

2010 Annual Report

Bank of Panhsin Head Office Address: No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.) Tel: (02)2962-9170 Website: www.bop.com.tw

Spokesman

Name: Fu-Chai Teng Title: V.P. Address: No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.) Tel: (02)2962-9170 E-mail: 47406@bop.com.tw

Deputy Spokesman

Name: Chi-Hsun Chang Title: G.M. of Human Resource Department Address: No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.) Tel: (02)2962-9170 E-mail: 43009@bop.com.tw

Stock Registration Office

Name: Bank of Panhsin, General Affair Department Address: 9F., No.330, Zhongzheng Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.) Tel: (02)2968-9199

Credit Rating Services Organization

Taiwan Ratings Corporation Address: 49F, No.7, Sec.5, Xingyi Rd., Taipei City, Taiwan (R.O.C.) Tel: (02)8722-5800 Website: www.taiwanratings.com

Certified Public Accountants for Financial Satements

KPMG Certified Public Accountants Name of Accountants: Andrew Yu, Li Li Lu Address: 68F, No.7, Sec. 5, Xingyi Rd., Taipei City, Taiwan (R.O.C.) Tel: (02)8101-6666 Website: www.kpmg.com.tw

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Bank Overview

Bank of Panhsin (BOP) was founded on April 25, 1957, formerly known as the Banqiao Credit Cooperative , and has ever since kept its operating principle of "Customer First" in mind to pursuit in expanding its business scale at a steady pace. In order to cope with such a rapidly liberalized financial environment and in compliance with the article of "Standards and Methods for Reorganization of Credit Cooperative into Commercial Bank" announced in December 6, 1995, PCC had acquired the Kaohsiung Fifth Credit Cooperative on September 29, 1997, officially transformed into a commercial bank, and renamed BOP the following day. The business premise has thus broken out of Greater Taipei Area. BOP had also acquired the Chiayi First Credit Cooperative on March 7, 2005, the total branches have increased up to 47 (including one OBU).

In order to offer competitive service to our customers, we have reallocated headquarters to Panhsin Twin Towers in New Banqiao Station Special Zone on March 17th 2011. Hence, BOP will persist in retaining its management concepts of "Integrity, Practicality, and Innovation" to expand its operating scale, improve its asset quality, and ultimately maximize its profits. BOP is determined in pursuit of becoming a highly competitive comprehensive midsized commercial bank.

I . Date of Incorporation

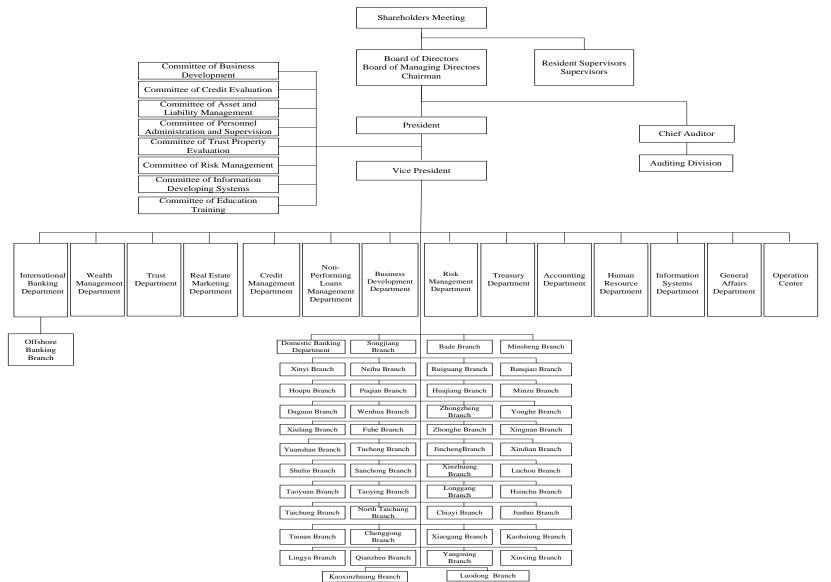
Banqiao Credit Cooperative was founded on April 25, 1957, then transformed into a commercial bank and renamed Bank of Panhsin(BOP) on September 30, 1997.

II · Credit Rating

Rating Agency	Date	Long-Term	Short-Term	Outlook
Taiwan Ratings Co.	Sep. 28, 2010	twBBB-	twA-3	Stable

Corporate Governance

I • Organization Chart



As of Mar. 31, 2011

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II > Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Major Managers

