387374
0624	Lingya Branch	261 Cingnian 1st Road, Lingya District, Kaohsiung City	07-3358700	07-3327904
0646	Sungshan Branch	560 Sec 4, Jhongsiao East Road, Sinyi District, Taipei City	02-27293111	02-27230014

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0657	Chienhsing Branch	144 Jhongjheng Road, Central District, Taichung City	04-22242141	04-22273142
0668	Chungho Branch	253 Sec 2, Jhongshan Road, Jhonghe City, Taipei County	02-22488980	02-22461474
0679	Taipao Branch	2 East Section, Sianghe 1st Road, Sianghe Village, Taibao City, Chiayi County	05-3620016	05-3620021
0680	Chupei Branch	16 Guangming 6th Road, Jhubei City, Hsinchu County	03-5513111	03-5517322
0705	Shihlin Branch	197 Sec 6, Jhongshan North Road, Shihlin District, Taipei City	02-28367080	02-28362523
0716	Hsinchuang Branch	85 Sintai Road, Sinhuang City, Taipei County	02-22056699	02-22031524
0727	Tachia Branch	61 Minsheng Road, Dajia Township, Taichung County	04-26868111	04-26865224
0738	Science-Based Industrial Park Branch	2F, 5 Gongye East 6th Rd, Science-Based Industrial Park, Hsinchu City	03-5770050	03-5777936
0749	Shulin Branch	29 Wunhua Street, Shulin City, Taipei County	02-26866511	02-26861307
0750	Hsintien Branch	45 Baojhong Road, Sindian City, Taipei County	02-29180795	02-29105461
0794	Liming Branch	607 Daye Rd., Nantun District, Taichung City	04-22551178	04-22524822
0808	Minsheng Branch	167 Fusing North Road, Songshan District, Taipei City	02-27192081	02-27188897
0819	Yungkang Branch	513 Siaodong Road, Yongkang City, Tainan County	06-3125411	06-3138709
0820	Sandou Branch	142 Singuang Road, Lingya District, Kaohsiung City	07-3349341	07-3336835
0853	Taipei World Trade Center Branch	3F, 333 Sec 1, Keelung Road, Sinyi District, Taipei City	02-27200315	02-27576156
0864	Taan Branch	165 Sec 4, Sinyi Road, Da-an District, Taipei City	02-27553121	02-27093243
0875	Huachiang Branch	293-2 Sec 1, Jhongshan Road, Banciao City, Taipei County	02-29610101	02-29638280
0886	Chaochou Branch	13-2 Sinsheng Road, Chaozhou Township, Pingtung County	08-7883084	08-7883614
0897	Suao Branch	97 Sec. 1 Jhongshan Road, Su-ao Township, Yilan County	03-9962566	03-9963370
0901	Taya Branch	106 Jhongcing South Road, Daya Township, Taichung County	04-25683330	04-25680164
0912	Nantze Branch	166 Jiannan Road, Nanzih District, Kaohsiung City	07-3526680	07-3531484
0923	Taichung Industrial Park Branch	196 Industrial Park 1st Road, Situn District, Taichung City	04-23597850	04-23599868
1067	Tunhwa Branch	1F, 205 Dunhua North Road, Songshan District, Taipei City	02-25455111	02-25450913
1078	Nankang Branch	1F, 95 Sec 2, Nangang Road, Nangang District, Taipei City	02-26516706	02-27839049
1089	Hoping Branch	180 Sec 1, Heping East Road, Da-an District, Taipei City	02-23687027	02-23626987
1090	Shuinan Branch	416 Sec 2, Chongde Road, Beitun District, Taichung City	04-22468130	04-22466855
1104	Chunglun Branch	108 Sec 5, Nanjing East Road, Songshan District, Taipei City	02-27698618	02-27603224
1115	Tucheng Branch	344 Sec 2, Jhongyang Road, Tucheng City, Taipei County	02-22703791	02-22603314
1159	Taoyuan Airport Branch	15 Hangjhan South Road, Pusin Village, Dayuan Township, Taoyuan County	03-3982166	03-3834834
1160	Tachang Branch	540 Jiouru 1st Road, Sanmin District, Kaohsiung City	07-3891036	07-3806046
1182	Wuchia Branch	168 Wujia 2nd Road, Fongshan City, Kaohsiung County	07-7170730	07-7233469
1193	Poi Branch	394 Yucheng Road, Zuoying District, Kaohsiung City	07-5567690	07-5562613

