



BANK OF TAIWAN

2009 ANNUAL REPORT

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Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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
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BANK OF TAIWAN

2009 ANNUAL REPORT

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Letter to Shareholders



Letter to Shareholders



Chairperson
Susan S. Chang

The financial turmoil arising from the U.S. subprime crisis continued throughout 2008, and the impact of the Lehman Brothers bankruptcy in September that year pushed the world into the worst recession since World War II. Fortunately, the economic stimulation measures and easy monetary policies of unprecedented scale that were adopted by different governments gradually took effect and, from the last half of 2009, economic growth turned from negative to positive in one economy after another, and the trend of recovery became ever stronger beginning in the fourth quarter of the year. Major economic forecasting institutions still estimated that for the year as a whole, however, the global economy shrank.

Taiwan, too, suffered from the ravages of the global financial tsunami in 2009, and its economy contracted by 1.87% during the year—the first negative growth since 2001. The consumer price index fell by 0.87%, the first decline since 2003. To get the economy moving again, in September of 2008 the Central Bank initiated a series of seven interest-rate reductions that brought the rate down a total of 2.375 percentage points, and the discount rate reached a historic low of 1.25% on Feb. 19, 2009. The stock and real estate markets began to heat up in the second half of the year, thanks to the improvement of relations across the Taiwan Straits and the bottoming out of the economy; but the unemployment rate remained high and there was no threat of inflation, so there was no further change in the discount rate by the end of the year. In the first quarter of 2009 the New Taiwan dollar began to depreciate against the U.S. dollar in response to the economic slump and the use of U.S.-dollar assets as a risk haven for international capital, dropping to NT\$35.174 to the U.S. dollar on Mar. 2. Then the flow of international funds changed direction and the NT dollar gained support, closing out the year at 32.030; compared with the rate of NT\$32.860 at the end of 2008, this represented an appreciation of 2.59%.

Despite the severe conditions in the domestic and overseas economic environments in 2009, thanks to the vigorous and concerted efforts of our entire staff the Bank of Taiwan was able to exceed its budget targets for business in the areas of profit, deposits, loans, and foreign exchange transactions. At the same time, because of the BOT's strong asset quality and good operating performance, the international institutions gave us the best long- and short-term credit ratings of bank in Taiwan. Our Internet banking customers exceeded the target of 1.3 million in 2009, and our satisfaction rating, loyalty rating, and penetration ratio were all the first among the banks of Taiwan. In addition, the Joint Credit Information Center awarded the BOT first place in the "Golden Safety Awards" bank division because of its outstanding standards in the accuracy and completeness of information as well as its confidentiality of use. Even more notably, despite the difficult operating environment in 2009 the Bank continued cooperating with government policy, winning plaudits for organizing an international economic and financial forum and inviting Nobel Laureate Dr. Paul Krugman to speak on how to get out of the economic slump. The Bank also worked hard to implement the government's economic revitalization loan program, providing reconstruction loans for victims of Typhoon Morakot, serving as lead bank for the redemption of consumption vouchers, and organizing the structuring of debt for the Taiwan High Speed Rail Corp. All of these tasks were accomplished successfully, manifesting the functions of a bank wholly owned by the government.

Our business report for 2009 and operating plans for 2010 are described briefly below:

I. Business Report for 2009

1. Results of Implementation of Business Plans

- (1) Low-interest demand deposits were vigorously solicit so as to improve the Bank's deposit structure and reduce operating costs. The functions and efficiency of electronic financial products were reinforced to reduce operating costs.
- (2) Different types of loan businesses were reinforced to increase market share as well as boost commission income and syndicated-loan management fee income.
- (3) In line with the government's financial policy toward mainland China, the BOT worked vigorously to set up business locations in China and reinforce international business channels so as to enhance its competitiveness in the field of international finance.
- (4) A comprehensive financial management service network was built up and wealth management, along with such innovative products as the "Gold Piggy Bank" and "Gold Passbook," was actively developed. BOT "Gold Holobar" products were also introduced.
- (5) The allocation of assets was reinforced in order to provide effective management of capital and the capital adequacy ratio. The establishment of an independent risk management mechanism was continued in order to strengthen risk control in different areas of business.
- (6) The Bank actively conducted joint marketing in line with the operations of the financial holding group, reinforcing the integration of products and business channels to enhance cross-marketing synergies and competitiveness.
- (7) The quality of loan assets was reinforced, post-loan debt management was carried out, non-performing loans were vigorously cleared up, and management of existing real estate was reinforced so as to enliven assets and enhance the efficiency of real estate use.
- (8) The Bank set up an Audit Committee on July 31, 2009 to take over the functions of supervisors to reinforce corporate governance.

2. Budget implementation

The volume of deposit operations during the year was NT\$3.20 trillion, giving a target achievement ratio of 132.00%. Loans amounted to NT\$1.98 trillion, for a target achievement ratio of 109.87%. Foreign exchange operations undertaken in 2009 totaled US\$228.54 billion, amounting to 262.69% of the target figure, and profits reached NT\$8.12 billion, achieving 102.62% of the target.

3. Revenues, Expenditures, and Profits

Net interest income for 2009 amounted to NT\$16.83 billion; non-interest income (net) totaled NT\$13.28 billion; bad debt expenses amounted to NT\$4.43 billion, and operating costs totaled NT\$17.06 billion. Income before tax reached NT\$8.60 billion; income tax amounted to NT\$481 million, leaving a net income after tax of NT\$8.12 billion.

This year's NT\$8.12 billion in after-tax income was NT\$207 million more than the budgeted income of NT\$7.91 billion.

Return on assets (ROA) for 2009: 0.22%

Return on equity (ROE) for 2009: 3.50%

4. Research and Development

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

II. Business Plan for 2010

The BOT's Business Plan and Business Targets for 2010 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. Major Operating Policies

(1) Reinforcement of the lending business and active clearing up of overdue loans

Policy loans were extended in line with government policy and the development of loans to private business and small and medium enterprises, along with the syndicated loan business, were strengthened. Loan risk controls were reinforced, channels for early-warning were established, loan review was enhanced, the efficiency of follow-up monitoring and loan collection was improved, and post-loan debt management was carried out.

(2) Solicitation of low-interest demand deposits and strengthening of e-banking businesses

Low-interest demand deposits were vigorously solicited so as to lower operating costs; government treasury businesses were strengthened; the service functions of e-banking, e-commerce, and other e-banking products were enhanced; and the transaction security mechanism was strengthened.

(3) Expansion of the foreign exchange and international banking businesses

The absorption of foreign-currency deposits was strengthened; the number of corporate e-banking forex services was expanded; OBU deposit and loan, forex, and derivatives businesses were promoted; and cooperation among domestic and foreign branches was reinforced so as to carry out integrated marketing and expand operating territory.

(4) Promotion of the wealth management business

A comprehensive financial planning service network was constructed to provide quality financial products, the

gold dealing business was actively developed and carried out, a diverse range of asset-management trust businesses was developed, the volume of domestic and overseas fund and trust management products businesses was increased, and the scale of the wealth management business was expanded.

(5) Enhancement of capital utilization efficiency and enlivening of real estate utilization

A diversity of tools were used to strengthen financial operations, enhance the efficiency of capital utilization, reinforce management and utilization of the Bank's real estate, and enliven assets to boost operating income.

(6) Reinforcement of management and the risk control mechanism

The corporate governance, internal controls, internal auditing, and regulatory compliance systems were reinforced, management was upgraded, an independent and effective risk control mechanism was established, and risk management training for BOT employees was strengthened.

(7) Effective use of financial holding group resources to enhance operating performance

Planning was carried out for the twin core businesses of "corporate banking, foreign exchange, and international banking" and "wealth management and trust," and cross-marketing with holding group subsidiaries was used to boost operating performance. A platform for joint operations with group subsidiaries was built up for the sharing of financial holding group resources and enhancement of management efficiency.

2. Business Targets

- (1) Deposits: NT\$2.43 trillion
- (2) Loans: NT\$1.81 trillion
- (3) Guarantees: NT\$66.00 billion
- (4) Foreign Exchange: US\$97.00 billion
- (5) Procurement: NT\$46.00 billion.
- (6) Precious Metals Business: NT\$47.6 billion.
- (7) Government Employees Insurance: NT\$17.2 billion.



President
Ming-Daw Chang



Nobel Laureate Dr. Paul Krugman (fourth left), who was invited to present the keynote speech at the "2009 International Economic and Financial Forum," calls on President Ma Ying-jeou. (photo courtesy Office of the President)

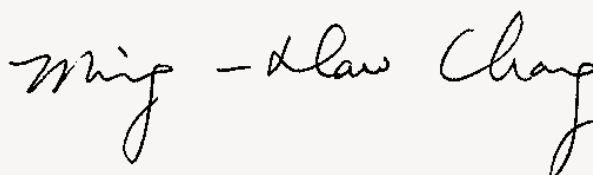
III. Most Recent Credit Ratings

Rating Company	Items	Rating Date	Rating Results		Outlook
			Long-term	Short-term	
Standard & Poor's		Oct. 2009	A+	A-1	stable
Moody's Investors Service		Oct. 2009	Aa3	P-1	stable

Looking at 2010 we note signs of recovery in both the domestic and international economies. While the high unemployment rate, the withdrawal of market relief measures, and the potential debt crises that exist in some countries add uncertainties to the condition of the global economy, the overall outlook for Taiwan's economy in 2010 is for an upturn and a substantial improvement over 2009. The most recent forecast by the Directorate General of Budget, Accounting and Statistics projects 2010 growth at 6.14%. To achieve that growth, the government will make an all-out effort to promote increased private investment, generate domestic demand and job opportunities, boost development of the Six Major Emerging Industries, and speed up expansion of the export market. At the same time, relations across the Taiwan Straits will continue improving; the Memorandum of Understanding on cross-straits financial oversight took effect on Jan. 16, 2010; the Economic Cooperation Framework Agreement has entered the stage of active negotiation; and economic and financial cooperation between Taiwan and mainland China can be expected to enter a new and mutually beneficial era.

The BOT's Hong Kong branch received permission to engage in Renminbi (RMB) operations on Nov. 20, 2009, the first Taiwanese bank branch to do so; the Shanghai Representative Office was formally established on Feb. 1, 2010; and the Bank is vigorously seeking to become an RMB clearing bank in Taiwan. These developments show that the BOT is firmly pursuing a new strategy of taking advantage of opportunities presented by cross-straits economic and trade developments and of deploying an Asia-Pacific regional service network. Based on the changed situation of the post-financial tsunami environment, and with the renewed emphasis on traditional businesses, the more stringent exercise of financial oversight, and the banks' strengthening of their corporate governance, the BOT will make maximum use of its brand values of sincerity and healthy operation and will utilize the opportunities presented by the gradual warming of the economy and the continued development of benevolent cross-straits relations, and will strengthen product innovation and enhance service quality so as to expand the Bank's operating territory while further reinforcing its risk management. We are confident that with the concerted efforts of our entire operating team, the BOT will turn in a more brilliant performance than ever in 2010.

Chairperson 

President 

Introduction





Teng-Lung Hsieh
Executive Vice President

Jan-Lin Wei
Executive Vice President

Shih-Tien Chiang
Executive Vice President



Min-Chang Chen
Executive Vice President

Li-Yen Yang
Executive Vice President

Kao-Chen Chuang
Executive Vice President

Hong-Chi Chang
Executive Vice President
and General Auditor

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

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

At the end of 2009 the capital of the BOT was NT\$45 billion and its assets amounted to over NT\$3.8 trillion. Its deposits and loans accounted for 13.09% and 11.09%, respectively, of the entire Taiwan market. According to The Banker magazine's ranking of the world's top 1,000 banks, as published in its July 2009 issue, the BOT ranked 155th in the world.

「金采人生・定存得利」

優惠專案



Corporate Governance Report

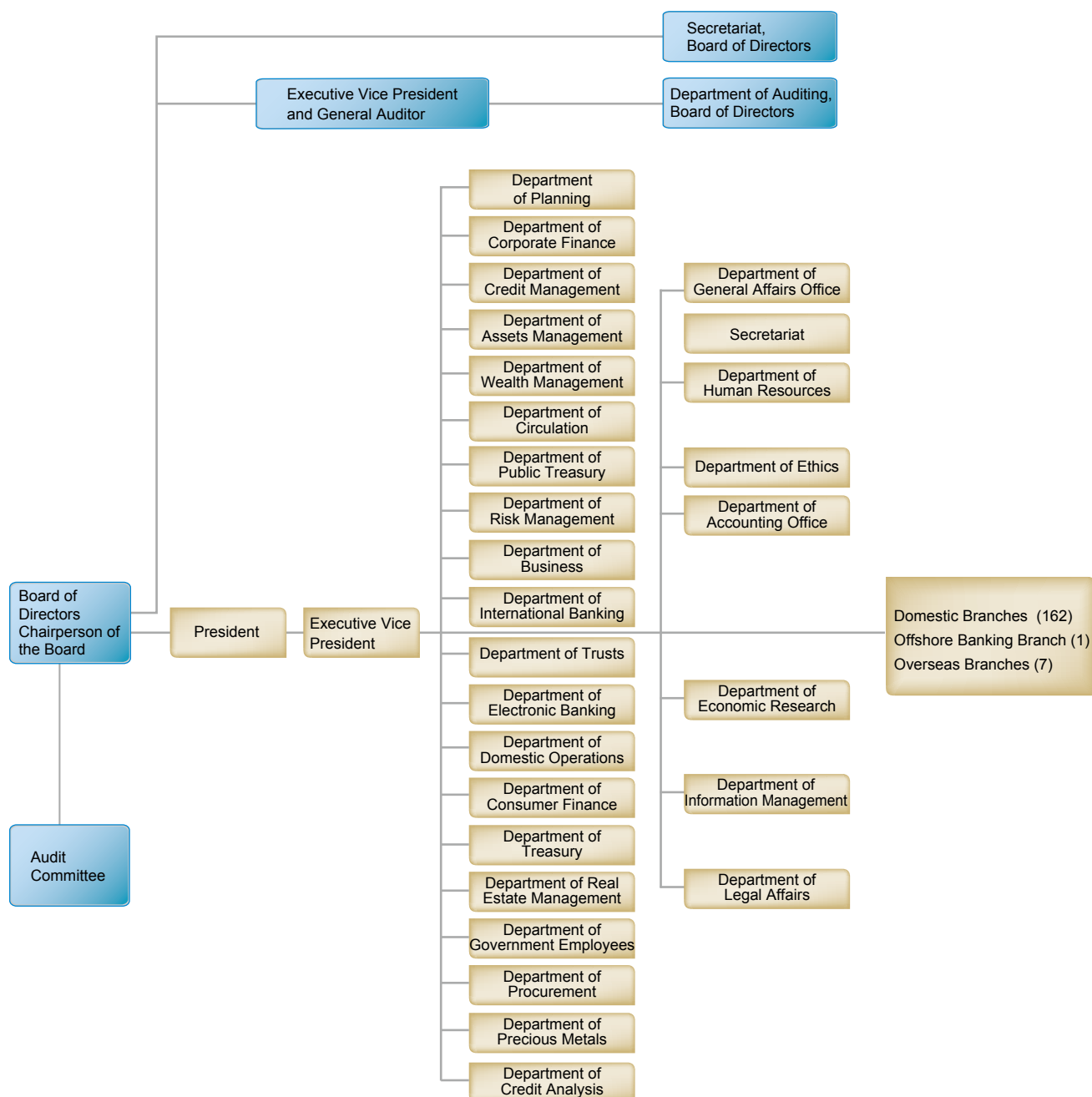
- I. Organization
- II. Directors, Supervisors, President, Executive Vice Presidents, and Heads of Departments and Branches
- III. Implementation of Corporate Governance
- IV. CPA Information
- V. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity by the Provisions of Item 3, Article 25 of the Banking Law
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I. Organization

At the end of 2009 the BOT's management organization consisted of Secretariat, Board of Directors, Department of Auditing, Board of Directors, 28 departments, 170 domestic branches and overseas units (including Offshore Banking Branch, Los Angeles Branch, Hong Kong Branch, New York Agency, London Branch, Tokyo Branch, Singapore Branch and South Africa Branch). The total number of employees was 8,190 (including contract workers, and overseas hirees.)

Organization Chart



Notes: (1) Information in this Organization Chart was as of the end of December 2009.

(2) To reinforce corporate governance, the Bank set up an Audit Committee on July 31, 2009 to take over the functions of the supervisors.

Major Corporate Functions

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

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

1. Directors and Supervisors

Information on Directors and Supervisors (1)

Title	Name	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%	Shares	%
Chairperson	Susan S. Chang	July 31, 2009	July 30, 2012	July 14, 2008	1. The Taiwan Financial Holding Co., Ltd. holds 100% of shares of the Bank of Taiwan. (4.5 billion shares) 2. The Ministry of Finance holds 100% shares of the Taiwan Financial Holding Co., Ltd (9.0 billion shares)							
Managing Director	Fu-Chi Tsai	July 31, 2009	Jan. 08, 2010	July 31, 2009								
Managing Director	Ming-Daw Chang	Jan. 08, 2010	July 30, 2012	Jan. 08, 2010								
Managing Director	Sheng-Ford Chang	July 31, 2009	July 30, 2012	Jun 06, 2008								
Managing Director	Cheng-Chen Yang	July 31, 2009	July 30, 2012	Aug. 31, 2007								
Independent Managing Director	Yi-Hsiung Hsu	July 31, 2009	July 30, 2012	July 31, 2009								
Independent Director	Chung-Hua Shen	July 31, 2009	July 30, 2012	July 31, 2009								
Independent Director	Tien-Wei Lou	July 31, 2009	July 30, 2012	July 31, 2009								
Director	Chih-Hung Chang	July 31, 2009	July 30, 2012	July 01, 2003								
Director	Hsiu-Hua Rau	July 31, 2009	July 30, 2012	July 01, 2003								
Director	Jiin-Tarng Yue	July 31, 2009	July 30, 2012	Apr. 23, 2008								
Director	Kuang-Huei Lee	Sep. 25, 2009	July 30, 2012	Sep. 25, 2009								
Director	Ming-Shyang Yang	July 31, 2009	July 30, 2012	July 31, 2009								
Director	Chang-Sheng Lin	July 31, 2009	July 30, 2012	July 05, 2005								
Director	Hsi-Chuan Chen	July 31, 2009	July 30, 2012	Aug. 19, 2005								
Director	Chun-Hsiung Chen	July 31, 2009	July 30, 2012	July 31, 2009								

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

	Education and Career	Positions Currently Held in the BOT and other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
			Title	Name	Relation
	M.A.in Economics, National Taiwan University Vice Chairperson, Financial Supervisory Commission, Executive Yuan Administrative Deputy-Minister, Ministry of Finance Director General, National Treasury Agency, Ministry of Finance Deputy Director General, Bureau of Monetary Affairs, Ministry of Finance Deputy Director, Department of Monetary Affairs, Ministry of Finance Deputy Director, Economic Research Department Council for Economic Planning and Development	Chairperson, Taiwan Financial Holding Co.,Ltd. Chairperson, Bank of Taiwan Chairperson, the Bankers Association of the Republic of China Vice Chairperson, Taiwan Financial Services Roundtable Co., Ltd. Director, Joint Credit Information Center Adviser, Taiwan Securities Association Director, Taiwan External Trade Development Council (TAITRA) Director, Taiwan Academy of Banking and Finance		—	
	Dept. of Business Administration, Feng Chia University Acting President, Bank of Taiwan Executive Vice President, Taiwan Financial Holding Co., Ltd Executive Vice President, Bank of Taiwan	President, Taiwan Financial Holding Co., Ltd Supervisor, Taiwan Asset Management Corporation (TAMCO) Director, Taipei Forex Inc		—	
	M.A. in Law, Chinese Culture University Director General, Banking Bureau, Financial Supervisory Commission Deputy Director General, Financial Examination Bureau, Financial Supervisory Commission Deputy Director General, Monetary Affairs, Ministry of Finance	President, Bank of Taiwan Director, Taiwan Financial Holding Co., Ltd. Director, Taiwan Stock Exchange Director, Taiwan Small Business Integrated Assistance Center		—	
	M.A. of Economics, University of Iowa, USA Administrative Deputy Minister, Ministry of Finance Director General, Department of Taxation Agency, Ministry of Finance Director-General, Taipei National Tax Administration, Ministry of Finance Director-General, National Tax Administration of the Northern, Taiwan Province, Ministry of Finance	Political Deputy Minister, Ministry of Finance Adjunct Associate Professor, Dept. of Accounting, College of Management, National Taiwan University		—	
	Ph.D. in Economics, Virginia Tech. University Research Fellow, Institute of Economics, Academia Sinica Associated Research Fellow, Institute of Economics, Academia Sinica Teaching Assistant, Department of Economics, Virginia Tech. University Instructor, Tunghai University	Distinguished Research Fellow, Institute of Economics, Academia Sinica		—	
	M.A. in Economics, National Taiwan University Deputy Governor, Central Bank of the Republic of China (Taiwan). Director-General, Dept. of Financial Inspection, Central Bank of the Republic of China (Taiwan).	Independent Managing Director and Director of Audit Committee, Bank of Taiwan Independent Director, Taiwan Financial Holding Co.,Ltd.		—	
	Ph.D. in Economics, Washington University, U.S.A Chairperson, Professor, Dept. of Money & Banking, Associate Professor, Dept. of Banking, National Chengchi University Associate Professor, Chairperson, Economics Dept., National Central University	Member, Audit Committee, Bank of Taiwan Independent Director, Taiwan Financial Holding Co., Ltd. Director, Securities & Futures Institute Director, Small and Medium Enterprise Guarantee Fund of Taiwan Professor, Dept. Finance, National Taiwan University		—	
	Ph.D. in Economics, Chinese Culture University	Member, Audit Committee, Bank of Taiwan Associate Professor, Department of Finance, Chinese Culture University		—	
	MBA in Statistics, National Chengchi University Statistician-General, of Statistics, Judicial Yuan Director-General, Dept. of Budget, Accounting and Statistics, Kaohsiung City Government Director-General, Dept. of Budget, Accounting and Statistics, Taiwan Province Government	Accountant-General, Dept. of Accounting, Judicial Yuan		—	
	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 National Income Statistics Committee, Directorate-General of Budget, Accounting and Statistics, Executive Yuan		—	
	Executive Master of Business Administration college of Management, National Taiwan University Director General, Dept. of the Treasury, 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) Member, Directions for Planning and Promoting, Utilization of Long-Term Funding, Council for Economic Planning and Development, Executive Yuan Member, Mobilization of Financial Resources Preparatory Business Meeting, MOF Member, Central Government Debt Service Fund Committee, MOF Independent Director, Agricultural Bank of Taiwan		—	
	M.A. in Economics, National Taiwan University Assistant Director General, Foreign Exchange Dept., CBC Senior Economist, Foreign Exchange Dept., CBC	Assistant Director General, Economic Research Department, Central Bank of the Republic of China (Taiwan) Supervisor, Taiwan Academy of Banking and Finance		—	
	BC in Accounting, National Chengchi University Resident Supervisor, Bank of Taiwan Controller and Chief Executive Officer, Accounting Management Center, DGBAS, Executive Yuan Comptroller, Ministry of Economic Affairs	Controller and Director, Second Department, DGBAS, Executive Yuan Supervisor, Chunghwa Telecom Co., Ltd.		—	
	Bachelor of Law, Soochow University Councilor of Changhua County Council Court Clerk of Taiwan Taipei District Court	Director-General, Bank of Taiwan Employees Union Chairman, Labor Union of Bank of Taiwan (Taipei) Commissioner, Consulting and Supervisory Commission for Privatization of Government Own Enterprise, Executive Yuan		—	
	Banking Insurance Dept., Kaohsiung Kuochi Junior College of Commerce Assistant Banking Officer, Kaohsiung Branch of Bank of Taiwan	Deputy Manager, Kaohsiung Branch of Bank of Taiwan Managing Director, Labor Union of Bank of Taiwan (Kaohsiung)		—	
	Department of International Trade, National Open College of Continuing Education Affiliated to National Taichung Institute of Technology Banking Officer, Hsintien Branch of Bank of Taiwan	Manager, Hsintien Branch of Bank of Taiwan Managing Director, Labor Union of Bank of Taiwan (Taipei)		—	

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

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

Jan. 31, 2010

Criteria Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Susan S. Chang			✓	✓		✓	✓		✓	✓	✓	✓		
Fu-Chi Tsai			✓	✓		✓	✓		✓	✓	✓	✓		
Ming-Daw Chang			✓	✓		✓	✓		✓	✓	✓	✓		
Sheng-Ford Chang	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Cheng-Chen Yang	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	
Yi-Hsiung Hsu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Chung-Hua Shen	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	
Tien-Wei Lou	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Chih-Hung Chang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Hsiu-Hua Rau	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	
Jiin-Tarng Yue			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Kuang-Huei Lee		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Ming-Shyang Yang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Chang-Sheng Lin			✓			✓	✓	✓	✓	✓	✓	✓	✓	
Hsi-Chuan Chen			✓			✓	✓	✓	✓	✓	✓	✓	✓	
Chun-Hsiung Chen			✓			✓	✓	✓	✓	✓	✓	✓	✓	

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

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

2. Management Team

Jan. 31, 2010

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Chang, Ming-Daw	2010.01.08	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Master of law department Chinese Culture University	Director, Taiwan Financial Holding Co. Director, Taiwan Stock Exchange Director, Taiwan Small Business Integrated Assistance Center			
Executive Vice President	Hsieh, Teng-Lung	2006.05.12							Dept. of Banking & Insurance National Taichung Institute of Commerce	Supervisor of First Financial Holding Co.			
Executive Vice President	Wei, Jan-Lin	2007.07.01							Master of Economics Soo Chow University	Supervisor of Mega Financial Holding Co. Supervisor of Taiwan Futures Exchange Executive Secretary of The Bankers Association of the Republic of China of Taipei Interbank Money Center Director of Foundation Trust Association of ROC Director of Tea Industry Co., Ltd. joint venture in China			
Executive Vice President	Chiang, Shih-Tien	2007.11.23							Dept. of International Trade Tamkang University	Managing Director of Taiwan Business Bank			
Executive Vice President	Chen, Min-Chang	2007.11.23							Dept. of Banking and Insurance Feng Chia College	Director of Hua Nan Financial Holdings Co. Director of Hua Nan Commercial Bank Deputy Minister of The Bankers Association of the Republic of China of General Banking Committee			
Executive Vice President	Yang, Li-Yen	2007.11.23							Dept. of Business Administration National Taiwan University	Supervisor of Hua Nan Financial Holdings Co. Supervisor of Hua Nan Commercial Bank Minister of The Bankers Association of the Republic of China of Research and Development Committee			
Executive Vice President	Chuang, Kao-Chen	2009.09.11							Dept. of business Administration National Chengchi University	Supervisor of First Financial Holding Co.			
Department of Auditing, Board of Directors Executive Vice President and General Auditor	Chang, Hong-Chi	2006.05.12							Master of Agricultural Economics National Chung-Hsing University	Director of Taiwan Life Insurance Co. Deputy Minister of The Bankers Association of the Republic of China of Internal Auditor Committee Director of Bills Finance Association of ROC			
Secretariat, Board of Directors SVP and Chief Secretary	Chuang, Kao-Chen	2008.07.21							Dept. of business Administration National Chengchi University	Supervisor of First Financial Holding Co.			
Department of Planning SVP and General Manager	Wu, Mu-Ying	2007.11.23							Dept. of business Administration National Chengchi University	Supervisor of Taiwan Handicraft Promotion Center Supervisor of BankTaiwan Securities Co.			
Department of Credit Management SVP and General Manager	Chiou, Ye-Chin	2007.11.19							Dept. of Economics National Taiwan University	Director of Small & Medium Business Credit Guarantee Fund Director of BankTaiwan Securities Co. Member of The Bankers Association of the Republic of China of Lending Committee			
Department of Circulation SVP and General Manager	Chiang, Shih-Tien	2010.01.15							Dept. of International Trade Tamkang University	Director of Taiwan Fire & Marine Insurance Co.			
Department of Treasury SVP and General Manager	Hsieh, Chuan-Chuan	2009.03.10							Master of Finance National Taiwan University	Supervisor of Taiwan Power Company Member of Foundation for SME Credit Guarantee Fund Direct Credit Guarantee Committee Member of Bills Finance Association of ROC of Third Business Council Bills and Notes			

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Department of International Banking SVP and General Manager	Ho, Kai-Cheng	2009.07.22	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Master of Business Administration National Chengchi University	Member of The Bankers Association of the Republic of China of International Finance Committee			
Department of Consumer Finance SVP and General Manager	Yu, Yung-Chuan	2006.11.07							Dept. of Accounting Tamkang University	Director of Taiwan Fire & Marine Insurance Co. Crew of The Bankers Association of the Republic of China of Lending Committee of Consumer Finance Group			
Secretariat VP and General Manager	Pan, Jen-Chieh	2009.01.21							Dept. of Accounting National Chung Hsing University				
Department of General Affairs SVP and General Manager	Liang, Chien-Yi	2005.01.10							Dept. of Banking and Insurance Provincial Tai-Chung Commercial Junior College	Director of Taiwan Fire & Marine Insurance Co. Audit Committee of Ministry of Finance of Procurement Audit Committee			
Department of Real Estate Management SVP and General Manager	Chen, Ching-Jui	2007.07.01							Dept. of Laws Soo Chow University	Director of Tang Eng Iron Work Co.			
Department of Human Resources VP and General Manager	Huang, Pei-Ming	2010.01.15							Dept. of Business National Open University				
Department of Ethics SVP and General Manager	Hu, Yeh-Liang	2003.05.16							Master of Laws National Chengchi University				
Department of Accounting SVP and General Manager	Liu, Hsi-Kuang	2006.03.20							Dept. of Accounting Tamkang University	Director of Taiyi Real Estate Management Co., Ltd. Director of Taiwan Life Insurance Co. Member of The Bankers Association of the Republic of China of Internal Management Committee			
Department of Economic Research SVP and General Manager	Shih, Ying-Yen	2009.04.27							Graduate School of International Trade National Chengchi University	Deputy Minister of The Bankers Association of the Republic of China of Research and Development Committee			
Department of Credit Analysis SVP and General Manager	Ou, Shing-Shiang	2008.09.15							Ph. D in Economics, Georgia State University, U.S.A.	Director of China Development Financial Holding Corp. Executive Secretary of The Bankers Association of the Republic of China of Financial Research and Training Development Fund Management Committee			
Department of Information Management SVP and General Manager	Song, Shiao-Shuan	2003.07.15							Dept. of Chemistry National Cheng Kung University	Director of Financial eSolution Co., Ltd. Chairman of The Bankers Association of the Republic of China of Electronic Financial Services Committee Member of Bills Finance Association of ROC of Third Information Operations Committee			
Department of Legal Affairs SVP and General Manager	Lin, Su-Lan	2004.01.15							Master of Laws New South Wales University	Director of China Development Financial Holding Corp. Member of The Bankers Association of the Republic of China of Financial Regulations Disciplinary Committee			
Department of Assets Management SVP and General Manager	Chen, Wei-Chi	2009.07.15							Dept. of Public Administration at National Open University	Director of Hua Nan Financial Holdings Co. Director of Hua Nan Commercial Bank			
Department of Risk Management VP and General Manager	Lee, Li	2009.07.15							Graduate School of International Trade National Chengchi University	Member of The Bankers Association of the Republic of China of Risk Management Committee			

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Department of Electronic Banking SVP and General Manager	Wang, Hsin-Ping	2007.07.16	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Mathematics National Tsing Hua University	Convener of The Bankers Association of the Republic of China of Ninth Electronic Financial Services Committee of Electronic Banking Group member of Electronic Financial Services Committee Convener of General Banking Committee to Promote national pay tax business group			
Department of Wealth Management SVP and General Manager	Kang, Fan	2007.07.01							Master of Economics Indiana State University	Director of BankTaiwan Life Insurance Co. Member of The Bankers Association of the Republic of China of Wealth Management Committee			
Department of Corporate Finance SVP and General Manager	Lin, Li-Hua	2009.08.04							Dept. of Business Administration National Taipei Junior College of Business Open Business Junior College				
Department of Domestic Operations SVP and General Manager	Huang, Jui-Mu	2007.11.20							Dept. of Technology Mechanical Engineering Mingchi University	Director of BankTaiwan Life Insurance Co.			
Department of Business SVP and General Manager (Bao-Qing Mini-Branch SVP and General Manager)	Kang, Hsieh-Yi	2009.07.15							Dept. of Business Administration Soo-Chow University	Director, The Taiwan Payments Clearing System Development Foundation Director of First Financial Holding Co.			
Department of Public Treasury SVP and General Manager	Hung, Hsien-Ming	2008.09.15							Dept. of Business National Open University	Managing Director of Taiwan Business Bank			
Department of Trusts SVP and General Manager	Liu, Yu-Chih	2007.07.01							Dept. of International Trade National Taiwan University	Director of Retirement Fund Association Member of Foundation Trust Association of ROC Auditing and Advising Committee Deputy Minister of Foundation Trust Association of ROC Laws and systems group Convener of Foundation Trust Association of ROC Management Training Committee			
Department of Procurement VP and General Manager	Liu, Ching-Rong	2010.01.15							Dept. of Industrial and Business Administration Tamkang College				
Department of Precious Metals SVP and General Manager	Chang, Wu-Ren	2007.07.01							Dept. of International Trade Tamkang University	Supervisor of Taiwan Sugar Co.			
Department of Government Employees Insurance VP and General Manager	Huang, Chen-Ying	2010.01.15							Dept. of Business Administration National Taiwan University				
Wuchang Branch SVP and General Manager	Lin, Ing-Lieh	2009.01.21							Dept. of Banking and Insurance Chinese Culture University				
Offshore Banking Branch SVP and General Manager	Jane, Li-Fen	2009.08.20							Master of Business Administration Central Missouri State University				
New York Agency VP and General Manager	Wu, Kang-Chin	2008.04.01							Master of Business Management Department Asian Institute of Technology				
Los Angeles Branch VP and General Manager	Ho, Chwan-Ming	2009.07.29							Master of Business Management National Taipei University				
Hong Kong Branch VP and General Manager	Hsu, Chi-Wen	2007.11.16							Dept. of Economics Soo Chow University				

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Singapore Branch VP and General Manager	Pan, Rong-Yaw	2009.08.17	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Master of Public Finance National Chengchi University	Director and Chief Financial Officer of Singapore Business Association of Taipei			
Tokyo Branch VP and General Manager	Hsieh, Hsiu-Hsien	2009.05.01							Dept. of Economics National Chungshing University	Director of United Taiwan Bank S.A.			
South Africa Branch VP and General Manager	Chen, Hung	2007.10.17							Master of Business Administration Southern California University				
London Branch SVP and General Manager	Chen, Tsung-Jen	2006.08.30							M.A in Business Management National Sun Yat-Sen University				
Minsheng Branch VP and General Manager	Chen, Chun-Yen	2009.01.21							Dept. of Laws Chinese Culture University				
Tunhwa Branch VP and General Manager	Lin, Chun-Liang	2007.09.26							Dept. of Banking and Insurance Tamkang University				
Chunglun Branch VP and General Manager	Wang, Shu-Er	2007.07.16							Graduate Institute of Management Tamkang University				
Sungshan Branch VP and General Manager	Chen, Chen-Fang	2009.07.15							Dept. of Banking and Insurance Feng Chia College				
Taipei World Trade Center Branch VP and General Manager	Cheng, Kuen-Der	2006.07.14							Dept. of Economics Soo Chow University				
Chunghsiao Branch SVP and General Manager	Chang, Sen-Yei	2006.08.01							Dept. of Business National Open University				
Hsinyi Branch SVP and General Manager (Aiguo Mini Branch and Tungmen Mini Branch SVP and General Manager)	Chen, Yung-Chia	2006.11.07							Dept. of Accounting and Statistics Tamkang College				
Ta An Branch VP and General Manager	Shih, Mei-Kuei	2009.01.21							Master of Business National Taiwan University				
Hoping Branch VP and General Manager	Liu, Tung-Chen	2005.08.30							Dept. of Business Administration Soo-Chow University				
Jinshan Branch VP and General Manager	Wang, Chia-Tsai	2007.07.01							Dept. of International Trade FengChia University				
Sinan Branch VP and General Manager	Chen, Wen-Chang	2009.01.21							Master of enterprise management Tamkang University				
Chungshan Branch SVP and General Manager (Yuengjii Mini Branch SVP and General Manager)	Chiang, Man-Li	2009.01.21							Dept. of Accounting and Statistics National Chengkung University				
Kungkuan Branch SVP and General Manager (Taidian Mini Branch SVP and General Manager)	Yang, Yeong-Maw	2009.01.21							Dept. of Cooperative Economics Fengchia University				
Chengchung Branch VP and General Manager	Chen, Yung-Hsien	2008.09.15							Supplementary Open Junior College for Public Administration National Chengchi University				
Sungchiang Branch VP and General Manager	Ho, Chung-Huei	2007.07.16							Bliss College, Ohio, U.S.A				

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Yuanshan Branch SVP and General Manager	Wang, Chun-Te	2007.10.16	100% of Shareholding: Taiwan Financial Holding Co., Ltd						M.A. in Insurance Fengchia University				
Taipei Branch SVP and General Manager	Chen, Chun-Ming	2007.07.01							Dept. of Economics National Chung Hsing University				
Guancian Branch SVP and General Manager	Chi, Yen-Shan	2008.01.01							Dept. of Business Administration Tamkang College of Arts and Sciences	Supervisor of Taiyi Real Estate Management Co., Ltd.			
Nanmen Branch SVP and General Manager	Chuang, Ching-Jiang	2007.07.16							Master of Business Administration Chang Gung University				
Jenai Branch VP and General Manager	Chen, Ying-Kuei	2008.03.05							Master of Business Administration National Chengchi University				
Chunhsien Branch VP and General Manager	Tsai, Ming-Te	2006.07.14							Dept. of Cooperative Economics Tamkang University				
Yenping Branch VP and General Manager	Teng, Heng-Te	2008.10.17							Dept. of Insurance National Taipei Junior College of Business Open Business Junior College				
Minchuan Branch SVP and General Manager	Liao, Hong-Yen	2009.07.15							Dept. of Accounting and Statistics National Taichung Institute of Technology				
Lungshan Branch VP and General Manager	Chen, Jung-Hsien	2007.07.16							Dept. of Banking National Chengchi University				
Wanhua Branch VP and General Manager	Lin, Fu-Yen	2007.07.01							Dept. of Industrial and Business Administration Tamkang University				
Wenshan Branch VP and General Manager	Wu, Ruey-Ming	2007.08.06							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Muzha Branch VP and General Manager	Lee, Tang-An	2008.12.16							Dept. of Cooperative Economics National Chung Hsing University				
Nankang Branch VP and General Manager	Wu, Kung-Min	2008.02.19							Dept. of Chinese Language and Literature National Taiwan Normal University				
Nankang Software Park Branch VP and General Manager	Lee, Wen-Ying	2008.10.27							Dept. of Business Administration National Chung Hsing University				
Neihu Branch VP and General Manager	Kang, Cheng-Chuan	2007.07.16							Dept. of Statistics Tamkang University				
Donghu Branch VP and General Manager	Nien, Chung-Huan	2007.09.20							Dept. of Accounting National Chung Hsing University				
Xinhu Branch VP and General Manager	Wu, Jin-Chuan	2009.06.22							Dept. of Industrial Management Department Lughwa Junior College of Technology				
Shihlin Branch VP and General Manager	Chang, Mei-Yueh	2009.04.24							Dept. of Accounting and Statistics Tamkang College				
Tienmou Branch VP and General Manager	Tsai, Hui-Lien	2008.04.03							Dept. of Business Administration National Taiwan University				
Jiantan Branch VP and General Manager	Hwang, Yu-Fen	2008.02.14							Dept. of Economics National Taiwan University				
Peitou Branch VP and General Manager	Liao, Yun-Kuang	2007.07.16							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Panchiao Branch SVP and General Manager (Peifu Mini Branch SVP and General Manager)	Chu, Chung-Chih	2005.07.11							Dept. of Shipping and Transportation Management National Taiwan Ocean University	Chairman of Bankers Association of Taipei County Executive Director of the Bankers Association of Taiwan			
Huachiang Branch VP and General Manager	Wu, Tsang-Tay	2007.01.15							Dept. of Business Management National Chenkung University				
Bansin Branch VP and General Manager	Wang, Chuan	2008.01.01							Dept. of International Trade Tamkang University				

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Sanchung Branch VP and General Manager	Tseng, Jau-Tai	2009.03.10	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Finance and Taxation Fengchia University				
Yungho Branch VP and General Manager	Chen, Jin-Jinn	2009.08.04							Dept. of International Trade Kuochi Junior College of Commerce				
Chungho Branch VP and General Manager	Fu, Shan-Kuo	2007.01.15							Dept. of Banking and Insurance Tamkang University				
Shuanghe Branch VP and General Manager	Hsu, Feng-Tien	2007.07.01							Dept. of International Trade Tamkang University				
Hsinchuang Branch VP and General Manager	Chou, Shao-I	2009.08.04							Dept. of Business National Open University				
Nan Hsinchuang Branch VP and General Manager	Chen, Tzu-Yu	2010.01.15							Dept. of Banking National Chengchi University				
Hsintien Branch VP and General Manager	Yau, Ming-Ren	2007.01.15							Dept. of Economics Soo Chow University				
Tucheng Branch VP and General Manager	Lin, Min-Chien	2006.11.30							Dept. of Shipping and Transportation Management National Taiwan Ocean University				
Lujou Branch VP and General Manager	Lin, Cheng-Chang	2009.08.04							Dept. of Business Administration National Taipei Junior College of Business Open Business Junior College				
Hischih Branch VP and General Manager	Juang, Chyong-Ling	2008.02.19							Dept. of Business Administration National Chung Hsing University				
Shulin Branch VP and General Manager	Fan, Chun-Hsiung	2007.01.15							Dept. of Business Administration National Taipei Junior College of Business Open Business Junior College				
Tamsui Branch VP and General Manager	Cheng, Su-Man	2009.07.15							Dept. of International Trade, Overseas Chinese Business College				
Taipei Port Branch VP and General Manager	Wang, Chuen-An	2007.08.06							Dept. of Banking Tamkang University				
Wuku Branch VP and General Manager	Tsai, Hwai-Der	2009.07.15							Taiwan Provincial Taipei Commercial School				
Keelung Branch SVP and General Manager	Yang, Chi-Lung	2008.09.15							Dept. of Economics Fugen Catholic University				
Yilan Branch VP and General Manager	Lee, Ming-Chih	2010.01.15							Dept. of Banking and Insurance FengChia University	Director of Taiwan Clearing House Foundation Yilan County Branch			
Lotung Branch VP and General Manager	Jeng, Guo-Huei	2005.12.06							National Taipei College of Business Open Business Junior College				
Suao Branch VP and General Manager	Fan, Jen-Long	2007.03.30							Dept. of Business Administration Tamkang College of Arts and Sciences				
Taoyuan Branch SVP and General Manager	Yeh, Ton-Yuan	2009.07.23							Dept. of Accounting National Cheng-Kung University	Chairman of Bankers Association of Taoyuan County Member of Taoyuan County Government Land Review Committee on Land and Standards Director of Taiwan Clearing House Foundation Taoyuan County Branch			
East Taoyuan Branch VP and General Manager	Yang, Chang-Chyi	2008.03.18							Dept. of Laws National Chengchi University				
Taosing Branch VP and General Manager	Tseng, Jeng-Yi	2007.07.01							Master of Business Administration New York Institute of Technology				
Chungli Branch SVP and General Manager	Yeh, Gang-Feng	2007.07.16							Supplementary Open Junior College for Public Administration National Chengchi University				
Neili Branch VP and General Manager	Tsao, Chin-Ho	2010.01.15							Master of Finance Kainan University				
Chienkuo Branch VP and General Manager	Hsieh, Kuo-Yi	2009.01.21							Dept. of International Trade National Taichung Institute of Commerce				

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Sinming Branch VP and General Manager	Tseng, Cheng-Hsiung	2010.01.15	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Electronic Engineering Taiwan Provincial Taipei Commercial School				
Pingchen Branch VP and General Manager	Lin, Chih-Chung	2009.07.15							Dept. of Accounting and Statistics Taipei Commerce College Open Junior College of Commerce				
LinKou Branch VP and General Manager	Hung, Jien-Jien	2008.01.28							Master of Business management department National Dong Hwa University				
Nankan Branch VP and General Manager	Yu, Kuo-Yu	2010.01.15							Dept. of Economics National Chengchi University				
Taoyuan Airport Branch VP and General Manager	Liu, Hui-Hsin	2009.01.21							Dept. of Accounting and Statistics Tamkang College				
Longtan Branch VP and General Manager	Shih, Che-Yu	2007.09.14							Dept. of Business Administration Feng Chia University				
Hsinchu Branch SVP and General Manager	Ku, Chao-Chu	2009.07.15							Dept. of Economics Chinese Cultural College	Supervisor of Small Business Integrated Assistance Center Director of Taiwan Clearing House Foundation Hsinchu Branch			
Science-Based Industrial Park Branch. SVP and General Manager	Lin, Chang-Fu	2007.07.16							Dept. of Banking and Insurance Feng Chia College				
Peitalu Branch VP and General Manager	Hsu, Chiu-Mu	2007.07.16							Dept. of Economics Tunghai University				
Chupei Branch VP and General Manager	Chu, Hsi-Chin	2007.01.15							M.A. in Insurance Fengchia University				
Lioujia Branch SVP and General Manager	Hou, Fu-Sou	2007.07.01							Dept. of Business Administration Fugen Catholic University				
Miaoli Branch SVP and General Manager	Chen, Wen-Yu	2008.09.15							Graduate Institute of Management Tamkang University	Director of Taiwan Clearing House Foundation Miaoli County Branch			
Toufen Branch VP and General Manager	Wu, Shiou-Rung	2007.07.16							Dept. of Industrial Management Tamsui Oxford College				
Taichung Branch SVP and General Manager	Lin, Tieh-Hai	2009.07.15							Dept. of Banking and Insurance Chinese Culture University	Director of Taiwan Clearing House Foundation Taichung Branch			
Fuhsing Branch VP and General Manager	Wen, Jer-Shuan	2008.03.05							Dept. of Business Administration Tunghai University				
Chienhsing Branch SVP and General Manager	Wang, Jung-Chou	2010.01.15							Master of Three People's Principles of Sun Yat-sen Chinese Culture University				
Liming Branch VP and General Manager	Hsu, Tsuey-Hwa	2006.01.16							Dept. of International Trade Tamkang University				
Taichung Industrial Park Branch VP and General Manager	Chen, Tsung-Hsin	2009.01.21							Dept. of Banking and Insurance Feng Chia College				
Shuinan Branch VP and General Manager	Kuo, Te-Ming	2008.09.15							Dept. of Accounting and Statistics Fugen Catholic University				
Hsitwun Branch VP and General Manager	Young, Ying-Ling	2010.01.15							Dept. of Economics Tunghai University				
North Taichung Branch VP and General Manager	Lin, Mao-Hong	2007.07.01							Dept. of International Trade Feng Chia University				
Central Taichung Branch VP and General Manager	Wung, Te-Ching	2010.01.15							Tatung Junior Technological College of Commerce				
Fengyuan Branch SVP and General Manager	Lin, Yuan-Tung	2007.07.16							Dept. of Business National Open University				
Wufeng Branch VP and General Manager	Hsieh, Hua-Ching	2009.01.21							M.B.A in Finance National Yunlin University of Science and Technology				
Tantz Branch VP and General Manager	Tsai, Jin-Yuan	2010.01.15							Dept. of Business National Open University				