(I)Directors and Supervisors

											As of Dec. 31, 2010
		Date	Tom	Date First	Shareholding	Current		Shares Held by Sp	ouse		Current Positions
Position	Name	Appointed	Term Year	Appointed	When Elected	Shareholdi	ng	& Minor Childr	en	Major Experience & Education	In the BOP and Other Companies
		Appointed	Itai	Appointed	Shares %	Shares	%	Shares	%		in the DOT and Other Companies
Chairman	Ping-Hui Liu	Jul. 01, 2009	3	Dec. 27, 1996	27,772,606 2.	91 27,772,606	2.91	29,682,397	3.11	Chihlee College of Business/ Chairman of Banqiao Credit Cooperative	Chairman of BOP/ Supervisor of San Light Construction Co., Ltd./ Supervisor of Shan Hui Construction Co., Ltd./ Supervisor of Yuan Qi Investment Co., Ltd.
Managing Director	San-Jyun Construction Co., Ltd. (Representative: Chung-Liang Chen)	Jul. 01, 2009	3	Jun. 20, 2006	12,421	- 12,421	-	-	-	KaiNan High School of Commerce and Industry/ Manager of BOP	-
Managing Director	Ming-Hsin Chiu	Jul. 01, 2009	3	Dec. 27, 1996	4,504,116 0.	47 4,504,116	0.47	2,123,854	0.22	Ta-Tung Vocational High School/ Director of Banqiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Director of Chin Huan Cho Development Co., Ltd./
Managing Director	Dao-Ming Kuo	Jul. 01, 2009	3	Dec. 27, 1996	7,213,572 0.	75 7,213,572	0.75	2,015,677	0.21	MBA, Meijo University, Japan/ Director of Banqiao Credit Cooperative	Chairman of Panhsin Asset Management Co., Ltd./ Chairman of Aizia Enterprise Co., Ltd./ Chairman of Chao Neng Sheng Biotechnology Co., Ltd./ Supervisor of Ma Shang Fa International industry Co., Ltd./ Chairman of Qing Yan Internation Co., Ltd./ Director of Jie Xiong Enterprise Co., Ltd.
Independent Managing Director	Fu-Yuan Chang	Jul. 01, 2009	3	Jun. 23, 2009	-			-	-	National Taipei College of Business/ Revenue Officer of Taipei National Tax Administration, Ministry of Finance	Director of Yong Cheng United Accounting Firm/ President of Yong Cheng Management Consultants Firm
Director	Jing-Bao-Di Co., Ltd. (Representative: Tong-Ren Lin)	Jul. 01, 2009	3	Jun. 20, 2006	(PS)1,000,000 0.	10 (PS)1,000,000	0.10	-	-	Tamkang University/ A.V.P. of BOP	Director of Panhsin Insurance Broker Co., Ltd./ Chairman of Ya Guan Co., Ltd./ Chairman of Jing Bao Di Co., Ltd./ Director of Quo Ding Construction Co., Ltd./ Supervisor of Quo Sheng Construction Co., Ltd./ Director of Hong Chun Construction Co., Ltd.
Director	San Light Construction Co., Ltd (Representative: Mei-Yun Liao)	Jul. 01, 2009	3	Jun. 20, 2006	3,012,421 0.	32 3,012,421	0.32	-	-	Blessed Imelda's School/ Chairman of San Light Construction Co., Ltd.	Chairman of San Light Construction Co., Ltd./ Chairman of Shan Hui Construction Co., Ltd./ Chairman of San Jyun Construction Co., Ltd./ Director of Tian Lu Construction Co., Ltd./ Chairman of Yuan Qi Investment Co., Ltd./ Director of San Jun Shun Construction Co., Ltd./ Chairman of Da Shun Construction Co., Ltd.