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
1207	Chungchuang Branch	339 Fongping 1st Road, Daliao Township, Kaohsiung County	07-7038838	07-7038964
1218	Pingchen Branch	11 Sec 2, Huannan Road, Pingjhen City, Taoyuan County	03-4945688	03-4945699
1229	Jenai Branch	99 Sec 2, Ren-ai Road, Jhongjheng District, Taipei City	02-23975936	02-23975927
1230	Nankan Branch	81 Sec 1, Nankan Road, Lujhu Township, Taoyuan County	03-3529191	03-3520916
1241	Yuanshan Branch	577 Linsen North Road, Jhongshan District, Taipei City	02-25976699	02-25932760
1355	Wuku Branch	42 Sec 4, Jhongsing Road, Wugu Township, Taipei County	02-22936699	02-22918201
1366	Tali Branch	481 Sec 2, Guoguang Road, Dali City, Taichung County	04-24180211	04-24180801
1377	Annan Branch	316 Sec 4, Anhe Road, Annan District, Tainan City	06-3555111	06-3565881
1414	Hsitwun Branch	41 Sec 2, Cinghai Road, Situn District, Taichung City	04-23128528	04-23117106
1425	Tienmou Branch	18 Sec 7, Jhongshan North Road, Shihlin District, Taipei City	02-28755222	02-28755219
1436	Lukang Branch	1F, 2 Lugong Road, Lugang Township, Changhua County	04-7810118	04-7810268
1447	Neili Branch	125 Singnong Road, Jhongli City, Taoyuan County	03-4618519	03-4519650
1469	Tainan Science-Based Industrial Park Branch	15 Nanke 3rd Road, Sinshih Township, Tainan County	06-5051701	06-5051709
1470	Huwei Branch	369 Sec 2, Linsen Road, Huwei Township, Yunlin County	05-6337367	05-6321611
1481	Tamsui Branch	93 Jhongshan Road, Danshuei Township, Taipei County	02-26281111	02-26281122
1539	Neihu Branch	396 Sec 1, Neihu Road, East District Neihu District, Taipei City	02-87977933	02-87977957
1540	Chiabei Branch	602 Jhongsiao Road, Chiayi City	05-2718911	05-2718922
1551	Tunhkang Branch	114 Jhongjheng Road, Donggang Township, Pingtung County	08-8323131	08-8352545
1562	Hsichih Branch	1F, 175 Sec 2, Datong Road, Sijhih City, Taipei County	02-86926822	02-86926828
1573	Wuchi Branch	2 Jian 5th Road, Export Processing Zone, Wuci Township, Taichung County	04-26565111	04-26570157
1584	Putz Mini Branch	35-1 Shantong Road, Pozih city, Chiayi County	05-3701100	05-3708877
1595	Hsiaokang Mini Branch	410 Hongping Road, Siaogang District, Kaohsiung City	07-8010399	07-8066029
1609	Chungping Branch	9 Jhonghua Road, Pingtung City, Pingtung County	08-7677001	08-7320199
1621	Chunhsien Branch	1F, 1 Jhongshan South Road, Jhongjheng District, Taipei City	02-23411001	02-23578831
1643	Peitalu Branch	68 Beida Road, Hsinchu City	03-5354381	03-5354380
1654	Wenshan Mini Branch	218 Sec 6, Roosevelt Road, Wunshan District, Taipei City	02-86633456	02-86635656
1665	Jian Mini Branch	139 Sec 1, Jianguo Road, Beichang Village, Ji-an Township, Hualien County	03-8576000	03-8565495
1676	Nankuo Mini Branch	326 Sec 2, Jhongshan Road, Changhua City, Changhua County	04-7272123	04-7272190
1687	Fucheng Mini Branch	254 Sec 2, Mincyuan Road, Central District, Tainan City	06-2252168	06-2250936
1702	Taiping Branch	146 Jhongsing East Road, Taiping City, Taichung County	04-22736666	04-22736120
1713	Defang Branch	63 Sec 1, Defang Road, Dali City, Taichung County	04-24853280	04-24826661
1724	Chienkuo Branch	169 Chienhang Road, Jhongli City, Taoyuan County	03-4670081	03-4670010