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Taichung Harbor Branch VP and General Manager	Tseng, Chin-Tsan	2010.01.15	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Economics Tunghai University				
Tachia Branch VP and General Manager	Lee, Chun-Hsi	2009.01.21							Taiwan Police Academy				
Daya Branch VP and General Manager	Hsu, Pi-Chih	2009.03.10							M.B.A in Finance National Yunlin University of Science and Technology				
Tali Branch VP and General Manager	Wang, Shih-Chien	2008.09.15							Master of Finance National Chung Hsing University				
Wuchi Branch VP and General Manager	Lu, Heng-Du	2008.10.20							Dept. of Economics Tunghai University				
Taiiping Branch VP and General Manager	Liao, Fu-Sen	2010.01.15							Dept. of Economics Fengchia University				
Defang Branch VP and General Manager	Chen, Ching-Sung	2009.04.24							Dept. of Business Administration Tunghai University				
Taichung Science Park Branch VP and General Manager	Wu, Yao-Chih	2009.04.24							Dept. of Banking and Insurance Provincial Tai-Chung Commercial Junior College				
Chunghsin New Village Branch SVP and General Manager	Wang, Yuan-Yuan	2009.01.21							Dept. of Accounting Fengchia University				
Nantou Branch VP and General Manager	Huang, Yeou-Nan	2009.01.21							Dept. of Banking, Overseas Chinese Business College	Director of Taiwan Clearing House Foundation Nantou Branch			
Puli Branch VP and General Manager	Wang, Wen-Kung	2009.01.21							Dept. of Sociology National Open University				
Changhua Branch SVP and General Manager	Wang, Tzu-Tung	2007.07.16							Dept. of Banking and Insurance Provincial Tai-Chung Commercial Junior College				
Yuanlin Branch VP and General Manager	Hung, Chi-Ho	2009.01.21							National Open College of Continuing Education				
Lukang Branch VP and General Manager	Huang, Hsi-Shun	2010.01.15							Dept. of International Trade Open Business College with NTCB				
Yuanjhong Branch VP and General Manager	Leou, Kuo-Min	2010.01.15							Dept. of Statistics Fengchia University				
Touliu 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	Director of Taiwan Clearing House Foundation Yunlin County Branch			
Huwei Branch VP and General Manager	Bair, Rong-Hwa	2008.02.01							Dept. of International Trade National Taichung Institute of Commerce				
Chiayi Branch SVP and General Manager	Huang, Wen-Ming	2008.09.15							Master of Business Administration National Cheng Kung University	Director of Taiwan Clearing House Foundation Chiayi City Branch			
Chiabei Branch VP and General Manager	Wen, Jeng-Hui	2006.01.18							Tatung Institute of Commerce and Technology				
Jianan Branch VP and General Manager	Chang, Chun-Yuan	2007.07.01							Master of Business Administration National Cheng Kung University				
Taipao Branch VP and General Manager	Hsieh, Tien-Fu	2005.07.16							Dept. of Accounting and Statistics Tatung Junior Technological College of Commerce				
Tainan Branch SVP and General Manager	Leu, Yaw-Neng	2009.01.21							Dept. of Business National Open University	Director of Taiwan Clearing House Foundation Tainan Branch			
Anping Branch VP and General Manager	Hsu, Ming-Hui	2007.11.26							Dept. of International Trade FengChia University				
Annan Branch VP and General Manager	Tsai, Fu-Ming	2007.03.30							Dept. of International Trade Kuochi Junior College of Commerce				

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Tainan Innovation and Research Park Branch VP and General Manager	Chen, Ching-Shan	2008.06.13	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Master of Transportation and Communication Management Science Department National Cheng Kung University				
Nandu Branch VP and General Manager	Lin, Shiuh-Rong	2007.07.01							Dept. of Accounting National Chengchi University				
Hsinying Branch VP and General Manager	Jen, Kun-Fa	2008.09.15							Dept. of Economics National Taiwan University	Director of Taiwan Clearing House Foundation Tainan County Branch			
Yungkang Branch VP and General Manager	Ho, Wen-Shu	2006.07.14							Tatung Institute of Commerce and Technology				
Tainan Science-Based Industrial Park Branch VP and General Manager	Hung, Teng-Kui	2008.10.17							Dept. of Economics Fugen Catholic University				
Rende Branch VP and General Manager	Lee, Fang-Ming	2007.09.19							Dept. of Business National Open University				
Lioujiading Branch VP and General Manager	Tseng, Chin-Kuan	2009.06.10							Dept. of Business Administration National Taiwan University				
Kaohsiung Branch SVP and General Manager	Huang, Wen-Tao	2007.01.15							Dept. of International Trade Feng Chia University	Director of Taiwan Clearing House Foundation Kaohsiung Branch			
Kaohsiung Explot Processing Zone Branch VP and General Manager	Chen, Cheng-Lung	2008.02.14							Dept. of Accounting and Statistics Tamkang College				
Zuoying Branch VP and General Manager	Huang, Shui-Chen	2008.02.14							National Changhua Senior School of Commerce				
Chienchen Branch VP and General Manager	Wang, Yung-Shan	2008.09.15							Dept. of Business Management National Chenkung University		Kaohsiung Airport Branch VP and General Manager	Wang, Mei-Yuh	Sister
Kusan Branch VP and General Manager	Lin, Ping-Ho	2008.02.14							Dept. of Finance and Taxation Fengchia University				
Sanmin Branch VP and General Manager	Chen, Chi-An	2010.01.15							Dept. of Business Administration Fugen Catholic University				
Hsingsing Branch VP and General Manager	Lee, Huan-Hsun	2008.09.15							Dept. of Business National Open University				
Lingya Branch SVP and General Manager	Lin, Ruey-Dian	2006.07.14							Dept. of Public Finance National Cheng Chi University	Managing supervisors of Kaohsiung City Managers Association Chairman of Kaohsiung Institute of Natural Observation			
Sandou Branch VP and General Manager	Huang, Hsui-Hsiang	2008.09.15							Dept. of Business National Open University				
Nantze Branch VP and General Manager	Cheng, En-Tzu	2010.01.15							Dept. of Finance and Taxation Fengchia University	Director of Chinese Free Methodist Foundation Seminary Foundation, Light			
Dahchang Branch VP and General Manager	Liu, Sheng-Hsiung	2006.07.14							Dept. of Banking and Insurance Open Junior College of Commerce National Chengkung University				
Boai Branch VP and General Manager	Lee, Sheng-Hsiung	2007.07.16							Dept. of Statistics Fengchia University				
Hsiaokang Branch VP and General Manager	Wu, Bing-Song	2007.09.14							Master of Finance Management National Kaohsiung First University of Science and Technology				
Kaohsiung Airport Branch VP and General Manager	Wang, Mei-Yuh	2007.07.16							M.A in Business Management National Sun Yat-Sen University		Chien Chen Branch VP and General Manager	Wang, Yung-Shan	Brother

Title	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
Cianjin Branch SVP and General Manager	Chang Chien, Feng- Chou	2007.07.01	100% of Shareholding: Taiwan Financial Holding Co., Ltd						Dept. of Accounting National Cheng Kung University				
North Kaohsiung Branch VP and General Manager	Chen, Wu-Cheng	2007.07.01							Master of Business Administration National Cheng Kung University				
Chenggong Branch VP and General Manager	Lin, Ming-Yuh	2007.07.01							Master of Business Administration National Cheng Kung University				
Gaorong Branch VP and General Manager	Chiu, Chin-Cheng	2007.09.20							Dept. of Economics Chinese Cultural College				
Wufu Branch VP and General Manager	Chen, Yung-Ching	2009.08.17							Master of Financial Operations Department National Kaohsiung First University of Science and Technology				
Fengshan Branch SVP and General Manager	Ma, Jen-Shiau	2006.07.14							Master of Business Administration North Western State University of L.A.				
Gangshan Branch VP and General Manager	Chen, Chun-Hsiung	2010.01.15							M.A in Business Management National Sun Yat-Sen University				
Wujia Branch VP and General Manager	Chang, Kuo-Chiang	2008.03.05							M.A in Business Management National Sun Yat-Sen University				
Chungchuang Branch VP and General Manager	Su, Chiu-Hui	2007.03.30							Dept. of Accounting, National Chengchi University				
Kaohsiung Science Park Branch VP and General Manager	Chern, Ming-Jer	2010.01.15							Dept. of Business Administration Soo-Chow University				
Pingtung Branch VP and General Manager	Lee, Chao-Ming	2009.01.21							Supplementary Open Junior College for Public Administration National Chengchi University	Director of Together with the Bankers Association of Taiwan Director of Taiwan Clearing House Foundation Pingtung County Branch			
Chaochou Branch VP and General Manager	Tsao, Che-Jen	2009.01.21							Dept. of Economics Fujen Catholic University				
Donggang Branch VP and General Manager	Chen, Kuo-Tung	2008.10.17							Dept. of Business management Department Kuo Chi junior college of Commerce				
Chungping Branch VP and General Manager	Chang, Ching-Tsun	2007.07.16							Dept. of Economics Soo Chow University				
Yenpu Branch VP and General Manager	Wang, Wen-Li	2006.07.14							National Taipei Teachers' college				
Hsinyuan 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				
Taitung Branch VP and General Manager	Shen, Cheng-Chung	2009.01.21							Dept. of Finance and Taxation Fengchia University	Chairman of Bankers Association of Taitung County Director of Taiwan Clearing House Foundation Taitung Branch			
Hualien Branch VP and General Manager	Yu, Ching-Lung	2010.01.15							Dept. of Industrial Management Chung Yuan University	Director of Taiwan Clearing House Foundation Hualien County Branch			
North Hualien Branch VP and General Manager	Hwang, Huoo-Chyan	2007.07.01							Dept. of Business Open Business College with NTCB				
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	Director of Taiwan Clearing House Foundation Penghu Branch			
Kinmen Branch VP and General Manager	Tsai, Wen-Liang	2008.02.14							Dept. of Accounting and Statistics Tatung Junior Technological College of Commerce				
Matsu Branch VP and General Manager	Chiang, Jen-Yung	2009.04.24							Dept. of Shipping and Transportation Management National Taiwan Ocean University				

3. Remuneration of Directors, Supervisors, President, and Vice Presidents for 2009

Remuneration of Directors

Dec. 31, 2009

Unit: NT\$1,000

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)	Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)	Compensation paid to directors from an invested company other than the company's subsidiary				
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors(C)		Allowances (D) (Note)			Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)						Exercisable Employee Stock Options (H)			
		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock			The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements
Chairperson	Susan S. Chang																							
Managing Director	Tse-Cheng Lo																							
Managing Director	Fu-Chi Tsai																							
Managing Director	Sheng-Ford Chang																							
Managing Director	Jun-Ji Shin																							
Managing Director	Cheng-Chen Yang																							
Independent Managing Director	Yi-Hsiung Hsu																							
Independent Director	Chung-Hua Shen																							
Independent Director	Tien-wei Lou																							
Director	Chih-Hung Chang	2,763	None	160	None	None	None	4,282	None	0.0888	None	6,845	None	322	None			None		None	None	0.1771	None	290
Director	Hsiu-Hua Rau																							
Director	Shin-Hsin Huang																							
Director	Jiin-Tarng Yue																							
Director	Ming-Shyang Yang																							
Director	Kuang-Huei Lee																							
Director	Chang-Sheng Lin																							
Director	Chun-Hsiung Chen																							
Director	Hsi-Chuan Chen																							
Director	Sheng-Tien Yang																							

Note : 1. All Directors are assigned by the Ministry of Finance.

2. The monthly rental for the chairperson's residence is NT\$148,000; the chairperson's sedan was purchased in October of 2001 at a cost of NT\$986,900, and the monthly expense for the chauffeur is NT\$39,507.

3. The monthly rental for the president's residence is NT\$170,800; the president's sedan was purchased in October of 2002 at a cost of NT\$798,800, and the monthly expense for the chauffeur is NT\$39,507.

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements
Under NT\$2,000,000	Tse-Cheng Lo, Fu-Chi Tsai Sheng-Ford Chang, Jun-Ji Shin Cheng-Chen Yang, Yi-Hsiung Hsu Chung-Hua Shen, Tien-wei Lou Chih-Hung Chang, Hsiu-Hua Rau Shin-Hsin Huang, Jiin-Tarng Yue Ming-Shyang Yang, Kuang-Huei Lee Chang-Sheng Lin, Chun-Hsiung Chen Hsi-Chuan Chen, Sheng-Tien Yang		Fu-Chi Tsai, Sheng-Ford Chang Jun-Ji Shin, Cheng-Chen Yang Yi-Hsiung Hsu, Chung-Hua Shen Tien-wei Lou, Chih-Hung Chang Hsiu-Hua Rau, Shin-Hsin Huang Jiin-Tarng Yue, Ming-Shyang Yang Kuang-Huei Lee, Chang-Sheng Lin Chun-Hsiung Chen, Hsi-Chuan Chen Sheng-Tien Yang	
NT\$2,000,000 ~ NT\$5,000,000	Susan S. Chang		Susan S. Chang, Tse-Cheng Lo	
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	19 persons		19 persons	

Remuneration of Supervisors
Dec. 31, 2009

Unit: NT\$1,000

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Supervisors (C)		Allowances (D)				
		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	
Resident Supervisor	Yang Ming-Shyang	None	None	None	None	None	None	487	None	0.0060	None	None
Supervisor	Chin-Chen Cheng											
Supervisor	A-Ting Chou											
Supervisor	Ho Rui-Fang											

Note : All supervisors are assigned by Ministry of Finance.

Bracket	Name of Supervisors	
	Total of (A+B+C+D)	
	The Bank	Companies in the consolidated financial statements
Under NT\$ 2,000,000	Yang Ming-Shyang, Chin-Chen Cheng A-Ting Chou, Ho Rui-Fang	
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	4 persons	

Compensation of President and Vice President

Dec. 31, 2009

Unit: NT\$1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing-Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Exercisable Employee Stock Options		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
		The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank	Companies in the consolidated financial statements	The Bank		Companies in the consolidated financial statements		The Bank	Companies in the consolidated financial statements			
								Cash	Stock	Cash	Stock					
President	Tse-Cheng Lo	12,001	None	959	None	6,100	None	None				0.2348	None	None	None	963
President	Fu-Chi Tsai															
Executive Vice President	Fu-Chi Tsai															
Executive Vice President	Teng-Lung Hsieh															
Executive Vice President	Li-Yen Yang															
Executive Vice President	Shih-Tien Chiang															
Executive Vice President	Jan-Lin Wei															
Executive Vice President	Min-Chang Chen															
Executive Vice President	Kuo-Ching Chang															
Executive Vice President	Chiou, Kao-Chen															
Executive Vice President and General Auditor	Hong-Chi Chang															

Bracket	Name of President and Vice Presidents	
	The Bank	Companies in the consolidated financial statements
Under NT\$ 2,000,000	Fu-Chi Tsai, Kuo-Ching Chang Kao-Chen Chuang	
NT\$2,000,000 ~ NT\$5,000,000	Tse-Cheng Lo, Teng-Lung Hsieh, Li-Yen Yang, Shih-Tien Chiang, Jan-Lin Wei Min-Chang Chen, Hong-Chi Chang	
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	10 persons	

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

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

III. Implementation of Corporate Governance

1. Board of Directors

A total of 13 (A) meetings of the Board of Directors were held in 2009. Director attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) [B / A]	Remarks
Chairperson	Susan S.Chang	13	0	100.0	
President	Tse-Cheng Lo	6	0	100.0	Relieved on July 23, 2009
President	Fu-Chi Tsai	6	0	100.0	Assumed on July 31, 2009
Managing Director	Jun-Ji Shin	4	2	57.1	Relieved on July 31, 2009
Managing Director	Sheng-Ford Chang	10	3	76.9	
Managing Director	Cheng-Chen Yang	12	0	92.3	
Independent Managing Director	Yi-Hsiung Hsu	4	0	66.7	Assumed on July 31, 2009
Independent Director	Chung-Hua Shen	5	1	83.3	Assumed on July 31, 2009
Independent Director	Tien-wei Lou	6	0	100.0	Assumed on July 31, 2009
Director	Ming-Shyang Yang	6	0	100.0	Assumed on July 31, 2009
Director	Hsiu-Hua Rau	13	0	100.0	
Director	Chih-Hung Chang	11	2	84.6	
Director	Shin-Hsin Huang	10	0	100.0	Relieved on Sep. 25, 2009
Director	Kuang-Huei Lee	3	0	100.0	Assumed on Sep. 25, 2009
Director	Jiin-Tarng Yue	11	2	84.6	
Director	Chang-Sheng Lin	13	0	100.0	
Director	Hsi-Chuan Chen	13	0	100.0	
Director	Sheng-Tien Yang	6	1	85.7	Relieved on July 31, 2009
Director	Chun-Hsiung Chen	6	0	100.0	Assumed on July 31, 2009

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: None
3. To reinforce corporate governance, the Bank set up an Audit Committee on July 31, 2009 to take over the functions of the supervisors.

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

2. Audit Committee

A total of 4 (A) Audit Committee meetings were held in 2009. Independent director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) [B / A]	Remarks
Independent Managing Director	Yi-Hsiung Hsu	4	0	100.0	
Independent Director	Tien-Wei Lou	4	0	100.0	
Independent Director	Chung-Hua Shen	4	0	100.0	

Other mentionable items:

1. If there are circumstances referred to in Article 14-5 of Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified: None
2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, Internal auditing authorities and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
 - (1) Communication with internal auditing authorities is carried out as follows to reinforce the Bank's internal auditing work:
 - A. Four meetings of the Audit Committee that were held during this fiscal year carried out communication on (1) a report on auditing work for the first half of 2009; (2) Internal Control Statement; (3) auditing work plan for 2010; and (4) the Bank's IFRS conversion plan and status of implementation.
 - B. Two seminars were held with the internal auditing authorities on "The BOT's Auditing Operations Model" and "Reinforcement of the Content of Auditing Reports."
 - C. A seminar for two-way communication was held with auditing personnel at the Department of Auditing, Board of Directors.
 - (2) Communications with CPAs were carried out as follows in order to reinforce the content of the Bank's external auditing work:
 - A. Three meetings of the Audit Committee carried out communication in regard to (1) financial reports for the first half of 2009; (2) the financial report for the third quarter of 2009; and (3) the Bank's IFRS conversion plan and status of implementation.
 - B. A seminar was used to carry out communication on the Bank's financial report checking and review matters.
 - (3) The Bank's communications with regulatory compliance, risk management, finance, accounting, and business units were carried out as follows in order to reinforce regulatory compliance, risk management, financial, accounting, and business operations:
 - A. Four meetings of the Audit Committee carried out communication on important regulatory compliance, risk management, finance, accounting, and business matters.
 - B. Numerous seminars were used to carry out communication on the Bank's important related issues.
 - C. Relevant executives were invited to the Audit Committee's office on an irregular basis, and talks were held via telephone, to carry out communication on important issues.
 - D. Unannounced visits were paid to two branches for communication with their managers.
 - (4) A total of four Audit Committee meetings were called, 10 seminars were held, and visits to two branches were carried out during this year.

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

3. Attendance of Supervisors for Board Meetings

To reinforce corporate governance, the Bank set up an Audit Committee on July 31, 2009 to take over the functions of the supervisors. During the period of Jan.1 to July 30, 2009, a total of 7 (A) meetings of the Board of Directors were held. Supervisor attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) [B / A]	Remarks
Resident Supervisor	Yang Ming-Shyang	4	0	57.1	
Supervisor	A-Ting Chou	3	0	42.9	
Supervisor	Chin-Chen Cheng	0	0	0.0	Relieved on Mar. 26, 2009
Supervisor	Ho Rui-Fang	2	0	40.0	Assumed on Mar. 26, 2009

Other items of record:

Composition and duties of Supervisors:

1. All of the BOT's shares are held by a single government or institutional shareholder. The supervisors are appointed by the Ministry of Finance and approved by the Board of Directors of the Taiwan Financial Holdings Co.
2. The supervisors operate in accordance with the provisions of the BOT's Rules of Procedure for Supervisors.
 - (1) The supervisors' meeting is held once every three months, but a meeting may be called at any time in cases of emergency, important happenings, or request by supervisors. The president, vice presidents, and heads of related departments will attend.
 - (2) All audit reports presented by the Auditing Office of the Board of Directors will be relayed to the supervisors for documentary review. Opinions raised will be answered by the relevant departments, and will be collated for discussion and improvement at supervisors' meetings.
 - (3) The Accounting Office presents, at supervisors' meetings, accounting reports for the end of the previous month. After the Bank's final budget is examined and certified by a CPA office, it is raised for a resolution at a Board of Directors meeting and a supervisors' meeting is called where the signing CPA attends to make a financial report and discuss it with the supervisors.

4. 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 "Corporate Governance".

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

Item	Implementation Status	Deviations from "Corporate Governance Best-Practice Principles for The Banking Industry" and reasons
1. Shareholding Structure & Shareholders' Rights (1) Method of handling shareholder suggestions or complaints (2) The Bank's possession of a list of major shareholders and a list of ultimate owners of these major shareholders (3) Risk management mechanism and "firewall" between the Bank and its affiliates	1. Although the competent authority has approved the public issuance of the Bank's shares, the shares have not yet been publicly released and the Bank currently has only one institutional shareholder: the Taiwan Financial Holdings Co.(which is 100% owned by the Ministry of Finance). All related matters are carried out in accordance with regulations, and channels of communication are clear. 2. The Bank is a subsidiary of the state-owned Taiwan Financial Holdings Co. (whose sole owner is the Ministry of Finance). 3. Business having to do with related enterprises is all carried out in accordance with the provisions of the Banking Law and the regulations of the competent authority as well as the Bank's own internal control charter.	None
2. Composition and Responsibilities of the Board of Directors (1) Independent Directors (2) Regular evaluation of CPAs' independence	1. The Bank has a Board of Directors consisting of 15 members, all of whom are persons of professional know-how or experience who are appointed by the parent company, the Taiwan Financial Holdings Co., as representatives of government shareholding (three are independent directors and another three are recommended by the employees' union). All carry out their duties under the principles of independence, objectivity, and professionalism. 2. In 2009 the Bank commissioned independent, reputable, and professional international certified public accountants of appropriate scale, via tendering in accordance with the Government Procurement Act, to carry out verification and certification of the Bank's accounts. The CPA office used is not a related enterprise of the Bank; in accordance with the requirements of its international headquarters, it carries out an independent assessment of management policy each year; also each year, it asks its practicing CPAs and employees to submit their own "Statement of Impartiality and Independence" from clients. The CPAs, managers, and professional employees are also required to observe the rules of independence so as to maintain impartiality, independence, and fairness in their certification operations.	None
3. Communication channel with stakeholders	The Bank maintains a mailbox for complaints and suggestions on its website, as well as a customer service telephone hotline, providing materially interested persons with a diversity of communication channels. Its internal website also contains a Chairperson's Mailbox, President's Interchange, and employees' discussion area as channels for employee suggestions.	None
4. Information Disclosure (1) Establishment of a corporate website to disclose information regarding the Bank's financials, business and corporate governance status (2) Other information disclosure channels (e.g. maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)	1. The Bank's website regularly discloses information on financial operations and corporate governance. 2. The Bank's website has an English page that provides information on the Bank's financial operations and corporate governance. The information is updated whenever the data change. 3. To circulate publicly reports and announcements in accordance with the requirements of the competent authority, the units in charge of different areas of business carry out the collection and disclosure of relevant information in their own fields. Their reports are made according to the stipulated deadlines. 4. To strengthen liaison and communication with the news media, the Bank makes timely and accurate reports on its major policies, business measures, and services. "Bank of Taiwan News Issuance and News Liaison Guidelines" have been established; Li-Yen Yang has been appointed first spokesperson and Kao-Chen Chuang second spokesperson to make consistent statements in turn, and when necessary the chairperson, president, or spokesperson can designate someone else to make statements so as to assure timely communication with news organizations. This system has shown good results. 5. The Bank is a subsidiary of the state-owned Taiwan Financial Holdings Co. (whose sole owner is the Ministry of Finance); shares have not been listed.	None
5. Operations of the Bank's Nomination Committee, Compensation Committee, or other committees of the Board of Directors	The Bank established an Audit Committee on July 31, 2009 and formulated an Audit Committee Charter. The primary objective of the Committee, which is made up of all the Bank's independent directors, is to provide supervision in the following areas: 1. The appropriate expression of the Bank's financial reports. 2. The appointment (or dismissal) of CPAs, and their independence and performance. 3. The effective implementation of the Bank's internal controls. 4. The Bank's compliance with relevant laws and regulations. 5. Management of existing and potential risks.	None
6. If the Bank has established corporate governance principles based on "Corporate Governance Best-Practice Principles for The Banking Industry", please describe any discrepancy between the principles and their implementation: Since the BOT is 100% owned by Taiwan Financial Holding Co.,Ltd (100% of Shareholding: Ministry of Finance), 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.		

6. Social Responsibility

- (1) An activity was held on Apr. 22 ~ May 11, 2009 to encourage BOT personnel to donate children's books, stationery, and daily-use items to help the children of disadvantaged families obtain the materials they need. The activity won an enthusiastic response from employees bank-wide, with the employees of branches even in remote areas such as Taitung, Penghu, Kinmen, and Matsu joining in. A total of 240 crates of children's books, along with 280 crates of stationery and daily-use items, were collected, fully expressing the concern that the Bank's staff has for society as well as its care for disadvantaged groups.
- (2) In May of 2009 the BOT chairperson personally led a group of personnel to donate funds to the Bethany Children's Home in Taipei City and the Home of Onesiphorus in Taitung County.
- (3) The Bank contributed its effort to Taiwan's economic development by organizing an International Economic and Financial Forum on May 14~15, 2009, to which Nobel Laureate Paul Krugman was invited to speak on how to recover from the economic slump for the reference of the industrial, governmental, and academic sectors.
- (4) The Bank mounted a blood-donation drive among its employees on May 18~20, 2009. The employees contributed to society by donating a total of 395 bags of blood.
- (5) A bank-wide mountain-climbing activity was held on May 16, 2009 as part of the celebration of the Bank's 63rd anniversary, with a total of 2,800 employees and their family members participating. On that day, workers carried large garbage bags to designated places to collect garbage along the way and clean up hiking trails so as to maintain a clean environment and leave a better world for our posterity.
- (6) Almost 80 disadvantaged students from remote areas from the Taoyuan Family Assistance Center were invited to visit the "The Smiling Kingdom-The Terracotta Warriors of Han Yang Ling" exhibit at the National Museum of History in July of 2009.
- (7) In August of 2009 clients were invited to bring their families and participate in a "BOT Financial Management - Sharing the Warmth" public-benefit activity, getting into the outdoors at the Guandu Nature Park in Taipei together with children from the Taipei Family Assistance Center and VIP families.
- (8) The Bank donated NT\$20 million and its employees contributed more than NT\$16.48 million to help with reconstruction and relief for victims of the disastrous Aug. 8 flooding caused by Typhoon Morakot.
- (9) More than 30 students from the Taipei Southern Family Assistance Center were invited to see the U.S. NBA Games 2009 Taipei at the Taipei Arena in October of 2009, helping the students to broaden their international vision by watching international professional basketball games.

7. Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at <http://www.bot.com.tw>

8. Other Important Information Regarding Corporate Governance

Please refer to the Bank's website at <http://www.bot.com.tw>

9. Internal Control System

(1) Internal Control Statement

Bank of Taiwan

Internal Control Statement

TO: FINANCIAL SUPERVISORY COMMISSION

The internal control system of the Bank of Taiwan from Jan. 1, 2009 through Dec. 31, 2009 was established in compliance with the Implementation Rules for Bank Internal Audit and Internal Control System to implement risk management and audited by an independent auditing department which reports to the board of the directors and supervisors regularly (For bank's securities business, the Bank determines if the design and implementation of the internal control system are effective based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets). After careful evaluation, the Bank believes that the Bank's internal control system and compliance with applicable law and regulations have been effective for the year stated. (This Statement shall become a major part of the annual report and prospectus of the Bank and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities & Exchange Act.)

Chairperson



President



EVP and General Auditor



Head Office Chief Compliance Officer



February 26, 2010

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 25, 2010

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

Please refer to page 38 of the Chinese annual report.

11. Major Resolutions of Shareholders' Meeting and Board Meetings

- (1) Report by the 21st extraordinary session of the 2nd Board of Directors on Jan. 16, 2009: The signing CPAs for the "Commissioned CPAs for 2008 Financial, Taxation, and Internal Control Auditing Services," which was commissioned by the BOT to KPMG Certified Public Accountants, were Yen-Ling Fang and David Ding; since David Ding retired on Dec. 31, 2008, it was agreed that following KPMG's internal adjustment CPA Derek Hsu would take over the follow-up auditing work for this case.
- (2) Report submitted by the 21st extraordinary session of the 2nd Board of Directors on Jan. 16, 2009 : The Bank has completed a recompilation of its legal budget for 2008 in compliance with a resolution of the Legislative Yuan.
- (3) Resolution passed by the 130th meeting of the 2nd Board of Directors on Feb. 20, 2009: BOT Vice President Kuo-Chin Chang asked to retire on Feb. 20, 2009.
- (4) Resolution of the 15th meeting of the 2nd Board of Directors on February 27, 2009: In view of the fact that the geographical advantage enjoyed by Macau as a hub for Taiwanese business people no longer exists because of the opening of direct flights across the Taiwan Straits, and because Macau has been deeply affected by the global economic recession. It is felt that there is no longer a need to set up a branch there. Preparations for the Macau branch were to be halted and the Financial Supervisory Commission informed by letter.
- (5) Resolution passed by the 16th meeting of the 2nd Board of Directors on Apr. 24, 2009: Approved the Bank's 2008 Business Operations Report and Financial Statements.
- (6) Resolution passed by the 24th extraordinary session of the 2nd Board of Directors on July 23, 2009: BOT President Lo Tse-Cheng resigned to take up the post of chairman of the Taiwan Business Bank, and the BOT's chairperson nominated Tsai Fu-Chi, president of the Taiwan Financial Holdings Co., to serve temporarily as acting BOT president.
- (7) Report submitted by the 1st session of the 3rd Board of Directors on July 31, 2009: To provide for the establishment of the Audit Committee, the BOT formulated the "Organizational Charter for the BOT Audit Committee."
- (8) Report submitted by the first session of the third Board of Directors on July 31, 2009: According to the provisions of Article 4 of the Organizational Charter for the BOT Audit Committee, the Committee is made up of all the Bank's independent directors.
- (9) Resolution passed by the 22th meeting of the 3rd Board of Standing Director on Dec. 18, 2009: The Bank of China in Beijing granted permission for the establishment of the Shanghai Representative Office of the BOT. The Representative Office is located on Yincheng Zhong Road in Pudong.
- (10) Resolution passed by the 2nd session of the third Board of Directors on Jan. 8, 2010: The Board of Directors of the Taiwan Financial Holdings Co. approved the appointment of Chang Ming-Daw as president of the BOT; and Tsai Fu-Chi, president of the Taiwan Financial Holdings Co., was relieved of the post of acting president of the BOT.

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

(None)

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

Jan. 31, 2010

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Executive Vice President	Kuo-Ching Chang	Sep. 16, 2005	Feb. 20, 2009	Personnel changes
SVP and General Manager, Department of Treasury	Shiou-Jsu Yeh	Mar. 20, 2008	Mar. 10, 2009	Personnel changes
President	Tse-Cheng Lo	Jan. 2, 2007	July 23, 2009	Personnel changes
Executive Vice President	Fu-Chi Tsai	July 25, 2005	July 23, 2009	Personnel changes

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

IV. CPA Information

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

Name of Accounting Firm	Name of CPA		Audit Period	Notes
KPMG Certified Public Accountants	Yen-Ling Fang	Derek Hsu	Jan. 1, 2009~Dec. 31, 2009	

Unit: NT\$1,000

Amount	Items	Auditing Fees	Non-auditing Fees	Total
Under NT\$ 2,000,000				
NT\$2,000,000 ~ NT\$4,000,000				
NT\$4,000,000 ~ NT\$6,000,000				
NT\$6,000,000~ NT\$8,000,000		6,253		6,253
NT\$8,000,000~ NT\$10,000,000				
Over NT\$10,000,000				

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

(None)

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

(None)

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

Consolidated Shareholding Ratios

Dec. 31, 2009

Unit: Share,%

Reinvested Enterprise (Note)	Investment by the BOT		Investment by Directors, Supervisors, the President, Executive Vice Presidents, Heads of Departments and Branches, and Enterprises Directly or Indirectly Controlled by the BOT		Consolidated Investment	
	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding
Taiwan Sugar Corp.	23,137,489	0.30	11,120,138	0.14	34,257,627	0.44
Taiwan Power Company	865,191,972	2.62	148,281,465	0.45	1,013,473,437	3.07
Taiwan Machinery Manufacturing Corp.	10,253,459	1.60	167	0.00	10,253,626	1.60
Taiwan Stock Exchange Corp.	57,006,339	10.01	17,081,941	3.00	74,088,280	13.01
First Financial Holding Co., Ltd.	501,170,929	7.93	187,980,172	2.97	689,151,101	10.90
Hua Nan Financial Holdings Co., Ltd.	1,559,511,517	24.86	282,333,679	4.50	1,841,845,196	29.36
Taiwan Business Bank	748,722,335	19.33	53,744	0.00	748,776,079	19.33
Cathay Financial Holding Co., Ltd.	49,083,257	0.51	339,239	0.00	49,422,496	0.51
Mega Financial Holding Company	277,170,670	2.51	165,961	0.00	277,336,631	2.51
Taiwan Life Insurance Co., Ltd.	134,571,722	21.05	18,873,750	2.95	153,445,472	24.00
Taiwan Fire & Marine Insurance Co., Ltd.	55,696,792	17.58	2,000	0.00	55,698,792	17.58
Tang Eng Iron Work Co., Ltd.	74,822,414	21.38	16,175,512	4.62	90,997,926	26.00
China Development Financial Holding Corp.	234,057,193	2.09	253,414	0.00	234,310,607	2.09
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	62,882	0.14	0	0.00	62,882	0.14
CSBC Corporation, Taiwan	1,629,109	0.24	3,380,000	0.50	5,009,109	0.74
Central Motion Picture Corp.	8,913,458	15.22	0	0.00	8,913,458	15.22
Yunta Financial Holding Co., Ltd.	211,441,123	2.61	13,378,241	0.17	224,819,364	2.78
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	0	0.00	146,250	10.00
Taipei Forex Inc.	1,400,000	7.06	700,000	3.53	2,100,000	10.59
Taiwan Futures Exchange Corp.	5,134,585	2.05	4,926,659	1.97	10,061,244	4.02
Bankpro E-Service Technology Co., Ltd.	450,000	3.33	0	0.00	450,000	3.33
Taiwan Asset Management Corp.	100,000,000	5.68	200,000,000	11.35	300,000,000	17.03
Taiwan Financial Asset Service Corp.	10,000,000	5.88	5,000,000	2.94	15,000,000	8.82
Financial Information Service Co., Ltd.	10,665,000	2.67	4,615,000	1.15	15,280,000	3.82
Financial eSolution Co., Ltd.	2,481,467	7.19	792,027	2.30	3,273,494	9.49
Taiwan Integrative Shareholder Service Company	490,000	1.63	1,580,000	5.27	2,070,000	6.90
Sunny Asset Management Corp.	15,531	0.26	69,740	1.16	85,271	1.42
International Property & Finance Co., Ltd.	14,658	0.92	0	0.00	14,658	0.92

Note: Investment according to Article 74 of the Banking Law

Capital Overview

- I. Capital and Shares
- II. Status of Bank Debentures, Preferred Shares, Overseas Depository Receipts, Employee Stock Warrants
- III. Status of New Shares Issuance in Connection with Mergers and Acquisitions
- IV. Financing Plans and Implementation



I. Capital and Shares

1. Source of Capital

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash
Dec., 2009	\$10	4.5 billion	\$45 billion	4.5 billion	\$45 billion	Appropriation from the National Treasury and Increment NT\$5.0 billion due to the merger with the Central Trust of China	

Share Type	Authorized Capital			Remarks
	Issued Shares		Un-issued Shares	
Common Stock	4.5 billion (Shares have not been listed)		0	4.5 billion

Securities Type	Preparing to Issue Amount		Issued Amount		Purpose and Effect for Issued Shares	Issue Period for Unissued Shares	Remarks
	Total Shares	Authorized Amount (NTD)	Total Shares	Authorized Amount (NTD)			
Common Shares	4.5 billion	\$45 billion	4.5 billion	\$45 billion	To make operating policies transparent and strengthen market competitiveness so as to enhance overall operating performance and advance toward internationalization	None	

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

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

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

Unit: NT\$; Share

Year		2009	2008	As of March 31, 2010
Items				
Market Value Per Share	Highest	-	-	-
	Lowest	-	-	-
	Average	-	-	-
Net Worth Per Share	Before Appropriation	53.45	49.74	52.75
	After Appropriation	52.54	48.81	51.84
Earnings Per Share	Weighted Average Issued Shares	4,500,000,000	4,500,000,000	4,500,000,000
	Earnings Per Share	1.80	1.86	0.31
Dividends Per Share	Cash Dividends	0.90	0.93	-
	Stock Dividends	Earnings	-	-
		Capital Reserve	-	-
	Cumulative Dividends Undistributed		-	-
Return Analysis	P/E Ratio	-	-	-
	Ratio of Share Price to Dividends	-	-	-
	Cash Dividend Yield %	-	-	-

Notes: Figures for FY2008 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit ; figures for FY2009 are CPA approved ; figures of the first three months of FY2010 have not been approved by CPA.

4. Dividend Policy and Implementation Status

(1) Dividend Policy

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

A. Payment of the income tax;

B. Making up of losses for previous years;

C. Allocation of 30% for legal reserve;

D. Allocation of 20~40% of the profit, and that an amount similar to that of "Unrealized Loss from Financial Instruments" listed under the "Stockholder' equity" item for the special reserve.

E. Next, distribution of stock dividends.

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

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

(2) Current Distribution of Stock Dividends

Following the allocation of legal reserve and special reserve from the audited after-tax profit for 2009, a cash dividend of NT\$4,059 million, or NT\$0.90 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 2009 final budget is still under examination by the Ministry, the actual amount of cash dividends distributed will be determined after the Ministry completes its examination.

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

(None)

6. Employee Bonus and Directors' and Supervisors' Remuneration

(None)

7. Buyback of Treasury Stock

(None)

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

(None)

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

(None)

IV. Financing Plans and Implementation

(None)

Operational Highlights

- I. Business Activities
- II. Human Resources
- III. Corporate Responsibility and Ethical Behavior
- IV. Information Equipment
- V. Labor Relations
- VI. Important Contracts
- 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

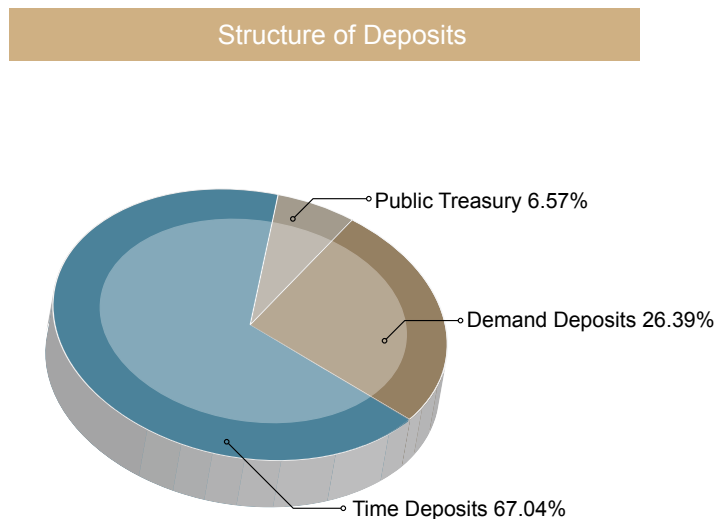
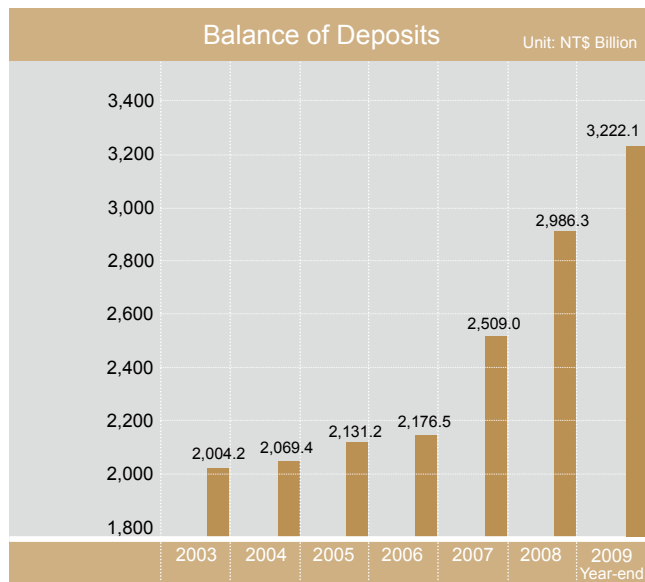


I. Business Activities

1. Main areas of business operations

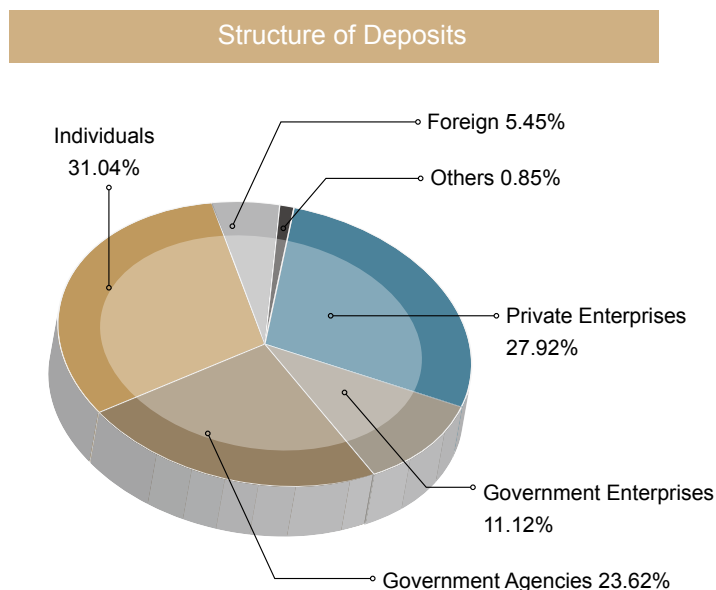
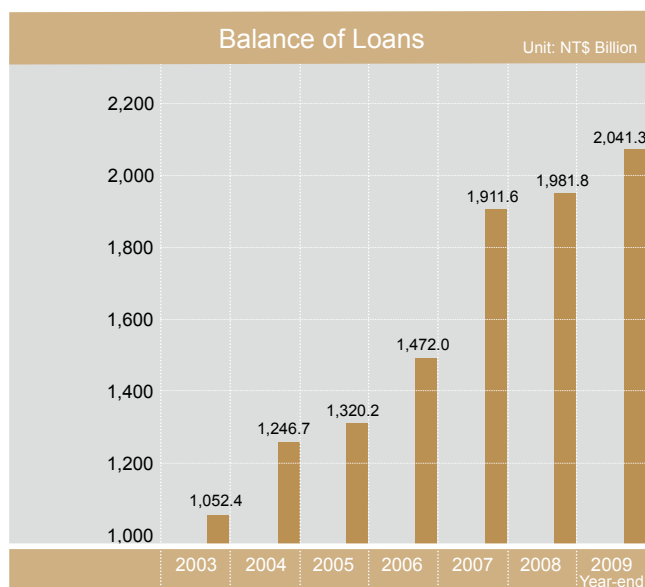
(1) Deposits

Total deposits in the Bank at the end of December 2009 amounted to NT\$3,222.1 billion, equal to 82.81% of the NT\$3,891.1 billion in total assets and representing a growth of 7.90% over the previous year. Demand deposits in 2009 grew by 35.59% , and deposits from public treasuries decreased by 14.51% over the year before.