As of Dec. 31, 2010

Position	Name	Date	Term	Date First	Shareholding When Elected		Current Shareholdir		Shares Held by S & Minor Childu		Major Experience & Education	Current Positions
rostuon	IName	Appointed	Year	Appointed		u %	Shares	9 %	Shares	%	Major Experience & Education	In the BOP and Other Companies
Director	Lin-Long Chien	Jul. 01, 2009	3	Dec. 27, 1996	6,620,919(6,641,567				Chihlee Institute of Technology/ Supervisor of Banqiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Vice Chairman of He Ching Entertainment Co., Ltd./ Supervisor of Yi Gang Construction Co., Ltd./ Supervisor of Yong Zhen Construction Co., Ltd.
Director	Bai-Yuan Investment Co., Ltd. (Representative: Sheng- Hong Shao)	Jul. 01, 2009	3	Jun. 23, 2009	38,600,000 4	4.04	38,600,000	4.04	-	-	National Tam-Shui Vocational High School/ Director of Banqiao Credit Cooperative	Director & President of Bi Fu Constrution Co., Ltd.
Director	Han-Chia Construction Co., Ltd. (Representative: Ping-Huang Liu)	Jul. 01, 2009	3	Jun. 20, 2006	61,797 (0.01	61,797	0.01	-	-	Chung-Yuan Christian University/ Director of Banqiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Chairman of Hai Shan Da Di Construction Co., Ltd./ Chairman of Yi Chang Development Co., Ltd./ Chairman of Han Chia Construction Co., Ltd./ Director of Geng Shen Construction Co., Ltd./ Supervisor of Yong Tai Construction Enterprise Co., Ltd.
Director	Lai-Wei Liu	Jul. 01, 2009	3	Dec. 27, 1996	5,491,091 (0.57	5,491,091	0.57	8,648,733	0.90	Ger-Jyh Senior High School/ Director of Banqiao Credit Cooperative	Chairman of Jin Annian Construction Co., Ltd./ Chairman of Jin Fu Construction Co., Ltd./ Chairman of Kao Do Construction Co., Ltd.
Director	Bai-Yuan Investment Co., Ltd. (Representative: An-Shiung Chen)	Jul. 01, 2009	3	Jun. 23, 2009	38,600,000 4	4.04	38,600,000	4.04	-	-	National Chengchi University/ President of Taiwan Cooperative Bank	President of BOP
Director	Yuan-Qi Investment Co., Ltd. (Representative: Yi-Hsung Chang)	Jul. 01, 2009	3	Jun. 23, 2009	34,425,750 3	3.60	34,425,750	3.60	-	-	Tamkang University/ President of Taiwan Land Bank	-
Director	Li-Wang Lu	Jul. 01, 2009	3	Dec. 27, 1996	7,451,075 (0.78	7,451,075	0.78	3,578	-	Chih-Kwang Senior Vocational Business & Technology High School/ Director & Supervisor of Banqiao Credit Cooperative	Chairman of Mao Qi Construction Co., Ltd.
Director	San-Jyun Construction Co., Ltd. (Representative: Jia-Nan Fang)	Jul. 01, 2009	3	Jun. 20, 2006	12,421	-	12,421	-	-	-	Soochow University/ S.V.P. of Chinatrust Commercial Bank	Director of Panhsin Asset Management Co., Ltd./ Director of Panhsin Insurance Broker Co., Ltd./ V.P. of BOP/
Independent Director	Ruei-Long Chen	Jul. 01, 2009	3	Jun. 23, 2009	-	-	-	-	-	-	National Chung Hsing University/ Chairman of Institute for Information Industry	Chairman of Sinocon Industrial Standards Foundation/ Independent Director of Natural Beauty Bio- Technology Co., Ltd./ Chariman of Jhih Ren Technology Development Co., Ltd.

Position	Name	Date	Term	Date First	Sharehold When Elec	-	Current Shareholdi		Shares Held by S & Minor Child		e Major Experience & Education	Current Positions In the BOP and Other Companies
		Appointed	Year	Appointed	Shares	%	Shares	%	Shares	%		In the BOP and Other Companies
Independent Director	Sin-Yi Luo	Jul. 01, 2009	3	Jun. 23, 2009	-	-	-	-	-		National Chengchi University/ Sin-Yi Luo Law Firm	-
Independent Director	Yue-Siou Liao	Jul. 01, 2009	3	Jun. 23, 2009	-	-	-	-	-		 Phd. of St. John's University/ Associate Professor of Chihlee Institute of Technology 	-
Resident Supervisor	Chin-E Yeh	Jul. 01, 2009	3	Dec. 27, 1996	4,027,706	0.42	4,027,706	0.42	501,977	0.0	National Taipei High School of Commerce/ Chairman President of Banqiao Credit Cooperative	-
Supervisor	Fu-Jing Investment Co., Ltd. (Representative: Teng-Chun Chen)	Jul. 01, 2009	3	Jun. 20, 2006	33,493,872	3.50	33,393,872	3.49	-		KaiNan High School of Commerce - and Industry/ A.V.P. of BOP	Supervisor of Panhsin Asset Management Co., Ltd.
Supervisor	Mao-Yang Chu	Jul. 01, 2009	3	Dec. 27, 1996	6,541,089	0.68	6,541,089	0.68	318,578	0.03		Supervisor of Panhsin Insurance Broker Co., Ltd./ Chairman of Hong Tai Development Construction Co., Ltd./ Director of Pu Sheng Biotechnology Co., Ltd./ Chairman of Hong Xiang Development Construction Co., Ltd.
Supervisor	Shang-Che Chen	Jul. 01, 2009	3	Dec. 27, 1996	6,845,363	0.72	6,845,363	0.72	438,479	0.0	Chungyu Institute of Technology / 5 Supervisor of Banqiao Credit Cooperative	Chairman of Fu Da Stationery Printing Co., Ltd.
Supervisor	Fu-Jing Investment Co., Ltd. (Representative: Hsien-Tse Chiu)	Jul. 01, 2009	3	Jun. 20, 2006	33,493,872	3.50	33,393,872	3.49	-		National Taipei High School of Commerce/ Supervisor of Banqiao Credit Cooperative	-

Note : (PS) represents preferred stocks. The percentage of shareholding includes preferred stocks.