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
1735	Talun Branch	312 Sec 3, Jhongjheng Road, Jhongli City, Taoyuan County	03-4983620	03-4984417
1768	Yenpu Branch	37 Shengli Road, Yanjhong Village, Yanpu Township, Pingtung County	08-7932111	08-7932091
1791	Chenhshing Branch	60-4 Bo-ai Road, Jhensing Village, Yanpu Township, Pingtung County	08-7020141	08-7021421
1805	Hsinyuan Branch	65 Sianji Road, Sianji Village, Sinyuan Township, Pingtung County	08-8687705	08-8687505
1816	Hsinyuan Branch Nanshin Office	301 Nansing Road, Singnong Village, Sinyuan Township, Pingtung County	08-8352600	08-8352605
1827	Yinglong Branch	187 Yanlong Road, Yanlong Village, Sinyuan Township, Pingtung County	08-8335869	08-8335867
1838	Shintong Branch	230 Pinghe Road, Sindong Village, Sinyuan Township, Pingtung County	08-8686307	08-8686309
1861	East Taoyuan Branch	300 Jingguo Road, Taoyuan City, Taoyuan County	03-3263888	03-3265666
1872	Lujhou Branch	50 Sanmin Road, Lujhou City, Taipei County	02-82868686	02-82868989
1919	Kaohsiung Airport Branch	2 Jhongshan 4th Road, Siaogang District, Kaohsiung City	07-8017564	07-8022004
1920	Keelung Port Mini Branch	2F, 6 Gangsi Street, Keelung City	02-24289763	02-24283186
1931	Yongji Mini Branch	3F, 3 Songren Road, Taipei City	02-27209856	02-27209970
1942	Tungmen Mini Branch	1F, 42 Sec 1, Renai Road, Jhongjheng District, Taipei City	02-23943186	02-23916855
1953	Aiguo Mini Branch	1F, 31 Aiguo East Road, Da-an District, Taipei City	02-23960017	02-23578646
1964	Kaorung Mini Branch	1F, 386 Dajhong 1st Road, Zuoying District, Kaohsiung City	07-3460972	07-3460973
1975	Baoqing Mini Branch	1F, 35 Baocing Road, Jhongjheng District, Taipei City	02-23311141	02-23319444
1986	Taidian Mini Branch	1F, 242 Sec 3 Roosevelt Road, Jhongjheng District, Taipei City	02-23667506	02-23672354
1997	Jincheng Mini Branch	156 Mincyuan Road, Jincheng Township, Kinmen County	082-325154	082-321497
2053	Peifu Mini Branch	B1, 161 Sec 1, Jhongshan Road, Banciao City, Taipei County	02-89535968	02-89535268
2097	Renher Mini Branch	B1, 6 W Sec, Jiapu Road, Puzih City, Chiayi County	05-3623800	05-3623900
2123	Caotun Mini Branch	292 Sec 2, Taiping Road, Caotun Township, Nantou County	049-2380837	049-2380443
2134	TWTC Exhibition Hall Mini Branch	1F, 5 Sec 5, Sinyi Road, Sinyi District, Taipei City	02-87977933	02-27252419
2145	Taichung Airport Mini Branch	1F, 42 Jhongcing Road, Shalu Township, Taichung County	04-26155111	04-26155168
2178	Chongcing South Road Mini Branch	1F, 58 Sec. 1, Chongcing S. Road., Jhongjheng District, Taipei City	02-23886020	02-23886160
2189	Taipei Port Mini Branch	2F, 123 Shanggang Road, Bali Township, Taipei County	02-26196269	02-26196272
2190	Jhunan Science Park Mini Branch	1F, 6 Kedong 3rd Road, Jhunan Township, Miaoli County	037-585366	037-585495
2204	Taichung Science Park Branch	2F, 48 Keya Road., Daya Township, Taichung County	04-25658111	04-25658220
2215	Kaohsiung Science Park Branch	1F, 82 Luke 5th Road, Lujhu Township, Kaohsiung County	07-6955268	07-6955278

II. Overseas Units



Branch	Address	Telephone	SWIFT	FAX
New York Agency	100 Wall Street, 11th Floor New York, NY 10005 U.S.A.	1-212-968-8128	BKTWUS33	1-212-968-8370
Los Angeles Branch	Sanwa Bank Plaza, Figueroa at Wilshire 601 S. Figueroa Street, Suite 4525 Los Angeles, CA 90017 U.S.A.	1-213-629-6600	BKTWUS6L	1-213-629-6610
Hong Kong Branch	4th Fl., 9 Queen's Road Central, Hong Kong	852-2521-0567	BKTWHKHH	852-2869-4957
Singapore Branch	80 Raffles Place #28-20 UOB Plaza 2, Singapore 048624	65-6536-5536	BKTWSGSG	65-6536-8203
Tokyo Branch	7F Fukoku Seimei Bldg., 2-2 Uchisaiwaicho 2-Chome Chiyoda-Ku, Tokyo 100, Japan	813-3504-8881	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

BANK OF TAIWAN



Chairman

Jer-Sang Tsai



臺灣銀行
BANK OF TAIWAN

No. 120, Sec. 1, Chongcing South Road,
Taipei City 10007, Taiwan (R.O.C.)
TEL : 02-2349-3456
www.bot.com.tw
SWIFT : BKTWTWTP

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