(2) Corporate Banking

The amount of the Bank's total loans outstanding at the end of December 2009 (including general loans as well as import and export negotiations) stood at NT\$2,041.3 billion, equal to 52.46% of the total assets and reflecting an increase of 3.00%, over a year earlier. Corporate loans outstanding at the end of 2009 (including loans to government agencies and government-owned enterprises) amounted to NT\$1,407.7 billion, accounting for 36.18% of total assets and showing an increase of NT\$27.0 billion, or 1.96%, over the year before. At the end of December 2009 the amount of loans outstanding to government agencies and state-owned enterprises totaled NT\$709.1 billion, recording an increased of NT\$81.5 billion or 12.98% from a year earlier. The Bank engaged vigorously in extending SME loans. SME loans outstanding at the end of 2009 amounted to NT\$223.8 billion, NT\$7.9 billion more than a year earlier for a growth of 3.66%.



(3) Consumer Banking

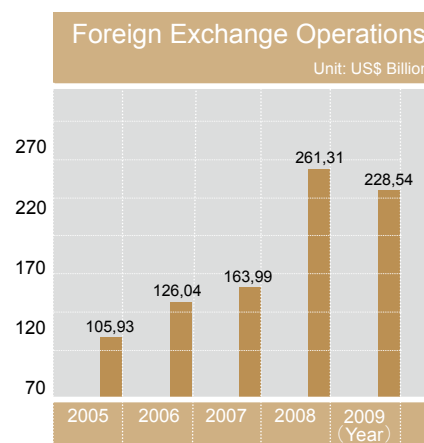
The Bank engages vigorously in all facets of the consumer banking business in order to strengthen services to the general public and promote economic growth, including the provision of general consumer loans. The Bank continued promoting home improvement loans, consumer loans, personal revolving-fund 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 2009 amounted to NT\$597.3 billion, NT\$38.1 billion more than a year earlier for a growth of 6.82%.

(4) Foreign Exchange and International Banking

The amount of foreign exchange transactions undertaken during the year reached US\$228.538 billion, down 12.54% over 2008. The volume of deposits carried out by DBUs as agents for the OBU amounted to US\$1,621 million, for a growth of 82.55% over the year before, while the volume of loans amounted to US\$312 million, for a growth of 58.38%.

A total of 150 branches were designated to handle foreign exchange services, another 6 deal in simple foreign-currency cash and traveler's check transactions, and 282 foreign-currency exchange bureaus and 157 renminbi (RMB) exchange bureaus dealt in currency exchange services at the end of 2009. The Bank had correspondent relations with 2,690 financial institutions in 142 countries, providing a correspondent banking network covering major cities around the world.

The Bank also has an Offshore Banking Unit and seven overseas branches which, in addition to the 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 2009, the total assets of these offshore branches amounted to US\$7.938 billion and the total foreign currency of notional amounts outstanding of various derivatives amounted to US\$214 million.



(5) Electronic Banking

At the end of 2009 the accumulated number of Internet banking transfer accounts stood at 1,300,959, and transfers carried out during the year stood at 7.47 million. Gold Passbook Internet transactions numbered 568,500 accounting for 87.05% of all the Bank's Gold Passbook transactions. Telephone banking transfers amounted to 585,700 and online purchase requests for funds amounted to 2.09 million, making up 89.98% of all the Bank's fund transactions. The corporate financial management system was extended to 1,102 clients in 2009, and EDI clients numbered 3,627. Funds transfer transactions undertaken during the year numbered 1,080,000. Using the Bank's portal site for the collection fees extended to 2,664, and the number of collections reached 7.14 million for a growth of 11.08% over 2008.

(6) Trust Business

At the end of 2009 the average principal of trust property amounted to NT\$292.4 billion, up 1.05% from the previous year. The amount of domestic assets under custodianship was NT\$585.5 billion, an improvement of 29.46% over the previous year. In addition, 145,498 enterprise units opened worker retirement fund accounts with total deposits of NT\$1,048.2 billion, retirement payments amounting to NT\$557.5 billion, and trust funds outstanding of NT\$490.7 billion.

(7) Investment

A. Bills Finance

The value of bills outstanding at the end of December 2009 was NT\$25.661 billion, of which Central Bank negotiable certificates of deposit accounted for NT\$22 billion, or 86% of the total. Profit from securities dealing during the year was NT\$0.338 billion, giving an average profit margin of 1.28%. The amount of short-term bills underwriting undertaken in 2009 reached NT\$37.653 billion, a decrease of NT\$3.853 billion over the year before.

B. Proprietary Bond Dealing

The Bank's dealing in government bonds amounted to a total of NT\$501.411 billion in 2009, a reduction of 32.80% from the year before. At the end of December total government bonds purchased amounted to NT\$22.020 billion and government bonds sold totaled NT\$22.755 billion. Repurchase agreements amounted to NT\$448.592 billion, and resale agreements to NT\$8.044 billion.

C. Reinvestment

At the end of 2009 the Bank had investments in 33 enterprises, with the book value of the investments totaling NT\$50.928 billion, 4.21% more than a year earlier. The main reasons for the improvement was an increase in equity as calculated by the equity method. Profit on long-term equity investment amounted to more than NT\$5.5 billion in 2009, derived mainly from stock dividends, profit on the sale of stocks, and the benefit from booking by the equity method.

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

At the end of 2009 the costs of the Bank's investment in stocks and funds were NT\$7.809 billion and NT\$1.070 billion, respectively, and the operating volumes were NT\$3.678 billion and NT\$0.625 billion. Profits on these investment were NT\$2.439 billion and NT\$0.351 billion, giving returns of 66.31% and 56.16%, respectively.

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

Under the provisions of the Regulations Governing the Entrustment of the Bank of Taiwan of Matters Associated with the Issuance of the New Taiwan Dollar by the Central Bank of the Republic of China (Taiwan), the Bank handles collection and payment, transport, adjustment of supply and demand, and the recovery of worn bills associated with the issuance of NT currency. The average amount of currency in circulation in 2009 was NT\$1,109.2 billion, an increase of 7.19% over the previous year. The peak amount in circulation was NT\$1,389.7 billion (on the eve of the Chinese New Year on Jan. 23, 2009), also an increase of 2.42% over the 2008 peak. The amount in circulation at the end of the year was NT\$1,122.7 billion, 6.49% more than year-end 2008.

(9) Government Employees Insurance

At the end of 2009 there were 7,381 insured units and 598,399 insured persons, and 40,687 claims totaling NT\$20.375 billion were paid that year. For FY2009, of the amount of realized accrued liability before the revision of the Law of Government Employees' and School Staffs' Insurance added the interest expense, there was NT\$14.79 billion to be verified and subsidized by the Treasury. The surplus of NT\$34.25 billion after the revision of the Law should be transferred to insurance reserves.

(10) Procurement Business

The primary mission of the BOT's procurement business is to execute the government's centralized procurement policy in carrying out procurement on behalf of government agencies as well as government and private enterprises. The Bank also coordinates with government policy in carrying out special procurement projects designated by the government, again manifesting the function of centralized procurement. The volume of the procurement business in 2009 amounted to NT\$66.041 billion.

(11) Wealth Management Service

The volume of wealth-management business in 2009 amounted to NT\$130.949 billion, 5% more than the year before. At the end of 2009 a total of 115 business units were handling wealth management, eight of them flagship units, and 128 wealth-management agents were in place to serve high-net-value customers.

(12) Precious Metals Business

The operating volume of the gold business was NT\$60.39 billion, down 1.96% over the previous year. The Bank earned NT\$45 million in commission income from the handling of customs quotas in 2009, 11.34% more than the year before, while parking lot rental brought in NT\$4 million, down 48%.

2. Operating Plans for 2010

(1) Deposits

The Bank will simplify account-opening procedures and centralize operating methods to shorten operational flows and heighten operational efficiency, creating outstanding service quality and realizing the "Customer First" principle.

(2) Corporate Banking

Credit risk is considered in the development of loans to private enterprises so as to improve the loan structure and maintain asset quality. Outside sales activities in the marketing of corporate loans are strengthened so as to widen and deepen relations with loan clients. The Bank seeks the right to arrange or participate in syndicated loans to spread loan risk. The Bank also works in line with the governments' economic revitalization policy by helping enterprises obtain the funds they need for operation and investment, thereby stimulating industrial development.

(3) Consumer Banking

The functions of the student loan portal site and the issuance of international credit cards will be continuously expanded and reinforced. A telephone call-up collection system was set up for student loans and home mortgage loans, along with an authorized deduction failure notification system. The provision of 24-hour, 365-day customer services was continued, and marketing was diversified with additional exposure for the Bank's personal banking products.

(4) Foreign Exchange and International Banking

The import, export, and remittance businesses will be continuously promoted and the scale of foreign-currency deposits will be expanded. The scope of and operating bases for the online handling of the foreign-exchange business will be expanded, and a diversified range of products including structured products, foreign-exchange swaps, and options will be provided. Various types of OBU foreign exchange and derivatives businesses will be expanded in order to provide offshore customers and companies that invest overseas with funds allocation and a full spectrum of financial consulting and investment planning services.

(5) Electronic Banking

The Bank will install internet regular period, irregular amount purchasing of funds, internet banking one-time password application and US dollar-denominated gold passbook trading, and telephone banking gold passbook transactions.

(6) Trust Business

Businesses in which the Bank has an advantage will be maintained and the volume of investment in funds as well as securities investment trust and fund custodianship will be expanded in order to increase commission income. A diversity of trust businesses will be developed to expand the operating scale. In accordance with the law and with instructions from the competent authority, the Bank will make aggressive use of the old-system labor retirement fund and the civil servants and teachers insurance reserve to achieve an outstanding performance.

(7) Investment

The bills finance business will coordinate actively with certification and underwriting by business units for the commercial paper guaranteed issuance business. Consideration will be given to capital earnings, cost, and government bond sources in carrying out government-bond repo transactions, and the undertaking of repo trading will be continued.

(8) Government Employees Insurance

The underwriting and cash payment businesses will be strengthened and programs for improvement will be implemented. The organization of government-employee insurance seminars will be continued to strengthen the publicizing of laws and business operations. Information services will be fully utilized to enhance service quality, and the management and utilization of the government-employee insurance reserve will be strengthened to achieve an outstanding performance.

(9) Wealth Management Service

The Bank will continue strengthening the professional know-how and marketing capabilities of its financial planning and financial product marketing personnel so as to mold a professional image; it will provide high-quality financial products and strengthen service quality so as to meet the different needs of customers.

The Bank will make use of its advantage in Internet banking to vigorously promote Internet fund and Gold Passbook trading, and to provide a diversified marketing platform. Business units will be encouraged to continue organizing investment and financial management lectures.

(10) Precious Metals Business

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

3. Market Analysis

Continuing to suffer from the ravages of the global financial tsunami in 2008, Taiwan's economic environment in 2009 has not recovered its health, with weak economic performance figures and high unemployment rate. To revitalize Taiwan's economy, the government continued to use loose monetary policy. The Central Bank initiated a series of seven interest-rate reductions that brought the bank's loan interest-rate downward sharply, leading to constantly shrinking interest-rate spread and operating income among domestic banks. Nevertheless, from the fourth quarter of 2009, the confidence of domestic consumption and investment turned optimistic. The Memorandum of Understanding on cross-straits financial oversight was signed on Nov. 16, 2009, and the Economic Cooperation Framework Agreement entered the stage of active negotiation. Based on the improved situation of the economic and financial environment, banks are expected to be able to boost earnings.

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

The favorable and unfavorable factors that the Bank will face in the future are listed below:

Favorable factors:

- A. Bank-wide products and services will be integrated to realize operating synergies and upgrade competitiveness, effectively expand consumer loan customer base, and enhance operating efficiency.
- B. Financial deregulation expands the scope of business for the Bank, enhancing its services for Taiwanese enterprises and boosting its opportunities to do business with them.
- C. A complete network of marketing channels provides customers with one-stop-shopping convenience and achieves the ideal of a financial department store.
- D. With the continued development of benevolent cross-straits relations, the Renminbi (RMB) operations will be able to continue growing.

Unfavorable factors:

- A. The Bank's state-owned system leaves it with a heavy burden of policy missions.
- B. Lower ratio of Deposits to Loans leads to lower profitability.

(2) Countermeasures

In response to the continuous liberalization of domestic and overseas financial markets and the consequent intensification of business competition, the BOT will constantly promote the industrialization of its operations, the enhancement of its operational efficiency, and the expansion of its business reach. It will also move with the trends in international development and readjust its operating strategies whenever necessary to strengthen competitiveness. The Bank will also constantly coordinate with government financial reform policy, improve its funds utilization performance, improve its risk management system, and reinforce its operating system. At the same time, it will strengthen services to customers, enhance its corporate image, and protect consumer rights.

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

The BOT will continue developing new gold-related businesses and products and will bring out such new products as the Gold Piggy Bank, Gold Passbook, and institutional investor accounts. It will establish Gold Passbook after-hours trading and online account opening in order to link trading hours with European markets and mold a gold trading market with no time gap; and will introduce a "home loan and term life insurance marketing program" to increase fee income. In overseas business operations, the Hong Kong Branch received permission from the Hong Kong Monetary Authority on Aug. 26, 2009 to engage in the wealth management business. On Nov. 23, 2009 the Bank received permission to become Taiwan's first bank to handle Renminbi (RMB) businesses; these businesses were inaugurated on Jan. 28, 2010, include RMB deposits, exchange, remittances, and trade settlements.

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

R&D spending amounted to NT\$17,959,000 in 2009 and NT\$12,354,000 in 2008.

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

5. Long-term and Short-term Development

"Deeply cultivating Taiwan finance while advancing into the international market" is BOT's vision. The Bank's business development plans include reinforcement of the loan business, development of the foreign exchange and international financing businesses, promoting the business of the wealth management and trust, gold dealing, and government procurement businesses, reinforcing the electronic banking businesses, enhancement of the efficiency of funds utilization, and reinforcement of the operational management, information operations and risk control mechanisms. The Bank will also continue to implement structural readjustment and establish overseas branches so as to toward becoming an outstanding world-class bank.

II. Human Resources

In 2009 the Bank held 248 in-house training courses with a total of 18,698 trainees participating; sent 1,069 employees for outside training in Taiwan; and subsidized domestic advanced training for 1,095 persons.

Employee Statistics

Items		Year	2008	2009	Mar. 31, 2010
No. of Employees	Staff		6,852	6,799	6,852
	Guards		174	173	171
	Janitors		888	875	874
	Total		7,914	7,847	7,897
Average Age			43.70	44.45	44.39
Average Years of Service			17.25	17.99	17.92
Education	Ph.D.		0.03	0.03	0.03
	Masters		7.18	7.86	8.44
	Bachelor's Degree		77.20	78.21	77.84
	Senior High School		12.24	12.03	11.83
	Below Senior High School		3.35	1.87	1.86

Employee Statistics

Year		2008	2009	Mar. 31, 2010
Items				
Professional Licenses Held	Personal Insurance Specialist	4,406	4,696	4,754
	The sales of foreign currency personal Insurance Specialist		1,828	2,006
	C-Grade Software Application	18	20	21
	Proficiency Test on Foreign Exchange Trading	87	105	105
	Test of English for International Communication	88	118	131
	Investment Trust and Consulting Regulations	1,554	1,743	1,782
	Investment-Type Insurance Product Specialist	807	895	914
	Investment-Type Insurance Product and Financial System Overview		1,669	1,686
	Financial Risk Manager, FRM		15	15
	Bond Specialist	165	180	183
	Share Specialist	61	65	65
	Basic Proficiency Test for International Banking Personnel	1,978	2,087	2,104
	Basic Proficiency Test for Bank Lending Personnel	1,949	2,061	2,102
	Advanced Proficiency Test for Bank Lending Personnel	62	64	64
	Certified Public Accountant		15	15
	Proficiency Test for Bank Collateral Appraisal Personnel	63	74	74
	Financial Markets & Ethics	2,914	3,316	3,391
	Trust Specialist	4,488	4,701	4,772
	Intermediate English Certificate	81	97	98
	High-intermediate English Certificate	22	24	26
	Elementary English Certificate	144	172	172
	Advanced English Certificate		1	1
	TOEFL		17	17
	BULATS(ALTE level 1 ~ 4)		29	29
	Japanese Certificate		69	77
	Proficiency Test for Financial Planning Personnel	2,211	2,302	2,335
	Property Insurance Specialist	2,437	2,514	2,527
	Non-Life Insurance Specialist	644	663	678
	Bills Specialist	148	187	190
	The Sales Personnel of Futures Trust Distributors		519	667
	Futures Specialist	804	1,020	1,067
	Futures Brokerage Specialist	33	34	35
	Proficiency Test for Debt-Collection Personnel	134	266	295
	Information Technician	10	10	10
	Basic Asset Securitization Proficiency Test	91	110	114
	Bank Internal Controls	3,953	3,950	3,963
	Bank Internal Controls and Internal Audit	474	651	671
	CFP Certified Financial Planner		14	14
	Advanced Procurement Specialist		19	19
	Basic Procurement Specialist		156	157
	Securities Analyst		1	1
	Securities Regulations and Practice		16	17
	Securities Investment Trust and Consulting Professionals	1,013	1,131	1,165
	Securities Investment Analyst		74	82
	Senior Securities Specialist	1,331	1,464	1,512
	Securities Specialist	638	705	730

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

III. Corporate Responsibility and Ethical Behavior

Taiwan Financial Holding Co., Ltd. is BOT's only shareholder. In addition to making every effort to attain the budget targets set by the government, the Bank also coordinates with the government's major construction plans and participates actively in the financing of infrastructure projects as well as large private investment projects in order to promote overall national economic development. Furthermore, to repay society's good will the Bank carries through with the principle of "Caring" by subsidizing Groups and individuals. The Bank 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

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

In response to the trend in the evolution of the Internet and to improve customer services, the Bank uses different customer-service channels to build up a comprehensive financial service network that, in addition to traditional teller operations, has a front-end system that includes a global information network, ATM system, Internet bank, e-corporate combi network, financial EDI, telephone banking, mobile banking, and online securities trading, providing customers with account enquiry and other services any time, any place.

To assure the continued smooth operation of the Bank's back-office systems and financial front-end systems, the Bank also has approximately 530 front-end system servers in addition to the business servers mentioned above. Since the bank has more than 20 years of experience in installation and maintenance, it is able to carry out most maintenance itself. To provide more channels for customer service, the Bank makes widespread use of new technology in its front-end processing systems; and to accelerate the installation of application systems, the Bank outsources the installation and maintenance of some of the systems.

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

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

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

(2) The Bank's northern, central, and southern area-wide bills operations centers

To enhance service efficiency, the Bank will set up northern, central, and southern remittance and bills operations centers, all with area-wide online operations.

(3) Taiwan ATM Billing for China UnionPay Cards

To coordinate with the government's cross-straits policy and make travel in Taiwan more convenient for people from mainland China by exempting them from the controls imposed on cash carried into and out of the island, the BOT will institute Taiwan ATM billing for China UnionPay cards so that Chinese travelers will be able to withdraw cash and make account enquiries in Taiwan.

(4) Credit Card System Renewal Plan

The BOT will set up a brand-new credit card accounting system that will make use of the experience of employees in the fields of marketing, business planning, and professional practice so that the Bank will be able to continue growing stronger in the fiercely competitive credit-card market.

(5) Establishment of an Integrated Overseas Branch System

An overseas branch information system will be set up in BOT headquarters to resolve the problem of replacement of branch hardware and software. The primary aim is to support existing businesses and assure uninterrupted service as well as to reduce manual operations in the overseas branches. Another aim is to have a single information system to make management more convenient, lighten the burden on branches, facilitate

manpower development, and shorten the break-in period for shift work.

(6) Continued Development and Establishment of Credit Investigation, Loan Extension, and Collateral Management Systems

In line with the needs of right-sizing and new businesses, the Bank has expanded system functions and enhanced performance to provide business units with quick and comprehensive credit-investigation information and processing. It also carries out the effective utilization of credit-investigation, loan, and collateral data to serve as a reference for loan-risk assessment and management decision-making.

(7) Management information system (MIS) development and installation will be continued in order to heighten the BOT's overall operating performance

Management information system (MIS) development and installation will be continued to heighten the BOT's overall operating performance. The scope of the MIS will encompass a Management Information Accounting System (for operational and profit-loss analysis), Domestic Branch Management Performance Evaluation Subsystem, and Eight Business Categories of Operational Risk Subsystem.

(8) Emergency Backup

The Bank formally inaugurated its integrated Taoyuan remote backup center in December of 2008 to serve as a backup mechanism for the core accounts servers. The outsourcing of the remote backup center, with the leasing of specialized infrastructure facilities, the operation and management of the specialized computer room, and the provision of emergency response management planning services, enhances the availability of the computer room and saves the Bank the cost of setting up its own remote computer room backup.

(9) Safety Protection

In its promotion of information operations, the Bank has carried out the introduction across the board of an information security management system that is capable of continuous improvement and conforms to ISO 27001 standards. After nine months of hard work, preliminary evaluation by the British Standards Institution, documentary inspection, on-site inspection, and other accreditation procedures, ISO 27001:2005 information security management system verification was passed on Sep. 9, 2008 and the Bank achieved compliance with the information security management objectives of confidentiality, completeness, and usability. The system's re-verification was passed on Mar. 5 and Sep. 9, 2009 separately.

V. Labor Relations

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

(1) The BOT is a government enterprise in an industry that is subject to the Labor Standards Law. Working conditions, welfare measures, and the retirement system are all handled in accordance with the provisions of the Labor Standards Law and other laws and regulations governing civil servants. The Bank addresses concrete requests raised by employees by establishing a labor-ownership meeting for negotiation and communication and, whenever necessary, by using various other occasions to communicate with employees, iron out differences, pursue a consensus, and boost harmony between employees and management. Such an agreement has already been signed with the Taipei City Bank of Taiwan Industrial Union, bringing employee management into a new era. Under the preconditions of mutual trust and respect, the Bank will seek the greatest benefit for both labor and management.

(2) In the past year the Bank suffered no damage as a result of employee-management disputes, and a response mechanism to prevent an interruption in case of strikes has been set up to cope with potential disputes and bring about their early resolution. In cases of relatively general and damaging labor-management disputes, in addition to seeking manpower support from the competent authority the Bank moves as quickly as possible to resolve the issues by negotiation through the competent authority or by submission to labor-dispute arbitration, or resolution by legal means so that the dispute can be settled at an early date and the attendant losses minimized.

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

(None)

VI. Important Contracts

Agreement	Counterparty	Period	Major Contents and Restrictions
Commissioning by the Small and Medium 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 Credit Guarantee Fund	Overseas Credit Guarantee Fund	From June 1991	Provision of credit guarantees for loans to overseas Chinese and overseas Chinese enterprises.
Commissioning by the Agricultural Credit Guarantee Fund	Agricultural Credit Guarantee Fund	From Nov. 2002	Provision of guarantees for loans to borrowers who meet the conditions for agricultural loan guarantees.
Deposit insurance	Central Deposit Insurance Corp.	From Feb. 1999	Deposit insurance contract
Agency for county, city, and town treasuries, and recommissioning of other financial institutions to handle treasury affairs	1. BOT branches serving as agency for the general treasury 2. Local governments 3. Other recommissioned financial institutions	Depends on different agency tasks and contracts	Agency for treasury affairs
Operations of public treasury commissioning contract	Central Bank of Republic of China	From June 30 1999	Commissioning of operations for public treasury
Outsourced Printing, Packaging, and Mailing of Labor Retirement Fund Statements	Sysform Co., Ltd. Yuen Foong Paper CO., Ltd.	Jan. 2, 2009-Dec. 31, 2010 Jan.5, 2009-Oct. 5, 2010	Information systems data recording processing, and output
Outsourced procurement of operating cash (including foreign currencies and notes) shipping	Taiwan Security Co., Ltd.	Jan. 1, 2010-Dec. 31, 2012	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 - Mar. 31, 2010	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) Yuanjzhong Branch (2) Taichung Harbour Branch (3) Toufen Branch (4) Yuanlin Branch	Chung Hwa Express Co., Ltd	Oct. 1, 2008-Sep. 30, 2009 Sep. 16, 2009-Sep. 15, 2010 Oct. 1, 2009-Sep. 30, 2010 Nov. 1, 2009-Oct. 31, 2010	Commissioning of professional parcel delivery services to handle the exchange of notes
Credit-card service operations	Financial Information Service Co., Ltd.	Dec. 1, 2008-Dec. 31, 2010	Credit-card authorization operations, reporting operations for lost cards, clearing of accounts, and handling of emergency services
Engineering contract	Long Da Construction Co., Ltd. Sui Chang Enterprise Co., Ltd. Gao Mao Air-Condition & Electric Ltd.	Nov. 28, 2008-July 13, 2010	Construction of new Tunhakang Branch premises (structure, and electricity joint bid)
Engineering contract	Reiju Construction Co., Ltd. Hong Jie Electrical Engineering Co., Ltd. Wen-Long Air-Condition & Electric Co., Ltd.	Oct. 14, 2008-Aug 24, 2010	Construction of new Ilan Branch premises (structure, and electricity joint bid)

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 Information

- I. Five-Year Financial Summary
- II. Five-Year Financial Analysis
- III. Statement by the Audit Committee
- IV. Financial Statements for the Years Ended December 31, 2009 and 2008, and Independent Auditors' Report
- V. Consolidated Financial Statements for the Years Ended December 31, 2009 and 2008, and Independent Auditors' Report
- 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



I. Five-Year Financial Summary

Brief Balance Sheets for Past Five Years

Unit: NT\$1,000

Items \ Year		Financial Information for Past Five Years					as of Mar. 31, 2010
		FY2009	FY2008	FY2007	FY2006	FY2005	
Cash, Cash equivalent, Placement with Central Bank and call loans to banks		1,287,012,402	1,050,661,801	717,353,117	763,714,652	790,125,101	706,689,269
Financial assets measured at fair value through profit or loss		92,123,443	72,201,513	64,566,565	69,822,895	65,912,485	84,153,497
Bonds and bills purchased under resell agreements		368,349	298,262	14,162,067	46,726,408	56,553,240	1,028,338
Receivables		91,299,631	103,636,858	107,082,342	109,548,392	118,851,143	86,562,655
Loans and discounts		2,045,894,068	1,988,070,246	1,920,097,700	1,697,996,954	1,533,514,670	2,025,686,623
Available-for-sale financial assets, net		142,009,713	155,491,586	201,069,905	191,007,255	150,439,111	819,780,148
Held-to-maturity financial assets, net		37,859,403	31,818,435	105,802,005	85,505,687	73,390,139	44,933,055
Investments under equity method, net		29,815,276	26,959,682	34,357,836	34,485,337	39,900,690	29,906,618
Other financial assets, net		68,496,647	67,326,090	79,502,931	70,456,573	79,694,528	78,142,217
Fixed assets		78,474,877	79,953,507	83,460,268	82,523,548	86,682,580	76,540,299
Intangible assets		1,107,496	1,226,158	1,082,609	1,060,270	595,407	1,129,822
Other assets	Before distribution	16,590,347	16,735,325	19,237,023	21,819,908	23,908,889	16,692,303
	After distribution	12,635,344	12,761,493	14,749,365	16,419,449	19,440,649	12,737,300
Total assets	Before distribution	3,891,051,652	3,594,379,463	3,347,774,368	3,174,667,879	3,019,567,983	3,971,244,844
	After distribution	3,887,096,649	3,590,405,631	3,343,286,710	3,169,267,420	3,015,099,743	3,967,289,841
Deposits of Central Bank and other banks		204,950,860	181,489,738	245,414,754	281,637,455	255,127,913	183,172,247
Financial liabilities measured at fair value through profit or loss		4,535,308	6,002,275	1,478,166	1,577,676	923,618	4,552,407
Bonds and bills sold under repurchase agreements		5,486,934	19,217,840	17,570,315	18,909,200	15,952,859	8,250,182
Deposits and remittances		3,189,671,973	2,947,909,688	2,466,179,246	2,312,816,524	2,224,413,180	3,304,122,168
Borrowed from Central Bank and other banks, and Financial bond payable		-	-	-	-	14,741,637	-
Preferred liability		-	-	-	-	-	-
Accrued Pension liability		2,695,402	2,396,018	2,106,598	2,380,211	2,199,785	2,626,875
Other financial liabilities		1,511,328	1,618,124	1,715,307	1,999,271	20,905,809	1,437,939
Other liabilities	Before distribution	241,689,136	211,911,904	364,170,479	321,456,529	289,753,225	229,725,404
	After distribution	241,792,699	212,116,616	365,027,918	322,039,892	290,034,028	229,828,967
Total liabilities	Before distribution	3,650,540,941	3,370,545,587	3,098,634,865	2,940,776,866	2,824,018,026	3,733,887,222
	After distribution	3,650,644,504	3,370,750,299	3,099,492,304	2,941,360,229	2,824,298,829	3,733,990,785
Common stock		45,000,000	45,000,000	53,000,000	53,000,000	53,000,000	45,000,000
Capital surplus		110,062,555	110,063,016	110,423,081	108,505,257	110,700,156	110,062,555
Retained earnings	Before distribution	50,367,859	46,429,272	43,737,833	40,289,565	32,103,854	51,745,811
	After distribution	46,309,293	42,250,728	38,392,736	34,305,743	27,354,811	47,687,245
Unrealized gain or loss on financial assets		19,065,468	6,074,887	25,302,748	30,914,093	- 37,447	16,135,455
Cumulative translation adjustments		- 123,228	- 151,884	- 203,687	- 248,488	- 216,606	- 190,781
Shareholder's equity and other items		16,138,057	16,418,585	16,879,528	1,430,586	-	14,604,582
Total –share holders' equity	Before distribution	240,510,711	223,833,876	249,139,503	233,891,013	195,549,957	237,357,622
	After distribution	236,452,145	219,655,332	243,794,406	227,907,191	190,800,914	233,299,056

Notes: 1. Figures for FY2005-2008 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit : figures for FY2009 are CPA approved; figures for the first three months of FY2010 have not been approved by CPA.

2. The BOT merged with the Central Trust of China on July 1, 2007, with the BOT as the surviving entity. Statements on the base date of the merger were audited using the book-value method, with the 2005 budgets of the two banks as accredited by accounting agencies taken as the accounting basis and the exchange of shares of the two institutions set in accordance with their net per-share values at 1:2. The FY2005-2006 data are for comparison purposes. Annual figures from the Central Bank of China are also included.

Brief Income Statements for Past Five Years

Unit: NT\$1,000

Year Items	Financial Information for Past Five Years					As of Mar. 31, 2010
	FY2009	FY2008	FY2007	FY2006	FY2005	
Net interest income	16,803,150	24,548,326	27,673,836	12,260,770	11,473,116	4,691,046
Non-interest income, net	13,284,694	3,166,464	5,574,281	22,355,853	21,812,839	944,129
Bad debt expenses	4,434,016	1,545,337	868,389	2,931,922	203,606	119,387
Operating costs	17,055,490	17,666,944	18,949,456	18,501,206	18,642,255	4,039,361
Income(loss) before tax from continued operations	8,598,338	8,502,509	13,430,272	13,183,495	14,440,094	1,476,427
Income(loss) from continued operations	8,117,131	8,357,089	12,576,699	12,540,118	13,159,824	1,377,951
Gain(Loss) from discontinued Operations	-	-	-	-	-	-
Extraordinary Gain or Loss	-	-	-	-	-	-
Cumulative effect of changes in accounting principles	-	-	-	394,635	2,264,170	-
Net income	8,117,131	8,357,089	12,576,699	12,934,753	15,423,994	1,377,951
Earnings per share (after tax) (NT\$)	1.80	1.86	2.37	2.44	2.91	0.31

CPA-Auditor of Financial Report

Bank of Taiwan

Year	Name of Accounting Firm	Name of CPA	Audit Opinion
2005	KPMG Certified Public Accountants	David Ding, Yen-Ling Fang	Modified Unqualified Opinion
2006	KPMG Certified Public Accountants	David Ding, Yen-Ling Fang	Modified Unqualified Opinion
2007	KPMG Certified Public Accountants	David Ding, Yen-Ling Fang	Modified Unqualified Opinion
2008	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion
2009	KPMG Certified Public Accountants	Yen-Ling Fang, Derek Hsu	Modified Unqualified Opinion

Central Trust of China

2005	Deloitte & Touche	Peter Tsai, Yi-Fong Cheng	unqualified
2006	Deloitte & Touche	Peter Tsai, Yi-Fong Cheng	unqualified

II. Five-Year Financial Analysis

Unit : NT\$1,000 : %

Year Items		Five-year Financial Analysis					As of Mar. 31, 2010
		FY2009	FY2008	FY2007	FY2006	FY2005	
Operating Ability	Ratio of Deposits to Loans	63.35	66.36	76.19	71.31	65.72	60.73
	Non-performing Loan Ratio	1.03	1.06	0.97	1.34	1.54	1.03
	Ratio of Interest Cost to Annual Average Deposits	1.26	2.45	2.38	2.24	1.91	1.02
	Ratio of Interest Income to Annual Average Loans Outstanding	1.68	3.12	2.98	2.75	2.50	1.51
	Total Assets Turnover(times)	0.80	0.80	1.02	1.12	1.12	0.57
	Average Net Interest and Non-interest Income per Employee	3,733	3,410	4,045	4,203	4,027	695
	Average Operating Revenue per Employee	-	-	-	-	-	-
	Average Profit per Employee	1,007	1,028	1,530	1,570	1,866	170
Profitability	Return on Tier I Capital (%)	4.98	5.05	8.26	8.81	10.87	3.34
	Return on Assets (%)	0.22	0.24	0.39	0.42	0.52	0.14
	Return on Shareholders' Equity (%)	3.50	3.53	5.21	6.02	8.15	2.31
	Net Income Ratio (%)	26.98	30.15	37.83	37.37	46.34	24.45
	Earnings per Share (NT\$)	1.80	1.86	2.37	2.44	2.91	0.31
Financial Structure	Ratio of Liabilities to Assets	93.81	93.76	92.54	92.62	93.51	94.02
	Ratio of Fix Assets to Stockholders' Equity	32.63	35.72	33.50	35.28	44.33	32.25
Growth Rates	Rate of Asset Growth	8.25	7.37	5.45	5.14	3.47	2.06
	Rate of Earnings Growth	1.13	-36.69	-1.17	-18.65	-3.29	-31.32

Items	Year	Five-year Financial Analysis					As of Mar. 31, 2010
		FY2009	FY2008	FY2007	FY2006	FY2005	
Cash Flow	Cash Flow Ratio	2.74	6.03	32.52	14.85	25.67	-2.74
	Cash Flow Adequacy Ratio	781.60	683.77	973.56	644.24	581.21	621.21
	Cash Flow Complacence Ratio	2.18	2.58	64.51	22.65	13.19	-0.80
Liquidity Reserve Ratio		47.25	40.28	30.98	39.57	47.78	45.25
Loans to Parties with Material Relationship with the Bank		19,657,805	18,038,620	16,967,947	11,609,701	12,547,121	17,516,926
Ratio of Loans to Parties with Material Relationship with the Bank to Total Loans		0.93	0.87	0.85	0.65	0.78	0.84
Operating Scale	Market Share of Assets	11.55	10.91	10.70	10.33	10.21	11.78
	Market Share of Net Worth	11.76	11.71	13.14	12.94	10.92	11.60
	Market Share of Deposits	12.32	12.17	10.97	10.80	10.92	12.77
	Market Share of Loans	10.54	10.22	10.29	9.51	8.90	10.43

Analysis of the significant ratio change:

1. Ratio of Interest Cost to Annual Average Deposits: Mainly due to a reduction of the Discount rate, Accommodations with collateral, and Accommodations without collateral by the Central Bank of the Republic of China (Taiwan).
2. Ratio of Interest Income to Annual Average Loans Outstanding: Mainly due to a reduction of the Discount rate, Accommodations with collateral, and Accommodations without collateral by the Central Bank of the Republic of China (Taiwan).
3. Cash flow ratio: Mainly due to a decrease of net cash flow from business activities in FY 2008.

Notes: 1. Figures for FY2005-2008 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit; figures for FY2009 are CPA approved; figures for the first three months of FY2010 have not been approved by CPA.

2. The BOT merged with the Central Trust of China on July 1, 2007, with the BOT as the surviving entity. Statements on the base date of the merger were audited using the book-value method, with the 2005 budgets of the two banks as accredited by accounting agencies taken as the accounting basis and the exchange of shares of the two institutions set in accordance with their net per-share values at 1:2. The FY2005-2006 data are for comparison purposes. Annual figures from the Central Bank of China are also included.

3. Formulae used in calculations:

(1) Operating ability

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

(2) Profitability

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

(3) Financial Structure

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

(4) Growth rates

- a. Rate of asset growth = (Total assets for current year –total assets for previous year) /Total assets for previous year
- b. Rate of earnings growth=(Before-tax profit or loss for current year –before-tax profit or loss for previous year)/Before-tax profit for previous year

(5) Cash Flow

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

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

(7) Operating Scale

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

4. From 2005 through 2008, total interest costs were switched to "cost of other employee benefits" in line with the revision made by the Ministry of Audit. The add back amounted to NT\$8,608,814,000 in 2008, NT\$2,475,150,000 in 2007, NT\$1,893,175,000 in 2006 and NT\$1,739,806,000 in 2005.

5. The ratio of interest cost to annual average deposits, ratio of interest income to annual average loans outstanding, total assets turnover, return on Tier 1 capital, return on shareholder's equity, and return on assets ratio as given in the financial reports as of Mar. 31, 2010 have been annualized.

Adequacy of Capital

Unit : NT\$1,000 : %

Items		Year	Capital Adequacy Ratio for Recent Five Years					As of Mar. 31, 2010
			FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	
self-owned Capital	Tier 1 Capital	Common Stocks	45,000,000	45,000,000	48,000,000	48,000,000	48,000,000	45,000,000
		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)	110,062,555	110,063,016	110,423,081	97,159,325	99,354,224	110,062,555
		Legal Reserves	19,540,873	17,033,747	16,941,023	13,258,714	9,999,490	19,540,873
		Special Reserves	22,709,855	21,038,437	21,273,993	17,943,310	15,455,497	22,709,855
		Retained Earnings	8,117,131	8,152,201				9,495,082
		Minority Interests						
		Others of Equity	-3,442,117	-10,378,229	-1,345,827	1,175,575	-225,294	-3,482,618
		deducted : Goodwill						
		deducted : Non-amortization of NPL Disposal Loss						
		deducted : Others	25,434,476	22,092,214	27,143,683	39,345,292	38,333,743	26,321,968
		Total Tier 1	176,553,821	168,816,958	168,148,587	138,191,632	134,250,174	177,003,779
	Tier 2 Capital	Perpetual Cumulative Preferred Stocks						
		Cumulative Subordinated Debts without Maturity Dates						
		Fixed Asset Appreciation Surplus	16,138,057	16,418,585	16,526,778			14,604,582
		45% of Unrealized Gain of Financial Assets in Available-for-sale	10,072,960	7,335,555	12,132,512	13,683,525	17,592,422	8,742,281
		Convertible Bonds						
		Operating Reserve and Loan Provision	2,596,286	2,423,631	4,887,482	4,132,161	3,769,262	3,347,466
		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	25,434,475	22,092,211	27,143,681	17,815,686	21,361,684	26,321,966
		Total Tier 2	3,372,828	4,085,560	6,403,091			372,363
	Tier 3 Capital	Short-term Subordinated Debts						
		Non-perpetual Preferred Stocks						
		Total Tier 3						
	Self - owned Capital		179,926,649	172,902,518	174,551,678	138,191,632	134,250,174	177,376,142

Year Items			Capital Adequacy Ratio of Recent Five Years					As of Mar. 31, 2010
			FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	
Total Risk Weighted Assets	Credit Risk	Standardized Approach	1,425,665,616	1,415,152,755	1,331,488,686	1,045,910,697	1,005,692,741	1,380,089,084
		Internal Rating Based Approach						
		Securitization	3,073,045	3,360,326	3,634,507			2,983,053
	Operational Risk	Basic Indicator Approach	47,894,250	44,805,525	42,207,000			47,894,250
		Standardized Approach/ Alternative Standardized Approach						
		Advanced Measurement Approach						
	Market Risk	Standardized Approach	36,162,738	23,653,475	22,872,575	29,196,138	66,392,269	46,547,263
		Internal Model Approach						
	Total Risk Weighted Assets			1,512,795,649	1,486,972,081	1,400,202,768	1,075,106,835	1,072,085,010
Capital Adequacy Ratio			11.89	11.63	12.47	12.85	12.52	12.01
Ratio of Tier 1 Capital to Risk Assets			11.67	11.35	12.01	12.85	12.52	11.98
Ratio of Tier 2 Capital to Risk Assets			0.22	0.28	0.46			0.03
Ratio of Tier 3 Capital to Risk Assets								
Ratio of Common Share Equity to Total Assets			1.16	1.25	1.59	1.78	1.86	1.13

Notes: 1. Figures for FY2005 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit; figures for FY2006-2009 are CPA approved; figures for the first three months of FY2010 have not been approved by CPA.

2. Formulate used in calculators :

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

III. Statement by the Audit Committee

Statement by the Audit Committee

The 2009 Financial Statements of the Bank of Taiwan have been examined and certified by Yen-Ling Fang and Derek Hsu, CPAs, of KPMG Certified Public Accountants, who have submitted the CPA report. The above-mentioned 2009 Financial Statements were reviewed by the Audit Committee at the Fifth Meeting of its First Term on Apr. 20, 2010, and were found to have no inconsistencies. This review report is submitted in accordance with the requirements of Article 14-4 of the Securities and Exchange Act.

Audit Committee

Independent Director: Tien-Wei Lou

Independent Director: Chung-Hua Shen

Independent Director: Yi-Hsiung Hsu
(convenor)

April 20, 2010

IV. Financial Statements for the Years Ended December 31, 2009 and 2008, and Independent Auditors' Report



KPMG Certified Public Accountants

Independent Auditors' Report

The Board of Directors

Bank of Taiwan:

We have audited the accompanying balance sheet of Bank of Taiwan as of December 31, 2009, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. As stated in note 13 to the financial statements, certain investments under the equity method in the financial statements of Bank of Taiwan amounting to NT\$23,311,967 thousand as of December 31, 2009, which were 0.60% of total assets, and related investment gains of NT\$1,106,164 thousand in 2009, which were 12.86% of income before income tax, were accounted for by using the equity method and based on the investees' financial statements audited by other auditors. The financial statements of Bank of Taiwan for 2008 audited by the Ministry of Audit are compared with the financial statements for 2009. The differences of the amounts between the Ministry of Audit and us are described in note (4).

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

In our opinion, based on our audit and the audits by the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Taiwan as of December 31, 2009, and the results of its operations and its cash flows for the year then ended. In conformity with the "Regulations Governing the Preparation of Financial Reports by Publicly Held Banks", the related financial accounting standards of the "Business Entity Accounting Act", and of the "Regulation on Business Entity Accounting Handling", and accounting principles generally accepted in the Republic of China.

March 25, 2010

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.