(II) President, Vice Presidents and Major Managers

As of Mar. 31, 2011

					ChouseHigh	here	
		Det	Shares Hel	d	Shares Held Spouse & M		
Position	Name	Date Appointed	Shares Her	u	Children		Major Experience & Education
		Appointed	Shares	%	Shares	%	Duttation
President	An-Shiung Chen	Sept. 01, 2008	-	-	-	-	International Trade Dept., National Chengchi University/ President of Taiwan Cooperative Bank
V.P.	Jia-Nan Fang	Sept. 21, 2006	17,338,424	1.81	9,110,400	0.95	Economic Dept., Soochow University/ V.P. of BOP
V.P.	Fu-Chai Teng	Feb. 10, 2010	(PS) 93,784 (2,913) 93,784	0.01	-	-	Business Administration Dept., National Chung Hsing University/ Chief Auditor of BOP
Chief Auditor	Rong-Kun Jhangjian	Feb. 10, 2010	19,422	-	-	-	Banking Dept., National Chengchi University/ V.P. of BOP
A.V.P.& G.M. of Business Development Dept.	Jhih-Wun Lin	Jan. 24, 2011	(PS) 40,587 12,457	0.01	-	-	Business Administration Dept., Hsing-Wu College of Business/ Manager of BOP
A.V.P.& G.M. of Real Estate Marketing Dept.	Hsin-Mao Huang	Jan. 24, 2011	13,729	-	324	-	Accounting Dept., Fu-Jen Catholic University/ Manager of BOP
G.M. of Accounting Dept.	Gwo-Tai Wang	Jun. 01, 2007	12,051	-	60,731	0.01	Accounting & Statistics Dept., National Taipei College of Business/ Manager of BOP
G.M. of Credit Management Dept.	Shui-I Chang	Jan. 24, 2011	-	-	-	-	Master of Agricultural Economics Dept., National Taiwan University/ Senior Manager of Fuhwa Commercial Bank
G.M. of Non-Performing Loans Management Dept.	Yu-Tze Yo	Jan. 24, 2011	-	-	-	-	International Trade Dept., Soochow University/ Manager of Chinatrust Commercial Bank
G.M. of International Banking Dept. & Offshore Banking Branch	Shing-Fen Lin	Mar. 26, 2008	-	-	-	-	Master of International Finance Dept., Birmingham University/ Manager of BOP
G.M. of Wealth Management Dept.	Hsue-Hsin Lin	May 02, 2007	(PS) 1,207 11,478	-	-	-	International Trade Dept., Chinese Culture University / Manager of BOP
G.M. of Trust Dept.	Jung-Tien Hsiao	May 02, 2007	-	-	-	-	Master of Economics Dept., National Taiwan University/ Manager of BOP
G.M. of Treasury Dept.	Feng-Jung Lee	Apr. 02, 2007	-	-	-	-	Statistics Dept., National Cheng Kung University/ E.V.P. of IBTS
G.M. of Risk Management Dept.	Shu-Nu Yang	Nov. 26, 2008	2,100	-	-	-	Master of International Monetary Finance Dept., Birmingham University/ Manager of BOP
G.M. of Human Resource Dept.	Chi-Hsun Chang	Oct. 01, 2006	(PS) 31,520 11,478	-	-	-	Master of Economics Dept., National Taiwan University/ Manager of BOP
G.M. of Information Systems Dept.	Mao-Sen Kao	Jan. 01, 2009	62,019 (PS) 17,159	0.01	5,639	-	Business Administration Dept., National Taipei College of Business/ Deputy Manager of BOP
G.M. of General Affairs Dept.	A-Ren Lai	Feb. 01, 2010	(PS) 22,068 11,432	-	89,635	0.01	Business Dept., Open Business College Affiliated With NTCB/ Manager of BOP
G.M. of Operation Center	Chun-Lian Lin	Jul. 06, 2010	6,000 (PS) 10,000	-	-	-	Business Dept.,S.S.V.S./ Deputy Manager of BOP
G.M. of Domestic Banking Dept.	Jun-Wei Wang	Oct. 13, 2010	17,051	-	-	-	Business Administration Dept., Tam Shul College/ Manager of Wan Tong Commercial Bank