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

V. Consolidated Financial Statements for the Years Ended December 31, 2009 and 2008, and Independent Auditors' Report

(None)

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

(None)

Balance Sheets
December 31, 2009 and 2008 (audited by the MoA)

	2009	2008 (audited by the MoA)	Percentage change
Assets			
Cash and cash equivalents (notes 5 and 30)	\$ 39,011,428	54,420,521	(28)
Placement with Central Bank and call loans to banks (notes 6, 30 and 31)	1,248,000,974	996,241,280	25
Financial assets measured at fair value through profit or loss, net (notes 7, 28 and 30)	92,123,443	72,201,513	28
Bonds and bills purchased under resell agreements (note 8)	368,349	298,262	23
Receivables, net (notes 9, 10, 25 and 30)	91,299,631	103,636,858	(12)
Loans and discounts, net (notes 10, 28 and 30)	2,045,894,068	1,988,070,246	3
Available-for-sale financial assets, net (notes 11, 17, 28 and 31)	142,009,713	155,491,586	(9)
Held-to-maturity financial assets, net (notes 12 and 28)	37,859,403	31,818,435	19
Investments under equity method, net (note 13)	29,815,276	26,959,682	11
Other financial assets, net (notes 9, 10, 14, 17 and 28)	68,496,647	67,326,090	2
Fixed assets, net (notes 15 and 17)	78,474,877	79,953,507	(2)
Intangible assets	1,107,496	1,226,158	(10)
Other assets, net (notes 16, 17, 25 and 30)	16,590,347	16,735,325	(1)
Total assets	\$ 3,891,051,652	3,594,379,463	8

(expressed in thousands of New Taiwan Dollars)

	2009	2008 (audited by the MoA)	Percentage change
Liabilities and Stockholders' Equity			
Deposits of Central Bank and other banks (notes 18 and 30)	\$ 204,950,860	181,489,738	13
Financial liabilities measured at fair value through profit or loss (notes 19, 28 and 30)	4,535,308	6,002,275	(24)
Bonds and bills sold under repurchase agreements (notes 8 and 30)	5,486,934	19,217,840	(71)
Payables (notes 20 and 30)	58,561,964	63,901,807	(8)
Deposits and remittances (notes 21 and 30)	3,189,671,973	2,947,909,688	8
Accrued pension liability (note 24)	2,695,402	2,396,018	12
Other financial liabilities (notes 22 and 28)	1,511,328	1,618,124	(7)
Other liabilities (notes 15 and 23)	183,127,172	148,010,097	24
Total liabilities	3,650,540,941	3,370,545,587	8
Stockholders' equity (notes 13, 15, 25 and 26)			
Common stock	45,000,000	45,000,000	-
Capital surplus	110,062,555	110,063,016	-
Retained earnings:			
Legal reserve	19,540,873	17,033,746	15
Special reserve	22,709,855	21,038,437	8
Unappropriated retained earnings	8,117,131	8,357,089	(3)
	50,367,859	46,429,272	8
Equity adjustments:			
Unrealized gain on revaluation increments	16,138,057	16,418,585	(2)
Cumulative translation adjustments	(123,228)	(151,884)	19
Unrealized gain (loss) on financial instruments	19,065,468	6,074,887	214
	35,080,297	22,341,588	57
Total stockholders' equity	240,510,711	223,833,876	-
Commitments (note 32)			
Total liabilities and stockholders' equity	\$ 3,891,051,652	3,594,379,463	8

Statements of Income
For the years ended December 31, 2009 and 2008 (audited by the MoA)

(expressed in thousands of New Taiwan Dollars)

(expressed in thousands of New Taiwan Dollars)				
	2009		2008 (audited by the MoA)	percentage change
Revenues:				
Interest income (note 30)	\$	49,176,804	86,858,966	(43)
Less: interest expenses (notes 30 and 33)		32,373,654	62,310,640	(48)
Net interest income		16,803,150	24,548,326	(32)
Non-interest income, net				
Fee and commission income, net (note 30)		4,492,791	4,685,598	(4)
Gain on financial assets and liabilities measured at fair value through profit or loss (notes 7 and 30)		30,387,670	(16,641,793)	283
Realized gain (losses) on available-for-sale financial assets (note 11)		2,142,351	1,621,691	32
Gain on investments under equity method (note 13)		2,498,014	645,772	287
Foreign exchange gains, net		1,721,711	3,823,490	(55)
Losses on asset impairment (notes 11, 14, 15, 16 and 17)		1,050,39	(2,896,101)	136
Other non-interest income				
Premium income		17,167,081	16,927,642	1
Service fees		45,399,449	49,341,607	(8)
Policyholders' reserve premium		-	4,982,304	-
Subsidized income from Government		15,000,052	16,132,445	(7)
Other miscellaneous revenue		1,247,124	1,914,084	(35)
Benefits and claims		(20,389,531)	(20,325,482)	-
Service charges		(45,033,522)	(48,954,392)	8
Provision for policyholders' reserve premium		(34,251,029)	(3,375)	(1,014,745)
Others (note 30)		(888,685)	(1,334,561)	33
Excess interest expenses (notes 9 and 33)		(9,904,603)	(9,490,995)	(4)
Gain on property transaction (note 15)		2,645,425	2,738,530	(3)
Net revenues		30,087,844	27,714,790	9
Bad debt expenses (note 10)		4,434,016	1,545,337	187
Operating costs:				
Personnel expense (note 24)		11,464,467	11,327,939	1
Depreciation and amortization expense		1,319,555	1,331,662	(1)
Other business and administrative expense (note 30)		4,271,468	5,007,343	(15)
Total operating costs		17,055,490	17,666,944	(3)
Income before income tax		8,598,338	8,502,509	1
Income tax expense (note 25)		481,207	145,420	231
Net income	\$	8,117,131	8,357,089	(3)
Earnings per share-basic (note 27)	Before Tax	After Tax	Before Tax	After Tax
Net income	\$ 1.91	1.80	1.89	1.86

Statements of Changes in Stockholders' Equity
For the years ended December 31, 2009 and 2008 (audited by the MoA)

(expressed in thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Unrealized gain on revaluation increments	Cumulative translation adjustments	Unrealized gain or losses on financial instruments	Total
			Legal reserve	Special reserve	Unappropriated retained earnings				
Balance as of January 1, 2008 (audited by the MoA)	\$ 53,000,000	110,423,081	13,260,737	17,900,397	12,576,699	16,879,528	(203,687)	25,302,748	249,139,503
Appropriation of retained earnings:									
Legal reserve	-	-	3,773,009	-	(3,773,009)	-	-	-	-
Special reserve	-	-	-	3,458,592	(3,458,592)	-	-	-	-
Cash dividends for government	-	-	-	-	(5,345,098)	-	-	-	(5,345,098)
Net income of 2008	-	-	-	-	8,357,089	-	-	-	8,357,089
Results of split for organizing Bank Taiwan Life Insurance Co., Ltd.	(5,000,000)	(360,065)	-	-	-	(170,455)	3,348	507,596	(5,019,576)
Results of split for organizing Bank Taiwan Securities Co., Ltd.	(3,000,000)	-	-	-	-	(96,713)	-	11,333	(3,085,380)
Decrease in special reserve due to land expropriation	-	-	-	(320,552)	-	-	-	-	(320,552)
Offset of unrealized gain due to land disposal	-	-	-	-	-	(426,028)	-	-	(426,028)
Variation of unrealized revaluation increments for investee company (note 13)	-	-	-	-	-	232,253	-	-	232,253
Cumulative translation adjustments (note 13)	-	-	-	-	-	-	48,455	-	48,455
Unrealized gain or loss from available-for-sale financial assets	-	-	-	-	-	-	-	(17,663,110)	(17,663,110)
Unrealized gain or loss from financial instruments held by investee company (note 13)	-	-	-	-	-	-	-	(2,083,680)	(2,083,680)
Balance as of December 31, 2008 (audited by the MoA)	45,000,000	110,063,016	17,033,746	21,038,437	8,357,089	16,418,585	(151,884)	6,074,887	223,833,876
Appropriation of retained earnings:									
Legal reserve	-	-	2,507,127	-	(2,507,127)	-	-	-	-
Special reserve	-	-	-	1,671,418	(1,671,418)	-	-	-	-
Cash dividends for government	-	-	-	-	(4,178,544)	-	-	-	(4,178,544)
Net income of 2009	-	-	-	-	8,117,131	-	-	-	8,117,131
Recognition of additional paid-in capital of investee company	-	(461)	-	-	-	-	-	-	(461)
Capital increase by revaluing land	-	-	-	-	-	(242,736)	-	-	(242,736)
Unrealized gain on revaluation increments for investee company (note 13)	-	-	-	-	-	(37,792)	-	-	(37,792)
Cumulative translation adjustment for investee company (note 13)	-	-	-	-	-	-	(10,818)	-	(10,818)
Cumulative translation adjustments	-	-	-	-	-	-	-	-	39,474
Unrealized gain or loss from available-for-sale financial assets	-	-	-	-	-	-	-	11,524,068	11,524,068
Unrealized gain or loss from financial instruments held by investee company (note 13)	-	-	-	-	-	-	-	1,466,513	1,466,513
Balance as of December 31, 2009	\$ 45,000,000	110,062,555	19,540,873	22,709,855	8,117,131	16,138,057	(123,228)	19,065,468	240,510,711

See accompanying notes to financial statements.

Statements of Cash Flows
For the years ended December 31, 2009 and 2008 (audited by the MoA)

(expressed in thousands of New Taiwan Dollars)

	2009	2008 (audited by the MoA)
Cash flows from operating activities:		
Net income	\$ 8,117,131	8,357,089
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,321,198	1,334,361
(Reversal of) provision for asset impairment	(1,050,396)	1,018
Provision for allowance for doubtful accounts	4,434,016	1,545,337
Adjustments for (reversal of) valuation of available-for-sale assets	(174,594)	2,827,461
Provision for (reversal of) reserves	34,215,528	(5,143,025)
(Gain) loss on disposal of financial assets	(1,738,107)	169,714
Gain on disposal of fixed assets and non-operating assets	(2,620,608)	(2,721,024)
Investment income accounted for under equity method (in excess of) less than cash dividend received	(1,438,152)	1,030,875
Loss on write-off of printed matter	546	1,119
Reclassification of accumulated depreciation	(921)	(2,443)
Unpaid pension cost recognized	299,384	289,420
Increase in financial assets measured at fair value through profit or loss	(21,082,776)	(12,401,336)
(Increase) decrease in bonds and bills purchased under resell agreements	(70,088)	476,795
Decrease (increase) in receivables	12,379,264	(683,992)
Increase in deferred tax assets, net	(23,507)	(224,771)
(Increase) decrease in other financial assets (net)	(6,474,012)	6,944,721
Decrease (increase) in other assets	77,220	(328,758)
(Decrease) increase in bonds sold under agreements to repurchase	(13,730,906)	1,647,525
(Decrease) increase in financial liabilities measured at fair value through profit or loss	(1,466,968)	4,564,357
(Decrease) increase in payables	(5,334,725)	4,327,276
Increase in other financial liabilities (net)	51,122	136,891
Decrease in other liabilities	(106,123)	(343,310)
Net cash provided by operating activities	5,583,526	11,805,300
Cash flows from investing activities:		
Increase in placement with Central Bank	(220,251,116)	(373,442,070)
Disposal of (acquisition of) available-for-sale financial assets	21,052,011	(6,242,836)
(Acquisition of) disposal of held-to-maturity financial assets	(1,656,959)	1,053,349
Increase in loans and discounts	(59,574,020)	(71,906,957)
Proceeds from disposal of fixed assets and non-operating assets	3,845,895	4,366,335
Acquisition of fixed assets	(869,764)	(1,004,710)
Increase in intangible assets	(280,450)	(509,823)
Decrease (increase) in other financial assets	4,972,371	(2,849,787)
Increase in other assets	(2,872,784)	(7,832,901)
Net cash used in investing activities	(255,634,816)	(458,369,400)
Cash flows from financing activities:		
Increase (decrease) in deposits of Central Bank	686,693	(5,928,796)
Increase (decrease) in deposits of banks	22,774,428	(57,996,221)
Increase in deposits and remittances	241,762,285	481,730,442
Decrease in other financial liabilities	(157,918)	(234,074)
Increase in other liabilities	1,007,671	176,238
Payment of cash dividends	(4,159,715)	(4,831,271)
Cash payment for split-off	-	(30,381,198)
Net cash provided by financing activities	261,913,444	382,535,120
Effect of exchange rate changes	60,495	2,096
Increase (decrease) in cash and cash equivalents	11,922,649	(64,026,884)
Cash and cash equivalents, beginning of year	228,004,249	292,031,133
Cash and cash equivalents, end of year	\$ 239,926,898	228,004,249
Supplemental disclosures of cash flow information:		
Interest paid	\$ 49,162,557	69,167,365
Income tax paid	\$ 270,670	648,042
Financing and investing activities without cash flows:		
Cumulative foreign currency translation adjustments	\$ (31,839)	46,359
Decrease in unrealized revaluation increments	\$ (280,528)	(193,775)
Unrealized gain (loss) on financial instruments	\$ 12,990,581	(19,746,790)
Decrease in special reserve	\$ -	(320,552)

See accompanying notes to financial statements.

Statements of Cash Flows (continued)
For the years ended December 31, 2009 and 2008 (audited by the MoA)

Supplementary disclosure of cash flows:

On January 2, 2009, the Bank underwent a capital reduction to split off its Department of Securities and Department of Life Insurance to incorporate two other subsidiaries of Taiwan Financial Holding Co., Ltd., BankTaiwan Securities Co., Ltd. (BankTaiwan Securities) and BankTaiwan Life Insurance Co., Ltd. (BankTaiwan Life Insurance), held 100% by their parent company. The details of assets and liabilities transferred to BankTaiwan Securities and BankTaiwan Life Insurance through capital reduction for the split-off were as follows:

(expressed in thousands of New Taiwan Dollars)

	BankTaiwan Life Insurance Co., Ltd.	BankTaiwan Securities Co., Ltd.	Total
Financial assets measured at fair value through profit or loss, net	\$ 610,198	-	610,198
Bonds and bills purchased under resell agreements	13,387,011	-	13,387,011
Receivables, net	2,880,657	2,055,232	4,935,889
Loans and discounts, net	7,472,601	1,762,328	9,234,929
Available-for-sale financial assets, net	20,360,119	235,904	20,596,023
Held-to-maturity financial assets, net	63,747,915	-	63,747,915
Long-term investment under equity method, net	4,517,603	-	4,517,603
Other financial assets, net	7,931,837	-	7,931,837
Fixed assets, net	776,946	406,846	1,183,792
Intangible assets	4,886	5,993	10,879
Other assets	2,573,215	64,090	2,637,305
Financial liabilities measured at fair value through profit or loss	(40,248)	-	(40,248)
Payables	(34,435,401)	(1,264,998)	(35,700,399)
Other liabilities	(115,148,924)	(180,052)	(115,328,976)
Capital reduction due to split-off	(5,000,000)	(3,000,000)	(8,000,000)
Amounts under stockholders' equity relevant to fixed assets, financial assets measured at fair value through profit or loss, net, and long-term investment under equity method, net:			
Capital surplus	(360,065)	-	(360,065)
Unrealized gain on revaluation increments	(170,455)	(96,713)	(267,168)
Cumulative translation adjustments	3,348	-	3,348
Unrealized gain (loss) on financial instruments	507,596	11,333	518,929
Cash payment for split-off	\$ (30,381,161)	(37)	(30,381,198)

Notes to Financial Statements

December 31, 2009 and 2008 (audited by the MoA)

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

(1) Organization and Business Scope

Bank of Taiwan (the Bank) was established on May 20, 1946, as the first government-owned bank following the island's restoration to the Republic of China in 1945. It has now been operating for 63 years. 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, and became a public company from September 16, 2004.

On November 18, 2005, the Executive Yuan authorized the merger of the Bank and the Central Trust of China. The merger plan was approved by the Fair Trade Commission, the Executive Yuan, and the Ministry of Finance. On December 22, 2006, the Financial Supervisory Commission, Executive Yuan, reauthorized the merger and indicated the Central Trust of China was the dissolved party and the Bank was the surviving party. The merger was accomplished on July 1, 2008.

On January 1, 2009, the Ministry of Finance organized Taiwan Financial Holding Co., Ltd. in accordance with the Act for Taiwan Financial Holding Co., Ltd., and the Bank is its subsidiary.

On January 2, 2009, the Bank decreased capital by \$8 billion and split off its part of business and assets to organize two other subsidiaries of Taiwan Financial Holding Co., Ltd. (Taiwan Financial Holding): BankTaiwan Securities Co., Ltd. (BankTaiwan Securities) and BankTaiwan Life Insurance Co., Ltd. (BankTaiwan Life Insurance), whose capital was \$3 billion and \$5 billion, respectively.

The Bank is engaged in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) 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, 2009, 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 162 domestic branches, one offshore banking unit, 7 overseas branches.

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

As of December 31, 2009 and 2008 (audited by the MoA), the Bank had 8,459 and 8,589 employees, respectively.

(2) Summary of Significant Accounting Policies

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

The Bank prepares the accompanying financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Business Entity Accounting Act, the Regulation on Business Entity Accounting Handling, and accounting principles generally accepted in the Republic of China. The significant accounting policies used in preparing such financial statements are summarized below:

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 accordance with the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan ruling Tai Tsai Jeng No. 02514, the significant accounting items which should be revised in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks and accounting principles generally accepted in the Republic of China have been adjusted in these financial statements.

In 2009, the financial statements of 2008 were approved by the MoA, and the beginning balances in 2009 were the same as the approved closing balances in 2008.

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) Use of estimates

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

4) Foreign currency transactions

Foreign currency transactions are recorded in New Taiwan Dollars at the exchange rates prevailing at the transaction date. Gains or losses resulting from adjustments or settlements of foreign currency assets and liabilities are reflected in the statements of income. Foreign currency assets and liabilities at the balance sheet date are translated at the exchange rates at that date 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.

5) 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.

6) Asset impairment

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 and recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount. The Bank assesses the cash generating unit of goodwill on an annual basis and recognizes an impairment loss on the carrying value in excess of the recoverable amount.

The Bank reverses the 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.

7) Trust business

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

8) 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.

9) Split-off and transfer of operating assets

Effective January 2, 2009, in accordance with the Financial Holding Company Act, the Bank split off its Department of Securities and Department of Life Insurance to organize two other subsidiaries of Taiwan Financial Holding: BankTaiwan Securities and BankTaiwan Life Insurance, held 100% by their parent company. Because BankTaiwan Life Insurance and BankTaiwan Securities are Taiwan Financial Holding Co., Ltd.'s subsidiaries, in accordance with Accounting Research and Development Foundation Interpretation (91) Ji-Mi Zih 128, the Bank split off and organized BankTaiwan Life Insurance and BankTaiwan Securities based on its net assets and did not recognize any trade gain.

10) 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.

11) Financial instruments

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.
 - (c) Financial assets or liabilities measured at fair value through profit or loss should be evaluated by fair value, and the gains or losses from evaluation should be designated as current gains or losses.
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.

12) Hedge accounting

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

13) 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 by the Bank in foreign exchange, interest rate and capital markets. Other than their application in hedge accounting, derivative financial instruments are for trading purposes. Derivative financial instruments for trading purposes are involved in creating markets, serving customers and other related arbitrage activities.

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

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

14) 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%.

15) Investment under equity method

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

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

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

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

16) Fixed assets

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

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

Depreciation is recognized in direct method based on its cost, in accordance with Standard Classification of Property announced by Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan)

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

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

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

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

17) Intangible assets

Commencing from January 1, 2008, the Bank adopted SFAS No. 37 "Intangible Assets". In accordance with SFAS No. 37, intangible assets are recorded at cost except for donation from the government, which is measured at fair value. Subsequent to their initial recognition, their book values are their cost and their incremental value that resulted from revaluation minus accumulated amortization and impairment loss.

Amortization is computed using the straight-line method. The Bank should reevaluate the residual value, estimated useful lives,

and amortization method at least once every year. Changes in the above factors will be regarded as changes in accounting estimate. Major intangible assets are as follows:

Costs of computer software: capitalized and amortized on a straight-line basis over three to five years.

18) Other assets-non-operating assets

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

19) 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 on collateral on the balance sheet date due to the cost of collateral exceeding the net fair value.

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

20) 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.

21) 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.

22) Reserves for operations

Reserves for operations are organized according to the Insurance Act. These reserves include the unearned premium reserve, claim reserve, special reserve, and reserve for life insurance. Actuaries provide the figures for these reserves.

In addition, according to the MoF regulation which became effective from December 30, 2002, the surplus from the "Special Reserve for the Loss Movement" should be placed as special reserve under proprietary equity after the board of directors approves the surplus appropriation. This amount may not be distributed or used for other purposes unless approved by the MoF.

23) Pension

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

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

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

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

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

24) Revenue recognition

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

25) 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.

In accordance with the Financial Holding Company Act, Article 49, the Bank adopts Taiwan Financial Holding Co., Ltd. as the taxpayer to file a consolidated corporate income tax return starting 2009. When declaring the profit-seeking enterprise income, the Bank accounts for its income tax in conformity with SFAS No. 22, "Income Taxes." However, the Bank also adjusts the

related income tax balance in a reasonable and systematic way to reflect the differences computed for purposes of filing a consolidated corporate income tax return with Taiwan Financial Holding as the taxpayer. The adjustments resulting from using Taiwan Financial Holding as the taxpayer to file a consolidated corporate income tax return are recorded under receivable from (payable to) related parties.

26) 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

Effective from January 1, 2008, the Bank adopted Statement of Financial Accounting Standards No. 39 (SFAS 39) "Share-based Payment" and Interpretation (96)052 issued by the Accounting Research and Development Foundation. The articles of incorporation of the Bank did not include the above-mentioned distribution items of earnings such as equity-settled share based payment transactions, employee bonuses, and directors' and supervisors' remuneration. Therefore, SFAS 39 did not have any effect on the Bank's statements of income.

(4) Government Audit Adjustments for Fiscal Year Ended December 31, 2008

The accounting records as of and for the year ended December 31, 2008, have been audited and examined by the MoA, and the resulting adjustments are summarized as follows:

Balance Sheet	As Previously Reported December 31, 2008	Adjustments – Increase (Decrease)	As Audited by the MoA December 31, 2008
Assets			
Receivables, net	\$ 103,431,970	204,888	103,636,858
Stockholders' equity			
Unappropriated retained earnings	8,152,201	204,888	8,357,089

Income statement	As Previously Reported December 31, 2008	Adjustments – Increase (Decrease)	As Audited by the MoA December 31, 2008
Other non-interest gain (losses)	\$ 10,339,567	263,038	10,602,605
Personnel expense	11,596,048	263,038	11,859,086
Income tax	350,308	(204,888)	145,420
Net income	8,152,201	204,888	8,357,089

Revised entries by the MoA in 2008 were as follows:

Item	Adjustment accounts	Amount revised by the MoA	Explanation of revision by the MoA
1.	Business expense-other welfare	\$ 244,415	The interest arising from the difference between the savings interest rate of employees and the regular interest rate is transferred to personnel expense.
	Administrative expense-other welfare	18,623	
	Miscellaneous expense-other welfare	619,143	
	Interest expense	882,181	
2.	Business expense-allocated expense	\$ 11,025	Expense of credit check department to inquire about credit of clients. Originally accounted for as research and development expense and adjusted to business expense.
	Business expense-newspapers and magazines	376	
	Business expense-appliances consumed	84	
	Research and development expense-consignment investigating expense	11,025	
	Research and development expense-newspapers and magazines	376	
	Research and development expense-appliances consumed	84	
3.	Allowance for valuation-deferred tax assets	\$ 293,667	Adjustment for income tax.
	Tax refund receivable	204,888	
	Deferred tax assets	293,667	
	Income tax expense	204,888	

(5) Cash and Cash Equivalents

	December 31, 2009	December 31, 2008 (audited by the MoA)
Cash on hand	\$ 9,913,460	9,984,037
Foreign currency on hand	4,272,147	4,966,174
Notes and checks for clearing	7,075,304	8,921,826
Placement with banks	17,750,517	30,548,484
Total	\$ 39,011,428	54,420,521

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Cash	\$ 39,011,428	54,420,521
Call loans to banks and bank overdraft	127,418,553	101,498,807
Placement with Central Bank, including reserve-checking account and foreign-currency-denominated deposit reserves	36,996,414	31,407,581
Negotiable certificates of deposit (NCDs)	22,300,093	29,400,000
Investment in bills and securities maturing within 90 days	14,200,410	11,277,340
Total	<u>\$ 239,926,898</u>	<u>228,004,249</u>

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Call loans to banks	\$ 127,418,553	101,498,807
New-Taiwan-dollar-denominated deposit reserve-checking account and reserves for deposits-foreign-currency-denominated deposit and so on	36,996,414	31,407,581
New-Taiwan-dollar-denominated required deposit reserve	60,246,178	51,025,150
Deposits in Central Bank	1,023,339,829	812,309,742
Total	<u>\$ 1,248,000,974</u>	<u>996,241,280</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, 2009 and 2008 (audited by the MoA), 60% of the reserve deposits collected on behalf of a government institution amounted to \$5,349,549 and \$9,984,742, respectively, and their 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, 2009 and 2008 (audited by the MoA), \$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, Net

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Financial assets held for trading	\$ 77,199,214	73,077,297
Add: Adjustment valuation	4,076,043	(11,413,132)
Subtotal	<u>81,275,257</u>	<u>61,664,165</u>
Financial assets designated as at fair value through profit or loss	10,799,400	13,320,022
Add: Adjustment valuation	48,786	(2,782,674)
Subtotal	<u>10,848,186</u>	<u>10,537,348</u>
	<u>\$ 92,123,443</u>	<u>72,201,513</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, 2009	December 31, 2008 (audited by the MoA)
Commercial paper	\$ 1,411,869	2,572,715
Government bonds	1,307,269	2,016,893
Corporate bonds	6,885	5,386
Treasury bond	-	8,872,911
Call foreign exchange options	40,360	3,157
Short-term beneficiary securities	2,249,145	1,312,942
Foreign stock and beneficiary certificates	68,466,917	52,460,587
Foreign government bonds	3,716,769	5,832,707
Add: Adjustment valuation-non-derivative financial instruments	672,652	(18,575,977)
Adjustment valuation-call foreign exchange options	(31,249)	552
Adjustment valuation-cross currency swaps	3,124,509	6,355,168
Adjustment valuation-interest rate swaps	138,290	701,829
Adjustment valuation-foreign exchange forward transactions	170,150	98,251
Adjustment valuation-commercial paper with fixed rate	1,691	7,044
Total	\$ 81,275,257	61,664,165

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Foreign corporate bonds and financial bonds	\$ 10,799,400	13,320,022
Add: Adjustment valuation	48,786	(2,782,674)
Total	\$ 10,848,186	10,537,348

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Call foreign exchange options	\$ 7,736,913	683,035
Cross currency swaps	272,971,581	163,750,226
Interest rate swaps	6,174,282	7,521,894
Foreign exchange forward transactions	9,787,052	4,722,827
Commercial paper with fixed rate	700,000	1,700,000
Total	\$ 297,369,828	178,377,982

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

	2009	2008 (audited by the MoA)
Cash dividend on financial assets	\$ 1,257,141	1,814,959
Net gain on disposal of financial assets	86,638,753	118,719,731
Net loss on valuation of financial assets	26,615,409	(24,303,929)
Net loss on disposal of financial liabilities	(77,583,533)	(113,555,034)
Net gain (loss) on valuation of financial liabilities	(6,540,100)	682,480
Total	\$ 30,387,670	(16,641,793)

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

As of December 31, 2009 and 2008 (audited by the MoA), the details of bonds and bills purchased/sold under agreements to resell (repurchase) were as follows:

	December 31, 2009	December 31, 2008 (audited by the MoA)
Bills and bonds purchased under resell agreements:		
Commercial paper	\$ -	298,262
Negotiable certificates of deposit	368,349	-
Total	<u>\$ 368,349</u>	<u>298,262</u>
Bills and bonds sold under repurchase agreements:		
Commercial paper	\$ -	368,646
Government bonds	5,486,934	18,094,975
Acceptances	-	754,219
Total	<u>\$ 5,486,934</u>	<u>19,217,840</u>

(9) Receivables, Net

	December 31, 2009	December 31, 2008 (audited by the MoA)
Notes receivable	\$ 9,734	4,887
Accounts receivable	1,186,563	1,318,864
Long-term receivable	40,526,237	43,647,047
Accrued revenue	324,871	330,526
Interest receivable	11,077,253	17,548,771
Insurance receivable	199,063	273,624
Refundable income tax	1,335,727	1,422,159
Acceptance notes receivable	3,265,768	2,623,119
Factoring receivable-non-recourse	1,139,497	1,298,819
Others-shall be replenished by state treasury	14,785,692	15,928,085
Others-undelivered spot exchange	15,661,635	17,514,316
Others	<u>2,036,541</u>	<u>2,017,628</u>
Subtotal	91,548,581	103,927,845
Less: allowance for doubtful accounts	<u>248,950</u>	<u>290,987</u>
Total	<u>\$ 91,299,631</u>	<u>103,636,858</u>

In 2009 and 2008 (audited by the MoA), the Bank paid a premium savings account interest rate in excess of the regular rate of 1.8258% and 1.7815%, respectively, and the resulting interest expenses were \$7,836,838 and \$7,730,890, respectively, due to executing the government premium savings policy.

As of December 31, 2009 and 2008 (audited by the MoA), the Bank, instead of the government, had paid premium savings interest expenses amounting to \$85,846,669 (booked in long-term receivable \$40,526,237 and other financial asset-short-term advance of \$45,320,432) and \$43,647,047 (booked in long-term receivable of \$43,647,047), respectively.

(10) Discounts and Loans, Net

	December 31, 2009	December 31, 2008 (audited by the MoA)
Discounts	\$ 4,253,895	3,145,217
Overdrafts	63,021,076	55,714,319
Secured overdrafts	620,041	665,698
Short-term loans	314,880,826	372,407,540
Short-term secured loans	80,810,552	83,529,848
Medium-term loans	615,537,991	560,281,674
Medium-term secured loans	238,936,763	232,160,103
Long-term loans	210,235,964	194,621,930
Long-term secured loans	513,046,036	479,259,290
Nonperforming loans	17,404,514	17,957,221
Subtotal	2,058,747,658	1,999,742,840
Less: allowance for doubtful accounts	12,853,590	11,672,594
Total	\$ 2,045,894,068	1,988,070,246

Movements of allowance for doubtful accounts in years 2009 and 2008 (audited by the MoA) were as follows:

	2009			
	Risk of specific uncollectible debts	Country risk	Potential risk of total debts	Total
Beginning balance	\$ 10,466,117	1,358,073	270,947	12,095,137
Add: provision (reversal) for doubtful accounts	2,011,200	2,450,625	(27,809)	4,434,016
collected from write-off of debts	(4,257,397)	(916,377)	-	(5,173,774)
foreign exchange translation adjustments	1,730,900	69,317	-	1,800,217
Less: write-off	-	(16,496)	-	(16,496)
Ending balance	\$ 9,950,820	2,945,142	243,138	13,139,100

	2008 (audited by the MoA)			
	Risk of specific uncollectible debts	Country risk	Potential risk of total debts	Total
Beginning balance	\$ 12,467,455	897,899	1,065,320	14,430,674
Add: provision (reversal) for doubtful accounts	851,309	1,482,943	(788,915)	1,545,337
collected from write-off of debts	1,887,042	23,210	-	1,910,252
foreign exchange translation adjustments	-	42,289	-	42,289
Less: write-off	(4,667,826)	(1,088,268)	-	(5,756,094)
split off to BankTaiwan Life Insurance and BankTaiwan Securities	(71,863)	-	(5,458)	(77,321)
Ending balance	\$ 10,466,117	1,358,073	270,947	12,095,137

Details of allowance for doubtful accounts were as follows:

	December 31, 2009	December 31, 2008 (audited by the MoA)
Receivables	\$ 248,950	290,987
Discounts and loans	12,853,590	11,672,594
Other financial assets	36,560	131,556
Total	\$ 13,139,100	12,095,137

Details of bad debt expense were as follows:

	2009	2008 (audited by the MoA)
Bad debt record	\$ 4,434,016	1,545,337
Reserve for guarantee liabilities	-	-
Total	\$ 4,434,016	1,545,337

As of December 31, 2009 and 2008 (audited by the MoA), the amount of loans with non-accumulating interest revenues was \$17,441,038 and \$18,088,711, respectively, which was booked as other assets-nonperforming loans. As of December 31, 2009 and 2008 (audited by the MoA), the estimation of non-accumulating interest revenues was \$1,972,097 and \$1,898,177, respectively.

For the years ended December 31, 2009 and 2008 (audited by the MoA), the Bank did not write off any loan without legal proceedings having been initiated.

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Negotiable certificates of deposit	\$ 22,000,000	29,400,000
Government bonds	30,866,748	44,022,311
Foreign government bonds, treasury bills and corporate bonds	38,360,542	46,539,174
Financial bonds	1,822,832	1,426,716
Corporate bonds	8,585,599	8,395,128
Real estate securitization	10,000	10,000
Financial asset securitization	996,661	996,744
TSEC and OTC stocks and certificates	20,929,781	19,495,993
Add: Adjustment valuation	19,908,948	8,056,091
Less: accumulated impairment	(1,471,398)	(2,850,571)
Total	\$ 142,009,713	155,491,586

- 1) Please see note 28, "Information on Financial Instruments", for valuation of available-for-sale financial assets.
- 2) CSBC Corporation, Taiwan (CSBC) completed its privatization by means of an IPO (Initial Public Offering) on December 18, 2008, and the initial price was \$13.4 per share. The Bank held 1,612,980 shares of CSBC's stock, and the book value was \$14,750. After revaluing at fair value, the Bank transferred the assets from "financial assets stated at cost-non-current" to "available-for-sale financial assets-non-current" with book value of \$21,614.
- 3) The Bank held the following financial instruments: the foreign financial bonds of Kaupthing Bank, Glitnir Banki and Washington Mutual Bank, the foreign corporate bonds of Lehman Brothers Holdings Inc., and the financial asset securitization of E. Sun Bank 2008-1 Collateralized Bond Obligations Special Purpose Trust Class B1 Beneficiary Certificates, whose book value amounted to \$2,949,052 in total. As these financial instruments had been impaired, the Bank then recognized impairment losses amounting to \$2,895,083. The Bank sold the above-mentioned bonds and reversed cumulative impairment losses amounting to \$1,423,685, accounted for as gain on reversal of asset impairment loss.
- 4) Details of realized profit or loss on available-for-sale financial assets were as follows:

	2009	2008 (audited by the MoA)
Cash dividend	\$ 404,243	1,721,540
Profit or loss on available-for-sale financial asset transactions	1,738,108	(99,849)
Total	\$ 2,142,351	1,621,691

(12) Held-to-maturity Investment Assets, Net

	December 31, 2009	December 31, 2008 (audited by the MoA)
Domestic:		
Financial bonds	\$ 303,203	199,118
Corporate bonds	4,452,717	4,776,438
Convertible deposit	300,093	-
Commercial paper	12,788,541	8,704,625
Government bonds	9,029,256	9,140,936
Real estate securitization	35,288	38,385
Financial asset securitization	-	25,167
	26,909,098	22,884,669
Foreign:		
Corporate bonds	9,693,000	8,770,606
Organization bonds	481,678	-
Government bonds	775,627	163,160
	10,950,305	8,933,766
Total	\$ 37,859,403	31,818,435

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

(13) Investments under Equity Method, Net

Name of Investee	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)	Amount
Hua Nan Financial Holdings Co., Ltd.	24.86	\$ 23,302,379	24.86	22,311,022
Taiwan Life Insurance Co., Ltd.	21.05	2,426,781	24.96	908,142
Kaohsiung Ammonium Sulfate Co., Ltd.	91.86	2,610,549	91.86	2,640,474
Tang Eng Iron Works Co., Ltd.	21.38	1,465,979	21.38	1,090,467
Tai Yi Real-Estate Management Co., Ltd.	30.00	9,588	30.00	9,577
		<u>\$ 29,815,276</u>		<u>26,959,682</u>

1) Details of the Bank's recognition of its unrealized gain on revaluation increments and cumulative translation adjustments under stockholders' equity in 2009 and 2008 (audited by the MoA) were as follows:

Name of Investee	Unrealized gain on revaluation increments		Cumulative translation adjustments	
	2009	2008 (audited by the MoA)	2009	2008 (audited by the MoA)
Hua Nan Financial Holdings Co., Ltd.	\$ (55,439)	186,873	(9,533)	(7,055)
Taiwan Life Insurance Co., Ltd.	-	44,142	(1,285)	8,806
Tang Eng Iron Works Co., Ltd.	17,647	1,238	-	-
	<u>\$ (37,792)</u>	<u>232,253</u>	<u>(10,818)</u>	<u>1,751</u>

2) Details of the Bank's recognition of its capital surplus and unrealized losses or gains on financial instruments under stockholders' equity in 2009 and 2008 (audited by the MoA) were as follows:

Name of Investee	Capital surplus		Unrealized losses or gains on financial instruments	
	2009	2008 (audited by the MoA)	2009	2008 (audited by the MoA)
Hua Nan Financial Holdings Co., Ltd.	\$ -	-	1,010,038	(1,498,760)
Taiwan Life Insurance Co., Ltd.	(461)	-	448,457	(577,281)
Tang Eng Iron Works Co., Ltd.	-	-	8,018	(7,639)
	<u>\$ (461)</u>	<u>-</u>	<u>1,466,513</u>	<u>(2,083,680)</u>

3) Details of the Bank's cash dividends received from its long-term equity investments under the equity method in 2009 and 2008 (audited by the MoA) were as follows:

Name of Investee	2009	2008 (audited by the MoA)
Hua Nan Financial Holding Co., Ltd.	\$ 1,059,862	1,484,401
Taiwan Life Insurance Co., Ltd.	-	192,245
	<u>\$ 1,059,862</u>	<u>1,676,646</u>

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

Name of Investee	December 31, 2009	December 31, 2008 (audited by the MoA)
Hua Nan Financial Holdings Co., Ltd.	\$ 6,863,133	6,863,133
Taiwan Life Insurance Co., Ltd.	712,409	712,409
Kaohsiung Ammonium Sulfate Co., Ltd.	1,377,872	1,377,872
Tang Eng Iron Works Co., Ltd.	1,451,462	1,451,462
Tai Yi Real Estate Management Co., Ltd.	3,793	3,793
	<u>\$ 10,408,669</u>	<u>10,408,669</u>

In order to enlarge the scale, expand the range of customers, and upgrade business competitiveness, the Bank split off its Department of Life Insurance into BankTaiwan Life Insurance on January 2, 2008. In order to facilitate the split-off, the Bank transferred the following items to BankTaiwan Life Insurance: shares of Hua Nan Financial Holdings Co., Ltd. and Taiwan Life Insurance Co., Ltd. with book value of \$4,138,552 and \$379,051, initial cost of \$1,242,146 and \$99,916, capital surplus of \$0 and \$65, cumulative translation adjustments of \$(3,348) and \$0, unrealized losses on financial instruments of \$(8,781) and \$(9,470), and unrealized gain on revaluation increments of \$153,119 and \$17,336, respectively.

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

Name of Investee	2009	2008 (audited by the MoA)
Hua Nan Financial Holdings Co., Ltd.	\$ 1,106,153	2,247,943
Taiwan Life Insurance Co., Ltd.	1,071,928	(1,077,951)
Kaohsiung Ammonium Sulfate Co., Ltd.	(29,925)	(14,163)
Tang-Eng Iron Works Co., Ltd.	349,847	(506,966)
Tai Yi Real-Estate Management Co., Ltd.	11	(3,091)
	<u>\$ 2,498,014</u>	<u>645,772</u>

- The investment gain from the investees audited by other auditors was \$1,106,164 and \$2,244,852 in 2009 and 2008 (audited by the MoA), respectively.
- The investment loss from Kaohsiung Ammonium Sulfate Co., Ltd. amounting to \$(29,925) and \$(14,163) in 2009 and 2008 (audited by the MoA), respectively, was based on its unaudited financial statements.

6) Since Kaohsiung Ammonium Sulfate Co., Ltd. was in the process of liquidation and the liquidators and supervisors were appointed by the Ministry of Economic Affairs, the Bank had no power to control such investee.

(14) Other Financial Assets, Net

	December 31, 2009	December 31, 2008 (audited by the MoA)
Temporary advances	\$ 51,688,175	45,182,865
Hedging derivative financial assets	18,409	57,273
Debt investments without quoted price in active markets	5,985,193	10,971,588
Less: cumulative impairment-debt investment without quoted price in active market	(337,848)	-
Financial assets carried at cost	11,092,326	11,092,326
Remittance purchased	11,964	22,104
Less: allowance for doubtful accounts-remittance purchased	(36)	(66)
Overdue receivables	50,628	131,490
Less: allowance for doubtful accounts-overdue receivables	(36,524)	(131,490)
Others	24,360	-
Total	\$ 68,496,647	67,326,090

1) Please see note 28, "Information on Financial Instruments", for details of the valuation of hedging derivative financial assets and debt investments without quoted price in active markets.

2) On December 23, 2009, Mega International Investment Trust Co., Ltd. underwent a capital reduction. The Bank then decreased the book value of "financial assets carried at cost" by \$544.

3) On May 22, 2009, the Bank recognized impairment loss of convertible bonds of ProMoS Technologies by \$345,219, accounted for assets impairment loss.

(15) Fixed Assets, Net

	December 31, 2009	December 31, 2008 (audited by the MoA)
Cost:		
Land (including revaluation increments)	\$ 66,510,361	67,800,113
Land improvements	15,869	19,345
Buildings (including revaluation increments)	14,026,742	13,563,387
Machinery and equipment	5,530,564	5,367,483
Transportation equipment	1,082,570	1,114,725
Miscellaneous equipment	1,036,200	1,081,683
Leasehold improvements	597,700	535,546
Construction in progress and prepayment for equipment	469,090	813,127
	89,269,096	90,295,409
Accumulated depreciation:		
Land improvement	13,084	15,981
Buildings	4,764,102	4,500,027
Machinery and equipment	3,712,705	3,574,808
Transportation equipment	806,362	806,166
Miscellaneous equipment	786,687	812,959
Leasehold improvements	458,695	464,531
	10,541,635	10,174,472
Accumulated impairment		
Land	252,584	167,430
Fixed assets, net	\$ 78,474,877	79,953,507

On March 17, 2009, the Bank recognized loss on impairment by \$4,374, gain on reversal by \$15,776 and reduced unrealized gain on revaluation increments by \$96,521, respectively.

The Bank has conducted many revaluations of land and buildings over the years, with the latest in June 2007. As of December 31, 2009 and 2008 (audited by the MoA), the total revaluation increments for land were \$62,075,841 and \$63,380,342, respectively, and the estimated tax payables on land were \$15,328,424 and \$15,516,044, respectively (recorded in other liabilities).

Complying with government policy, the Bank sold a number of land, buildings and machinery and recognized gain on property transaction of \$2,645,425 and \$2,738,530 in 2009 and 2008, respectively.

As of December 31, 2009 and 2008 (audited by the MoA), the Bank's fixed assets neither served as a guarantee or collateral, nor were they pledged.

Certain investment properties of the Bank were used for operating lease. As of December 31, 2009, the cost (including revaluation increments) of the rental land was \$31,965,485, while most of the rental buildings had been fully depreciated over their useful lives. According to the tenancy agreements, the estimated future rental revenue was as follows:

Fiscal Year	Amount
2010	\$ 115,789
2011	63,112
2012	19,598
	<u>\$ 198,499</u>

(16) Other Assets

	December 31, 2009	December 31, 2008 (audited by the MoA)
Non-operating assets, net	\$ 8,011,775	8,039,840
Collateral assumed, net	1,076,959	1,076,959
Advance payment	5,831,648	5,915,275
Operating guarantee deposits and settlement fund	10,000	10,000
Refundable deposits	109,689	130,862
Customer advance and accounts awaiting clearance	474,099	320,095
Deferred tax assets, net	1,038,705	1,189,542
Others	37,472	52,752
	<u>\$ 16,590,347</u>	<u>16,735,325</u>

1) Non-operating assets

	December 31, 2009	December 31, 2008 (audited by the MoA)
Land (non-operating)	\$ 8,110,612	8,140,905
Buildings	2,353	2,353
Miscellaneous equipment	92	92
Accumulated depreciation-buildings	(1,996)	(1,873)
Accumulated impairment	(99,286)	(101,637)
	<u>\$ 8,011,775</u>	<u>8,039,840</u>

On March 17, 2009, the Bank recognized impairment loss by \$78, gain on reversal by \$2,418, and increased unrealized revaluation increments by \$11.

2) Collateral assumed and residuals taken over, net

	December 31, 2009	December 31, 2008 (audited by the MoA)
Collateral assumed and residuals taken over	\$ 1,095,788	1,097,616
Less: allowance for impairment	(18,829)	(20,657)
	<u>\$ 1,076,959</u>	<u>1,076,959</u>

On April 22, 2009, the Bank had a bid sale of collateral and recognized gain on reversal of assets impairment \$1,828.

3) Advance payment

	December 31, 2009	December 31, 2008 (audited by the MoA)
Prepaid expense	\$ 707,714	706,527
Prepaid tax	32,950	215,696
Prepaid stock dividends and bonus	3,955,003	3,973,832
Other prepayment	1,135,981	1,019,220
	<u>\$ 5,831,648</u>	<u>5,915,275</u>

(17) Impairment

For the years ended December 31, 2009 and 2008 (audited by the MoA), the movements of the accumulated impairment were as follows:

	2009	2008 (audited by the MoA)
Beginning balance	\$ 3,140,295	617,303
Recognized impairment loss for the current period	358,047	3,069,600
Reversal of impairment loss for the current period	(1,408,443)	(173,499)
Unrealized gains on revaluation increments for the current period	96,545	8,465
Transfer to BankTaiwan Life Insurance due to split-off	-	(324,840)
Foreign exchange differences	(6,499)	(44,512)
Intangible assets reclassification	-	(12,222)
Ending balance	\$ 2,179,945	3,140,295

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Available-for-sale financial assets	\$ 1,471,398	2,850,571
Other financial assets	337,848	-
Fixed assets	252,584	167,430
Other assets	118,115	122,294
Ending balance	\$ 2,179,945	3,140,295

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Available-for-sale financial assets	\$ (1,380,045)	2,895,083
Other financial assets	345,219	-
Fixed assets	(11,402)	37,018
Other assets	(4,168)	(36,000)
Ending balance	\$ (1,050,396)	2,896,101

(18) Deposits from Banks-Central Bank and Others

	December 31, 2009	December 31, 2008 (audited by the MoA)
Deposits from Central Bank	\$ 13,140,110	12,453,417
Deposits from banks-others	23,705,622	23,533,652
Postal deposits transferred	32,986,964	38,973,586
Bank overdrafts	517,181	110,723
Call loans from bank	134,600,983	106,418,360
	\$ 204,950,860	181,489,738

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

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Held-for-trading financial liabilities	\$ 42,217	3,912
Add: valuation adjustment	4,493,091	5,998,363
	\$ 4,535,308	6,002,275

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, 2009	December 31, 2008 (audited by the MoA)
Foreign exchange options premium	\$ 42,217	3,912
Valuation adjustment-foreign exchange options	(33,138)	498
Valuation adjustment-cross currency swaps	3,404,589	4,406,949
Valuation adjustment-interest rate swaps	952,683	1,003,272
Valuation adjustment-forward foreign exchange	168,957	587,644
	<u>\$ 4,535,308</u>	<u>6,002,275</u>

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

	December 31, 2009	December 31, 2008 (audited by the MoA)
Foreign exchange options premiums	\$ 7,732,101	683,035
Cross currency swaps	328,099,484	136,322,479
Interest rate swaps	15,634,186	12,375,055
Forward foreign exchange	12,676,720	16,105,966
	<u>\$ 364,142,491</u>	<u>165,486,535</u>

(20) Payables

	December 31, 2009	December 31, 2008 (audited by the MoA)
Accounts payable	\$ 7,710,258	9,358,231
Receipts under custody payable	1,602,280	1,389,605
Accrued expense	2,474,968	2,907,907
Income tax payable	306,824	319,528
Interest payable	12,181,578	19,065,878
Banker's acceptance payable	3,272,781	2,633,560
Due from representative organization	1,010,061	1,413,383
Construction payable	18,303	23,421
Other payables-spot foreign exchange awaiting delivery	15,667,772	17,513,180
Other payables-collection bills	3,067,465	2,341,653
Other payables-payments awaiting transfer	4,251,212	4,629,795
Other payables-paid by connection bank	4,296,715	269,848
Other payables-others	2,701,747	2,035,818
	<u>\$ 58,561,964</u>	<u>63,901,807</u>

(21) Deposits from Customers and Remittances

	December 31, 2009	December 31, 2008 (audited by the MoA)
Checking account deposits	\$ 28,822,343	27,387,446
Government deposits	211,783,672	247,717,840
Demand deposits	225,333,851	191,302,521
Time deposits	608,590,368	603,421,360
Remittances	561,547	580,641
Savings account deposits:		
Demand savings deposits	573,885,091	386,292,580
Staff accounts	22,083,708	22,004,423
Club savings deposits	1,202,214	1,183,811
Non-interest-drawing time savings deposits	636,761,856	611,020,813
Interest-drawing savings deposits	446,521,492	426,607,751
Premium interest-drawing savings deposits	434,125,831	430,390,502
	<u>\$ 3,189,671,973</u>	<u>2,947,909,688</u>

As of December 31, 2009 and 2008 (audited by the MoA), the above time deposits and savings account deposits, except for demand savings deposits, would mature in one month to three years.