						Shares Held	l by	
Position	Name	Date	Sh	ares Hel	d	Spouse & M		Major Experience &
		Appointed				Childrer		Education
G.M. of Banqiao Branch	Hsi-Huang Chang	Apr. 01, 2008	Sh	ares 460,547	% 0.05	Shares 57,486	% 0.01	Business Dept., Khang-Hua Senior Commercial Vocational Continuation High School/ Manager of BOP
G.M. of Houpu Branch	Wan-Ji Chen	Aug. 27, 2009	(PS)	111,414 26,886	0.01	(PS) 29,491 (A)078	-	Business Administration Dept., Chihlee College of Business/ Manager of BOP
G.M. of Yonghe Branch	De-Guo Lin	Apr. 02, 2007	(PS)	399,520 11,478	0.04	10,236	-	Banking & Insurance Dept., Hsing-Wu College/ Manager of BOP
G.M. of Puqian Branch	Chin-Lung Kuo	Apr. 02, 2007	(PS)	71,597 10,000	0.01	16,724	-	International Trade Dept., Chihlee College of Business/ Manager of BOP
G.M. of Huajiang Branch	Lai-Wong Lin	Jan. 24, 2011	(PS)	211,643 33,528	0.03	154,048 (PS) 101,995	0.03	Accounting & Statistics Dept., National Taipei College of Business/ Manager of BOP
G.M. of Minzu Branch	Wen-Chin Wang	Apr. 01, 2008		7,755	-	-	-	Taipei Senior High School of Commerce/ Manager of BOP
G.M. of Zhonghe Branch	Fu-Shan Lyu	Apr. 02, 2007		377,262	0.04	28,667	-	Business Administration Dept., Tamkang University/ Manager of BOP
G.M. of Tucheng Branch	Yuan-Cyun Lai	Jan. 24, 2011		80,818	0.01	541	-	Business Administration Dept., Chihlee Institute of Technology/ Manager of BOP
G.M. of Wenhua Branch	Shu-Quan Wei	Jul. 26, 2010	(PS)	42,727 46,312	0.01	3,578		Banking & Insurance Dept., National Taipei College of Business/ Deputy Manager of BOP
G.M. of Daguan Branch	Yi-Zhong Luo	Jan. 24, 2011		168,120	0.02	33,038	-	Business Administration Dept., Chihlee Institute of Technology/ Manager of BOP
G.M. of Xingnan Branch	Sheng-Tsung Hsu	Apr. 02, 2007	(PS)	21,693 10,000	-	(PS) 5,531 700	-	International Trade Dept., Chihlee College of Business/ Manager of BOP
G.M. of Xinzhuang Branch	Shu-Min Liu	Jan. 24, 2011	(PS)	2,000 5,000	-	-	-	Application Commercial Science Dept.,Open Business Bollege Affiliated With National Taipei College of Business/ Deputy Manager of BOP
G.M. of Xiulang Branch	Jheng-Long Lin	Nov. 26, 2008	(PS)	542 3,540	-	-	-	Statistics Dept., Tamkang University/ Manager of BOP
G.M. of Sanchong Branch	Ke-Long Wu	Apr. 02, 2007	(PS)	142,327 1,534	0.02	52,028	0.01	Business Administration Dept., Chihlee College of Business/ Manager of BOP
G.M. of Yuanshan Branch	Hua-Yi Guo	Jan. 24, 2011	(PS)	27,578 10,073		-	-	Business Dept., Yu-Dah High School of Commerce/ Deputy Manager of BOP
G.M. of Shulin Branch	Yao-Tsung Liu	Apr. 01, 2008		-	-	-	-	National Hsinchu Commercial & Vocational High School/ Manager of BOP
G.M. of Jincheng Branch	Wun-Huei Chou	Aug. 27, 2009		5,000	-	-	-	Economic Dept., National Chung Hsing University/ Deputy Manager of BOP
G.M. of Xindian Branch	Wen-Chung Lai	Apr. 02, 2007	(PS)	31,520 11,478	-	-	-	Banking & Insurance Dept., Tatung College of Business/ Manager of BOP
G.M. of Zhongzheng Branch	Guang-Di Lin	Jul. 26, 2010	(PS)	20,915 10,005	-	53,071	0.01	Finance and taxation Dept., National Open Business College Affiliated With NTCB/ Manager of BOP
G.M. of Luchou Branch	Wan-Yi Zhou	Apr. 01, 2008	(PS)	123,997 25,173	0.02	433	-	International Trade Dept., National Open Business College Affiliated With NTCB/ Manager of BOP

Position	Name	Date Appointed	Sh	ares He	ld	Shares Hele Spouse & M Childre	linor n	Major Experience & Education
			Sha	ires	%	Shares	%	Accounting & Statistics Dept.,
G.M. of Fuhe Branch	Kai-Ming Wu	Nov. 26, 2008		81,815	0.01	3,578	-	National Taipei College of Business/ Manager of BOP
G.M. of Songjiang Branch	Xian-Cong Zheng	Jan. 24, 2011		-	-	-	-	Math Dept., Chung Yuan Christian University/ Deputy Manager of BOP
G.M. of Xinyi Branch	Jhao-Mao Kao	Aug. 27, 2009		-	-	-	-	Cooperative Economics Dept., National Chung Hsing University/ Deputy Manager of BOP
G.M. of Minsheng Branch	Mou Cheng	Apr. 01, 2008		-	-	-	-	Economics Dept., Fu-Jen Catholic University/ Manager of BOP
G.M. of Bade Branch	Li-Cing Wei	Apr. 01, 2008	(PS)	10,752 10,065	-	3,254	-	Business Administration Dept., Chihlee Institute of Technology/ Manager of BOP
G.M. of Neihu Branch	Jian-Wun Li	Sept. 21, 2009	(PS)	8,610	-	3,578	-	Master of Business Administration Dept.,Stratford University/ Deputy Manager of BOP
G.M. of Ruiguang Branch	Heng-Yu Zhang	Nov. 29, 2010		-	-	-	-	Information Dept,. Chinese Culture University/ Deputy Manager of BOP
G.M. of Taoyuan Branch	Bo-Cheng Hsu	Feb. 01, 2010	(PS)	10,000 10,000	-	-	-	Economics Dept,. Chinese Culture University/ Deputy Manager of BOP
G.M. of Taoying Branch	Da-Hu Yu	Nov. 26, 2008		5,000	-	-	-	He-Sin EMBA, National Taiwan University/ Manager of BOP
G.M. of Longgang Branch	Shih-Ming Lin	Feb. 02, 2009	(PS)	9,040 8,610	-	-	-	Business Dept., YPU/ Manager of BOP
G.M. of Hsinchu Branch	Ke-Han Liu	Jul. 26, 2010	(PS)	11,286 10,130	-	(PS) 744 90	-	Banking & Insurance Dept., Open Business College Affiliated With NTCB/ Manager of BOP
G.M. of Taichung Branch	Yong-Lun Lee	Apr. 01, 2008		24,557	-	-	-	Business Administration Dept., Taichung College of Business/ Manager of BOP
G.M. of North Taichung Branch	Rong-Si Hsu	Apr. 22, 2009		-	-	-	-	Business Dept., National Changhua Senior School of Commerce/ Deputy Manager of Chinese Bank
G.M. of Chiayi Branch	Yi-Jhe Chen	Feb. 04, 2009		-	-	-	-	Law Dept., National Chung Hsing University/ Manager of Taiwan Cooperative Bank
G.M. of Junhui Branch	Ji-Zhou Hsu	Nov. 08, 2010	(PS)	11,478	-	-	-	Business Dept., National Hua-Nan Commercial High School/ Manager of BOP
G.M. of Tainan Branch	Dun-Ren Lin	Mar. 03, 2010		-	-	-	-	Master of Graduate Institute of Business,Nation Chiayi University/ Vice President of Citybank
G.M. of Chenggong Branch	Ying-Jie Ceng	Apr. 08, 2010		-	-	-	-	International Trade Dept., Tunghai University/ Manager of Qing Feng Commercial Bank
G.M. of Lingya Branch	Chia-Ching Chang	Feb. 03, 2010		-	-	-	-	Business Administration Dept., Tunghai University/ Manager of BOP
G.M. of Kaohsiung Branch	Shu-Zhen Lin	Dec. 01, 2005	(PS)	9,040 8,610	-	-	-	Accounting & Statistics Dept., International College of Business/ Manager of BOP
G.M. of Xiaogang Branch	Chin-Chuan Chiang	Jan. 21, 2008	(PS)	10,500 10,000	-	-	-	Business Dept.,National Open University/ Manager of BOP
G.M. of Xinxing Branch	Shu-Yi Du	Feb. 09, 2011	(PS)	9,040 8,610	-	-	-	Business Administration Dept., China Institute of Technology/ Manager of BOP
G.M. of Qianzhen Branch	Song-Xin Zheng	Apr.08, 2010		-	-	-	-	Master of Commercial Management Dept.,Kaohsiung University/ Manager of Qing Feng Commercial Bank

Position	Position Name		Shares Hel	d	Shares Hel Spouse & M Childre	linor	Major Experience & Education
			Shares	%	Shares	%	
G.M. of Yangming Branch	Jiunn-Fu Chen	Oct. 08, 2010	27,273 (PS) 10,040				Business Dept., Kuo Chi Senior Vocational High School of Commerce and Technology/ Manager of BOP
G.M. of Kaoxinzhuang Branch	Shou-Yao Chen	Jan. 24, 2011	12,139	-	-		Banking & Insurance Dept., China Institute of Technology/ Manager of BOP
G.M. of Luodong Branch	Tian-Ren Fang	Jan. 24, 2011	14,567	-			Master of Agricultural Economics Dept., National Chung Hsing University/ Deputy Manager of BOP

Note : (PS) represents preferred stock. The percentage of shareholding includes preferred stock.

III • Status on Changes in Any Transfer of Equity Interests and Pledge of or Change in Equity Interests by Directors, Supervisors, Managerial Officers Whom Were Required to Declare Under Article 25, Note 3 of Banking Law

8	1 0				Unit: Shares
		Mar. 3	1, 2011	20	10
Title	Name	Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)	Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)
Chairman	Ping-Hui Liu	-	-	-	11,000,000
Director	Lin-Long Chien	-	-	20,648	-
Representative of Corporate Director	Mei-Yun Liao	-	-	-	100,000
Representative of Corporate Director	Chung-Liang Chen	-	-	(1,500,000)	(1,500,000)
Supervisor	Fu-Jing Investment Co., Ltd.	-	-	(100,000)	(7,486,000)
Required to Declare Under Article 25, Note 3 of Banking Law	Jing-Qing Investment Co., Ltd.	-	-	1,500,000	1,500,000
Required to Declare Under Article 25, Note 3 of Banking Law	Chao-Dong Liu	-	-	100,000	-

(I) Status on Changes in Equity Interest of Directors & Supervisors

Note : Only person with changes was listed.