(22) Other Financial Liabilities

	December 31, 2009	December 31, 2008 (audited by the MoA)
Hedging derivative financial liabilities	\$ 241,100	189,981
Appropriated loan funds	1,270,228	1,428,143
	<u>\$ 1,511,328</u>	<u>1,618,124</u>

Please refer to note 28 for details of hedging derivative financial liabilities on December 31, 2009 and 2008 (audited by the MoA).

(23) Other Liabilities

	December 31, 2009	December 31, 2008 (audited by the MoA)
Reserve for guarantee liability	\$ 263,603	299,465
Reserve for trading losses	260	887
Reserve for labor insurance liability	160,359,169	126,108,139
Advance collections	791,067	896,484
Estimated tax payable on land value increments	15,328,424	15,516,044
Guarantee deposits received	4,869,457	3,671,873
Temporary receipt awaiting transfer	176,746	178,051
Other liabilities to be settled	8,239	8,239
Others	1,330,207	1,330,915
	<u>\$ 183,127,172</u>	<u>148,010,097</u>

(24) Pension

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

	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Regular Employees	Regular Labor/ Contract Employees	Regular Employees	Regular Labor/ Contract Employees
Benefit obligation:				
Vested benefit obligation	\$ (4,788,703)	(359,703)	(4,347,206)	(315,436)
Non-vested benefit obligation	(3,078,649)	(289,524)	(2,891,560)	(290,259)
Accumulated benefit obligation	(7,867,352)	(649,227)	(7,238,766)	(605,695)
Additional benefits based on future salaries	(2,145,446)	(191,987)	(2,041,116)	(189,496)
Projected benefit obligation (PBO)	(10,012,798)	(841,214)	(9,279,882)	(795,191)
Fair value of plan assets	5,376,449	898,141	4,946,83	839,059
Funding status	(4,636,349)	56,927	(4,333,046)	43,868
Unrecognized net transition obligation	413,133	119,944	518,059	145,475
Unrecognized prior year service cost	194,553	(20,067)	215,032	(23,715)
Unrecognized loss (gain)	1,407,726	(231,269)	1,291,139	(252,830)
Accrued pension liability	<u>\$ (2,620,937)</u>	<u>(74,465)</u>	<u>(2,308,816)</u>	<u>(87,202)</u>
Vested benefit	<u>\$ (6,024,513)</u>	<u>(442,867)</u>	<u>(5,503,685)</u>	<u>(392,256)</u>

The components of net pension cost for the years 2009 and 2008 (audited by the MoA) were as follows:

	2009		2008 (audited by the MoA)	
	Regular Employees	Regular Labor/ Contract Employees	Regular Employees	Regular Labor/ Contract Employees
Service cost	\$ 764,182	34,062	777,632	40,413
Interest cost	217,257	18,864	219,316	24,091
Projected return on plan assets	(118,345)	(21,162)	(126,745)	(21,665)
Amortization and deferred cost	145,580	10,621	125,405	21,650
Net pension cost	<u>\$ 1,008,674</u>	<u>42,385</u>	<u>995,608</u>	<u>64,489</u>

Actuarial assumptions:

	2009	2008 (audited by the MoA)
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 income tax expense for 2009 and 2008 (audited by the MoA) is summarized below:

	2009	2008 (audited by the MoA)
Current income tax expense (benefit)	\$ 527,145	352,944
Deferred tax expense (benefit)	(45,938)	(207,524)
Income tax expense (benefit)	\$ 481,207	145,420

The Bank is subject to ROC income tax at a maximum rate of 25%. The Bank adopted the "Income Basic Tax Act" to compute basic tax beginning January 1, 2006. The income tax rate of the Bank currently will adjust to 20%, according to the newly declared amendment of income tax law. For the years ended December 31, 2009 and 2008 (audited by the MoA), the differences between the "expected" income tax expense at the statutory income tax rate and the effective income tax expense in the accompanying financial statements were as follows:

	2009	2008 (audited by the MoA)
Expected income tax expense	\$ 2,149,585	2,125,627
Tax effect of interest income from short-term notes separately taxed	14,086	(47,753)
Gain on securities trading	(832,588)	(250,801)
Loss on financial assets evaluation	351,856	55,966
Tax-free earnings from OBU	(439,233)	266,234
Investment income under equity method	(624,504)	(161,443)
Gain on disposal of land	(658,290)	(680,566)
Loss (gain) on provision for (reversal of) asset impairment-land	(3,436)	254
Loss on impairment of financial assets	2,094	249,916
Tax-free reinvestment income (dividends and bonus)	(196,309)	(519,046)
Income tax expense of overseas branches	206,138	52,111
Deferred tax expense of overseas branches	309,916	(555,005)
Tax-free spread of bond transaction under agreement	4,042	2,647
Adjustments of outright purchase and sale of bills	(5,410)	266,351
Provision for (reversal of) valuation allowance for deferred tax assets	(645,271)	(741,602)
Income basic tax	220,436	100,120
Income tax effect of prior years	453,995	-
Others	33,817	(17,590)
Income tax effect of tax rate	140,283	-
Income tax expense	\$ 481,207	145,420

For the years ended December 31, 2009 and 2008 (audited by the MoA), the major components of deferred income tax expense were as follows:

	2009	2008 (audited by the MoA)
Pension costs disallowed per tax regulation	\$ (59,877)	(72,355)
Unrealized loss (gain) on foreign exchange	(337,158)	393,947
Income tax expense from overseas branches	309,916	(555,005)
Income tax rate effect	41,056	-
Others	125	25,889
Deferred income tax expense (income)	\$ (45,938)	(207,524)

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

	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets:				
Pension costs disallowed per tax regulation	\$ 2,695,402	539,080	2,396,018	599,005
Loss carryforward	3,355,857	671,171	3,534,898	883,724
Accumulated impairment-collateral assumed	18,829	3,766	20,657	5,164
Gain on evaluation of financial assets	-	-	1,360,471	340,118
Accumulated impairment-available for sale-foreign	474,736	94,948	1,581,344	395,336
Unrealized gain on exchange	110,002	22,000	-	-
Foreign deferred income tax assets-carryforward	-	409,737	-	719,653
Foreign deferred income tax assets-changes in exchange	-	-	-	17,247
Unrealized gain or loss on financial instruments-foreign	-	10,385	-	14,084
Unrealized gain or loss on financial instruments-foreign-exchange rate differences	-	39,047	-	188,671
Cumulative translation adjustments	-	23,587	-	44,607
Others	260	52	887	222
		1,813,773		3,207,831
Allowance for deferred income tax assets		(747,449)		(1,624,342)
		<u>\$ 1,066,324</u>		<u>1,583,489</u>
Deferred income tax liabilities:				
Unrealized loss on exchange	\$ 112,176	22,435	-	-
Deferred income tax assets-foreign	-	5,184	-	-
Loss on evaluation of financial assets	-	-	1,575,789	393,947
		<u>\$ 27,619</u>		<u>393,947</u>
Deferred income tax assets, net		<u>\$ 1,038,705</u>		<u>1,189,542</u>

As of December 31, 2009 and 2008 (audited by the MoA), the components of income tax refund receivable were as follows:

	December 31, 2009	December 31, 2008 (audited by the MoA)
Current income tax expense	\$ 527,145	352,944
Tax adjustments regarding separate taxation	(98,399)	(200,713)
Income tax expense paid by overseas branches	(206,138)	(52,111)
Withholding tax on bond interest	(3)	-
Withholding tax	(815,618)	(840,662)
Income tax paid by offshore Banking Unit	(2,172)	-
Prior year's income tax refund receivable	(740,542)	(681,617)
Income tax refund receivable, net	<u>\$ (1,335,727)</u>	<u>(1,422,159)</u>

Starting from 2009, the Company and Taiwan Financial Holding adopted a combined income tax declaration to report their tax. As of December 31, 2009 and 2008, the details of tax payable and receivable were as follows:

Fiscal year	December 31, 2009		
	Tax receivable from affiliated parties (recorded in miscellaneous account receivables)	Tax payable to affiliated parties (recorded in miscellaneous account payables)	Income tax payable to National Tax Administration (recorded in miscellaneous account payables)
2008	\$ 740,542	-	-
2009	595,182	-	3
	<u>\$ 1,335,724</u>	<u>-</u>	<u>3</u>

Fiscal year	December 31, 2008 (audited by the MoA)		
	Tax receivable from affiliated parties (recorded in miscellaneous account receivables)	Tax payable to affiliated parties (recorded in miscellaneous account payables)	Income tax payable to National Tax Administration (recorded in miscellaneous account payables)
2008	\$ 740,542	-	-

According to income tax law, loss of a company could be used to offset taxable income in next ten years. On December 31, 2009, the amount of loss which could be used to offset taxable income was as follows:

Fiscal year	December 31, 2009	Last year offsetable
2006, approved amount	\$ 3,355,857	2016

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

	2009			
	Current income tax benefit	Deferred income tax benefit	Deferred income tax asset, net	Affiliated company receivable
Amount computed under SFAS No. 22	\$ 527,145	45,938	1,038,705	1,335,724
Difference adjustments	-	-	-	-
Amount computed for filing consolidated returns	\$ 527,145	45,938	1,038,705	1,335,724

	2008 (audited by the MoA)			
	Current income tax benefit	Deferred income tax benefit	Deferred income tax asset, net	Income tax payable
Amount computed under SFAS No. 22	\$ 352,944	207,524	1,189,542	740,542
Difference adjustments	-	-	-	-
Amount computed for filing consolidated returns	\$ 352,944	207,524	1,189,542	740,542

The Bank's income tax returns for all years through 2008 have been audited by the MoA and examined by the tax authorities til 2007 only.

As of December 31, 2009 and 2008 (audited by the MoA), the balance of the ICA (imputation credit account) was as follows:

	December 31, 2009 (expected)	December 31, 2008 (actual)
Balance of ICA	\$ 379,219	423,069

After the Bank's filing of the income tax return for 2009, the imputed tax creditable ratio for appropriating the net income for 2009 is 5.83% (expected) and for 2008 was 8.70% (actual).

As of December 31, 2009 and 2008 (audited by the MoA), the composition of unappropriated retained earnings was as follows:

Fiscal year	December 31, 2009	December 31, 2008 (audited by the MoA)
1998 and after	\$ 8,117,131	8,357,089

(26) Stockholders' Equity

1) On January 2, 2008, the Bank underwent a capital reduction in which the Bank split off part of its businesses and assets amounting to \$8 billion to incorporate the following two subsidiaries of Taiwan Financial Holding: BankTaiwan Securities and BankTaiwan Life Insurance, whose capital was \$3 billion and \$5 billion, respectively.

As of December 31, 2009, and 2008 (audited by the MoA), the Bank's authorized capital and issued capital were \$45,000,000.

The above common stock had a par value of \$10.

2) The composition of capital surplus was as follows:

	December 31, 2009	December 31, 2008 (audited by the MoA)
Capital surplus-from equity premium	\$ 109,953,034	109,953,034
Capital surplus-from long-term equity investment under equity method	109,521	109,982
	\$ 110,062,555	110,063,016

3) The Bank transferred its land to the national treasury as a grant and recorded such transaction as expense for 2007. However, since the MoA revised such expense and mandated other appropriate treatments under related laws and regulations in auditing the Bank's final accounts for 2007, the board of directors passed a resolution to record such transaction by reducing the special reserve on November 21, 2008.

4) Legal reserve and appropriation of earnings

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

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

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

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

In 2009 and 2008 (audited by the MoA), upon the board of directors' resolutions to distribute the unappropriated earnings for 2008 and 2007, the Bank distributed cash dividends of \$4,178,544 and \$5,345,097, respectively.

(27) Earnings per Share

Computation of the Bank's basic earnings per share for the years ended December 31, 2009 and 2008, was as follows:

	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Pretax	After tax	Pretax	After tax
Net income	\$ 8,598,338	8,117,131	8,502,509	8,357,089
Weighted average outstanding shares (in thousands)	4,500,000	4,500,000	4,500,000	4,500,000
Basic earnings per share				
Net income	\$ 1.91	1.80	1.89	1.86

(28) Information on Financial Instruments

1) Information on fair value of financial instruments

	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets:				
Financial assets measured at fair value through profit or loss	\$ 92,123,443	92,123,443	72,201,513	72,201,513
Available-for-sale financial assets	142,009,713	142,009,713	155,491,586	155,491,586
Loans and discounts	2,045,894,068	2,045,894,068	1,988,070,246	1,988,070,246
Held-to-maturity financial assets	37,859,403	37,859,403	31,818,435	32,228,602
Other financial assets	68,496,647	68,496,647	67,326,090	67,326,090
Financial Liabilities:				
Financial liabilities measured at fair value through profit or loss	4,535,308	4,535,308	6,002,275	6,002,275
Other financial liabilities	1,511,328	1,511,328	1,618,124	1,618,124

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 closed to the maturity date is a reasonable basis for fair value measurement. This method applies to cash and cash equivalents, placement with Central Bank and call loans to banks, resell bond transactions, loans and discounts, accounts receivable, other financial assets (except those recorded at cost if their fair value is not available and debt investments without quoted price in active markets recorded at amortized cost), deposits from Central Bank, deposits from other banks, repurchase bond transactions, accounts payable, deposits and remittances, and other liabilities.
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 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 on 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 longer than one year, the interest would be 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, 2009, were as follows:

	2009		2008 (audited by the MoA)	
	Fair value per direct public quotation from active market	Fair value per assessment method	Fair value per direct public quotation from active market	Fair value per assessment method
Financial Assets				
Financial assets measured at fair value through profit or loss	\$ 70,211,907	21,911,536	35,129,018	37,072,495
Available-for-sale financial assets	72,327,415	69,682,298	75,603,959	79,887,627
Discount and loans	-	2,045,894,068	-	1,988,070,246
Held-to-maturity financial assets	-	37,859,403	-	31,818,435
Other financial assets	-	68,496,647	-	67,326,090
Financial Liabilities				
Financial liabilities measured at fair value through profit or loss	-	4,535,308	-	6,022,275
Other financial liabilities	-	1,511,328	-	1,618,124

The Bank recognized current gain (loss) of \$991,256 and \$(3,804,873) due to variation in fair value under an assessment method in the years 2009 and 2008 (audited by the MoA), respectively.

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 reducing, 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 a counterparty or third party to meet contractual debt obligations

Commodities owned and issued by the Bank may cause a loss when the contractual debt obligations are not met. Therefore, the Bank always conducts credit evaluations in accordance with the Credit Policy and Regulation in handling credit business such as loans, commitments and guarantees. The details were as follows:

Unit: Million NTD

December 31, 2009			
Item	Secured amount	Total amount	Percentage of total amount
Loans (note 1)	\$ 921,696	2,058,747	44.77
Acceptances	337	3,266	10.32
Guarantees on loans	7,011	50,051	14.01

December 31, 2008 (audited by the MoA)			
Item	Secured amount	Total amount	Percentage of total amount
Loans (note 1)	\$ 876,621	1,999,743	43.84
Acceptances	133	2,623	5.07
Guarantees on loans	7,976	60,186	13.25

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

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

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

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

Unit: Million NTD

Item	December 31, 2009	
	Book Value	Greatest Credit Exposure (notes 2 and 3)
Financial assets measured at fair value through profit or loss	\$ 92,123	90,888
Available-for-sale financial assets	142,010	87,416
Held-to-maturity financial assets	37,859	28,830
Loans and advances (note 1)	2,110,436	1,860,859
Hedging derivatives	18	18
Debt investments without quoted price in active markets	5,647	5,647
Financial assets carried at cost	11,092	11,092

- Note 1: The aforementioned "loans and advances" refer to the outstanding amounts of discounts; overdrafts; treasury overdrafts; guarantee overdrafts; short-term, medium-term and long-term secured/unsecured loans; loan receivables; import bill advances/export bill purchases; overdue receivables; acceptance receivables; guarantee payment receivables; and short-term loans.
- Note 2: In the amounts of greatest credit exposure, held-for-trading financial assets exclude government bonds amounting to \$1,235 million; available-for-sale financial assets exclude government bonds amounting to \$32,589 million and negotiable certificates of deposit amounting to \$22,005 million; held-to-maturity financial assets exclude government bonds amounting to \$9,029 million; loans and advances exclude Central Government loans amounting to \$236,700 million and Central Government short-term advance amounting to \$12,877 million.
- Note 3: The amount of greatest credit exposure is the fair value at the balance sheet date; the book value of hedging derivatives is the principal of the hedging instruments (IRS); and the amount of greatest credit exposure is the adjusted amount of hedging derivatives at fair value.

Unit: Million NTD

	December 31, 2008 (audited by the MoA)	
	Book Value	Greatest Credit Exposure (notes 2 and 3)
Financial assets measured at fair value through profit or loss	\$ 72,202	70,235
Available-for-sale financial assets	155,492	79,773
Held-to-maturity financial assets	31,818	22,677
Loans and advances (note 1)	2,044,926	1,865,202
Hedging derivatives	57	57
Debt investments without quoted price in active markets	10,972	10,972
Financial assets carried at cost	11,092	11,092

- Note 1: The aforementioned "loans and advances" refer to the outstanding amounts of discounts; overdrafts; treasury overdrafts; guarantee overdrafts; short-term, medium-term and long-term secured/unsecured loans; loan receivables; import bill advances/export bill purchases; overdue receivables; acceptance receivables; guarantee payment receivables; and short-term loans.
- Note 2: In the amounts of greatest credit exposure, held-for-trading financial assets exclude government bonds amounting to \$1,967 million; available-for-sale financial assets exclude government bonds amounting to \$46,293 million and negotiable certificates of deposit amounting to \$29,426 million; held-to-maturity financial assets exclude government bonds amounting to \$9,141 million; loans and advances exclude Central Government loans amounting to \$176,559 million and Central Government short-term advance amounting to \$3,165 million.
- Note 3: The amount of greatest credit exposure is the fair value at the balance sheet date; the book value of hedging derivatives is the principal of the hedging instruments (IRS); and the amount of greatest credit exposure is the adjusted amount of hedging derivatives at fair value.

(c) Disclosure of concentration of credit risk

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

- a) The details of loans to various industry types and the greatest credit exposure in 2009 and 2008 (audited by the MoA) were as follows:

Unit: Million NTD

Industry type	December 31, 2009		
	Book value (note 1)	%	Maximum credit exposure (note 2)
Individual	\$ 639,554	31.06	639,554
Government agencies	482,108	23.42	245,408
Manufacturing	347,508	16.88	347,508
Shipping, warehousing and communications	112,756	5.48	112,756
Utilities	126,317	6.13	126,317
Others	350,504	17.03	350,504
Total	\$ 2,058,747	100.00	1,822,047

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

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$236,700 million from book value.

Industry type	December 31, 2008 (audited by the MoA)		
	Book value (note 1)	%	Maximum credit exposure (note 2)
Individual	\$ 607,648	30.39	607,648
Government agencies	412,429	20.62	235,870
Manufacturing	358,895	17.95	358,895
Shipping, warehousing and communications	97,960	4.90	97,960
Utilities	100,246	5.01	100,246
Others	422,565	21.13	422,565
Total	\$ 1,999,743	100.00	1,823,184

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

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$176,559 million from book value.

b) The details of loans to different industry regions in 2009 and 2008 (audited by the MoA) were as follows:

Unit: Million NT\$

Region	December 31, 2009		
	Book value (note 1)	%	Maximum credit exposure (note 2)
Domestic	\$ 1,947,429	94.59	1,710,729
Foreign	111,318	5.41	111,318
Total	\$ 2,058,747	100.00	1,822,047

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

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$236,700 million from book value.

Unit: Million NT\$

Region	December 31, 2008 (Audited by the MoA)		
	Book value (note 1)	%	Greatest credit exposure (note 2)
Domestic	\$ 1,876,958	93.86	1,700,399
Foreign	122,785	6.14	122,785
Total	\$ 1,999,743	100.00	1,823,184

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

Note 2: The maximum credit exposure is the remaining amount after deducting loans to the Central Government amounting to \$176,559 million 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 December 2009 and December 2008 (audited by the MoA) was 47.25% and 40.28%, respectively. The capital and operating funds are sufficient to fulfill all contractual obligations. The Bank faced no liquidity risk due to insufficient funds.

The analysis of maturity for December 31, 2009 and 2008 (audited by the MoA), is as follows:

Asset	December 31, 2009				
	1st-30th day	31st-90th day	91st-365th day	Over a year	Subtotal
Cash and cash equivalents	\$ 21,232,126	-	-	-	21,232,126
Placement with Central Bank and call loans to banks	439,195,691	543,220,594	204,605,678	66,911,455	1,253,933,418
Financial assets at fair value through profit or loss, net	3,605,261	2,348,790	2,985,820	12,629,535	21,569,406
Bonds and bills purchased under resell agreements	368,349	-	-	-	368,349
Available-for-sale financial assets, net	9,062,431	27,631,981	18,237,940	87,077,361	142,009,713
Held-to-maturity financial assets, net	-	-	500,915	383,931	884,846
Hedging derivative assets	18,409	-	-	-	18,409
Financial assets carried at cost	-	-	-	11,092,326	11,092,326
Debt investments without quoted price in active markets	-	-	-	5,647,345	5,647,345
Investments under equity method, net	-	-	-	29,815,579	29,815,579
Receivables, net	17,141,571	982,430	579,926	16,847,920	35,551,847
Loans and discounts, net	151,992,079	200,172,038	319,143,569	1,365,781,562	2,037,089,248
Non-performing loans	19,242	-	-	17,435,901	17,455,143
Total assets	\$ 642,635,159	774,355,833	546,053,848	1,613,622,915	3,576,667,755

	December 31, 2009				
	1st-30th day	31st-90th day	91st-365th day	Over a year	Subtotal
Liabilities					
Deposits of Central Bank and other banks	\$ 67,300,788	63,105,008	18,556,158	23,001,942	171,963,896
Payables	14,824,559	376,211	449,921	41,489,214	57,139,905
Financial liabilities measured at fair value through profit or loss	711,381	-	-	3,823,926	4,535,307
Bonds and bills sold under repurchase agreements	3,950,922	1,536,012	-	-	5,486,934
Hedging derivative liabilities	59,661	-	181,440	-	241,101
Other financial liabilities	-	-	-	1,270,227	1,270,227
Deposits and remittances	335,778,023	364,953,943	1,151,021,538	1,370,905,433	3,222,658,937
Total liabilities	\$ 422,625,334	429,971,174	1,170,209,057	1,440,490,742	3,463,296,307
Gaps	\$ 220,009,825	344,384,659	(624,155,209)	173,132,173	113,371,448

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

	December 31, 2008 (Audited by the MoA)				
	1st-30th day	31st-90th day	91st-365th day	Over a year	Subtotal
Asset					
Cash and cash equivalents	\$ 23,869,742	-	-	-	23,869,742
Placement with Central Bank and call loans to banks	384,662,149	344,064,815	236,423,404	49,398,761	1,014,549,129
Financial assets at fair value through profit or loss, net	4,233,728	2,880,038	10,187,697	15,876,796	33,178,259
Bonds and bills purchased under resell agreements	298,262	-	-	-	298,262
Available-for-sale financial assets, net	20,949,001	27,568,168	28,876,837	78,412,592	155,806,598
Held-to-maturity financial assets, net	18,999	-	28,467	1,388,695	1,436,161
Hedging derivative assets	57,273	-	-	-	57,273
Financial assets carried at cost	-	-	-	11,092,326	11,092,326
Debt investments without quoted price in active markets	-	-	-	10,971,588	10,971,588
Investments under equity method, net	-	-	-	26,959,682	26,959,682
Receivables, net	18,560,139	1,007,553	604,434	23,011,865	43,183,991
Loans and discounts, net	163,240,333	222,569,908	385,494,873	1,207,335,288	1,978,640,402
Non-performing loans	-	-	-	18,088,711	18,088,711
Total assets	\$ 615,889,626	598,090,482	661,615,712	1,442,536,304	3,318,132,124
Liabilities					
Deposits of Central Bank and other banks	\$ 70,434,033	56,734,488	15,347,631	-	142,516,152
Payables	16,887,991	606,795	245,849	44,532,761	62,273,396
Financial liabilities measured at fair value through profit or loss	695,196	-	-	5,291,489	5,986,685
Bonds and bills sold under repurchase agreements	14,617,440	4,595,808	4,592	-	19,217,840
Hedging derivative liabilities	8,292	5,677	40,389	135,622	189,980
Other financial liabilities	-	-	-	1,428,143	1,428,143
Deposits and remittances	374,398,348	337,140,065	1,099,384,598	1,175,960,263	2,986,883,274
Total liabilities	\$ 477,041,300	399,082,833	1,115,023,059	1,227,348,278	3,218,495,470
Gaps	\$ 138,848,326	199,007,649	(453,407,347)	215,188,026	99,636,654

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

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

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

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

On December 31, 2009 and 2008 (audited by the MoA), the expected re-pricing date and expected final maturity would not be affected by the contract effective date. The following table shows the interest risk of the Bank. Non-derivative assets and liabilities are listed at book value without deducting any allowance or adjustment. Derivative assets and liabilities are listed at book value. The book value is further categorized by the earlier of the maturity date or repricing date. The book value of commodities owned or issued by the Bank, categorized by different maturity or repricing date (the earlier date among the two), was as follows:

	December 31, 2009				
	1-30 days	31-90 days	91-365 days	Over a year	Subtotal
Asset					
Current financial assets:					
Financial assets measured at fair value through profit or loss -current	\$ 3,605	2,349	2,986	12,629	21,569
Bonds and bills purchased under resell agreements	368	-	-	-	368
Available-for-sale financial assets-current	9,062	27,632	18,238	22,190	77,122
Held-to-maturity financial assets-current	-	-	501	-	501
Hedging derivative assets-current	18	-	-	-	18
	13,053	29,981	21,725	34,819	99,578
Due from and call loans to banks and overdraft from banks	410,411	543,221	204,606	66,911	1,225,149
Loans and discounts	151,992	200,172	319,144	1,365,782	2,037,090
Long-term investments					
Investment under equity method	-	-	-	29,816	29,816
Available-for-sale financial assets-noncurrent	-	-	-	64,888	64,888
Held-to-maturity financial assets-noncurrent	-	-	-	384	384
Financial assets carried at cost	-	-	-	11,092	11,092
Debt investment without quoted price in active market -noncurrent	-	-	-	5,647	5,647
	-	-	-	111,827	111,827
Other assets	18,826	2,271	522	228,816	250,435
Total assets	\$ 594,282	775,645	545,997	1,808,155	3,724,079
Liabilities					
Current financial liabilities					
Financial liabilities measured at fair value through profit loss-current	\$ 711	-	-	3,824	4,535
Bonds and bills sold under repurchase agreements	3,951	1,536	-	-	5,487
Hedging derivative liabilities-current	60	-	181	-	241
Others financial liabilities	-	-	-	49	49
	4,722	1,536	181	3,873	10,312
Deposits	335,132	364,954	1,151,022	1,370,904	3,222,012
Remittances	66,213	62,340	5,888	677	135,118
Long-term liabilities	-	-	-	19,284	19,284
Noncurrent liabilities	-	-	-	1,222	1,222
Other liabilities	15,209	5,811	24,592	82,533	128,145
Total liabilities	\$ 421,276	434,641	1,181,683	1,478,493	3,516,093
Stockholders' equity	\$ 173,006	341,004	(635,686)	329,662	207,986

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

	December 31, 2008 (audited by the MoA)				
	1-30 days	31-90 days	91-365 days	Over a year	Subtotal
Asset					
Current financial assets:					
Financial assets measured at fair value through profit or loss -current	\$ 4,234	2,880	10,187	15,877	33,178
Bonds and bills purchased under resell agreements	298	-	-	-	298
Available-for-sale financial assets-current	20,949	27,568	28,877	13,644	91,038
Held-to-maturity financial assets-current	19	-	29	-	48
Hedging derivative assets-current	57	-	-	-	57
	25,557	30,448	39,093	29,521	124,619
Due from and call loans to banks and overdraft from banks	384,662	344,065	236,423	49,399	1,014,549
Loans and discounts	163,240	222,570	385,495	1,207,335	1,978,640
Long-term investments					
Investment under equity method	-	-	-	26,960	26,960
Available-for-sale financial assets -noncurrent	-	-	-	64,769	64,769
Held-to-maturity financial assets -noncurrent	-	-	-	1,389	1,389
Financial assets carried at cost	-	-	-	11,092	11,092
Debt investment without quoted price in active market-noncurrent	-	-	-	10,971	10,971
	-	-	-	115,181	115,181
Other assets	81,901	28,600	12,513	136,719	259,733
Total assets	\$ 655,360	625,683	673,524	1,538,155	3,492,722
Liabilities					
Current financial liabilities					
Financial liabilities measured at fair value through profit loss-current	\$ 695	-	-	5,291	5,986
Bonds and bills sold under repurchase agreements	14,617	4,596	5	-	19,218
Hedging derivative liabilities-current	8	6	40	136	190
Others financial liabilities	-	-	-	37	37
	15,320	4,602	45	5,464	25,431
Deposits	373,818	337,140	1,099,385	1,175,960	2,986,303
Remittances	38,037	66,005	2,487	-	106,529
Long-term liabilities	-	-	-	19,172	19,172
Noncurrent liabilities	-	-	-	1,391	1,391
Other liabilities	68,286	30,209	35,361	-	133,856
Total liabilities	\$ 495,461	437,956	1,137,278	1,201,987	3,272,682
Stockholders' equity	\$ 159,899	187,727	(463,754)	336,168	220,040

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

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

The effective interest rate, by currency, of the commodities owned or issued by the Bank as of December 31, 2009 and 2008 (audited by the MoA), was as follows:

December 31, 2009		
Item	NTD	USD
Available-for-sale financial assets		
Government bonds	0.7909%~6.9602%	5.7500%~9.6250%
Financial bonds	2.1100%~2.3000%	0.2634%~6.5000%
Corporate bonds	3.0500%~7.9400%	0.3506%~8.8800%
Negotiable certificates of deposit of Central Bank	0.5700%~0.7100%	-
Taipei City Government bonds	1.20000%~4.6190%	-
Beneficiary certificates-financial assets securitization	2.4600%	-
Beneficiary certificates-real estate investment trust	2.6800%	-
Foreign organization bonds	2.6000%	0.7010%
Real estate securitization	-	5.5000%~5.7500%
Held-to-maturity financial assets		
Government bonds	1.5712%~6.0701%	-
Corporate bonds	1.8911%~1.9493%	-
Beneficiary certificates-financial assets securitization	2.4000%	-
Debt investment without quoted price in active markets		
Beneficiary certificates-real estate investment trust	-	0.4731%~1.7313%
Loans and discounts		
Short-term loans	0.00125%~18.0000%	0.3277%~6.8500%
Medium-term loans	0.00001%~18.0000%	0.3895%~7.2570%
Long-term loans	0.0001%~10.0000%	0.5756%~7.5000%
Liabilities		
Short-term loans	-	0.3100%~1.5000%
Hedging derivative liabilities		
IRS	-	0.6869%~10.9300%

December 31, 2008 (audited by the MoA)		
Item	NTD	USD
Available-for-sale financial assets		
Government bonds	1.7067%~6.9611%	9.1250%~10.3750%
Financial bonds	2.1100%~2.3000%	1.2750%~6.5000%
Corporate bonds	1.9600%~3.0500%	1.0000%~8.8750%
Negotiable certificates of deposit of Central Bank	1.0200%~2.3100%	-
Taipei City Government bonds	4.6190%	-
Beneficiary certificates-financial assets securitization	2.4600%	-
Beneficiary certificates-real estate investment trust	2.6800%	5.5000%~5.7500%
Foreign organization bonds	-	2.7313%
Held-to-maturity financial assets		
Government bonds	1.5716%~6.0701%	-
Corporate bonds	1.8911%~1.9493%	-
Beneficiary certificates-financial assets securitization	2.0699%	-
Beneficiary certificates-real estate investment trust	2.4000%	-
Debt investment without quoted price in active markets		
Financial bonds	-	5.4700%~6.2600%
Beneficiary certificates-financial assets securitization	-	0.8113%~2.2450%
Loans and discounts		
Short-term loans	1.2150%~18.0000%	0.6850%~8.0000%
Medium-term loans	1.0050%~18.0000%	0.6000%~7.5000%
Long-term loans	1.0220%~10.4960%	1.0000%~7.7500%
Liabilities		
Short-term loans	-	0.1000%~5.2600%
Hedging derivative liabilities		
IRS	-	2.0150%~14.3938%

5. Fair-value hedge and cash flow hedge

In accordance with hedge accounting policies of the Bank, risk hedging can be categorized into fair value 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.
- (c) Fair value hedge, cash flow hedge, and hedge of a net investment in a foreign entity should disclose the following separately:

a) Description of hedging

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

Hedged Item	December 31, 2009		
	Designated Hedging Instruments	Original Amount	Fair Value
Foreign bonds	SWAP	2,018,501	18,409
Foreign bonds	SWAP	3,784,114	(241,100)

Hedged Item	December 31, 2008 (audited by the MoA)		
	Designated Hedging Instruments	Original Amount	Fair Value
Foreign bonds	SWAP	4,381,049	57,273
Foreign bonds	SWAP	3,176,486	(189,981)

c) Nature of hedged risk:

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

(29) Disclosure of Risk Management Policy

1) The management policy of risk control on financial instruments

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

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

(a) Carrying out stratified authorization

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

(b) Management of large exposure and excessive concentration

- a) In accordance with the Banking Law, loans to the Bank's responsible person, Bank employees, and persons having material interest with the Bank are controlled in accordance with stipulated quotas. The Bank has established rules for credit risk management of loans to enterprise groups and ratios for loan risk exposure to different industries, and it controls credit quotas for trading partners, issuers, and guarantors in accordance with their external credit ratings.
- b) The Bank's Treasury Department, OBU, and foreign branches set up policies based on external credit evaluation for loan quota management in money market, foreign exchange, and negotiable security trading.
- c) Each year, to reinforce the control of credit risk in regard to individual countries, the national risk quota, in accordance with the placing in Euromoney Magazine, is allocated to the Financing Department, OBU, and foreign branches. The business recorded by the Bank includes loan assets, transaction assets, and off-balance sheet positions.

(c) Re-assessment

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

2. Market risk management

(a) Daily evaluation

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

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

3. Interest rate and liquidity risk management

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

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

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

- b) Management of liquidity risk

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

- b. 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.

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

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

(30) Related-party Transactions

1) Names and relationship of related parties

Name	Relationship
Taiwan Financial Holding Co., Ltd.	Parent company of the Bank
Land Bank of Taiwan Co., Ltd.	Affiliate (which was no longer a related party as of December 20, 2009)
The Export-Import Bank of ROC	Affiliate (which was no longer a related party as of December 20, 2009)
BankTaiwan Life Insurance Co., Ltd.	Subsidiary held completely by the same parent company
BankTaiwan Securities Co., Ltd.	Subsidiary held completely by the same parent company
Hua Nan Financial Holdings Co., Ltd. and its subsidiaries	Investee company of the Bank under the equity method
Taiwan Life Insurance Co., Ltd.	Investee company of the Bank under the equity method
Tang-Eng Iron Works Co., Ltd.	Investee company of the Bank under the equity method
Kaohsiung Ammonium Sulfate Co., Ltd.	Investee company of the Bank under the equity method
Tai Yi Real-Estate Management Co., Ltd.	Investee company of the Bank under the equity method
Directors, supervisors, general manager and vice general manger	The major management of the Bank
Others	The relatives of major management

2) Significant related-party transactions

1. Placement with banks

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 8,223	-	6,666	-

2. Account receivables

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holding	\$ 595,182	0.65	-	-
BankTaiwan Life Insurance	76,626	0.08	102,804	0.10
BankTaiwan Securities	-	-	53,173	0.05
	\$ 671,808	0.73	155,977	0.15

3. Other assets

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Life Insurance	\$ 8,156	0.05	10,630	0.06

4. Deposits of banks

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Hua Nan Financial Holdings Co., Ltd.	\$ 319,870	1.35	127,896	0.54

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

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

Name	2009			
	Highest balance	Ending balance	Annual interest rate(%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	\$ 15,509,363	3,705,240	0.095~2.75	36,017

Name	2008 (audited by the MoA)			
	Highest balance	Ending balance	Annual interest rate(%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	\$ 9,378,606	3,769,010	0.10~5.50	87,323

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

6. Repurchase notes and liabilities on bonds

	Object	December 31, 2009	December 31, 2008 (audited by the MoA)
BankTaiwan Securities	Bond	\$ -	900,023

7. Deposits

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Securities	\$ 733,668	0.02	319,376	0.01
Taiwan Financial Holdings	1,406,913	0.04	348,555	0.01
Hua Nan Financial Holdings Co., Ltd.	49,547	-	51,992	-
BankTaiwan Life Insurance	22,527,356	0.71	14,678,852	0.50
Kaohsiung Ammonium Sulfate Co., Ltd.	1,370,890	0.04	1,405,318	0.05
	\$ 26,088,374	0.81	16,804,093	0.57

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

8. Account payables

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 34,921	0.06	131,292	0.21

9. Interest revenues

Name	2009		2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Land Bank of Taiwan Co., Ltd.	\$ -	-	146,085	0.17

10. Interest expenses

Name	2009		2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Life Insurance	\$ 95,870	0.30	408,968	0.65
BankTaiwan Securities	5,896	0.02	11,535	0.02
	<u>\$ 101,766</u>	<u>0.32</u>	<u>420,503</u>	<u>0.67</u>

11. Fee expense

Name	2009		2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Securities	\$ 23,382	0.39	16,628	3.02

12. Fee income

Name	2009		2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Life Insurance	\$ 610,591	12.00	929,393	17.75

13. Other non-interest gain or losses, net

Name	2009		2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 20,062	0.07	16,356	0.14
BankTaiwan Life Insurance	44,226	0.15	37,918	0.32
BankTaiwan Securities	71,445	0.25	62,100	0.52
	<u>\$ 135,733</u>	<u>0.47</u>	<u>116,374</u>	<u>0.98</u>

14. Other business and management expenses

Name	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Life Insurance	\$ 39,781	0.93	36,957	0.74
BankTaiwan Securities	3,912	0.09	11,736	0.23
	<u>\$ 43,693</u>	<u>1.02</u>	<u>48,693</u>	<u>0.97</u>

15. Loans

December 31, 2009							
Type	Number of accounts or name of related party	Highest amount	Amount	Default possibility		Pledge	Any condition of transaction
				Normal loan	Overdue accounts		
Consumer loans	40	24,271	19,957	19,957	-	None	None
Mortgage loans	93	435,984	407,129	407,129	-	Lands and buildings	None
Other loans	Tang-Eng Iron Works Co., Ltd.	50,000	50,000	50,000	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	867,590	607,284	607,284	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	500,000	500,000	500,000	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	1,000,000	830,000	830,000	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	387,971	387,971	387,971	-	Lands and buildings	None
	BankTaiwan Securities Co., Ltd.	521,000	-	-	-	Lands and buildings	None
	Taiwan Financial Holding Co., Ltd.	2,000,000	2,000,000	2,000,000	-	Letter of guarantee	None
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	6,613,800	5,000	5,000	-	None	None

December 31, 2008 (audited by the MoA)							
Type	Number of accounts or name of related party	Highest amount	Amount	Default possibility		Pledge	Any condition of transaction
				Normal loan	Overdue accounts		
Consumer loans	53	38,322	27,473	27,473	-	None	None
Mortgage loans	89	368,421	308,317	308,276	41	Lands and buildings	None
Other loans	Tang-Eng Iron Works Co., Ltd.	500,000	500,000	500,000	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	500,000	500,000	500,000	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	1,000,000	1,000,000	1,000,000	-	Lands and buildings	None
	Tang-Eng Iron Works Co., Ltd.	122,105	122,105	122,105	-	Lands and buildings	None
	BankTaiwan Securities Co., Ltd.	3,000,000	-	-	-	Lands and buildings	None
Call loans to banks	Hua Nan Financial Holdings Co., Ltd.	14,215,452	10,000	10,000	-	None	None

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

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

16. Derivative instruments

December 31, 2009						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	AEBH410927 forward	2004.11.30~2010.01.14	151,254	(798)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(798)
Taiwan Life Insurance Co., Ltd.	AEBH411027 forward	2004.12.31~2010.01.14	149,636	(790)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(790)
Taiwan Life Insurance Co., Ltd.	AEBH510877 forward	2005.11.25~2010.01.14	155,018	(818)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(818)
Taiwan Life Insurance Co., Ltd.	BHSW610021 swap	2006.03.07~2010.01.29	387,672	(1,737)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,737)
Bank Taiwan Life Insurance Co., Ltd.	BHSW710114 swap	2007.10.04~2010.01.14	323,430	(1,707)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,707)
Taiwan Life Insurance Co., Ltd.	BHSW810164 swap	2008.08.18~2010.01.14	970,290	(5,121)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(5,121)
Taiwan Life Insurance Co., Ltd.	BHSW810190 swap	2008.09.18~2010.01.29	646,120	(2,896)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(2,896)
Bank Taiwan Life Insurance Co., Ltd.	BHSW810239 swap	2008.11.06~2010.01.29	161,530	(724)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(724)
Taiwan Life Insurance Co., Ltd.	BHSW910001 swap	2009.01.05~2010.01.11	2,908,170	(12,503)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(12,503)
Taiwan Life Insurance Co., Ltd.	BHSW910020 swap	2009.02.09~2010.01.29	151,466	(679)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(679)
Taiwan Life Insurance Co., Ltd.	BHSW910022 swap	2009.02.18~2010.01.29	258,448	(1,158)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,158)
Taiwan Life Insurance Co., Ltd.	BHSW910064 swap	2009.04.09~2010.01.29	323,060	(1,448)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,448)
Taiwan Life Insurance Co., Ltd.	BHSW910108 swap	2009.05.06~2010.01.14	323,430	(1,707)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,707)
Taiwan Life Insurance Co., Ltd.	BHSW910180 swap	2009.07.06~2010.01.14	970,290	(5,121)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(5,121)
Taiwan Life Insurance Co., Ltd.	BHSW910338 swap	2009.12.16~2010.01.19	647,860	(4,488)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(4,488)
Taiwan Life Insurance Co., Ltd.	BHSW910339 swap	2009.12.17~2010.01.19	1,292,480	(5,795)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(5,795)
Taiwan Life Insurance Co., Ltd.	BHSW910340 swap	2009.12.18~2010.01.22	1,296,920	(10,264)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(10,264)
Taiwan Life Insurance Co., Ltd.	BHSW910342 swap	2009.12.21~2010.01.25	648,060	(4,776)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(4,776)

December 31, 2009						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	BHSW910343 swap	2009.12.21~2010.01.25	972,090	(7,164)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(7,164)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810104 swap	2008.04.30~2010.02.22	654,200	(11,043)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(11,043)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810108 swap	2008.05.07~2010.05.13	161,400	(728)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(728)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810109 swap	2008.05.07~2010.05.13	1,194,360	(5,385)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(5,385)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810130 swap	2008.06.30~2010.02.22	1,635,500	(27,608)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(27,608)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810207 swap	2008.09.26~2010.05.13	1,936,800	(8,732)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(8,732)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810208 swap	2008.09.26~2010.05.13	645,600	(2,911)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(2,911)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810211 swap	2008.09.30~2010.05.13	129,120	(582)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(582)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810212 swap	2008.09.30~2010.05.13	968,400	(4,366)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(4,366)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810225 swap	2008.10.16~2010.02.22	2,943,900	(49,695)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(49,695)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810230 swap	2008.10.24~2010.06.09	1,174,320	(17,951)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(17,951)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810241 swap	2008.11.13~2010.02.22	654,200	(11,043)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(11,043)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810242 swap	2008.11.13~2010.02.22	1,635,500	(27,608)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(27,608)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810247 swap	2008.11.20~2010.06.22	1,294,080	(9,521)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(9,521)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810248 swap	2008.11.21~2010.06.22	1,617,600	(11,901)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(11,901)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810249 swap	2008.11.24~2010.11.29	320,200	(694)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(694)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810253 swap	2008.11.28~2010.11.30	320,000	(505)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(505)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810265 swap	2008.12.15~2010.02.22	327,100	(5,522)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(5,522)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810273 swap	2008.12.22~2010.06.22	161,760	(1,190)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(1,190)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810276 swap	2008.12.29~2010.11.30	320,000	(505)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(505)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810279 swap	2008.12.31~2010.01.29	672,000	(1,061)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(1,061)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910009 swap	2009.01.23~2010.01.29	324,700	(3,087)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(3,087)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910011 swap	2009.01.23~2010.01.29	324,700	(3,087)	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	(3,087)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910012 swap	2009.01.23~2010.01.29	324,700	(3,087)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(3,087)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910014 swap	2009.01.23~2010.01.29	649,400	(6,175)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(6,175)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910017 swap	2009.02.04~2010.03.08	514,720	(191)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(191)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910033 swap	2009.03.18~2010.06.22	323,520	(2,380)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(2,380)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910101 swap	2009.05.04~2010.05.06	162,050	(1,358)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,358)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910106 swap	2009.05.05~2010.01.07	646,000	(2,493)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(2,493)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910110 swap	2009.05.07~2010.05.13	1,291,200	(5,821)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(5,821)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910117 swap	2009.05.14~2010.02.22	654,200	(11,043)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(11,043)