(II) Information on Transferring of Equity Interest (Common Stock)

As of Mar. 31, 2011

					115 01 1010	. 51, 2011
Name	Reason for Transferring	Transaction Date	Transaction Party	Declaration of Relationship Associated with Banks, Directors, and Supervisors According to Banking Law, Article 25 of Note 3	Shares	Trading Price (Dollar)
Lin-Long Chien	Acquire	Mar. 08,2010	Cheng-You Wang	None	10,648	6.50
Lin-Long Chien	Acquire	Nov. 01,2010	Xiu-Ling Wang	None	10,000	7.20
Chung-Liang Chen	Prosecuted	Dec. 09,2010	Jing-Qing Investment Co., Ltd.	Yes	1,500,000	10.00
Fu-Jing Investment Co., Ltd.	Prosecuted	Mar. 26,2010	Chao-Dong Liu	Yes	100,000	10.00
Jing-Qing Investment Co., Ltd.	Acquire	Dec. 09, 2010	Chung-Liang Chen	Yes	1,500,000	10.00
Chao-Dong Liu	Acquire	Mar. 26, 2010	Fu-Jing Investment Co., Ltd.	Yes	100,000	10.00

) miormation of	in i reaging	or Equity In	lerest (Common	Stock)		
Name	Reason for Pledging	Changing Date	Transaction Party	Declaration of Relationship Associated with Banks, Directors, and Supervisors According to Banking Law, Article 25 of Note 3	Shares	Pledging (Redeem) Price
Ping-Hui Liu	Pledging	Aug. 26,2010	Union Bank of Taiwan	None	11,140,000	-
Ping-Hui Liu	Pledging	Oct. 07,2010	Far Eastern International Bank	None	1,000,000	-
Ping-Hui Liu	Redeem	Aug. 26,2010	Union Bank of Taiwan	None	1,140,000	-
Mei-Yun Liao	Pledging	Aug. 26,2010	Union Bank of Taiwan	None	100,000	-
Mei-Yun Liao	Pledging	Sep. 21,2010	Hwatai Bank	None	7,303,000	-
Mei-Yun Liao	Redeem	Sep. 21,2010	Taishin International Bank	None	7,303,000	-
Chung-Liang Chen	Pledging	Dec. 09,2010	Entie Bank	None	500,000	-
Chung-Liang Chen	Redeem	Dec. 09,2010	Entie Bank	None	2,000,000	-
Fu-Jing Investment Co., Ltd.	Pledging	Oct. 07,2010	Far Eastern International Bank	None	10,260,000	-
Fu-Jing Investment Co., Ltd.	Redeem	Oct. 07,2010	Taishin International Bank	None	7,303,000	-
Jing-Qing Investment Co., Ltd.	Pledging	Dec. 09,2010	Entie Bank	None	1,500,000	-

(III) Information on Pledging of Equity Interest (Common Stock) :

IV . Information on the Inter-Relations of the Bank's Top 10 Shareholders

Name	Shares He	ld	Shares Held Spouse & M Children	inor	Top 10 Sharehol Inter-Relations According	
	Shares	%	Shares	%	Name	Relation
Bai-Yuan Investment Co., Ltd. (Representative: Wei-Ren Liao)	38,600,000	4.51	-	-	- -	-
Yuan-Ci Investment Co., Ltd. (Representative: Mei-Yun Liao)	34,425,750 29,682,397	4.02 3.47	27,772,606	3.25	Mei-Yun Liao Ping-Hui Liu	Chairman Director
Fu-Jing Investment Co., Ltd. (Representative: Wei-Ren Liao)	33,393,872	3.90	-	-	-	- -
Mei-Yun Liao	29,682,397	3.47	27,772,606	3.25	Yuan-Ci Investment Co., Ltd. Ping-Hui Liu	Chairman Spouse
Ping-Hui Liu	27,772,606	3.25	29,682,397	3.47	Yuan-Ci Investment Co., Ltd. Mei-Yun Liao	Director Spouse
Jia-Nan Fang	17,338,424	2.03	9,110,400	1.06	Bi-Wan Chen	Spouse
Yun-Mao Construction Co.,Ltd. (Representative: Chun-E Lin)	10,010,500	1.17 -	-	-	-	-
Tong-Yi Lin	9,203,378	1.08	57,468	0.01	-	-
Bi-Wan Chen	9,110,400	1.06	17,338,424	2.03	Jia-Nan Fang	Spouse
Shu-Min Kuo	8,648,733	1.01	5,491,091	0.64	-	-

V \cdot Status on Consolidated Shares Holding

	BOP Investm	ent	General Investment		
Reinvested Business	Shares	%	Shares	%	
Taipei Credit Cooperative	100	27.03	100	27.03	
Syun-Rueidu Development Co., Ltd.	4,940,000	1.86	4,940,000	1.86	
Financial Information Service Co., Ltd.	4,550,000	1.14	4,550,000	1.14	
Taiwan Depository & Clearing Co.	247,425	0.08	247,425	0.08	
Sunny Asset Management Co., Ltd.	69,180	1.15	69,180	1.15	
Panhsin Asset Management Co., Ltd.	5,000,000	29.41	17,000,000	100.00	
Panhsin Insurance Broker Co., Ltd.	3,095,400	100.00	3,095,400	100.00	

Note: In accordance with article 74, "Relationship to Reinvested Business", of Banking Law.