December 31, 2009						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW910131 swap	2009.05.22~2010.11.29	640,400	(1,388)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,388)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910139 swap	2009.05.25~2010.11.30	640,000	(1,011)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,011)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910155 swap	2009.06.08~2010.03.10	2,942,730	(48,496)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(48,496)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910158 swap	2009.06.11~2010.09.15	1,941,000	(19,118)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(19,118)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910161 swap	2009.06.15~2010.03.17	976,230	(11,521)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(11,521)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910165 swap	2009.06.18~2010.06.22	647,040	(4,760)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(4,760)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910174 swap	2009.06.29~2010.01.04	327,560	(5,800)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(5,800)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910201 swap	2009.07.29~2010.01.29	194,820	(1,852)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,852)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910207 swap	2009.08.04~2010.05.06	324,100	(2,717)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(2,717)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910228 swap	2009.08.26~2010.05.28	1,635,700	(29,315)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(29,315)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910259 swap	2009.09.28~2010.09.30	1,286,200	(5,619)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(5,619)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910267 swap	2009.10.13~2010.03.15	322,630	(1,060)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,060)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910287 swap	2009.10.19~2010.01.21	323,300	(1,629)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,629)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910298 swap	2009.10.23~2010.01.27	1,943,400	(13,637)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(13,637)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910313 swap	2009.11.04~2010.05.06	324,100	(2,717)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(2,717)
Bank Taiwan Life Insurance Co., Ltd.	CLSW910315 swap	2009.11.05~2010.05.10	649,020	(6,293)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(6,293)
Wu Tsang Tai	AEAF910685 swap	2009.10.16~2010.04.14	609,630	(10,099)	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(10,099)
Chen Yi Hong	0912290160 swap	2009.12.30~2010.01.20	53,867	155	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-The exchange rate option	(175)
Chen Yi Hong	0912290160 swap	2009.12.30~2010.01.20	-	-	Adjustment of Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-The exchange rate option	155

December 31, 2008 (audited by the MoA)						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	AEBH410927 forward	2004.11.30~2009.02.05	153,719	(516)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(516)
Taiwan Life Insurance Co., Ltd.	AEBH411027 forward	2004.12.31~2009.02.05	152,074	(511)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(511)
Taiwan Life Insurance Co., Ltd.	AEBH510877 forward	2005.11.25~2009.02.06	159,485	(2,471)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(2,471)
Taiwan Life Insurance Co., Ltd.	BHSW510056 swap	2005.12.08~2009.02.10	328,190	(649)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(649)
Taiwan Life Insurance Co., Ltd.	BHSW610016 swap	2006.01.25~2009.02.10	656,380	(1,299)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,299)
Taiwan Life Insurance Co., Ltd.	BHSW610017 swap	2006.01.26~2009.02.10	328,190	(649)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(649)

December 31, 2008 (audited by the MoA)						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Taiwan Life Insurance Co., Ltd.	BHSW610021 swap	2006.03.07~2009.01.08	361,980	31,296	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	31,296
Taiwan Life Insurance Co., Ltd.	BHSW710031 swap	2007.04.25~2009.01.23	1,119,125	27,681	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	27,681
Taiwan Life Insurance Co., Ltd.	BHSW710114 swap	2008.10.04~2009.02.05	328,700	(1,104)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,104)
Taiwan Life Insurance Co., Ltd.	BHSW810010 swap	2008.01.21~2009.01.23	955,890	27,085	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	27,085
Taiwan Life Insurance Co., Ltd.	BHSW810164 swap	2008.08.18~2009.02.06	985,110	(2,338)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(2,338)
Taiwan Life Insurance Co., Ltd.	BHSW810190 swap	2008.09.18~2009.02.23	631,360	23,362	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	23,362
Taiwan Life Insurance Co., Ltd.	BHSW810193 swap	2008.09.19~2009.02.06	656,740	(1,559)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,559)
Taiwan Life Insurance Co., Ltd.	BHSW810194 swap	2008.09.19~2009.09.23	1,553,250	65,533	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	65,533
Taiwan Life Insurance Co., Ltd.	BHSW810239 swap	2008.11.06~2009.02.09	164,095	(318)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(318)
Taiwan Life Insurance Co., Ltd.	BHSW810259 swap	2008.12.04~2009.01.08	67,050	(1,503)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,503)
Taiwan Life Insurance Co., Ltd.	BHSW820003 swap	2008.09.19~2009.09.23	1,560,750	(58,095)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(58,095)
Chen Yi Hong	0812220020 foreign exchange option	2008.12.23~2009.01.06	59	-	Financial assets at fair value through profit or loss-current-held for trading-foreign exchange option	-
Huang Rong Song	0812310020 foreign exchange option	2008.12.31~2009.01.15	3,277	9	Financial assets at fair value through profit or loss-current-held for trading-foreign exchange option	6
					Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-foreign exchange option	9
Bank Taiwan Life Insurance Co., Ltd.	AECL810370 forward	2008.05.06~2009.11.10	408,067	42,371	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-forward	42,371
Bank Taiwan Life Insurance Co., Ltd.	AECL810569 forward	2008.08.01~2009.02.05	468,417	(43,208)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-forward	(43,208)
Bank Taiwan Life Insurance Co., Ltd.	CLSW710062 swap	2007.08.02~2009.02.04	508,800	15,348	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	15,348
Bank Taiwan Life Insurance Co., Ltd.	CLSW710066 swap	2007.08.08~2009.02.12	95,058	3,193	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	3,193
Bank Taiwan Life Insurance Co., Ltd.	CLSW710070 swap	2007.08.14~2009.01.15	381,912	11,330	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	11,330
Bank Taiwan Life Insurance Co., Ltd.	CLSW710075 swap	2007.08.29~2009.01.23	383,040	10,150	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	10,150
Bank Taiwan Life Insurance Co., Ltd.	CLSW810005 swap	2008.01.17~2009.01.22	317,900	9,764	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	9,764
Bank Taiwan Life Insurance Co., Ltd.	CLSW81009 swap	2008.01.18~2009.01.22	318,340	9,324	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	9,324
Bank Taiwan Life Insurance Co., Ltd.	CLSW810011 swap	2008.01.22~2009.01.23	319,290	8,369	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	8,369
Bank Taiwan Life Insurance Co., Ltd.	CLSW810012 swap	2008.01.22~2009.01.23	640,410	14,908	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	14,908
Bank Taiwan Life Insurance Co., Ltd.	CLSW810013 swap	2008.01.23~2009.01.23	320,905	6,755	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	6,755
Bank Taiwan Life Insurance Co., Ltd.	CLSW810015 swap	2008.01.24~2009.01.23	319,980	7,679	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	7,679
Bank Taiwan Life Insurance Co., Ltd.	CLSW810016 swap	2008.01.28~2009.01.23	319,755	7,904	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	7,904
Bank Taiwan Life Insurance Co., Ltd.	CLSW810104 swap	2008.04.30~2009.02.17	665,360	(10,442)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(10,442)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810108 swap	2008.05.07~2009.01.12	167,075	(3,215)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(3,215)

December 31, 2008 (audited by the MoA)						
Related party	Name of derivative	Contract period	Original amount	Current valuation adjustment	Balance sheet item	
					Item	Amount
Bank Taiwan Life Insurance Co., Ltd.	CLSW810109 swap	2008.05.07~2009.01.12	1,236,355	(23,791)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(23,791)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810130 swap	2008.06.30~2009.02.17	1,663,400	(26,106)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(26,106)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810207 swap	2008.09.26~2009.02.12	2,001,000	(35,871)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(35,871)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810208 swap	2008.09.26~2009.02.12	667,000	(11,957)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(11,957)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810211 swap	2008.09.30~2009.02.12	566,950	(10,164)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(10,164)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810212 swap	2008.09.30~2009.02.12	1,000,500	(17,936)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(17,936)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810225 swap	2008.10.16~2009.02.17	2,994,120	(46,990)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(46,990)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810230 swap	2008.10.24~2009.01.08	1,205,604	(25,763)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(25,763)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810241 swap	2008.11.13~2009.02.17	665,360	(10,442)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(10,442)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810242 swap	2008.11.13~2009.02.17	1,663,400	(26,106)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(26,106)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810247 swap	2008.11.20~2009.01.22	1,297,200	13,466	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	13,466
Bank Taiwan Life Insurance Co., Ltd.	CLSW810248 swap	2008.11.21~2009.01.22	1,621,500	16,833	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	16,833
Bank Taiwan Life Insurance Co., Ltd.	CLSW810249 swap	2008.11.24~2009.02.24	325,000	2,362	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	2,362
Bank Taiwan Life Insurance Co., Ltd.	CLSW810253 swap	2008.11.28~2009.02.27	329,230	(1,900)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,900)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810265 swap	2008.12.15~2009.02.17	332,680	(5,221)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(5,221)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810266 swap	2008.12.17~2009.01.20	99,474	(1,170)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,170)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810267 swap	2008.12.18~2009.01.20	330,710	(3,030)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(3,030)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810273 swap	2008.12.22~2009.01.22	324,300	3,367	Valuation adjustment of financial assets at fair value through profit or loss-current-held for trading-swap	3,367
Bank Taiwan Life Insurance Co., Ltd.	CLSW810276 swap	2008.12.29~2009.02.27	328,710	(1,380)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(1,380)
Bank Taiwan Life Insurance Co., Ltd.	CLSW810279 swap	2008.12.31~2009.02.27	691,383	(3,989)	Valuation adjustment of financial liabilities at fair value through profit or loss-current-held for trading-swap	(3,989)

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

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

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

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

Name	2009		2008 (audited by the MoA)	
	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holdings	\$ 4,498	0.02	792	0.01
BankTaiwan Life Insurance	44,226	0.15	37,918	0.32
BankTaiwan Securities	61,813	0.21	52,499	0.44
	<u>\$ 110,537</u>	<u>0.38</u>	<u>91,209</u>	<u>0.77</u>

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

The related information about the salaries and bonus for the Bank's major management in 2009 and 2008 (audited by the MoA) is as follows:

	2009	2008 (audited by the MoA)
Salaries	\$ 21,062	23,162
Bonus	7,839	9,070
Business expenses	1,954	1,187

(31) Pledged Assets

Pledged assets	Purpose of pledge	Book value	
		December 31, 2009	December 31, 2008 (audited by the MoA)
Available-for-sale financial assets-bonds	Guarantee deposit for provisional seizure against defaulted loans and others	\$ 944,900	704,900
Held-to-maturity financial assets-government bonds	Guarantee deposit for provisional seizure against defaulted loans and others	7,200	11,800
Available-for-sale financial assets-bonds	Operating deposit for securities investment trust and consulting	150,000	110,000
Available-for-sale financial assets-bonds	Guarantee deposits for trust business compensation reserve	50,000	50,000
Held-to-maturity financial assets-bonds	Operating deposit for trust business	-	25,000
Placement with Central Bank-deposits in Central Bank	Negotiable certificates of deposit (accounted for as cash)	20,000,000	20,000,000
		<u>\$ 21,152,100</u>	<u>20,901,700</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, 2009	
	Contract price	Unpaid portion of contract price
Construction contract:		
Construction of Yi Lan Branch	\$ 288,600	159,540
Construction of Don Gang Branch	114,670	62,710
Total	<u>\$ 403,270</u>	<u>222,250</u>

	December 31, 2008 (audited by the MoA)	
	Contract price	Unpaid portion of contract price
Construction contract:		
Construction of Nan Zih Branch	\$ 256,684	5,185
Construction of An Nan Branch	150,405	4,469
Construction of Yi Lan Branch	288,600	285,724
Construction of Don Gang Branch	110,300	110,300
Total	<u>\$ 805,989</u>	<u>405,678</u>

2) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2009, estimated future lease contract commitments were as follows:

Fiscal Year	Amount
2010	\$ 323,244
2011	245,676
2012	171,760
2013	99,424
2014	30,783
	<u>\$ 870,887</u>

3) Others

	December 31, 2009	December 31, 2008 (audited by the MoA)
Collections for customers	\$ 60,460,069	76,508,546
Contract guarantee on behalf of counter-parties	7,347,968	9,793,378
Traveler's checks held on consignment	1,268,468	1,002,150
Marketable securities held as custodian	1,421,482,729	1,712,240,362
Letters of credit	38,357,884	40,915,854
Goods held in custody	5,341,296	3,311,690
Issuance of New Taiwan Dollars	1,124,848,281	1,056,400,700
Agency loans	454,629,493	435,814,005
Guarantee notes payable	490,802	612,200
Registered government bonds for sale	340,648,800	328,458,300
Registered short-term bills for sale	109,033,863	161,692,509
Consigned sales of goods	2,023,084	2,134,836
Trust liabilities	427,512,415	326,853,165
Guarantees	50,050,996	60,185,649
	<u>\$ 4,043,496,148</u>	<u>4,215,923,344</u>

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

Trust assets	December 31, 2009	December 31, 2008 (audited by the MoA)
Deposits		
Deposits in the Bank	\$ 26,958,946	21,522,395
Deposits in other banks	2,542,790	6,205
Short-term investment		
Investment in funds	137,815,289	104,949,846
Investment in bonds	160,602,367	166,124,289
Common stock investment-marketable securities	55,576,372	13,516,434
Receivables		
Interest receivable	2,040,720	3,148,851
Cash dividend receivables	15	969
Receivables from trading securities	387,657	256,145
Prepaid expense	3,370	503
Real estate		
Land	1,018,300	933,396
Buildings	283,971	16,888
Construction in progress	1,241,991	1,271,795
Other assets	39,040,627	15,105,449
Total	<u>\$ 427,512,415</u>	<u>326,853,165</u>

Trust liabilities	December 31, 2009	December 31, 2008 (audited by the MoA)
Short-term loans		
Long-term secured loans	\$ -	35,679
Long-term loans	986,818	1,089,734
Payables		
Payables from trading securities	424,105	225,661
Other payables	49	15
Payables from management fee	2,645	1,605
Payables from supervision fee	204	229
Tax payables	398	597
Securities held in custody payable	39,040,627	15,105,449
Trust capital		
Money trust	309,051,531	260,695,393
Marketable securities trust	17,626,986	2,553,204
Real estate investment trust	1,727,133	1,204,226

Trust liabilities	December 31, 2009	December 31, 2008 (audited by the MoA)
Other reserve and accumulated income		
Accumulated loss	31,366,725	28,099,557
Foreign currency transition	12,639,631	13,307,961
Deferred unrealized income	10,262,657	(5,156,413)
Current income	4,382,906	9,690,268
Total	<u>\$ 427,512,415</u>	<u>326,853,165</u>

Details of trust	December 31, 2009	December 31, 2008 (audited by the MoA)
Deposits		
Deposits in the Bank	\$ 26,958,946	21,522,395
Deposits in other banks	2,542,790	6,205
Short-term investment		
Investment in funds	137,815,289	104,949,846
Investment in bonds	160,602,367	166,124,289
Common stock investment-marketable securities	55,576,372	13,516,434
Real estate		
Land	1,018,300	933,396
Buildings	283,971	16,888
Construction in progress	1,241,991	1,271,795
Other assets	39,040,627	15,105,449
Trust capital	<u>\$ 425,080,653</u>	<u>323,446,697</u>

Income statement for assets under trust	December 31, 2009	December 31, 2008 (audited by the MoA)
Trust revenue		
Capital interest revenue	\$ 7,249,334	9,427,798
Realized capital gain	873,644	2,462
Unrealized capital gain	44,099	-
Realized exchange gain	84,630	-
Cash dividend revenue	1,007,524	1,666,480
Income from beneficiary certificates	1,765	1,356
	<u>9,260,996</u>	<u>11,098,096</u>
Trust expense:		
Capital management fee	479,397	39,175
Tax expense	1,658	6,659
Other expense	51,738	115,809
Supervisor fee	216	216
Storage fee	11,457	34,023
Interest expense	-	9,575
Commission fee	93	36
Realized capital loss	4,330,088	1,196,953
Unrealized capital loss	-	3,751
Income tax expense	515	337
Real estate tax	2,928	1,294
	<u>4,878,090</u>	<u>1,407,828</u>
Trust capital	<u>\$ 4,382,906</u>	<u>9,690,268</u>

(33) Others

1) Personnel, depreciation, depletion, and amortization expenses

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

Function Accounts	2009			2008 (audited by the MoA)		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Personnel costs:						
Salaries	-	9,918,639	9,918,639	-	9,748,139	9,748,139
Labor and health insurance	-	492,490	492,490	-	477,684	477,684
Pension	-	1,077,363	1,077,363	-	1,085,289	1,085,289
Other employment	-	159,014	159,014	-	198,030	198,030
Depreciation	-	918,708	918,708	-	928,303	928,303
Amortization	-	402,490	402,490	-	406,058	406,058

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

Type/Item			December 31, 2009				
			Amount of overdue loans	Total amount of loans	Ratio	Allowance for bad debt	Coverage ratio
Enterprise	Secured		7,939,804	396,848,583	2.00%	3,416,979	43.04%
	Non-secured		3,894,704	1,058,732,903	0.37%	5,160,216	132.49%
Consumer finance	House mortgage		5,405,299	387,386,494	1.40%	2,222,364	41.11%
	Cash card		-	-	-	-	-
	Micro credit		318,275	14,571,752	2.18%	320,349	100.65%
	Others	Secured	890,546	61,991,947	1.44%	382,449	42.95%
		Non-secured	2,683,875	139,215,979	1.93%	1,351,233	50.35%
	Total			21,132,503	2,058,747,658	1.03%	12,853,590
			Overdue receivables	Account receivable	Ratio	Allowance bad debt	Cover ratio
Credit card business			5,730	1,134,820	0.50%	10,635	185.60%
Factoring receivables-non-recourse			-	1,139,497	-	3,418	-

Type/Item			December 31, 2008 (audited by the MoA)				
			Amount of overdue loans	Total amount of loans	Ratio	Allowance for bad debt	Coverage ratio
Enterprise	Secured		5,993,948	391,147,404	1.53%	2,620,426	43.72%
	Non-secured		4,912,250	1,042,827,253	0.47%	4,488,539	91.37%
Consumer finance	House mortgage		6,386,009	361,339,108	1.77%	2,378,736	37.25%
	Cash card		-	-	-	-	-
	Micro credit		436,734	17,820,177	2.45%	396,861	90.87%
	Others	Secured	1,052,522	58,142,221	1.81%	424,656	40.35%
		Non-secured	2,476,296	128,466,677	1.93%	1,363,376	55.06%
	Total			21,257,759	1,999,742,840	1.06%	11,672,594
			Overdue receivables	Account receivable	Ratio	Allowance bad debt	Cover ratio
Credit card business			8,693	1,158,361	0.75%	14,606	168.02%
Factoring receivables-non-recourse			-	1,298,819	-	3,896	

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

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

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

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

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

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

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

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

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

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

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

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

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2009		December 31, 2008 (audited by the MoA)	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loans agreement	8,495	-	10,758	-
As a result of debt solvency and restart plan	136,769	2,104	20,044	-
Total	145,264	2,104	30,802	-

(c) Concentration of credit extensions

December 31, 2009

(in millions of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% of Net Asset Value
1	Taiwan High Speed Rail-transportation and Storage	42,358	17.61%
2	Formosa Plastics-plastic products manufacturing	40,356	16.78%
3	Chimei-optoelectronic materials and components manufacturing	29,453	12.25%
4	Evergreen-transportation and storage	22,344	9.29%
5	China Steel-basic metal manufacturing	19,981	8.31%
6	BenQ-optoelectronic materials and components manufacturing	18,684	7.77%
7	Uni-President-retail trade	13,932	5.79%
8	Yuanta Financial Holdings-financial intermediation	10,821	4.50%
9	Tainan Spinning-textiles mills	10,508	4.37%
10	Far Eastern-textiles mills	9,774	4.06%

December 31, 2008 (audited by the MoA)

(in millions of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% of Net Asset Value
1	Formosa Plastics-plastic products manufacturing	45,311	20.24
2	Taiwan High Speed Rail-transportation and storage	43,097	19.25
3	Chimei-optoelectronic materials and components manufacturing	36,995	16.53
4	China Steel-basic metal manufacturing	31,672	14.15
5	Evergreen-transportation and storage	21,687	9.69
6	BenQ-optoelectronic materials and components manufacturing	19,683	8.79
7	Uni-President-retail trade	15,518	6.93
8	ProMOS Technologies-semi-conductors manufacturing	12,189	5.45
9	Tainan Spinning-textiles mills	11,058	4.94
10	Yuanta Financial Holdings-financial intermediation	10,699	4.78

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

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

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

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

Please see note 29.

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

	December 31, 2009		December 31, 2008 (Bank of Taiwan)	
	Average	Average interest rate (%)	Average	Average interest rate (%)
Interest-earning assets:				
Call loans and placement with banks	\$ 158,243,672	1.25	158,137,960	2.28
Placement with Central Bank	1,125,584,864	0.72	640,658,855	2.02
Financial assets	163,700,926	2.44	187,821,011	3.25
Negotiation, discounts and total loans	1,980,430,190	1.68	1,974,798,106	3.12
Interest-bearing liabilities:				
Deposit of Central Bank	10,502,497	-	12,984,027	-
Deposits and call loans from banks	185,364,481	0.51	217,817,458	2.07
Demand deposit	217,120,068	0.10	179,240,450	0.54
Demand savings	608,085,352	0.64	378,091,857	1.36
Time savings	1,506,283,864	1.84	1,338,061,939	3.13
Time deposits	618,302,478	1.25	536,787,854	2.98
Government deposits	219,369,234	0.34	230,896,009	0.81

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

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

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

Interest-rate-sensitive balance sheet-for NTD

December 31, 2009

	1~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,649,857,006	1,177,829,812	113,479,353	-	2,941,166,171
Interest rate-sensitive liabilities	363,226,669	2,384,891,335	223,120,808	-	2,971,238,812
Interest rate-sensitive gap	1,286,630,337	(1,207,061,523)	(109,641,455)	-	(30,072,641)
Net worth					242,387,244
Ratio of interest rate-sensitive assets to liabilities					98.99
Ratio of interest rate-sensitive gap to net worth					(12.41)

December 31, 2008 (audited by the MoA)

	1~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,355,929,976	1,210,165,619	96,956,678	-	2,663,052,273
Interest rate-sensitive liabilities	343,727,421	2,023,111,444	350,447,148	-	2,717,286,013
Interest rate-sensitive gap	1,012,202,555	(812,945,825)	(253,490,470)	-	(54,233,740)
Net worth					230,669,037
Ratio of interest rate-sensitive assets to liabilities					98.00
Ratio of interest rate-sensitive gap to net worth					(23.51)

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

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

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

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

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

Interest-rate-sensitive balance sheet-for USD

December 31, 2009

	1~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,795,679	2,977,295	2,019,735	623,257	19,415,966
Interest rate-sensitive liabilities	14,548,326	3,274,131	1,566,794	64,430	19,453,681
Interest rate-sensitive gap	(752,647)	(296,836)	452,941	558,827	(37,715)
Net worth					(35,154)
Ratio of interest rate-sensitive assets to liabilities					99.81
Ratio of interest rate-sensitive gap to net worth					107.29

December 31, 2008 (audited by the MoA)

	1~90 Days	91~180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 11,447,791	1,914,005	1,277,147	895,286	15,534,229
Interest rate-sensitive liabilities	11,136,518	2,873,090	1,547,171	130,058	15,686,837
Interest rate-sensitive gap	311,273	(959,085)	(270,024)	765,228	(152,608)
Net worth					(154,569)
Ratio of interest rate-sensitive assets to liabilities					99.03
Ratio of interest rate-sensitive gap to net worth					98.73

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

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

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

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

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

5) Major foreign currency position, net

(Units: thousands of stated currencies)

December 31, 2009		December 31, 2008	
Amount in functional currency	Amount in New Taiwan dollars	Amount in functional currency	Amount in New Taiwan dollars
JPY 3,017,016	1,049,922	JPY 3,041,756	1,102,637
USD 30,912	994,625	USD 27,363	896,795
GBP 18,407	952,301	GBP 18,676	883,732
CNY 113,771	536,191	CNY 112,184	538,023
SGD 15,099	346,128	SGD 14,718	335,141

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

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

6) Profitability

1. For the years ended December 31, 2009 and 2008 (audited by the MoA), information on return on assets, return on net equity, and net income to operating revenue was as follows:

Item		December 31, 2009	December 31, 2008 (audited by the MoA)
Return on total assets	Before income tax	0.23	0.25
	After income tax	0.22	0.24
Return on net worth	Before income tax	3.70	3.60
	After income tax	3.50	3.53
Profit margin		26.98	30.15

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

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

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

Note 4: Income before (after) income tax is the income of the year ended December 31, 2009 and 2008 (audited by the MoA).

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

2. Duration analysis of assets and liabilities

Term Structure Analysis of NTD

	Total	December 31, 2009				
		Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	\$ 3,708,126,774	740,472,473	486,333,797	282,170,650	273,016,215	1,926,133,639
Major matured capital outflow	4,283,223,732	503,243,869	494,657,653	493,963,038	1,112,494,845	1,678,864,327
Capital gap	(575,096,958)	237,228,604	(8,323,856)	(211,792,388)	(839,478,630)	247,269,312

	Total	December 31, 2008 (audited by the MoA)				
		Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	\$ 3,283,298,908	559,060,939	519,085,732	413,278,448	348,120,707	1,443,753,082
Major matured capital outflow	3,611,239,759	410,912,286	411,965,424	424,200,921	937,159,046	1,427,002,082
Capital gap	(327,940,851)	148,148,653	107,120,308	(10,922,473)	(589,038,339)	16,751,000

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

	Total	December 31, 2009				
		Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	\$ 16,390,375	6,302,312	4,369,693	2,635,455	1,962,368	1,120,547
Major matured capital outflow	16,351,558	10,122,855	2,506,197	1,776,354	1,553,742	392,410
Capital gap	38,817	(3,820,543)	1,863,496	859,101	408,626	728,137

	Total	December 31, 2008 (audited by the MoA)				
		Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	\$ 12,374,295	4,817,199	3,640,140	1,491,537	1,327,151	1,098,268
Major matured capital outflow	12,342,139	5,845,428	3,288,559	1,369,376	1,540,068	298,708
Capital gap	32,156	(1,028,229)	351,581	122,161	(212,917)	799,560

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

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

3. Capital adequacy

			December 31, 2009	December 31, 2008 (audited by the MoA)
Eligible capital	Tier 1 capital		\$ 176,553,821	168,816,958
	Tier 2 capital		3,372,828	4,085,560
	Tier 3 capital		-	-
	Eligible capital		179,926,649	172,902,518
Risk-weighted assets	Credit risk	Standardized approach	1,425,665,616	1,415,152,755
		Internal rating-based approach	-	-
		Securitization	3,073,045	3,360,326
	Operational risk	Basic indicator approach	47,894,250	44,805,525
		Standardized approach/Alternative standardized approach	-	-
		Advance measurement approach	-	-
	Market risk	Standardized approach	36,162,738	23,653,475
		Internal models approach	-	-
Total risk-weighted assets			1,512,795,649	1,486,972,081
Capital adequacy ratio			11.89%	11.63%
Tier 1 risk-based capital ratio			11.67%	11.35%
Tier 2 risk-based capital ratio			0.22%	0.28%
Tier 3 risk-based capital ratio			-	-
Ratio of common stockholders' equity to total assets			1.16%	1.25%

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

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

Note 3: The formula:

- (1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
- (2) Risk-weighted assets = Credit risk-weighted assets + (operations risk + market risk) × 12.5.
- (3) Capital adequacy ratio = eligible capital/risk-weighted assets.
- (4) Tier 1 risk-based capital ratio = tier 1 capital/risk-weighted assets.
- (5) Tier 2 risk-based capital ratio = tier 2 capital/risk-weighted assets.
- (6) Tier 3 risk-based capital ratio = tier 3 capital/risk-weighted assets.
- (7) Ratio of common stockholders' equity to total assets = common stockholders' equity/total assets.

4. On September 26, 2009, the Bank was assigned by the Central Deposit Insurance Corp. to manage Chinfon Bank Co., Ltd.

5. In accordance with letter No. 0970003268 issued by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the Bank reclassified the excess interest expenses arising from the preferential interest deposits for pensions of Military, Public and Teaching personnel from interest expenses to other non-interest income on June 23, 2009. In the meantime, the excess interest in 2008 was given the same reclassification treatment in order to match the financial statement presentation in 2009.

6. Supplementary information for government employees insurance department:

(a) Balance sheet

	Government employees insurance department	
	December 31, 2009	December 31, 2008 (audited by MoA)
Cash and cash equivalents	\$ 10,874,978	11,927,740
Financial assets measured at fair value through profit or loss	70,554,036	39,023,254
Receivable, net	15,440,900	16,749,386
Held-to-maturity financial assets, net	36,974,557	30,382,274
Fixed assets, net	9,123	7,583
Goodwill and intangible assets, net	2,111	2,891
Other assets, net	26,550,512	28,064,838
Total assets	\$ 160,406,217	126,157,966
Financial liabilities measured at fair value through profit or loss	-	15,591
Payables	47,046	34,118
Other liabilities	160,359,171	126,108,257
Total liabilities	160,406,217	126,157,966
Total liabilities and stockholders' equity	\$ 160,406,217	126,157,966

(b) Income statement

	Government employees insurance department	
	2009	2008 (audited by MoA)
Net interest income	\$ 1,069,982	1,523,787
Net non-interest income		
Net income on service charges and commissions	5,266	(17,809)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	21,345,926	(19,071,275)
Foreign exchange gains	172,682	(348,478)
Other net non-interest income (losses)	(22,462,168)	18,044,566
Net income	131,688	130,791
Credit provisions	730	-
Operating expenses:		
Personnel expenses	113,963	112,869
Depreciation and amortization expenses	3,424	3,254
Other business and administrative expenses	13,571	14,668
	130,958	130,791
Net income	\$ -	-

7. The statements except government employees insurance department was disclosed as follows:

(a) Balance sheet

	December 31, 2009	December 31, 2008 (audited by MoA)
Cash and cash equivalents	\$ 28,136,450	42,492,781
Placement with Central Bank and call loans to banks	1,248,000,974	996,241,280
Financial assets measured at fair value through profit or loss, net	21,569,407	33,178,259
Bonds and bills purchased under resell agreements	368,349	298,262
Receivables, net	75,858,731	86,887,472
Loans and discounts, net	2,045,894,068	1,988,070,246
Available-for-sale financial assets, net	142,009,713	155,491,586
Held-to-maturity financial assets, net	884,846	1,436,161
Investment under equity method, net	29,815,276	26,959,682
Other financial assets, net	68,496,647	67,326,090
Fixed assets, net	78,465,754	79,945,924
Intangible assets	1,105,385	1,223,267
Other assets, net	16,442,812	16,615,790
Total assets	\$ 3,757,048,412	3,496,166,800
Deposits of Central Bank and other banks	\$ 204,950,860	181,489,738
Financial liabilities measured at fair value through profit or loss	4,535,308	5,986,684
Bonds and bills sold under repurchase agreements	5,486,934	19,217,840
Payables	58,514,918	63,867,689
Deposits and remittances	3,189,671,973	2,947,909,688
Accrued pension liability	2,695,402	2,396,018
Other financial liabilities	1,511,328	1,618,124
Other liabilities	49,170,978	49,847,143
Total liabilities	3,516,537,701	3,272,332,924
Common stock	45,000,000	45,000,000
Capital surplus	110,062,555	110,063,016
Retained earnings:		
Legal reserve	19,540,873	17,033,746
Special reserve	22,709,855	21,038,437
Unappropriated retained earnings	8,117,131	8,357,089

	December 31, 2009	December 31, 2009 (audited by MoA)
Equity adjustments:		
Unrealized gain on revaluation increments	16,138,057	16,418,585
Cumulative translation adjustments	(123,228)	(151,884)
Unrealized gain (loss) on financial instruments	19,065,468	6,074,887
Total stockholders' equity	240,510,711	223,833,876
Total liabilities and stockholders' equity	\$ 3,757,048,412	3,496,166,800

(b) Statement of income

	2009	2008 (audited by MoA)
Interest income	\$ 48,106,822	85,335,179
Less: interest expense	(32,373,654)	(62,310,640)
Net interest income	15,733,168	23,024,539
Net non-interest income		
Non-interest income, net	5,058,088	5,235,555
Fee and commission income	(570,563)	(532,148)
Fee and commission expense	9,041,744	2,429,482
Gain on financial assets and liabilities measured at fair value	2,142,351	1,621,691
Realized gain (losses) on available-for-sale financial assets	2,498,014	645,772
Foreign exchange gains, net	1,549,029	4,171,968
Losses on asset impairment	1,050,396	(2,896,101)
Other non-interest income	(9,191,496)	(8,855,289)
Gain on property transaction	2,645,425	2,738,530
Net revenues	29,956,156	27,583,999
Bad debt expenses	4,433,286	1,545,337
Operating costs		
Personnel expense	11,350,504	11,215,070
Depreciation and amortization expense	1,316,131	1,328,407
Other business and administrative expense	4,257,897	4,992,676
	16,924,532	17,536,153
Income before income tax	8,598,338	8,502,509
Income tax expense	481,207	145,420
Net income	\$ 8,117,131	8,357,089

(34) Notes to Disclosure Items

1) Information on 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: none.
2. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
3. Information on the disposal of real estate for which the sale amount exceeded \$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	Transaction party	Relationship	Purpose of Disposal	Reference for Price	Other
The Bank	No 14, 16, 18, 20, Lane 12, Qing Tien St., Da An district, 106 Taipei city Building: No. 486, 486-1, Jin Hua St., Da An district, 106 Taipei City Land.	October 2009	July 1, 2007	104,658	638,880	Bidder prepays 10% of the floor price as deposit at the time of budding; after bid-opening, the bidder makes the payment in full within 40 days after receiving the Notice of Payment.	534,222	Wen-Jen Chen, Mao-Yin Lin, Qie-Line Guo	None	To reach the budget goal	Referring to appraiser's appraisal and examined by the Bank's real estate committee; after notifying the audit division of the board of directors, the floor price is verified by the general manager and published for bidding.	None

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

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

6. Information regarding selling non-performing loans:

(a) Details of selling non-performing loans

Transaction date	Transaction party	Details of non-performing loan	Book value	Selling price	Disposal gain/loss	Other	Relationship
2009.07.09	A	Working capital loans, capital expenditure loans	1,000	26,068	16,068	None	None

(b) Details of selling non-performing loans for which the amount exceeded \$1 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 investee	Investee location	Investee's main operations	% of shares	Original investment amount	Gain (loss) recognized during the period	Held by the bank and related party at year-end			Remarks
						Shares	Subtotal		
							Shares	% of shares	
Hua Nan Financial Holding Co., Ltd.	No. 38, Sec.1, Chongching S. Rd. Taipei City, Taiwan	Financial Holdings	24.86	23,302,379	1,106,153	1,841,775,959	1,841,775,959	29.36	-
Taiwan Life Insurance Co., Ltd.	No.17, Syuchang St., Taipei City, Taiwan	Life Insurance	21.05	2,426,781	1,071,928	153,445,472	153,445,472	24.00	-
Kaohsiung Ammonium Sulfate Co., Ltd.	4F., No.53, Tonghua 4th Rd., Kaohsiung, Taiwan	Liquidation	91.86	2,610,549	(29,925)	303,131,576	303,131,576	91.86	-

Name of the investee	Investee location	Investee's main operations	% of shares	Original investment amount	Gain (loss) recognized during the period	Held by the bank and related party at year-end			Remarks
						Shares	Subtotal		
							Shares	% of shares	
Tang-Eng Iron Works Co., Ltd.	No. 4, Yanhai 2nd Rd., Siaogang Distr., Kaohsiung City, Taiwan	Iron Industry	21.38	1,465,979	349,847	74,822,414	74,822,414	21.38	-
Tai Yi Real-Estate Management Co., Ltd.	3F., No.56, Dunhua N. Rd., Taipei City, Taiwan	Real Estate Service	30.00	9,588	11	1,500,000	1,500,000	30.00	-

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

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

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

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

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

2. Lending to other parties: none.
3. Guarantees and endorsements for other parties: none.
4. Securities held as of December 31 2009: none.
5. Information regarding securities for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital: none.
6. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Bank's paid-in capital: none.
7. Information on the disposal of the real estate for which the sale amount exceeded \$300 million or 10% of the Bank's paid-in capital: none.
8. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: none.
9. Information regarding receivables from related parties for which the amount exceeded \$300 million or 10% of the Bank's paid-in capital: none.
10. Information regarding trading in derivative financial instruments: none.
11. Information regarding selling non-performing loans for which the amount exceeded \$5 billion: none.
12. Other material transaction items which were significant to people who use the information in the financial statements: none.
13. Other significant transaction items having influence on the decisions of these financial statements' users: none.

(35) Segment Information

	December 31, 2009					
	Bank department	Government employees insurance department	Procurement department	Trade department	Offset amount	Total
Assets						
Cash and cash equivalents	\$ 27,164,570	10,874,978	931,754	40,129	-	39,011,428
Placement with Central Bank and call loans to banks	1,248,000,974	-	-	-	-	1,248,000,974
Financial assets at fair value through profit or loss	21,569,407	70,554,036	-	-	-	92,123,443
Bonds and bills purchased under resell agreements	368,349	-	-	-	-	368,349
Receivables, net	75,802,020	15,440,900	8,821	47,890	-	91,299,631
Loans and discounts, net	2,045,894,068	-	-	-	-	2,045,894,068
Available-for-sale financial assets, net	142,009,713	-	-	-	-	142,009,713
Held-to-maturity financial assets, net	884,846	36,974,557	-	-	-	37,859,403
Long-term investment under equity method, net	29,815,276	-	-	-	-	29,815,276
Other financial assets, net	68,496,647	-	-	-	-	68,496,647
Fixed assets, net	78,451,960	9,123	9,616	4,178	-	78,474,877
Intangible assets, net	1,091,275	2,111	7,184	6,926	-	1,107,496
Other assets, net	16,407,433	26,550,512	3,415,732	793,541	(30,576,871)	16,590,347
Total assets	\$ 3,755,956,538	160,406,217	4,373,107	892,661	(30,576,871)	3,891,051,652

	December 31, 2009					
	Bank department	Government employees insurance department	Procurement department	Trade department	Offset amount	Total
Liabilities						
Deposit of Central Bank and other banks	\$ 204,950,860	-	-	-	-	204,950,860
Financial liabilities at fair value through profit or loss	4,535,308	-	-	-	-	4,535,308
Bonds and bills sold under repurchase agreements	5,486,934	-	-	-	-	5,486,934
Payables	57,105,028	47,046	810,368	599,522	-	58,561,964
Deposits and remittances	3,189,671,973	-	-	-	-	3,189,671,973
Accrued pension liability	2,695,402	-	-	-	-	2,695,402
Other financial liabilities	1,511,328	-	-	-	-	1,511,328
Other liabilities	50,245,428	160,359,171	3,026,110	73,334	(30,576,871)	183,127,172
Total liabilities	3,516,202,261	160,406,217	3,836,478	572,611	(30,576,871)	3,650,540,941
Stockholders' equity						
Common stock	45,000,000	-	-	-	-	45,000,000
Capital surplus	110,062,555	-	-	-	-	110,062,555
Retained earnings						
Legal reserve	19,540,873	-	-	-	-	19,540,873
Special reserve	22,709,855	-	-	-	-	22,709,855
Unappropriated retained earnings	7,360,697	-	536,629	219,805	-	8,117,131
Equity adjustment						
Unrealized increments on reevaluation	16,138,057	-	-	-	-	16,138,057
Cumulative foreign currency translation adjustment	(123,228)	-	-	-	-	(123,228)
Unrealized gain (loss) on financial instruments	19,065,468	-	-	-	-	19,065,468
Total stockholders' equity	239,754,277	-	536,629	219,805	-	240,510,711
Total liabilities and stockholders' equity	\$ 3,755,956,538	160,406,217	4,373,107	892,661	(32,190,362)	3,891,051,652

	2009					
	Bank department	Government employees insurance department	Procurement department	Trade department	Offset amount	Total
Interest revenue	\$ 48,106,419	1,069,982	398	5	-	49,176,804
Less: interest expense	(32,373,654)	-	-	-	-	(32,373,654)
Interest income, net	15,732,765	1,069,982	398	5	-	16,803,150
Non-interest income, net						
Service fee income	4,326,379	32,031	683,895	47,814	-	5,090,119
Service fee expense	(513,935)	(26,765)	(39,899)	(16,729)	-	(597,328)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	9,041,744	21,345,926	-	-	-	30,387,670
Realized gain on available-for-sale financial assets	2,142,351	-	-	-	-	2,142,351
Gain on long-term investment under equity method	2,498,014	-	-	-	-	2,498,014
Foreign exchange gain (loss)	1,547,061	172,683	-	1,968	-	1,721,711
Gain on asset reevaluation (impairment loss)	1,050,396	-	-	-	-	1,050,396
Other non-interest income	(9,478,724)	(22,462,169)	24,019	263,482	(273)	(31,653,664)
Income from property transaction	2,645,425	-	-	-	-	2,645,425
Net revenue	28,991,476	131,688	668,413	296,540	(273)	30,087,844
Bad debt expense	4,433,560	730	-	-	(273)	4,434,016
Operating expense	16,716,012	130,958	131,784	76,735	-	17,055,490
Net income before tax	7,841,904	-	536,629	219,805	-	8,598,338
Income tax expense	481,207	-	-	-	-	481,207
Net income	\$ 7,360,697	-	536,629	219,805	-	8,117,131

	December 31, 2008 (audit ed by the MoA)					
	Bank department	Government employees insurance department	Procurement department	Trade department	Offset amount	Total
Assets						
Cash and cash equivalents	\$ 42,177,591	11,927,740	286,165	29,025	-	54,420,521
Placement with Central Bank and call loans to banks	996,241,280	-	-	-	-	996,241,280
Financial assets at fair value through profit or loss	33,178,259	39,023,254	-	-	-	72,201,513
Bonds and bills purchased under resell agreements	298,262	-	-	-	-	298,262

	December 31, 2008 (audit ed by the MoA)					
	Bank department	Government employees insurance department	Procurement department	Trade department	Offset amount	Total
Receivables, net	86,745,359	16,749,386	3,843	138,270	-	103,636,858
Loans and discounts, net	1,988,070,246	-	-	-	-	1,988,070,246
Available-for-sale financial assets, net	155,491,586	-	-	-	-	155,491,586
Held-to-maturity financial assets, net	1,436,161	30,382,274	-	-	-	31,818,435
Long-term investment under equity method, net	26,959,682	-	-	-	-	26,959,682
Other financial assets, net	67,326,090	-	-	-	-	67,326,090
Fixed assets, net	79,930,703	7,583	10,607	4,614	-	79,953,507
Intangible assets, net	1,209,590	2,891	4,134	9,543	-	1,226,158
Other assets, net	16,565,768	28,064,838	3,638,222	656,859	(32,190,362)	16,735,325
Total assets	<u>\$ 3,495,630,577</u>	<u>126,157,966</u>	<u>3,942,971</u>	<u>838,311</u>	<u>(32,190,362)</u>	<u>3,594,379,463</u>
Liabilities						
Deposit of Central Bank and other banks	\$181,489,738	-	-	-	-	181,489,738
Financial liabilities at fair value through profit or loss	5,986,684	15,591	-	-	-	6,002,275
Bonds and bills sold under repurchase agreements	19,217,840	-	-	-	-	19,217,840
Payables	62,142,228	34,118	1,229,508	495,953	-	63,901,807
Deposits and remittances	2,947,909,688	-	-	-	-	2,947,909,688
Accrued pension liability	2,396,018	-	-	-	-	2,396,018
Other financial liabilities	1,618,124	-	-	-	-	1,618,124
Other liabilities	51,776,142	126,108,257	2,239,402	76,658	(32,190,362)	148,010,097
Total liabilities	<u>3,272,536,462</u>	<u>126,157,966</u>	<u>3,468,910</u>	<u>572,611</u>	<u>(32,190,362)</u>	<u>3,370,545,587</u>
Stockholders' equity						
Common stock	45,000,000	-	-	-	-	45,000,000
Capital surplus	110,063,016	-	-	-	-	110,063,016
Retained earnings						
Legal reserve	17,033,746	-	-	-	-	17,033,746
Special reserve	21,038,437	-	-	-	-	21,038,437
Unappropriated retained earnings	7,617,328	-	474,061	265,700	-	8,357,089
Equity adjustment						
Unrealized increments on reevaluation	16,418,585	-	-	-	-	16,418,585
Cumulative foreign currency translation adjustment	(151,884)	-	-	-	-	(151,884)
Unrealized gain (loss) on financial instruments	6,074,887	-	-	-	-	6,074,887
Total stockholders' equity	<u>223,094,115</u>	<u>-</u>	<u>474,061</u>	<u>265,700</u>	<u>-</u>	<u>223,833,876</u>
Total liabilities and stockholders' equity	<u>\$ 3,495,630,577</u>	<u>126,157,966</u>	<u>3,942,971</u>	<u>838,311</u>	<u>(32,190,362)</u>	<u>3,594,379,463</u>

	2008 (audit ed by the MoA)					
	Bank department	Government employees insurance department	Procurement department	Trade department	Offset amount	Total
Interest revenue	\$ 85,334,473	1,523,787	662	44	-	86,858,966
Less: interest expense	(62,310,640)	-	-	-	-	(62,310,640)
Interest income, net	23,023,833	1,523,787	662	44	-	24,548,326
Non-interest income, net						
Service fee income	4,585,972	-	603,504	46,079	-	5,235,555
Service fee expense	(476,085)	(17,809)	(33,114)	(22,949)	-	(549,957)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	2,429,482	(19,071,275)	-	-	-	(16,641,793)
Realized gain on available-for-sale financial assets	1,621,691	-	-	-	-	1,621,691
Gain on long-term investment under equity method	645,772	-	-	-	-	645,772
Foreign exchange gain (loss)	4,172,270	(348,478)	-	(302)	-	3,823,490
Gain on asset reevaluation (impairment loss)	(2,896,101)	-	-	-	-	(2,896,101)
Other non-interest income	(9,211,241)	18,044,566	32,543	323,667	(258)	9,189,276
Income from property transaction	2,738,530	-	-	-	-	2,738,530
Net revenue	26,634,123	130,791	603,595	346,539	(258)	27,714,790
Bad debt expense	1,545,595	-	-	-	(258)	1,545,337
Operating expense	17,325,781	130,791	129,534	80,838	-	17,666,944
Net income before tax	7,762,747	-	474,061	265,701	-	8,502,509
Income tax expense	145,420	-	-	-	-	145,420
Net income	<u>\$ 7,617,327</u>	<u>-</u>	<u>474,061</u>	<u>265,701</u>	<u>-</u>	<u>8,357,089</u>

Review of Financial Conditions, Operating Results, and Risk Management

- I. Analysis of Financial Status
- II. Analysis of Operating Results
- III. Analysis of Cash Flow
- IV. Major Capital Expenditure Items
- V. Investment Policy in Last Year
- VI. Risk Management
- VII. Crisis Management Mechanism
- VII. Other Important Matters



就學貸款減息1314，台銀助

就學貸款戶，持本行晶片金融卡及網路銀行密碼，透過
成功後次一期扣繳期金日起，即享減息0.1314%

I. Analysis of Financial Status

Unit: NT\$1,000

Items	Date	Dec. 31, 2009	Dec. 31, 2008 (restated)	change	
				Amount	%
Total Assets		3,891,051,652	3,594,379,463	296,672,189	8.25
Total Liabilities		3,650,540,941	3,370,545,587	279,995,354	8.31
Total Shareholders' Equities		240,510,711	223,833,876	16,676,835	7.45

II. Analysis of Operating Results

Unit: NT\$1,000

Items	Year	2009	2008 (restated)	Amount Change	% Change
Net interest income		16,803,150	24,548,326	(7,745,176)	(31.55)
Non-interest income (net)		13,284,694	3,166,464	10,118,230	319.54
Net revenues		30,087,844	27,714,790	2,373,054	8.56
Bad debt expenses		4,434,016	1,545,337	2,888,679	186.93
Operating expenses		17,055,490	17,666,944	(611,454)	(3.46)
Net income-before tax		8,598,338	8,502,509	95,829	1.13
Income tax expense		481,207	145,420	335,787	230.91
Net income-after tax		8,117,131	8,357,089	(239,958)	(2.87)

Analysis of changes in increase/decrease ratios:

1. The increase in net income-before tax in 2009 as compared with 2008 was caused mainly by the increase in financial assets or liabilities measured at fair value through profit and the reduction in net interest income in 2009.
2. The reduction in net interest income in 2009 compared with 2008 was due primarily to the fact that the decrease in interest income was larger than the increase in interest costs.
3. The increase in non-interest net income in 2009 was due mainly to a increase in financial assets or liabilities measured at fair value through profit that year.
4. The increase in provision for loan losses in 2009 was caused mainly by additional provisions due to increases in non-performing loans as to reinforce the quality of loan assets and reserves against bad loan because of the impact of financial turmoil that year.
5. The increase in income tax expense in 2009 as compared with 2008 was caused by a increase in the income tax expense in the overseas branches.

III. Analysis of Cash Flow

1. Liquidity Analysis for the Past Year

(1) Cash Flow Analysis

Unit: NT\$1,000

Item	2009	2008 (restated)	Amount Change	% Change
Net cash inflow (outflow)	11,922,649	(64,026,884)	75,949,533	(118.62)

Net cash outflow in 2009 was NT\$75.95 billion more than in the previous year. The main reasons for the net change were as follows:

Unit: NT\$1,000

Items	Amount
Decrease in net cash inflow from operating activities	(6,221,774)
Decrease in placement with Central Bank	153,190,954
Decrease in loans and discounts	12,332,937
Increase in deposits of banks	80,770,649
Decrease in deposits and remittances	(239,968,157)
Others	75,844,924
Net cash inflow	75,949,533

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

2. Cash Flow Analysis for the Coming Year

Unit: NT\$1,000

Beginning Cash Balance (a)	Annual Net Cash Flow from Business Activities (b)	Annual Cash Outflow (inflow) (c)	Cash Balance (Shortage) (a) + (b) - (c)	Remedy for Estimated Cash Shortage	
				Investment Plan	Financial Management Plan
239,926,898	19,643,177	(14,950,028)	244,620,047	-	-

(1) Cash Flow Analysis

- Business activities: Due primarily to a new cash inflow of NT\$19,643,177,000 produced by business activities.
- Investment activities: A net cash outflow of NT\$15,681,903,000 from investment activities mainly due to a net increase of loans & discounts, and fixed assets together with a decrease of the current financial assets, fund, and long-term receivables.
- Financing activities: Primarily a net cash inflow of NT\$704,029,000 produced by financing activities as a result of increases in deposits and remittances, financial bonds, current financial liabilities together with a decrease in cash dividends released.

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

IV. Major Capital Expenditure Items

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

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure			
				2007	2008	2009	2010
Construction of Ilan Branch Premises	Fixed assets-Non-plan capital expenditures-Buildings and structures	Aug. 2010	302,000	573	10,079	126,334	145,000
Construction of Donggang Branch Premises	Fixed assets-Non-plan capital expenditures-Buildings and structures	July 2010	116,083	307	2,655	52,335	45,000
Total			418,083	880	12,734	178,669	190,000

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. This is in addition to saving rental costs, via increased rental income through the leasing of excess office space.

V. Investment Policy in Last Year

The Bank actively plans for the disposal of reinvested enterprises that are performing poorly, for which the original purpose of investment has been achieved, or which are unrelated to the Bank's business in order to heighten the overall performance of reinvestment.

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. In the area of investment plans, since the Bank's cash investment ratio is higher than that required by the Banking Law, in its reinvestment the Bank will follow the instructions in the Ministry of Finance's letter of June 20, 2001 to the effect that the vigorous adjustment of the amount of reinvestment and shareholding ratios should be continued so as to conform to the provisions of Article 74 of the Banking Law.

VI. Risk Management

1. Qualitative & Quantitative Information on Different Types of Risk

(1) Credit Risk Management and Accrued Capital

A. Credit Risk Management System

Fiscal Year 2009

Items	Contents
Credit Risk Strategies, Goals, Policies, and Procedures	<p>1. Credit Risk Strategies, Goals, Policies</p> <p>(1) In accordance with the loan, investment strategies and operating directions approved by the Board of Directors, and in compliance with the Basel II Capital Accord and the regulatory provisions of the competent authority, the Bank has established a credit risk management system and policy and, in response to changes in the macroeconomic market, loan portfolio risk, and asset quality, and to coordinate with government policy, the Bank readjusts its risk management policy according to internal procedures whenever necessary.</p> <p>(2) The Bank will establish and effectively implement a healthy credit risk management mechanism, lower credit risk, and achieve operating and management targets.</p> <p>(3) When the Bank engages in business and management porcedures related to credit risk , it evaluates the probability and severity of losses from the investment or loan and adopts appropriate credit risk manaement countermeasures in consideration of the Bank's risk appetite and cost effectiveness. Risk management countermeasures include risk hedging, risk transfer or mitigation, risk control, and assumption of risk.</p> <p>2. Credit Risk Procedures</p> <p>(1) Credit risk assessment and monitoring are carried out in accordance with the relevant regulations of the competent authority and the BOT, and reports are submitted to the BOT's Board of Directors and Risk Management Committee.</p> <p>(2) Risk quotas and early-warning indexes are established by industry, country, conglomerate, financial institution, and trading partner in order to control the concentration of risk and large exposure, and monitoring and reporting are carried out.</p> <p>(3) To effectively measure the quality of loan assets, the Bank has established pre-loan investigation and screening rules and procedures. It has also strengthened post-loan management, and has adopted the following control and measurement mechanisms: a loan review and follow-up evaluation system, and loan early-warning mechanism; monitoring of asset quality; strengthened early warning and management for abnormal loans; full allocation of loss provisions, and adequate capital provision.</p> <p>(4) The Bank has developed and established various risk rating models, rating systems, and management systems related to credit risk, and is gradually introducing them into the Bank's credit investigation processes to help the Bank identify and weigh credit risk so that it can comply with the provisions of the Basel II Capital Accord and strengthen its credit risk management capability.</p>
Organizational Framework of Credit Risk Management	<p>The BOT's organizational framework of credit risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and other business units.</p> <p>The Board of Directors is the Bank's supreme policymaking unit and has final responsibility for the Bank's overall risk management. The Risk Management Committee is responsible for the Bank's risk management policy, system, rules, organization, overall risk assessment, supervise, and examining revision affairs.</p>
Scope and Characteristics of the Credit Risk Reporting and Measuring System	<p>1. Credit Risk Reporting :</p> <p>Scope:Includes the standard system-produced credit risk reports that are submitted to the competent authority, and monthly credit risk monitoring reports.</p> <p>Characteristics:The Bank's Department of Risk Management produces credit risk monitoring reports and submits them to the chief executive on a monthly basis, and also makes regular reports to the Board of Directors and Risk Management Committee. The contents of these reports include risk-control conditions such as the status of bank-wide exposure to credit risk, the status of utilization of total amounts and quota limits, analysis of the management of credit risk concentration, analysis of overseas branch (including the OBU) loan asset portfolios and anonymous loan participants, and asset quality and off-book items. Dynamic monitoring of credit risk is also carried out as necessary, and if major changes are found they are reported, according to established procedure, to the relevant superior unit and then to the chief executive in order to control credit risk effectively.</p> <p>2. Credit Risk Measuring System</p> <p>Scope:The Bank currently uses the risk standardized approach to calculate capital allocation. The Risk Management Information System automatically produces various reports each month, including reports to the competent authority, management-related reports, and information-disclosure reports. These reports are used to compile monitoring reports for ranking executives, the Risk Management Committee, and the Board of Directors. The Bank is currently installing a risk-management mechanism with an internal ratings-based approach that is compliant with the Basel II Capital Accord. Corporate banking information is being collected bank-wide for the establishment of a credit risk databank, data mart, and credit-rating system, and models are being set up for default probability in corporate banking and consumer banking, loss given default, and exposure at default. After these systems are in place they will be introduced into the Bank's credit-investigation process, and the advance measurement approach will be used to measure and manage credit risk.</p> <p>Characteristics:The risk measurement and rating systems and mechanisms are used together with consideration of credit characteristics, changes in the market and economic environment, collateral or guarantees, individual transaction risk, and investment portfolio in carrying out general business and risk cost performance consolidation so as to enhance the Bank's credit risk management capability and strengthen its credit risk management mechanism.</p>
Credit Risk Hedging and Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	<p>1. Credit Risk Hedging and Mitigation Policy</p> <p>(1) The Bank has established quotas for the concentratioon of various items of risk-by industry, conglomerate and country, among others.</p> <p>(2) The Bank has established a loan review and follow-up auditing system to strengthen post-loan management, and continuous monitoring of the condition of borrowers. Loan review is carried out within the term of loans in accordance with the review rating, and follow-up auditing is carried out for important loan cases.</p> <p>(3) The Bank operates in accordance with its loan policy and rules for the handling of collateral to seek the provision of collateral or guarantees to augment the creditworthiness of borrowers and lower credit risk.</p> <p>(4) Credit risk mitigation methods (such as offset against net, and eligible collateral and guarantees) are included in related information systems in accordance with the rules of the Basel II Capital Accord and the competent authority in order to calculate the results of the Bank's risk mitigation accurately.</p> <p>2. Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments</p> <p>(1) The Bank monitors the status of and changes in credit risk-concentration quotas, distribution of risk exposure, asset quality, and types of collateral exposure on a scheduled basis, reviews trigger ratios and limit ratios whenever necessary, and assures the integrity and effectiveness of collateral and guarantees. Scheduled reports are submitted to the Risk Management Committee for use in compiling statements on effective strategies and procedures, and in studying countermeasures.</p> <p>(2) The Bank has set up a collateral management system that can effectively handle its collateral. Analysis and policy readjustments are carried out when necessary in response to market and economic changes. In the future, a collateral reappraisal system and mechanism will be established for the accurate calculation of the results of collateral mitigation and the effective use of the early-warning system.</p>
Method of Legal Capital Allocation	Standardized Approach

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

Dec. 31, 2009

Unit: NT\$1,000

Exposure Following Risk Mitigation	Credit Risk-Based Assets	Accrued Capital
Sovereign Nations	1,517,846,411	8,568
Non-Central Government Public Sector	628,702,805	15,556,767
Banks (including multilateral development banks)	136,930,930	6,343,643
Enterprises (including securities and insurance firms)	627,979,071	50,677,107
Retail Debt	118,255,558	12,369,590
Residential Real Estate	434,510,386	15,796,935
Equity Investment	13,491,619	5,275,249
Other Assets	127,400,162	8,025,390
Total	3,605,116,942	114,053,249

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

A. Asset Securitization Risk Management System

Fiscal Year 2009

Items	Contents
Asset Securitization Management Strategy and Procedures	1.The BOT has not acted as the originator of securitized products, but only as investor. 2. The BOT's management strategy and procedures for investment in securitized products are handled in accordance with the rules contained in the Bank's "Investment Policy," "Guidelines for Dealing in Domestic Bonds," and "Operating Rules for Engaging in the Offshore Banking Business."
Asset Securitization Management Organization and Framework	The BOT has not played the role of originator bank, and the risks potentially associated with its investment in securitized asset products (including credit risk, market risk, liquidity risk, interest rate risk, and operational risk) are controlled in accordance with the organizations and frameworks related to the different categories of risk as well as with the BOT's risk management system and reporting mechanism.
Scope and Characteristics of the Asset Securitization Risk Reporting and Measuring System	The BOT carries out prior evaluation of the risks and benefits associated with investment in securitized products in accordance with the relevant investment rules; evaluates profit and loss on a monthly basis; submits risk reports to the unit in charge, Department of Risk Management, ranking executives, and Investment Commission; and reports regularly to the Risk Management Committee and the Board of Directors.
Asset Securitization Risk Hedging and Mitigation Policies, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Risk Hedging and Mitigation Instruments	The BOT has not acted as originator bank.
Method of Legal Capital Allocation	Standardized Approach

B. Status of Risk Securitization Undertaken

(None)

C. Asset Securitization Risk Exposure and Accrued Capital

Dec. 31, 2009

Unit: NT\$1,000

Type of Exposure	Non-Originating Bank		Originating Bank					
	Purchased or Held Securitization Risk Exposure	Accrued Capital	Exposure					Accrued Capital Before Securitization
			Non-Asset-Backed Commercial Paper				Asset-Backed Commercial Paper	
			Traditional		Synthetic			
			Hold Positions	Not Hold Positions	Hold Positions	Not Hold Positions		
Beneficiary Securities-Home mortgage loans	5,075,535	81,209	-	-	-	-	-	-
Beneficiary Securities-Real Estate Asset Trust	43,904	2,150	-	-	-	-	-	-
Collateralized Debt Obligation	155,295	2,485	-	-	-	-	-	-
Liquidity Facilities(Note)	2,000,000	160,000	-	-	-	-	-	-
Total	7,274,734	245,844	-	-	-	-	-	-

Note: In the process of its participation in a securitized receivables syndicated loan the Bank served as a liquidity provider, promising to offer loan funds in the amount of NT\$2 billion to the issuer to facilitate the securitization. Under the definition contained in the "Methods for Calculating Banks' Regulatory Capital and Risk-Based Assets" as promulgated by the competent authority, banks that incur risk by participating in asset securitization transactions should list the risk as asset securitization exposure and allocate capital for it.

D. Securitized product information-secritized product investment summary sheet

Dec. 31, 2009

Unit: NT\$1,000

Items	Account Name	Historical Cost	Accumulated profit and loss assessment	Accumulated impairment loss	Book Value
ABCP	Financial assets measured at fair value through profit or loss-current	2,249,145	25		2,249,170
REAT	Available-for-sale financial assets-noncurrent	10,000	(146)		9,854
REAT	Held-to-maturity financial assets-noncurrent	35,288			35,288
ABS	Available-for-sale financial assets-noncurrent	999,445	(2,784)	(996,661)	0
CDO	Financial assets measured at fair value through profit or loss-current	1,729,340	(429,890)		1,299,450
CDO	Debt investment without quoted price in active markets-noncurrent	643,520			643,520
CMO	Available-for-sale financial assets-current	209,020	8,208		217,228
CMO	Debt investment without quoted price in active markets-noncurrent	4,806,776	85,149		4,891,925

Securitized product information-

Original cost of single investment in securitized products in excess of NT\$300 million

Dec. 31, 2009

Unit: NT\$1,000

Name of Security	Account Name	Currency	Issuer of security and its location	Purchase Date	Expiry Date	Coupon	Credit Rating	Settlement Method	Historical Cost	Accumulated assessment of profit and loss/ Amortization	Book Value	Attachment point	Asset Pool
KKRF 2005-1X 1A FRN (USG6267NAA57)	Financial assets measured at fair value through profit or loss-current	USD	Morgan Stanley Managed ACES SPC (Cayman Island)	2006 2/7	2013 3/20	3ML+50BP	Caa2/BB-	Quarterly interest payments and repayment of principal at maturity	482,640	75,968	406,672	11.53%	Table 1
RUTLAND RATED INVESTMENTS (USG77264BL54)	"	USD	Rutland Rated Investments (Cayman Island)	2006 5/24	2013 6/20	3ML+70BP	Caa3/CCC	Quarterly interest payments and repayment of principal at maturity	482,640	158,209	324,431	5.93%	Table 2
GREYLOCK SYNTHETIC (USG4119QAC99)	"	USD	Greylock Synthetic CDO 2006 (Cayman Island)	2006 11/17	2014 3/20	3ML+0.7%	Caa3/B-	Quarterly interest payments and repayment of principal at maturity	321,760	132,308	189,452	5.87%	Table 3
CHEYNE CREDIT SPI (XS0256381319)	Debt investment without quoted price in active markets-noncurrent	USD	Cheyne Credit SPI(Ireland) Plc. (Ireland)	2006 6/6	2014 6/30		AAA	Quarterly interest payments and repayment of principal at maturity	321,760	0	321,760	0	None
EQUINOX (XS0282273704A)	"	USD	Equinox Credit Funding Plc. (Ireland)	2006 2/15	2013 12/20	3ML+1%	Aaa/AAA	No current interest and repayment of principal at maturity	321,760	0	321,760	0	None
FANNIE MAE (US31395DF463)	"	USD	FANNIE MAE US	2006 6/12	2036 6/25	1ML+40BP	Aaa	Monthly payments of interest and principal	459,925	103	460,028		Secured home loans
FREDDIE MAC (US31396RKP19)	"	USD	FREDDIE MAC US	2006 6/30	2036 5/15	1ML+0.38%	Aaa	Monthly payments of interest and principal	315,481	1,065	316,546		Secured home loans

Name of Security	Account Name	Currency	Issuer of security and its location	Purchase Date	Expiry Date	Coupon	Credit Rating	Settlement Method	Historical Cost	Accumulated assessment of profit and loss/ Amortization	Book Value	Attachment point	Asset Pool
FANNIE MAE (US31396PT680)	Debt investment without quoted price in active markets-non current	USD	FANNIE MAE US	2007 1/31	2037 3/25	1ML+0.45%	Aaa	Monthly payments of interest and principal	325,377	0	325,377		Secured home loans
FREDDIE MAC (US31397FUY68)	"	USD	FREDDIE MAC US	2007 3/14	2037 3/15	1ML+1.05%	Aaa	Monthly payments of interest and principal	446,445	0	446,445		Secured home loans
FREDDIE MAC (US31397BVF56)	"	USD	FREDDIE MAC US	2008 3/6	2036 10/15	1ML+0.4%	Aaa	Monthly payments of interest and principal	361,287	16,364	377,651		Secured home loans
FREDDIE MAC (US31397BBG59)	"	USD	FREDDIE MAC US	2008 3/6	2036 9/15	1ML+0.42%	Aaa	Monthly payments of interest and principal	330,706	18,627	349,333		Secured home loans
FANNIE MAE (US31396LV982)	"	USD	FANNIE MAE US	2008 3/6	2036 12/25	1ML+0.36%	Aaa	Monthly payments of interest and principal	406,619	22,282	428,901		Secured home loans
FANNIE MAE (US31396LNF30)	"	USD	FANNIE MAE US	2008 3/6	2036 11/25	1ML+0.41%	Aaa	Monthly payments of interest and principal	395,365	20,671	416,036		Secured home loans
E.Sun Bank 2007-1 ABSB1	Available-for-sale financial assets-noncurrent	NTD	HSBC, Taipei	2007 5/25	2014 6/15	2.4500%	C.tw	Quarterly interest payments; repayment of principal in 10 payments beginning Mar. 15, 2012	999,445	999,445	0	6.67%	Table 4
Beneficiary securities for securitized receivables of Chi Mei Optoelectronics	Financial assets measured at fair value through profit or loss-current	NTD	China Trust, Taipei	2006 10/5	2011 10/5	0.4710%	twA-2	Monthly issuance of commercial paper; repayment of principal and payment of interest at maturity	2,249,145	25	2,249,170	0	Account Receivables

Table 1. KKRF 2005-1X 1A FRN (USG6267NAA57) Asset Pool :

Unit: US Dollars

Reference Entity	Notional Amount	Seniority	Country
ALTRIA GROUP INC	100,000,000.00	Senior Unsecured	U.S.
AMBAC FINANCIAL GROUP INC	100,000,000.00	Senior Unsecured	U.S.
AMERICAN AXLE & MANUFACTURING INC	100,000,000.00	Senior Unsecured	U.S.
AMERICAN EXPRESS COMPANY	100,000,000.00	Senior Unsecured	U.S.
ARCELORMITTAL	100,000,000.00	Senior Unsecured	Luxembourg
AUTOZONE INC	100,000,000.00	Senior Unsecured	U.S.
BANK OF AMERICA CORPORATION (SUB)	125,000,000.00	Subordinate	U.S.
BEAZER HOMES USA INC	100,000,000.00	Senior Unsecured	U.S.
BELO CORP	100,000,000.00	Senior Unsecured	U.S.
BERKSHIRE HATHAWAY INC.	50,000,000.00	Senior Unsecured	U.S.
BOYD GAMING CORPORATION	100,000,000.00	Subordinate	U.S.
CAPITAL ONE FINANCIAL CORPORATION	100,000,000.00	Senior Unsecured	U.S.
CBS CORP.	100,000,000.00	Senior Unsecured	U.S.
CENTEX CORP	100,000,000.00	Senior Unsecured	U.S.
CENTURYTEL INC	100,000,000.00	Senior Unsecured	U.S.

Reference Entity	Notional Amount	Seniority	Country
CHESAPEAKE ENERGY CORP	100,000,000.00	Senior Unsecured	U.S.
CIBA SPECIALTY CHEMICAL HOLDING INC.	100,000,000.00	Senior Unsecured	Switzerland
CITIGROUP INC. (SUB)	125,000,000.00	Subordinate	U.S.
CITIZENS COMMUNICATIONS CO	100,000,000.00	Senior Unsecured	U.S.
CLEAR CHANNEL COMMUNICATIONS INC	100,000,000.00	Senior Unsecured	U.S.
COMCAST CABLE COMMUNICATIONS	100,000,000.00	Senior Unsecured	U.S.
CONSTELLATION BRANDS INC	100,000,000.00	Senior Unsecured	U.S.
COUNTRYWIDE HOME LOANS INC	100,000,000.00	Subordinate	U.S.
COX COMMUNICATIONS INC	100,000,000.00	Senior Unsecured	U.S.
DARDEN RESTAURANTS INC	100,000,000.00	Senior Unsecured	U.S.
DEUTSCHE TELEKOM INTERNATIONAL	100,000,000.00	Senior Unsecured	Germany
DIRECTV HOLDINGS LLC/DIRECTV FINANCING CO	100,000,000.00	Senior Unsecured	U.S.
DSG INTERNATIONAL PLC	100,000,000.00	Senior Unsecured	United Kingdom
EL PASO CORP	100,000,000.00	Senior Unsecured	U.S.
FEDERATED DEPARTMENT STORES INC	100,000,000.00	Senior Unsecured	U.S.
FORD MOTOR CREDIT CO	100,000,000.00	Senior Unsecured	U.S.
FRANCE TELECOM SA	100,000,000.00	Senior Unsecured	France
GANNETT CO INC	100,000,000.00	Senior Unsecured	U.S.
GEORGIA-PACIFIC CORP	100,000,000.00	Senior Unsecured	U.S.
GLENCORE FINANCE EUROPE SA	100,000,000.00	Senior Unsecured	Switzerland
GMAC LLC	100,000,000.00	Senior Unsecured	U.S.
GOLDMAN SACHS GROUP INC	100,000,000.00	Senior Unsecured	U.S.
HARRAH'S OPERATING CO INC	100,000,000.00	Senior Unsecured	U.S.
HILTON HOTELS CORP	100,000,000.00	Senior Unsecured	U.S.
HSBC FINANCE CORPORATION	100,000,000.00	Senior Unsecured	U.S.
IAC/INTERACTIVE CORP	100,000,000.00	Senior Unsecured	U.S.
IKON OFFICE SOLUTIONS INC	100,000,000.00	Senior Unsecured	U.S.
ISTAR FINANCIAL INC	100,000,000.00	Senior Unsecured	U.S.
J. C. PENNEY COMPANY, INC.	100,000,000.00	Senior Unsecured	U.S.
J.P. MORGAN CHASE & CO. (SUB)	100,000,000.00	Subordinate	U.S.
LIBERTY MEDIA CORP	100,000,000.00	Senior Unsecured	U.S.
LIMITED BRANDS, INC.	100,000,000.00	Senior Unsecured	U.S.
LOUISIANA-PACIFIC CORP	100,000,000.00	Senior Unsecured	U.S.
MARKS & SPENCER PLC	100,000,000.00	Senior Unsecured	United Kingdom
MARRIOTT INTERNATIONAL INC	100,000,000.00	Senior Unsecured	U.S.
MARSH & MCLENNAN COS INC	100,000,000.00	Senior Unsecured	U.S.
MBIA INC	100,000,000.00	Senior Unsecured	U.S.
MBIA INSURANCE CORPORATION	100,000,000.00	Senior Unsecured	U.S.
MCDONALD'S CORP	100,000,000.00	Senior Unsecured	U.S.

Reference Entity	Notional Amount	Seniority	Country
MDC HOLDINGS INC	100,000,000.00	Senior Unsecured	U.S.
MEADWESTVACO CORP	100,000,000.00	Senior Unsecured	U.S.
MERRILL LYNCH & CO INC	150,000,000.00	Subordinate	U.S.
MGM MIRAGE	100,000,000.00	Senior Unsecured	U.S.
MOTOROLA, INC.	100,000,000.00	Senior Unsecured	U.S.
NORBORD INC	100,000,000.00	Senior Unsecured	Canada
NOVA CHEMICALS CORP	100,000,000.00	Senior Unsecured	Canada
OFFICE DEPOT INC	100,000,000.00	Senior Unsecured	U.S.
OLIN CORP	100,000,000.00	Senior Unsecured	U.S.
OMNICARE INC	100,000,000.00	Subordinate	U.S.
RESIDENTIAL CAPITAL CORP	100,000,000.00	Senior Unsecured	U.S.
SBC COMMUNICATIONS INC	100,000,000.00	Senior Unsecured	U.S.
SEALED AIR CORP	100,000,000.00	Senior Unsecured	U.S.
SIMON PROPERTY GROUP LP	100,000,000.00	Senior Unsecured	U.S.
SLM CORPORATION	100,000,000.00	Senior Unsecured	U.S.
SOUTHWEST AIRLINES CO	100,000,000.00	Senior Unsecured	U.S.
STANDARD-PACIFIC CORP	100,000,000.00	Senior Unsecured	U.S.
STARWOOD HOTELS & RESORTS WORLDWIDE	100,000,000.00	Senior Unsecured	U.S.
SWISS REINSURANCE COMPANY	100,000,000.00	Subordinate	Switzerland
TARGET CORPORATION	100,000,000.00	Senior Unsecured	U.S.
TEMPLE-INLAND INC	100,000,000.00	Senior Unsecured	U.S.
THE BEAR STEARNS COMPANIES INC.	100,000,000.00	Senior Unsecured	U.S.
THE HOME DEPOT, INC.	100,000,000.00	Senior Unsecured	U.S.
TIME WARNER INC	100,000,000.00	Senior Unsecured	U.S.
TOLL BROTHERS INC	100,000,000.00	Senior Unsecured	U.S.
TRW AUTOMOTIVE INC	100,000,000.00	Senior Unsecured	U.S.
TXU ENERGY CO LLC	100,000,000.00	Senior Unsecured	U.S.
TYSON FOODS INC	100,000,000.00	Senior Unsecured	U.S.
UNITEDHEALTH GROUP INCORPORATED	100,000,000.00	Senior Unsecured	U.S.
UST INC	100,000,000.00	Senior Unsecured	U.S.
VODAFONE GROUP PUBLIC LIMITED COMPANY	100,000,000.00	Senior Unsecured	United Kingdom
VORNADO REALTY LP	100,000,000.00	Senior Unsecured	U.S.
WACHOVIA CORPORATION (SUB)	125,000,000.00	Subordinate	U.S.
WELLS FARGO & COMPANY (SUB)	125,000,000.00	Subordinate	U.S.
WEYERHAEUSER CO	100,000,000.00	Senior Unsecured	U.S.
XL CAPITAL LTD	100,000,000.00	Senior Unsecured	Bermuda
YUM! BRANDS INC 8 7/8 04/15/11	100,000,000.00	Senior Unsecured	U.S.
ZURICH INSURANCE COMPANY (SUB)	100,000,000.00	Subordinate	Switzerland
Totals: 92	9,300,000,000.00		

Table 2. RUTLAND RATED INVESTMENTS (USG77264BL54) Asset Pool :

Unit: US Dollars

Identifier	Investment Description	Investment Type	Notional Amount	Country
D12AEGONN	AEGON N.V. CDS	CDS	185,591,200.00	Netherlands
D12AKZOF	AKZO NOBEL N.V. CDS	CDS	92,795,600.00	Netherlands
D12AA	ALCOA INC. CDS	CDS	185,591,200.00	United States
D12AMBACA	AMBAC ASSURANCE CORPORATION CDS	CDS	46,397,800.00	United States
D12AMERIC	AMERICAN EXPRESS COMPANY CDS	CDS	92,795,600.00	United States
D12AIG	AMERICAN INTERNATIONAL GROUP INC. CDS	CDS	278,386,800.00	United States
D12ARCMIT	ARCELORMITTAL CDS	CDS	185,591,200.00	Luxembourg
D12ARM	ARVINMERITOR INC. CDS	CDS	92,795,600.00	United States
D12ASSGUA	ASSURED GUARANTY CORP CDS	CDS	185,591,200.00	Bermuda
D12SBC	AT&T INC. CDS	CDS	185,591,200.00	United States
D12AVALON	AVALONBAY COMMUNITIES INC. CDS	CDS	185,591,200.00	United States
D12AVIVAP	AVIVA PLC CDS	CDS	92,795,600.00	United Kingdom
D12AXS	AXIS CAPITALHOLDINGS CDS	CDS	92,795,600.00	Bermuda
D12BANKOF	BANK OF AMERICA CDS	CDS	92,795,600.00	United States
D12BY	BAYER AG. INC.	CDS	185,591,200.00	Germany
D12BMWAKT	BAYERISCHE MOTOREN WERKE AKTIENGSELLSCHAFT CDS	CDS	92,795,600.00	Germany
D12BZH	BEAZER HOMES USA INC. CDS	CDS	46,397,800.00	United States
D12BRKA	BERKSHIRE HATHAWAY INC. CDS	CDS	278,386,800.00	United States
D12BHF	BHP BILLITON LIMITED CDS	CDS	185,591,200.00	Australia
D12BOYGAM	BOYD GAMING CORPORATION CDS	CDS	46,397,800.00	United States
D12BSY	BRITISH SKY BROADCASTING GROUP PLC CDS	CDS	46,397,800.00	United Kingdom
D12BRITEL	BRITISH TELECOMMUNICATIONS PUBLIC LTD CO CDS	CDS	92,795,600.00	United Kingdom
D12BG	BUNGE LIMITED FINANCE CORP. CDS	CDS	92,795,600.00	United States
D12CAPONE	CAPITAL ONE BANK CDS	CDS	92,795,600.00	United States
D12CARGIL	CARGILL INCORPORATED CDS	CDS	185,591,200.00	United States
D12CCL	CARNIVAL CORPORATION CDS	CDS	92,795,600.00	United States
D12CATINC	CATERPILLAR INC. CDS	CDS	92,795,600.00	United States
D12CHEVRO	CHEVRON CORPORATION CDS	CDS	92,795,600.00	United States
D12CSPCF	CIBA SPECIALTY CHEMICALS HOLDING INC. CDS	CDS	92,795,600.00	Switzerland
D12CMCSA	COMCAST CABLE COMMUNICATIONS LLC CDS	CDS	185,591,200.00	United States
D12COP	CONOCOPHILLIPS CDS	CDS	185,591,200.00	United States
D12CONSOL	CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. CDS	CDS	92,795,600.00	United States
D12CEG	CONSTELLATION ENERGY GROUP INC. CDS	CDS	92,795,600.00	United States
D12COUNTR	COUNTRYWIDE HOME LOANS INC. CDS	CDS	185,591,200.00	United States
D12DCX	DAIMLERCHRYSLER AG CDS	CDS	185,591,200.00	Germany
D12DEUTSC	DEUTSCHE BANK AKTIENSELLSCHAFT CDS	CDS	185,591,200.00	Germany
D12DT	DEUTSCHE TELEKOM AG CDS	CDS	185,591,200.00	Germany
D12EMB	EMBARQ CORP. CDS	CDS	92,795,600.00	United States

Identifier	Investment Description	Investment Type	Notional Amount	Country
D12ENBIDG	ENBRIDGE INC. CDS	CDS	92,795,600.00	Canada
D12ENELSP	ENEL S.P.A. CDS	CDS	139,193,400.00	Italy
D126236Z	ERAC USA FINANCE COMPANY CDS	CDS	185,591,200.00	United States
D12FD	FEDERATED DEPARTMENT STORES INC. CDS	CDS	185,591,200.00	United States
D12FCH	FELCOR LODGING LIMITED PARTNERSHIP CDS	CDS	46,397,800.00	United States
D12F	FORD MOTOR CREDIT COMPANY CORP	CDS	185,591,200.00	United States
D12FPLGRO	FPL GROUP, INC. CDS	CDS	92,795,600.00	United States
D12FTE	FRANCE TELECOM CDS	CDS	185,591,200.00	France
D12CZNFRO	FRONTIER COMMUNICATIONS CDS	CDS	46,397,800.00	United States
D12GE	GENERAL ELECTRIC CAPITAL CORPORATION CDS	CDS	278,386,800.00	United States
D12HET	HARRAH'S OPERATING COMPANY INC. CDS	CDS	185,591,200.00	United States
D12HEIDEL	HEIDELBERGCEMENT AG CDS	CDS	92,795,600.00	Germany
D12HON	HONEYWELL INTERNATIONAL INC. CDS	CDS	92,795,600.00	United States
D12HOSHOT	HOST HOTELS AND RESORTS L.P CDS	CDS	185,591,200.00	United States
D12HI	HSBC FINANCE CORPORATION CDS	CDS	278,386,800.00	United States
D12IBM	INTERNATIONAL BUSINESS MACHINES CORPORATION CDS	CDS	185,591,200.00	United States
D12IGT	INTERNATIONAL GAME TECHNOLOGY CDS	CDS	139,193,400.00	United States
D12ILFCOR	INTERNATIONAL LEASE FINANCE CORPORATION CDS	CDS	185,591,200.00	United States
D12IST	ISTAR FINANCIAL INC CDS	CDS	92,795,600.00	United States
D12JCP	J. C. PENNEY COMPANY INC. CDS	CDS	185,591,200.00	United States
D12JONSON	JOHNSON AND JOHNSON CDS	CDS	92,795,600.00	United States
D12JOH	JOHNSON CONTROLS INC. CDS	CDS	92,795,600.00	United States
D12JPMOR	JPMORGAN CHASE & CO. CDS	CDS	185,591,200.00	United States
D12GAZPRO	JSC "GAZPROM" CDS	CDS	185,591,200.00	Russian Federation
D12HOV	K. HOVNANIAN ENTERPRISES INC. CDS	CDS	139,193,400.00	United States
D12KKBKKB	KAZKOMMERTZ BANK	CDS	92,795,600.00	Kazakhstan
D12KMB	KIMBERLY-CLARK CORPORATION CDS	CDS	92,795,600.00	United States
D12KSS	KOHL'S CORPORATION CDS	CDS	92,795,600.00	United States
D12KFT	KRAFT FOODS INC. CDS	CDS	92,795,600.00	United States
D12LAFARG	LAFARGE CDS	CDS	92,795,600.00	France
D12L	LIBERTY MEDIA CORPORATION CDS	CDS	92,795,600.00	United States
D12LINCOL	LINCOLN NATIONAL CORPORATION CDS	CDS	139,193,400.00	United States
D12CLI	MACK-CALI REALTY L.P. CDS	CDS	92,795,600.00	United States
D12MAS	MASCO CORPORATION CDS	CDS	92,795,600.00	United States
D12MBI	MBIA INSURANCE CORPORATION CDS	CDS	185,591,200.00	United States
D12MERRIL	MERRILL LYNCH & CO. INC. CDS	CDS	185,591,200.00	United States
D12MET	METLIFE INC. CDS	CDS	185,591,200.00	United States
D12MGM	MGM MIRAGE CDS	CDS	139,193,400.00	United States
D12MWD	MORGAN STANLEY CDS	CDS	278,386,800.00	United States
D12NRUC	NATIONAL RURAL UTILITIES CO-OP FINANCE CORP CDS	CDS	92,795,600.00	United States

Identifier	Investment Description	Investment Type	Notional Amount	Country
D12NCP	NEWS AMERICA INCORPORATED CDS	CDS	92,795,600.00	United States
D12NUE	NUCOR CORPORATION CDS	CDS	185,591,200.00	United States
D12NXB	NXP BV CRP	CDS	92,795,600.00	Netherlands
D12ORCORG	ORACLE CORPORATION CDS	CDS	92,795,600.00	United States
D12PTV	PACTIV CORPORATION CDS	CDS	92,795,600.00	United States
D12BTU	PEABODY ENERGY CORP	CDS	46,397,800.00	United States
D12PEPSIC	PEPSIC, INC.	CDS	185,591,200.00	United States
D12PETR4	PETROLEO BRASILEIRO S/A PETROBRAS CDS	CDS	92,795,600.00	Brazil
D12PEMEX	PETROLEOS MEXICANOS CDS	CDS	185,591,200.00	Mexico
D12PPGIND	PPG INDUSTRIES INC. CDS	CDS	92,795,600.00	United States
D12PROGAM	PROCTOR AND GAMBLE COMPANY CDS	CDS	185,591,200.00	United States
D12RESCAP	RESIDENTIAL CAPITAL CORPORATION CDS	CDS	185,591,200.00	United States
D12RCL	ROYAL CARIBBEAN CRUISES	CDS	185,591,200.00	United States
D12SANOFI	SANOFI-AVENTIS CDS	CDS	185,591,200.00	France
D12SMAWF	SIEMENS AKTIENGESELLSCHAFT CDS	CDS	185,591,200.00	Germany
D12SPG	SIMON PROPERTY GROUP L.P. CDS	CDS	92,795,600.00	United States
D12SLMMAE	SLM CORPORATION CDS	CDS	139,193,400.00	United States
D12LUV	SOUTHWEST AIRLINES CO. CDS	CDS	139,193,400.00	United States
D12HOT	STARWOOD HOTELS & RESORTS WORLDWIDE INC. CDS	CDS	92,795,600.00	United States
D12SUNCOR	SUNCOR ENERGY INC.CDS	CDS	185,591,200.00	Canada
D12SWISRE	SWISS REINSURANCE COMPANY	CDS	139,193,400.00	Switzerland
D12TI	TELECOM ITALIA SPA CDS	CDS	185,591,200.00	Italy
D12TEF	TELEFONICA S.A. CDS	CDS	185,591,200.00	Spain
D12TELMEX	TELEFONOS DE MEXICO CDS	CDS	185,591,200.00	Mexico
D12TEXTRO	TEXTRO INC. CDS	CDS	92,795,600.00	United States
D12DOW	THE DOW CHEMICAL COMPANY CDS	CDS	92,795,600.00	United States
D12GS	THE GOLDMAN SACHS GROUP INC. CDS	CDS	185,591,200.00	United States
D12HARFOR	THE HARFORD FINANCIAL SERVICES GROUP CDS	CDS	46,397,800.00	United States
D12HD	THE HOME DEPOT CDS	CDS	92,795,600.00	United States
D12RBSCDS	THE ROYAL BANK OF SCOTLAND CDS	CDS	92,795,600.00	United Kingdom
D12TWX	TIME WARNER INC CDS	CDS	185,591,200.00	United States
D12UMS	UNITED MEXICAN STATES CDS	CDS	185,591,200.00	Mexico
D12UNITED	UNITED PARCEL SERVICE, INC CDS	CDS	92,795,600.00	United States
D12RENTAL	UNITED RENTALS INC CDS	CDS	92,795,600.00	United States
D12VEOLIA	VEOLIA ENVIRONNEMENT.CDS	CDS	185,591,200.00	France
D12VZ	VERIZON COMMUNICATIONS INC. CDS	CDS	139,193,400.00	United States
D12VIA	VIACOM INC CDS	CDS	185,591,200.00	United States
D12VOD	VODAFONE GROUP PUBLIC LIMITED COMPANY CDS	CDS	185,591,200.00	United Kingdom
D12VOLKSW	VOLKSWAGEN AKTIENGESELLSCHAFT CDS	CDS	92,795,600.00	Germany
D12VULCAN	VULCAN MATERIALS COMPANY CDS	CDS	139,193,400.00	United States
D12WACHOV	WACHOV CORPORATION CDS	CDS	185,591,200.00	United States

Identifier	Investment Description	Investment Type	Notional Amount	Country
D12WEL	WELLPOINT INC CDS	CDS	185,591,200.00	United States
D12WELLSF	WELLS FARGO AND COMPANY	CDS	185,591,200.00	United States
D12WU	WESTERN UNION COMPANY	CDS	92,795,600.00	United States
D12WY	WEYERHAEUSER COMPANY CDS	CDS	92,795,600.00	United States
D12WHR	WHIRLPOOL CORP CDS	CDS	92,795,600.00	United States
D12XRX	XEROX CORPORATION CDS	CDS	185,591,200.00	United States
Total 125			17,352,777,200.00	

Table 3. GREYLOCK SYNTHETIC (USG4119QAC99) Asset Pool :

Unit: US Dollars

Reference Entity	Reference Obligation	Floating Rate Payer Calculation Amount 3/20/2014	Region	Reference Entity Type
Aegon NV	NL0000120889	59,688,700.00	European Corporate	Subordinated Obligation
AES Corp	US00130HBC88	119,377,400.00	North American Corporate-No Restructuring	SU
Allstate Corp/The	US020002AH49	119,377,400.00	North America Corporate	SU
Ambac Assurance Corp	XS0124212738	59,688,700.00	North America Corporate- Monoline	SU
American Electric Power Co Inc	US025537AE11	59,688,700.00	North America Corporate	SU
American Express Co	US025816AQ27	89,533,050.00	North America Corporate	SU
Anheuser-Busch Companies, Inc	US03522QAC96	119,377,400.00	North America Corporate	SU
Arcelor Mittal	US03938LAF13	59,688,700.00	Standard European Corporate	SU
Assured Guaranty Corp	US04621WAA80	59,688,700.00	North America Corporate- Monoline	SU
AT&T Inc	US78387GAP81	119,377,400.00	North America Corporate	SU
AXA	XS0122029548	119,377,400.00	European Corporate	Subordinated Obligation
BAE Systems Plc	GB0001272664	59,688,700.00	European Corporate	SU
Banco Santander Central Hispano, SA	XS0262892549	59,688,700.00	European Corporate	SU
Bank of America Corp	US060505AQ79	149,221,750.00	North America Corporate	SU
Barclays Bank PLC	XS0187033864	89,533,050.00	European Corporate	Subordinated Obligation
Bayerische Motoren Werke AG	XS0162732951	59,688,700.00	European Corporate	SU
Beazer Homes USA Inc	US07556QAJ40	59,688,700.00	North American Corporate-No Restructuring	SU
Berkshire Hathaway Inc	US084664AD30	119,377,400.00	North America Corporate	SU
Boeing Capital Corp	US097014AH76	119,377,400.00	North America Corporate	SU
Bombardier Inc	USC10602AG20	119,377,400.00	North American Corporate-No Restructuring	SU
Bunge LTD Finance Corp	US120568AM20	59,688,700.00	Standard North American Corporate	SU

Reference Entity	Reference Obligation	Floating Rate Payer Calculation Amount 3/20/2014	Region	Reference Entity Type
Capital One Financial Corp	US14040HAJ41	119,377,400.00	North America Corporate	SU
Caterpillar Inc	US149123BM26	119,377,400.00	North America Corporate	SU
CBS Corporation	US925524AU41	59,688,700.00	North America Corporate	SU
CenterPoint Energy Resources Corp	US15189WAB63	59,688,700.00	Standard North American Corporate	SU
ChevronTexaco Corporation	US881685AX97	89,533,050.00	North America Corporate	SU
Citigroup Inc	US172967BC45	119,377,400.00	North America Corporate	SU
Clear Channel Communications Inc	US184502AP71	119,377,400.00	North America Corporate	SU
Colgate-Palmolive Company	US19416QBX79	59,688,700.00	North America Corporate	SU
Comcast Cable Communication	US20029PAN96	59,688,700.00	North America Corporate	SU
ConocoPhillips	US20825CAE49	119,377,400.00	North America Corporate	SU
Continental AG	DE000A0BB1Z6	119,377,400.00	European Corporate	SU
Con-Way Inc	US12612WAA27	89,533,050.00	North America Corporate	SU
Daimler AG	US233835AW75	59,688,700.00	European Corporate	SU
Danaher Corp	US235851AB82	119,377,400.00	North America Corporate	SU
Deere & Co	US244199BB01	59,688,700.00	North America Corporate	SU
Deutsche Bank AG	DE0003933263	59,688,700.00	European Corporate	Subordinated Obligation
Deutsche Telekom AG	XS0148956559	119,377,400.00	European Corporate	SU
Diamond Offshore Drilling	US25271CAJ18	59,688,700.00	North America Corporate	SU
Dover Corp	US260003AC29	119,377,400.00	North America Corporate	SU
DR Horton Inc	US23331AAX72	59,688,700.00	North America Corporate	SU
E.W. Scripps Company	US811054AC92	119,377,400.00	North America Corporate	SU
Eaton Corp	US278058AW21	119,377,400.00	North America Corporate	SU
Electricite de France	XS0162990229	119,377,400.00	European Corporate	SU
Electrolux	XS0356539881	119,377,400.00	European Corporate	SU
Embarq Corp	US29078EAB11	119,377,400.00	North America Corporate	SU
Enbridge Inc	US29250NAA37	119,377,400.00	North America Corporate	SU
Exelon Corp	US30161NAA90	59,688,700.00	North America Corporate	SU
Exxon Mobil Corp	US607059AT90	119,377,400.00	North America Corporate	SU
FedEx Corp	US31428XAF33	119,377,400.00	North America Corporate	SU
Financial Security Assurance Inc	XS0112914907	59,688,700.00	North America Corporate -Monoline	SU
First Data Corp	US319963AH75	59,688,700.00	North America Corporate	SU
Flextronics International Ltd	US33938EAJ64	59,688,700.00	Standard North American Corporate	Subordinated Obligation
Ford Motor Co	US345370BX76	74,610,875.00	Standard North American Corporate	SU
Fortune Brands, Inc	US349631AF84	119,377,400.00	North America Corporate	SU
France Telecom	FR0000471948	59,688,700.00	European Corporate	SU

Reference Entity	Reference Obligation	Floating Rate Payer Calculation Amount 3/20/2014	Region	Reference Entity Type
Freescale Semiconductor	US35687MAM91	119,377,400.00	North American Corporate-No Restructuring	SU
GATX Corp	US361448AF09	119,377,400.00	North America Corporate	SU
General Electric	US369604AY90	119,377,400.00	North America Corporate	SU
General Electric Capital Corp	US36962GY42	119,377,400.00	North America Corporate	SU
Gillette Company	US742718DA47	119,377,400.00	North America Corporate	SU
Glencore International AG	XS0202202957	119,377,400.00	European Corporate	SU
GMAC LLC	US370425SE16	119,377,400.00	North America Corporate	SU
Goldman Sachs Group Inc	US38141GBU76	119,377,400.00	North America Corporate	SU
Harrah's Operating Co Inc	US413627AU44	59,688,700.00	North America Corporate	SU
Hartford Financial Services Corp	US416515AM67	119,377,400.00	North America Corporate	SU
Hewlett-Packard Co	US428236AG84	119,377,400.00	North America Corporate	SU
Home Depot Inc	US437076AS19	59,688,700.00	North America Corporate	SU
Honeywell International Inc	US438516AR73	119,377,400.00	North America Corporate	SU
Host Hotels and Resorts	US44108EAS72	119,377,400.00	North American Corporate-No Restructuring	SU
HSBC Holdings PLC	US404280AB51	119,377,400.00	European Corporate	Subordinated Obligation
Hutchison Whampoa Ltd	USG4672QAA25	29,844,350.00	Asian Corporate	SU
International Business Machines Corporation	US459200BA86	119,377,400.00	North America Corporate	SU
International Lease Finance Corp	US45974VZU50	119,377,400.00	North America Corporate	SU
International Paper Co	US460146BU61	59,688,700.00	North America Corporate	SU
iStar Financial Inc	US45031UAB70	119,377,400.00	North America Corporate	SU
Johnson Controls Inc	US478366AG24	59,688,700.00	North America Corporate	SU
JP Morgan Chase & Co	US46625HAJ95	119,377,400.00	North America Corporate	Subordinated Obligation
JSC Gazprom	XS0191754729	119,377,400.00	Gazprom	SU
K. Hovnanian Enterprises, Inc	US442488AQ54	59,688,700.00	North America Corporate	SU
KB Home	US48666KAH23	59,688,700.00	North America Corporate	SU
Kinder Morgan Energy Partners L	US494550AR73	119,377,400.00	North America Corporate	SU
KONINKLIJKE DSM NV	XS0235117891	119,377,400.00	European Corporate	SU
Koninklijke Philips Electronics NV	XS0129477633	119,377,400.00	European Corporate	SU
Lennar Corp	US526057AW40	59,688,700.00	North America Corporate	SU
Lowe's Companies, Inc	US548661CA38	119,377,400.00	North America Corporate	SU
Masco Corp	US574599BD70	119,377,400.00	North America Corporate	SU
MBIA Inc	US55262CAF77	119,377,400.00	North America Corporate	SU

Reference Entity	Reference Obligation	Floating Rate Payer Calculation Amount 3/20/2014	Region	Reference Entity Type
MetLife, Inc	US59156RAN89	119,377,400.00	North America Corporate	SU
MGM MIRAGE	US552953AG66	119,377,400.00	North American Corporate-No Restructuring	SU
Mohawk Industries	US608190AH76	59,688,700.00	North America Corporate	SU
Morgan Stanley	US617446HC69	119,377,400.00	North America Corporate	SU
Nabors Industries Inc	US629568AH92	119,377,400.00	North America Corporate	SU
National Rural Util Coop Fin	US637432CT02	89,533,050.00	North America Corporate	SU
New York Life Insurance Company	US64952GAE89	119,377,400.00	North America Corporate	SU
Norske Skogindustrier ASA	USR80036AN77	89,533,050.00	European Corporate	SU
Occidental Petroleum Corp	US674599BV68	119,377,400.00	North America Corporate	SU
Pearson Plc	XS0102793642	59,688,700.00	European Corporate	SU
Petroleo Brasileiro S/A Petrobras	US71645WAH43	59,688,700.00	Latin American Corporate	SU
Petroleos Mexicanos	US706451BD26	119,377,400.00	Latin American Corporate	SU
Pitney Bowes	US724479AF75	59,688,700.00	North America Corporate	SU
PPG Industries, Inc	US693506AY35	119,377,400.00	North America Corporate	SU
Progressive Corp	US743315AK92	119,377,400.00	North America Corporate	SU
Prologis	US743410AE29	119,377,400.00	North America Corporate	SU
Prudential Financial Inc	US74432QAB14	89,533,050.00	North America Corporate	SU
R.R. Donnelley & Sons Company	US257867AM36	119,377,400.00	North America Corporate	SU
Republic of South Africa	US836205AJ33	119,377,400.00	Sovereign	SU
Rio Tinto Limited	US767201AC07	59,688,700.00	Australia Corporate	SU
Rock-Tenn Co	US772739AC24	119,377,400.00	North America Corporate	SU
Rogers Communications Inc		59,688,700.00	Standard North American Corporate	SU
Ryder System Inc	US783549AZ16	119,377,400.00	North America Corporate	SU
SAB Miller	US78572MAA36	119,377,400.00	European Corporate	SU
Samsung Electronics Co	US796050AE22	119,377,400.00	Asian Corporate	SU
Siemens AG	XS0131224155	119,377,400.00	European Corporate	SU
Simon Property Group LP	US828807BW67	119,377,400.00	North America Corporate	SU
Singapore Telecommunications LTD	USY79985AC46	119,377,400.00	Asian Corporate	SU
SLM Corp	US78442FAB40	119,377,400.00	North America Corporate	SU
Southwest Airlines	US844741AW80	59,688,700.00	North America Corporate	SU
Sprint Nextel Corporation	US852061AD21	119,377,400.00	North America Corporate	SU
Stanley Works	US854616AJ88	119,377,400.00	North America Corporate	SU
Swiss Reinsurance Company	XS0138467401	59,688,700.00	European Corporate	Subordinated Obligation

Reference Entity	Reference Obligation	Floating Rate Payer Calculation Amount 3/20/2014	Region	Reference Entity Type
Telecom Italia SpA	XS0184373925	59,688,700.00	Standard European Contract	SU
Telefonica SA	XS0241946630	119,377,400.00	European Corporate	SU
Telefonos De Mexico, SA	US879403AS24	119,377,400.00	Latin American Corporate	SU
Telenor ASA	XS0158765064	119,377,400.00	European Corporate	SU
Telstra Corp Ltd	XS0131858838	119,377,400.00	Australia Corporate	SU
Tesoro Corporation	US881609AT88	119,377,400.00	North American Corporate-No Restructuring	SU
Textron Financial Corp	US88319QG564	119,377,400.00	North America Corporate	SU
Time Warner Inc	US887317AC95	119,377,400.00	North America Corporate	SU
Toll Brothers Inc	US88947EAG52	119,377,400.00	North America Corporate	SU
TransAlta Corp	US89346DAB38	89,533,050.00	North America Corporate	SU
TransCanada Pipelines Limited	US89352HAA77	119,377,400.00	North America Corporate	SU
Unilever NV	XS0230663196	59,688,700.00	European Corporate	SU
UPM-Kymmene Oy	XS0142044824	59,688,700.00	European Corporate	SU
Valero Energy Corp	US91913YAB65	119,377,400.00	North America Corporate	SU
VF Corp	US918204AN83	119,377,400.00	North America Corporate	SU
Vodafone Group Plc	XS0169888558	119,377,400.00	European Corporate	SU
Volvo AB	XS0157960815	119,377,400.00	European Corporate	SU
Vulcan Materials Co	US929160AF66	89,533,050.00	North America Corporate	SU
Wal-Mart Stores, Inc.	XS0121617517	119,377,400.00	North America Corporate	SU
Wells Fargo & Company	US949746CR04	119,377,400.00	North America Corporate	Subordinated Obligation
Weyerhaeuser Co	US962166AS33	119,377,400.00	North America Corporate	SU
Whirlpool Corp	US963320AH94	59,688,700.00	Standard North American Corporate	SU
Wisconsin Energy Corp	US976657AC03	119,377,400.00	North America Corporate	SU
WPP 2005 Limited	XS0294391684	59,688,700.00	Standard European Contract	SU
XL Capital Ltd	US98372PAF53	119,377,400.00	North America Corporate	SU
Total 146		14,429,743,225.00		

Table 4. The asset pool of the E.Sun Bank's 2007-1 special-purpose securitized bond-asset trust has remaining NT Dollar bond principal in the amount of NT\$1 billion and US Dollar bond capital of US\$149.375 million. Details are covered in the following chart

Case	Details of Asset Group Assets	Class	Currency/Unit	Bond Principal Outstanding
1	First issuance of unsecured subordinated corporate bonds by the Chinatrust Financial Holding in 2003, E tranche	Subordinated	NT\$/ dollar	500,000,000
2	First issuance of financial bonds by Hua Nan Commercian Bank in 2004, first period, 1B tranche	Senior	NT\$/ dollar	300,000,000
3	First issuance of financial bonds by Hua Nan Commercial Bank in 2004, first period, 1F tranche	Senior	NT\$/ dollar	200,000,000
4	Triaxx Funding High Grade I, Ltd. Class C		US\$/dollar	149,375,000

Bank Secured Securitized Product Guarantee Institution or Amount of Liquidity Funding Provided

Dec. 31, 2009

Unit: NT\$1,000

Name of Instrument	Currency	Founding Agency	Maturity Date	Coupon Rate	Credit Rating	Role Played	Amount	Attachment Point	Content of Asset Pool
Beneficiary securities for securitized receivables of Chi Mei Optoelectronics	NT Dollar	Chi Mei Optoelectronics	2011/10/5	0.4080%	twA-2	Liquidity financing provider	2,000,000	35.62%	Chi Mei Optoelectronics receivables

(3) Operational Risk Management System and Accrued Capital

A. Operational Risk Management System

Fiscal Year 2009

Items	Contents
Operational Risk Management Strategies and Procedures	The Department of Auditing of the Board of Directors evaluates the effectiveness the design and implementation of internal controls on a regular basis in accordance with the stipulations on the risk management mechanism contained in the "Implementation Rules for Bank Internal Audit and Internal Control System." The Bank has established multi-level authorization rules and reporting procedures, in its business rules and operating manuals, in regard to bank customers, products and business activities, business sources, sales channels, and transaction complexity and volume, and in consideration of potential risk. In its SOP the Bank also stipulates that in their review work officers should pay attention to risk control, strengthen identification, emphasize potential risk, formulate evaluation procedures, and establish a frequency of risk monitoring on a regular basis.
Organizational Framework of Operational Risk Management	<ol style="list-style-type: none"> 1. The Board of Directors is the Bank's operational risk management supreme policymaking unit, which approves the Bank operation management policies and makes sure the Bank effectively carries out the operational risk management mechanism. 2. The Risk Management Committee implements operational risk management policies approved by the Board of Directors, establishes and maintains operational risk management mechanism, coordinates interdepartmental operational risk management matters. 3. The Department of Risk Management is responsible for establishing a systematic criteria to identify, measure, evaluate and monitor operational risk management, and submits reports to the Risk Management Committee on bank-wide operation risk information. 4. The Department of Auditing of Board of Directors is the Bank's independent auditing unit, and evaluates the effectiveness the design and implementation of operational risk management.
Scope and Characteristics of the Operational Risk Reporting and Measurement System	The Risk Control Committee meets regularly and submits reports on bank-wide risk management monitoring. The reports encompass the compilation, filing, and analysis of operational risk losses; the establishment of a standard operating procedure (SOP) zone within the Bank's global information website for enquiry by bank staff; and risk-culture education, all designed to reduce operating risk.
Operational Risk Hedging or Risk Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Risk Hedging and Mitigation Instruments.	<ol style="list-style-type: none"> 1. To reduce operational risk, the Bank has established regulations and operations manuals to serve as a basis for undertaking relevant business operations. 2. The Bank currently uses the basic indicator approach for operational risk capital requirement, and does not use the risk mitigation technique. The Bank hedges against operational risk by taking out insurance for its transfer in accordance to its accumulated experience and operating procedures, as well as in consideration of various types of business cost/effectiveness analysis. The Bank currently adopts the transfer of risk through employee fidelity insurance, business premises property insurance, shipping property insurance, and other insurance.
Method of Legal Capital Allocation	Basic Indicator Approach

B. Operational Risk Management Accrued Capital

Dec. 31, 2009

Unit: NT\$1,000

Fiscal Year	Operating gross profit	Accrued Capital
2007	25,743,144	
2008	25,862,675	
2009	25,024,985	
Total	76,630,804	
		3,831,540

(4) Market Risk Management System and Accrued Capital

A. Market Risk Management System

Fiscal Year 2009

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

B. Market Risk Accrued Capital

Dec. 31, 2009

Unit: NT\$1,000

Risk Category	Accrued Capital
Interest rate risk	1,612,119
Equity security risk	1,050,494
Foreign exchange risk	230,406
Commodity risk	
Total	2,893,019

(5) Liquidity Risk

The Bank uses two methods to manage liquidity risk: total amount management, and flow management. Total amount management is carried out according to the Central Bank's "Liquidity Reserve Checking Guidelines for Financial Institutions," and liquidity reserves are allocated in reference to fluctuations in the Bank's flow of funds. The implementation of flow management depends on the time and place of 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, 2009

Unit : NT\$ 1,000

Items	Total	Amounts by Time Remaining before Maturity				
		1~30 days	31~90 days	91~180 days	181 days~ 1 year	over 1 year
Major inflows of matured funds	3,708,126,774	740,472,473	486,333,797	282,170,650	273,016,215	1,926,133,639
Major outflows of matured funds	4,283,223,732	503,243,869	494,657,653	493,963,038	1,112,494,845	1,678,864,327
Period gap	(575,096,958)	237,228,604	(8,323,856)	(211,792,388)	(839,478,630)	247,269,312

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, 2009

Unit : US\$ 1,000

Items	Total	Amounts by Time Remaining before Maturity				
		1~30 days	31~90 days	91~180 days	181 days~ 1 year	over 1 year
Assets	16,390,375	6,302,312	4,369,693	2,635,455	1,962,368	1,120,547
Liabilities	16,351,558	10,122,855	2,506,197	1,776,354	1,553,742	392,410
Gap	38,817	(3,820,543)	1,863,496	859,101	408,626	728,137
Accumulated Gap	38,817	(3,820,543)	(1,957,047)	(1,097,946)	(689,320)	38,817

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

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

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

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

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.

The Bank holds key industry status and prospects seminars periodically, purchases industrial, economic, and specialized databanks. 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.

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

As a state-owned bank, the Bank of Taiwan has always given full support to the government's fiscal and economic policies. It has also established a comprehensive risk-management mechanism and stable operation, and has

won the long-term trust of the public. To build customers' confidence and trust in Taiwan's banking industry at a time of shrinking credit in the market, the BOT continued to play an important role in stabilizing the financial market and coordinating with the government's financial policy so as to provide strong backing for corporate and personal financing; in addition, the Bank expressed its moral courage and determination through sincerity in operation, revising its operating principles as "Integrity, Care, Efficiency, Prudence" The aim is to pursue the strongest assurance for customers' wealth and entrustment with a sincere service attitude and top priority on the Bank's commitment to protect the interests of its customers as it seeks to optimize its corporate value on the way to fulfillment of the vision of "deeply cultivating Taiwan finance while advancing into the international market."

Besides meeting its profit target for 2009, the BOT also won honors and plaudits in numerous areas of business. These include first place in customer satisfaction, loyalty, and penetration in the "2009 Survey of Internet Banking Use and Satisfaction in the Taiwan Area" conducted by the 104 Survey Center. In the area of information security the BOT won first place in the Golden Security Awards assessment by the Joint Credit Information Center in 2009, and first place in the banking category in the "2009 Top 50 Corporate Websites" survey carried out by Business Next magazine.

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

(None)

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

The BOT enjoys outstanding credit, a broad and stable market base, a correspondent banking system that covers Taiwan and the world, and a fine management system. 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 a solid operating niche.

The Bank of China in Beijing granted permission for the establishment of the Shanghai Representative Office of the BOT. The Representative Office was formally established on Feb 1, 2010. In the future the BOT will move in line with cross-straits financial liberalization and upgrade the Shanghai Representative Office to a full branch. The establishment of business locations in China will strengthen the Bank's international network and expand services for Taiwanese businesses in Taiwan, Hong Kong, and China while enhancing its operating performance.

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

The Bank's main source of income is interest, and for this reason changes in interest rates have a relatively large influence on the Bank's income. To reduce the risk caused by interest-rate fluctuations, the Bank will 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.

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

The BOT is currently a government-owned bank and the Taiwan Financial Holdings is its only shareholder. Since the government holds 100% shares of Taiwan Financial Holdings, there have been no changes in the BOT's operating rights.

9. Litigation or Non-litigation Matters

(None)

10. Other Major Risks

(None)

VII. Crisis Management Mechanism

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

VIII. Other Important Matters

(None)

Special Disclosure

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



I. Information on Affiliated Enterprises

1. Independent Auditors' Review Opinion

Independent Auditors' Review Opinion

The Board of Directors

Bank of Taiwan:

We have reviewed the relationship report of Bank of Taiwan for the year ended 2009 in accordance with the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan ruling Tai Tsai Jeng (6) No. 04448 announced on November 30, 1999. Our work is to express an opinion on the relationship report of Bank of Taiwan for the year ended 2009, whether it was prepared in accordance with the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and not significantly inconsistent with the notes for the financial report for the same period audited on March 25, 2010.

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

KPMG Certified Public Accountants

March 25, 2010

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

2. Relations Between Subordinate Companies and Controlling Company

Name of Controlling Company	Reason for Control	Controlling Company Shareholding and Pledged Shares			Directors, Supervisors, and Managers Appointed by the Controlling Company	
		Shares Owned	Ratio of Shares Owned	No. of Pledged Shares	Position	Name
Taiwan Financial Holding Co., Ltd.	Subordinate Relationship with 100% Shareholding	4,500,000,000 Shares	100%	None	Chairperson	Susan S. Chang
					Managing Director and President	Ming-Daw Chang
					Independent Managing Director	Yi-Hsiung Hsu
					Managing Director	Sheng-Ford Chang
					Managing Director	Cheng-Chen Yang
					Independent Director	Chung-Hua Shen
					Independent Director	Tien-wei Lou
					Director	Ming-Shyang Yang
					Director	Chih-Hung Chang
					Director	Hsiu-Hua Rau
					Director	Jiin-Tarng Yue
					Director	Kuang-Huei Lee
					Director	Chang-Sheng Lin
					Director	Hsi-Chuan Chen
					Director	Chun-Hsiung Chen

3. Transactions Between Subordinate and Controlling Company

- (1) Purchase and sale of goods: None
 (2) Property transactions: None
 (3) Working capital financing: None
 (4) Asset leasing:

Unit: NT \$1,000

Type of Transaction (lease out or lease in)	Leased Item		Term of Lease	Nature of Lease	Basis for Lease Cost Decision	Method of Payment	Comparison with General Lease Standards	Total Lease Payment for Current Period	Status of Collection or Payment for Current Period	Other Commitments
	Name	Location								
Lease out	House	3F., 120 Sec 1, Chongcing South Road, Taipei 1F., 1 and 3, PaoCing Road, Taipei	97.1.1~101.12.31	Business lease	House lease contract	Collection within first 5 days of each month	Normal	15,564	Collected	

(5) Other Important Transactions:

a. Deposits

	Dec. 31, 2009	
	Amount	Percentage of deposits (%)
Taiwan Financial Holding Co., Ltd.	\$ 1,406,913	0.04

b. Receivables

	Dec. 31, 2009	
	Amount	Percentage of deposits (%)
Taiwan Financial Holding Co., Ltd.	\$ 595,182	0.65

c. Payables

	Dec. 31, 2009	
	Amount	Percentage of deposits (%)
Taiwan Financial Holding Co., Ltd.	\$ 34,921	0.06

d. Other non-interest incomes

	Dec. 31, 2009	
	Amount	Percentage of deposits (%)
Taiwan Financial Holding Co., Ltd.	\$ 20,062	0.07

e. Loans

Dec. 31, 2009							
Type	Number of accounts or name of related party	Highest amount	Amount	Default possibility		Pledge	Any condition of transaction
				Normal loan	Overdue accounts		
Others loans	Taiwan Financial Holding Co., Ltd.	2,000,000	2,000,000	2,000,000	-	Letter of guarantee	None

(6) Cost share of common assets

	FY 2009	
	Amount	Percentage of deposits (%)
Taiwan Financial Holding Co., Ltd.	\$ 4,498	0.02

4. Endorsements and Guarantees Between Subordinate and Controlling Companies:

(None)

II. Private Placement of Securities and Bank Debentures

(None)

III. Holdings or Disposition of BOT Shares by Subsidiaries

(None)

IV. Other Matters for Supplementary Explanation

(None)

V. Incidents Occurring During the Previous Year and to Date of Annual Report Publication Which, as Stipulated in Article 36, Section 2, Subsection 2 of the Securities Transaction Law, Had a Major Impact on Shareholder Interests or Share Prices

(None)

Declaration Letter

The relationship report for the year ended 2009 (from January 1 to December 31, 2009) of the Company was prepared in accordance with the regulation of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". There was no significant inconsistency on the related information between this report and notes for the financial report for the above period.

Declare here specially

Bank of Taiwan

Chairperson : 

March 25, 2010

Directory of Head Office and Branches

- I. Domestic Business Units
- II. Overseas Units



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
Head Office				
0037	Department of Business	No.120 Sec. 1, Chongcing South Road, Jhongjheng District, Taipei City	02-23493456	02-23759708
1975	Bao Qing Mini Branch	No.35 Baocing Road Taipei City	02-23311141	02-23319444
0059	Department of Public Treasury	120, Sec. 1, Gueiyang Street, Taipei	02-23494123	02-23819831
0082	Department of Trusts	6F., No.49, Sec. 1, Wuchang Street, Jhongjheng District, Taipei City	02-23493456	02-23146041
2329	Department of Procurement	45, Sec. 1, Wuchang Street, Taipei City	02-23493456	02-23832010
2330	Department of Precious Metals	2-3F., Building B, No.49 Sec. 1, Wuchang St., Taipei City	02-23493456	02-23821047
2352	Department of Government Employees Insurance	6F., No. 140, Sec. 3, Sinyi Rd., Taipei City	02-27013411	02-27015622
0691	Offshore Banking Department	1st Fl., No.162 Boai Road, Taipei City	02-23493456	02-23894500
Northern Area				
0071	Guancian Branch	No.49 Guancian Road, Jhongjheng District, Taipei City	02-23812949	02-23753800
0336	Nanmen Branch	No.120 Sec. 1, Nanchang Road, Jhongjheng District, Taipei City	02-23512121	02-23964281
0347	Kungkuan Branch	No.120 Sec. 4, Roosevelt Road, Jhongjheng District, Taipei City	02-23672581	02-23698237
0451	Chengchung Branch	No.47 Cingdao East Road, Jhongjheng District, Taipei City	02-23218934	02-23918761
1229	Jenai Branch	No.99 Sec. 2, Ren-ai Road, Jhongjheng District, Taipei City	02-23975936	02-23975927
1621	Chunhsien Branch	No.1 Jhongshan South Road, Jhongjheng District, Taipei City	02-23411001	02-23578831
1942	Tungmen Mini Branch	No.42 Sec. 1, Renai Road Taipei City	02-23943168	02-23916855
1986	Taidian Mini Branch	No.242 Sec. 3, Roosevelt Road Taipei City	02-23667506	02-23672354
2363	Wuchang Branch	No.49 Sec. 1, Wuchang St., Jhongjheng District, Taipei City	02-23493456	02-23141340
0808	Minsheng Branch	No.167 Fusing No.rth Road, Songshan District, Taipei City	02-27192081	02-27188897
1067	Tunhwa Branch	1F, No.205 Dunhua No.rth Road, Songshan District, Taipei City	02-25455111	02-25450913
1104	Chunglun Branch	No.108 Sec. 5, Nanjing East Road, Songshan District, Taipei City	02-27698618	02-27603224
0646	Sungshan Branch	No.560 Sec. 4, Jhongsiao East Road, Sinyi District, Taipei City	02-27293111	02-27230014
0853	Taipei World Trade Center Branch	3F, No.333 Sec. 1, Keelung Road, Sinyi District, Taipei City	02-27200315	02-27576156
1931	Yongji Mini Branch	3F, No.3 Songren Road Taipei City	02-27209856	02-27209970
0532	Chunghsiao Branch	No.202 Sec. 1, Dunhua South Road, Da-an District, Taipei City	02-27516091	02-27411704
0543	Hsinyi Branch	No.88 Sec. 2, Sinyi Road, Da-an District, Taipei City	02-23515486	02-23973887
0864	Taan Branch	1F, No.69, Sec. 2, Dunhua S. Rd., Da-an District, Taipei	02-27553121	02-27093243
1089	Hoping Branch	No.180 Sec. 1, Heping East Road, Da-an District, Taipei City	02-23687027	02-23629687
2396	Jinshan Branch	No.189 Sec. 2 Jinshan S. Rd., Da-an District, Taipei City	02-23413006	02-23413134

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
2400	Sinan Branch	No.132 Sec. 3 Sinyi Rd., Da-an District, Taipei City	02-27057905	02-27057906
1953	Aiguo Mini Branch	No.31 Aiguo East Road Taipei City	02-23960017	02-23578646
0200	Chungshan Branch	No.150 Sec. 1, Jhongshan North Road, Jhongshan District, Taipei City	02-25423434	02-25710210
0509	Sungchiang Branch	No.115 Songjiang Road, Jhongshan District, Taipei City	02-25069421	02-25078786
1241	Yuanshan Branch	No.577 Linsen No.rth Road, Jhongshan District, Taipei City	02-25976699	02-25932760
2385	Taipei Branch	No.80 Songjiang Rd., Jhongshan District, Taipei City	02-25435790	02-25236924
0196	Yenping Branch	No.406 Nanjing West Road, Datong District, Taipei City	02-25522859	02-25524317
0462	Minchuan Branch	No.239 Sec. 2, Chengde Road, Datong District, Taipei City	02-25530121	02-25529463
0521	Lungshan Branch	No.380 Kangding Road, Wanhua District, Taipei City	02-23088111	02-23366978
2422	Wanhua Branch	No.26 Sec. 2 Gueiyang St., Wanhua District, Taipei City	02-23830066	02-23830067
1654	Wenshan Branch	No.218 Sec. 6, Roosevelt Road, Wunshan District, Taipei City	02-86633456	02-86635656
2293	Muzha Branch	No.145 Sec. 1, Singuang Rd., Wunshan District, Taipei City	02-86615115	02-86617690
1078	Nankang Branch	1F, No.95 Sec. 2, Nangang Road, Nangang District, Taipei City	02-26516706	02-27839049
2259	Nankang Software Park Branch	2F-2, No.66 Sanchong Rd., Nangang District, Taipei City	02-27833009	02-27833900
1539	Neihu Branch	No.396 Sec. 1, Neihu Road, Neihu District, Taipei City	02-87977933	02-87977957
2237	Donghu Branch	No.458 Sec. 5, Chenggong Rd., Neihu District, Taipei	02-26305768	02-26307233
2709	Xinhu Branch	No.188 Xing-ai Road, Neihu district, Taipei City	02-87927988	02-87928118
0705	Shihlin Branch	No.197 Sec. 6, Jhongshan North Road, Shihlin District, Taipei City	02-28367080	02-28362523
1425	Tienmou Branch	No.18 Sec. 7, Jhongshan North Road, Shihlin District, Taipei City	02-28755222	02-28755219
2411	Jiantan Branch	No.174 Sec. 4 Chengde Rd., Shihlin District, Taipei City	02-28831633	02-28831364
0369	Peitou Branch	No.152 Sec. 1, Jhongyang South Road, Beitou District, Taipei City	02-28951200	02-28973345
0277	Panchiao Branch	No.21 Fujhong Road, Banciao City, Taipei County	02-29680172	02-29676416
2053	Peifu Mini Branch	B1 No.161 Sec. 1 Jhongshan Road Banciao City, Taipei County	02-89535968	02-89535268
0875	Huachiang Branch	No.293-2 Sec. 1, Jhongshan Road, Banciao City, Taipei County	02-29610101	02-29637802
2433	Bansin Branch	No.268 Sec. 1 Wunhua Rd., Banciao City Taipei County	02-25540560	02-22540570
0428	Sanchung Branch	No.39 Sec. 4, Chongsin Road, Sanchong City, Taipei County	02-29719621	02-29719736
0484	Yunghe Branch	No.97 Sec. 1, Yonghe Road, Yonghe City, Taipei County	02-29216611	02-29233793
0668	Chunghe Branch	No.253 Sec. 2, Jhongshan Road, Jhonghe City, Taipei County	02-22488980	02-22461474
2444	Shuanghe Branch	No.126 Jhonghe Rd., Jhonghe City, Taipei County	02-82457558	02-82452722
0716	Hsinchuang Branch	No.85 Sintai Road, Sinjhuang City, Taipei County	02-22056699	02-22031524
2455	Nan HsinChuang Branch	No.653 、653-1 Jhongjheng Rd., Hsin Chuang City, Taipei County	02-29012999	02-29012119
0750	Hsintien Branch	No.45 Baojhong Road, Sindian City, Taipei County	02-29180795	02-29105461
1115	Tucheng Branch	No.344 Sec. 2, Jhongyang Road, Tucheng City, Taipei County	02-22703791	02-22603314
1872	Lu Jou Branch	No.50 Sanmin Road, Lujhou City, Taipei County	02-82868686	02-82868989
1562	Hsichih Branch	No.175 Sec. 2, Datong Road, Sihih City, Taipei County	02-86926822	02-86926828
0749	Shulin Branch	No.29 Wunhua Street, Shulin City, Taipei County	02-26866511	02-26861307

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
1481	Tamsui Branch	No.93 Jhongshan Road, Danshuei Township, Taipei County	02-26281111	02-26281122
2189	Taipei Port Branch	2F, No.123 Shanggang Rd., Bali Township, Taipei County	02-26196269	02-26196272
1355	Wuku Branch	No.42 Sec. 4, Jhongsing Road, Wugu Township, Taipei County	02-22936699	02-22918201
0129	Keelung Branch	No.16 YiYi Road, Jhongjheng District, Keelung City	02-24247113	02-24220436
0266	Taoyuan Branch	No.46 Jhongjheng Road, Taoyuan City, Taoyuan County	03-3352801	03-3322007
1861	East Taoyuan Branch	No.300 Jingguo Road, Taoyuan City, Taoyuan County	03-3263888	03-3265666
2466	Taosing Branch	No.28-8 Yanping Rd., Taoyuan City, Taoyuan County	03-3645566	03-3643322
0417	Chungli Branch	No.580 Yanping Road, Jhongli City, Taoyuan County	03-4252160	03-4258751
1447	Neili Branch	No.125 Singong Road, Jhongli City, Taoyuan County	03-4618519	03-4519650
1724	Chienkuo Branch	No.169 Jiansing Road, Jhongli City, Taoyuan County	03-4670081	03-4670010
2477	Sinming Branch	No.7 Sinming Rd., Jhongli City, Taoyuan County	03-4951301	03-4943210
1218	Pingchen Branch	No.11 Sec. 2, Huannan Road, Pingjhen City, Taoyuan County	03-4945688	03-4945699
2282	Linkou Branch	No.368 Fusing 1st Rd., Gueishan Township, Taoyuan County	03-3277299	03-3277706
1230	Nankan Branch	No.81 Sec. 1, Nankan Road, Lujhu Township, Taoyuan County	03-3529191	03-3520916
1159	Taoyuan International Airport Branch	No.15 Hangjhan South Road Pusin Village Dayuan Township, Taoyuan County	03-3982166	03-3834834
2260	Longtan Branch	No.142 Donglong Rd., Longtan Township, Taoyuan County	03-4790888	03-4700999
0152	Hsinchu Branch	No.29 Linsen Road, Hsinchu City	03-5266161	03-5266446
0738	Science-Based Industrial Park Branch	2F, No.5 Gongye East 6th Rd., Science-Based Industrial Park, Hsinchu City	03-5770050	03-5777936
1643	Peitalu Branch	No.68 Beida Road, Hsinchu City	03-5354381	03-5354380
0680	Chupei Branch	No.16 Guangming 6th Road, Jhubei City, Hsinchu County	03-5513111	03-5517322
2488	Lioujia Branch	No.312 Dong Sec. 1 Guangming 6th Rd., Jhubei City, Hsinchu County	03-6585858	03-6587500
0299	Miaoli Branch	No.510 Jhongjheng Road, Miaoli City, Miaoli County	037-326791	037-320709
0439	Toufen Branch	No.65 Jhongjheng Road, Toufen Township, Miaoli County	037-663451	037-672213
Central Area				
0107	Taichung Branch	No.140 Sec. 1, Zihyou Road, West District, Taichung City	04-22224001	04-22224274
0554	Fuhsing Branch	No.102 Sec. 4, Fusing Road, East District, Taichung City	04-22244181	04-22205856
0657	Chienhsing Branch	No.144 Jhongjheng Road, Central District, Taichung City	04-22242141	04-22293851
0794	Liming Branch	No.607 Daye Rd., Nantun District, Taichung City	04-22551178	04-22524822
0923	Taichung Industrial Park Branch	No.196 Industrial Park 1st Road, Situn District, Taichung City	04-23597850	04-23599868
1090	Shuinan Branch	No.416 Sec. 2, Chongde Road, Beitun District, Taichung City	04-22468130	04-22466855
1414	Hsitwun Branch	No.41 Sec. 2, Cinghai Road, Situn District, Taichung City	04-23128528	04-23117106
2499	North Taichung Branch	No.17 Taiping Rd., North District Taichung City	04-22257412	04-22257413
2503	Central Taichung Branch	No.95 Mincyuan Rd., West District, Taichung City	04-22281191	04-22247323
0303	Fengyuan Branch	No.302 Jhongjheng Road, Fongyuan City, Taichung County	04-25278686	04-25256981
0370	Wufeng Branch	No.838 Jhongjheng Road, Wufong Township, Taichung County	04-23302216	04-23327104
0473	Tantzu Branch	No.1 Jianguo Road, Tanzih Township, Taichung County	04-25323133	04-25339071
0576	Taichung Harbor Branch	No.2 Sihwei Road, Wuci Township, Taichung County	04-26562311	04-26580625
0727	Tachia Branch	No.61 Minsheng Road, Dajia Township, Taichung County	04-26868111	04-26865224

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0901	Taya Branch	No.106 Jhongcing South Road, Daya Township, Taichung County	04-25683330	04-25680164
1366	Tali Branch	No.481 Sec. 2, Guoguang Road, Dali City, Taichung County	04-24180211	04-24180801
1573	Wuchi Branch	No.2 Jian 5th Road, Export Processing Zone, Wuci Township, Taichung County	04-26565111	04-26570157
1702	Taiping Branch	No.146 Jhongsing East Road, Taiping City, Taichung County	04-22736666	04-22736120
1713	Defang Branch	No.63 Sec. 1, Defang Road, Dali City, Taichung County	04-24853280	04-24826661
2204	Taichung Science Park Branch	2F.-5 -6, No.6 Zhongke Rd., Daya Township, Taichung County	04-25658111	04-25658220
0130	Chunghsing New Village Branch	No.11 Guanghua Road, Jhongsing Village, Nantou City, Nantou County	049-2332101	049-2350457
0325	Nantou Branch	No.101 Fusing Road, Nantou City, Nantou County	049-2232121	049-2229845
0598	Puli Branch	No.112 Dongrong Road, Puli Township, Nantou County	049-2983991	049-2995949
0163	Changhua Branch	No.130 Chenggong Road, Changhua City, Changhua County	04-7225191	04-7257871
0495	Yuanlin Branch	No.63 Minsheng Road, Yuanlin Township, Changhua County	04-8323191	04-8330663
1436	Lukang Branch	No.2 Lugong Road, Lugang Township, Changhua County	04-7810168	04-7810268
2514	Yuanjhong Branch	No.180 Jyuguang Rd., Yuanlin Township Changhua County	04-8366911	04-8366922
0314	Touliu Branch	No.27 Wunhua Road, Douliou City, Yunlin County	05-5324155	05-5338309
1470	Huwei Branch	No.369 Sec. 2, Linsen Road, Huwei Township, Yunlin County	05-6337367	05-6321611
0141	Chiayi Branch	No.306 Jhongshan Road, Chiayi City	05-2224471	05-2258400
1540	Chiabei Branch	No.602 Jhongsiao Road, Chiayi City	05-2718911	05-2718922
2525	Jianan Branch	No.353 Jhongsing Rd., Chiayi City	05-2348686	05-2348661
0679	Taipao Branch	No.2 East Section, Sianghe 1st Road, Sianghe Village, Taibao City, Chiayi County	05-3620016	05-3620021
Southern Area				
0093	Tainan Branch	No.155 Sec. 1, Fucian Road, Central District, Tainan City	06-2160168	06-2160188
0406	Anping Branch	No.240 Jhongjheng Road, West Central District, Tainan City	06-2292181	06-2241520
1377	Annan Branch	No.298 Sec. 2, Anhe Road, Annan District, Tainan City	06-3555111	06-3565881
2307	Tainan Innovation & Research Park Branch	1F, No.31 Gongye 2nd Road, Annan District, Tainan City	06-3842585	06-3842568
2536	Nandu Branch	No.180 Sec. 2 Jhongyi Rd., West Central District, Tainan City	06-2219999	06-2206977
0288	Hsinying Branch	No.10 Jhongjheng Road, Sinying City, Tainan County	06-6351111	06-6321843
0819	Yungkang Branch	No.513 Siaodong Road, Yongkang City, Tainan County	06-3125411	06-3138709
1469	Tainan Science-Based Industrial Park Branch	2F, No.15 Nanke 3rd Road, Sinshih Township, Tainan County	06-5051701	06-5051709
2271	Rende Branch	No.899 Sec. 2, Jhongjheng Rd., Rende Township, Tainan County	06-2492389	06-2498078
2721	Lioujiading Branch	No.41 Zhongzheng S. Road, Yongkang City, Tainan County	06-2810991	062810360
0118	Kaohsiung Branch	No.264 Jhongjheng 4th Road, Cianjin District, Kaohsiung City	07-2515131	07-2211257
0211	Kaohsiung Expot Processing Zone Branch	No.1 Jhongyi Road, Export Processing, Cianjhen District, Kaohsiung City	07-8215141	07-8115648
0358	Tzoyin Branch	No.19 Zuoying Avenue, Zuoying District, Kaohsiung City	07-5819141	07-5850051
0440	Chienchen Branch	No.1-3 Kuojian Road, Cianjhen District, Kaohsiung City	07-8115171	07-8413413

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0510	Kusan Branch	No.23 Linhai 1st Road, Gushan District, Kaohsiung City	07-5218291	07-5315544
0565	Sanming Branch	No.567 Jiouru 2nd Road, Sanmin District, Kaohsiung City	07-3127143	07-3215350
0613	Hsingsing Branch	No.133 Minzu 2nd Road, Sinsing District, Kaohsiung City	07-2384611	07-2387374
0624	Lingya Branch	No.261 Cingnian 1st Road, Lingya District, Kaohsiung City	07-3358700	07-3327904
0820	Sandou Branch	No.142 Singuang Road, Lingya District, Kaohsiung City	07-3349341	07-3336835
0912	Nantze Branch	No.201 Nanzih Road, Nanzih District, Kaohsiung City	07-3532115	07-3531484
1160	Tachang Branch	No.540 Jiouru 1st Road, Sanmin District, Kaohsiung City	07-3891036	07-3806046
1193	Poi Branch	No.394 Yucheng Road, Zuoying District, Kaohsiung City	07-5567690	07-5562613
1595	Hsiaokang Branch	No.410 Hongping Road, Siaogang District, Kaohsiung City	07-8010399	07-8066029
1919	Kaohsiung Airport Branch	No.2 Jhongshan 4th Road, Siaogang District, Kaohsiung City	07-8017564	07-8022004
2547	Cianjin Branch	No.259 Jhongjheng 4th Rd., Cianjin District, Kaohsiung City	07-2413200	07-2414519
2558	North Kaohsiung Branch	No.106 Bo-ai 2nd Rd., Zuoying District, Kaohsiung City	07-5581900	07-5583917
2569	Chenggong Branch	No.261 Chenggong 1st Rd., Cianjin District, Kaohsiung City	07-2512031	07-2517471
2248	Gaorong Branch	No.415 Chongsin Rd., Zuoying District, Kaohsiung	07-3432258	07-3431198
2710	Wufu Branch	No.52 Sihwei 2nd Road, Lingya District, Kaohsiung City	07-7271606	07-7271617
0255	Fengshan Branch	No.20 Caogong Road, Fongshan City, Kaohsiung County	07-7416131	07-7433478
0602	Kangshan Branch	No.16 Shoutian Road, Gangshan Township, Kaohsiung County	07-6216141	07-6214853
1182	Wuchia Branch	No.168 Wujia 2nd Road, Fongshan City, Kaohsiung County	07-7170730	07-7233469
1207	Chungchuang Branch	No.339 Fongping 1st Road, Daliao Township, Kaohsiung County	07-7038838	07-7038964
2215	Kaohsiung Science Park Branch	1F, No.82 Luke 5th Rd., Lujhu Township, Kaohsiung County	07-6955268	07-6955278
0174	Pingtung Branch	No.43 Jhongshan Road, Pingtung City, Pingtung County	08-7328141	08-7322309
0886	Chaochou Branch	No.13-2 Sinsheng Road, Chaozhou Township, Pingtung County	08-7883084	08-7883614
1551	Tungkang Branch	No.114 Jhongjheng Road, Donggang Township, Pingtung County	08-8323131	08-8352545
1609	Chungping Branch	No.9 Jhonghua Road, Pingtung City, Pingtung County	08-7677001	08-7320199
1768	Yenpu Branch	No.37 Shengli Road, Yanjhong Village, Yanpu Township, Pingtung County	08-7932111	08-7932091
1805	Hsinyuan Branch	No.65 Sianji Road, Sianji Village, Sinyuan Township, Pingtung County	08-8687705	08-8687505
Eastern Area				
0222	Ilan Branch	No.1 Sec. 3 Jhongshan Road, Yilan City, Yilan County	03-9355121	03-9355822
0587	Lotung Branch	No.93 Gongjheng Road, Luodong Township, Yilan County	03-9576866	03-9560622
0897	Suao Branch	No.97 Sec. 1 Jhongshan Road, Su-ao Township, Yilan County	03-9962566	03-9963370
0233	Taitung Branch	No.313 Jhongshan Road, Taitung City, taitung County	089-324201	089-311608
0185	Hualien Branch	No.3 Gongyuan Road, Hualien City, Hualien County	03-8322151	03-8322404
2570	North Hualien Branch	No.61 Guangfu St., Hualien City Hualien County	03-8361163	03-8361165
Isolated Islands				
0244	Penghu Branch	No.24 Ren-ai Road, Magong City, Penghu County	06-9279935	06-9272347
0381	Kinmen Branch	No.4 Fusing Road, Jinhu Township, Kinmen County, Fuchien Province	082-333711	082-333719
0392	Matsu Branch	No.257 jieshou Village, Nangan Township, Lienchiang County, Fuchien Province	0836-26046	0836-25801

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	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	23/F, Central Tower, 28 Queen's Road Central, 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 Building, 2-2 Uchisaiwaicho 2-Chome Chiyoda-Ku, Tokyo 100-0011, Japan	81-3-3504-8881	BKTWJPJT	813-3504-8880
South Africa Branch	No. 11, Cradock Ave. Rosebank 2196, Johannesburg, South Africa	27-11-880-8008	BKTWZAJJ	27-11-447-1868
London Branch	Level 5, City Tower, 40 Basinghall Street, London, EC2V 5DE, U.K.	44-20-7382-4530	BKTWGB2L	44-20-7374-8899
Shanghai Representative Office	21st Floor 168 Yincheng Zhong Road Pudong Shanghai P.R.C. 200120	86-21-5116-7168	—	86-21-5116-7116

Note : 1. Trade Center of Taiwan in Panama was closed on June 30, 2009.

2. Shanghai Representative Office was established on Feb. 1, 2010.

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