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Funding Status

I Shares & Dividends

(I) Source of Capital

					01111 1110	usuna sinares/1	I thousand
	Issuing Price	Authorized	Capital	Paid-in	Capital	No	te
Date	(NT\$)	Shares	Amount	Shares	Amount	Capital Source	Others
Sept. 1997	10	600,000	6,000,000	600,000	6,000,000	Note 1	-
Jun. 2005	10	819,800	8,198,000	819,800	8,198,000	Note 2	-
Jun. 2006	10	1,500,000	15,000,000	819,800	8,198,000	Note 3	-
Sept. 2006	10	1,500,000	15,000,000	855,790	8,557,900	Note 3	-
Dec. 2006	10	1,500,000	15,000,000	955,790	9,557,900	Note 4	-

Note 1: The Bangiao Credit Cooperative has transformed officially into a Commercial Bank.

Note 2: Retained earning transferred to capital of NT\$198,000 thousand on June 20, 2005 as reference date. Approval note of Jin-Guan-Yin (3) No.0940015799 had been granted from Financial Supervisory Commission (FSC) on June 24, 2005.

Issuance of preferred stock for cash totaled NT\$1,000,000 thousand in June 22, 2005 as reference date.

Issuance of common stock for cash totaled NT\$1,000,000 thousand in June 24, 2005 as reference date.

Approval note of Jin-Guan-Yin (3) No.0938011560 had been granted from FSC on September 10, 2004.

Note 3: A resolution has passed to amend bank's articles of incorporation and increased the authorized capital of up to NT\$15 billion in shareholders' meeting held in June 20, 2006.

Capital surplus transferred to capital of NT\$359,900 thousand in September 01, 2006 as reference date. Approval note of Jin-Guan-Yin (3) No.09500320330 had been granted from FSC on July 18, 2006.

Note 4: Issuance of common stock for cash totaled NT\$1,000,000 thousand in December 28, 2006 as reference date. Approval note of Jin-Guan-Yin (3) No.09500439170 had been granted from FSC on October 03, 2006, as well as Jin-Guan-Yin (3) No.0950150935 in November 14, 2006.

Item	Authorized C				
Туре	Shares Outstanding	Unissued Shares	Total	Note	
Common Stock	855,790	544,210	1,400,000	Became a Public Offered	
Preferred Stock	100,000	-	100,000	Company on Nov. 14, 2006	

(II) Shareholder Structure (Including Preferred Stock)

As of Dec. 31, 2010

Structure Quantity	Government Institutions	Financial Institutions	Domestic Institutions	Individuals	Foreign Institution & Foreigners	Total
Number of Shareholders	2	4	91	99,514	11	99,622
Number of Shares Held	677,353	71,000,000	141,405,868	741,734,835	971,944	955,790,000
Ratio of Share Holding (%)	0.07	7.43	14.79	77.61	0.10	100.00

Unit: Thousand Shares/NT\$ Thousand

(III) Distribution Breakdown of Shares Holding (Par Value of NT\$ 10)

Stock Stock Common Stock Preferred Stock Stock						As of De	c. 31, 2010
ClassificationsCommon StockPreferred StockCommon StockPreferred StockCommon StockPrefer Stock1~99974,5789,57624,884,7691,024,1432.911,000~5,00013,43775139,960,0262,032,2494.675,001~10,0002,33533715,526,7772,521,8341.8110,001~15,0002,0099223,800,0031,063,3462.7815,001~20,000396226,809,162379,3280.8020,001~30,0004,1502197,046,587524,77811.3430,001~50,0006151923,416,963878,5652.7450,001~100,0001,3363082,173,0632,561,4629.60100,001~200,000244932,223,2581,436,8453.77200,001~400,0001201234,599,5493,467,6354.04	Shareholding	Number of Sl	hareholders	Sha	ires	Ratio (%)	
1,000~5,000 13,437 751 39,960,026 2,032,249 4.67 5,001~10,000 2,335 337 15,526,777 2,521,834 1.81 10,001~15,000 2,009 92 23,800,003 1,063,346 2.78 15,001~20,000 396 22 6,809,162 379,328 0.80 20,001~30,000 4,150 21 97,046,587 524,778 11.34 30,001~50,000 615 19 23,416,963 878,565 2.74 50,001~100,000 1,336 30 82,173,063 2,561,462 9.60 100,001~200,000 244 9 32,223,258 1,436,845 3.77 200,001~400,000 120 12 34,599,549 3,467,635 4.04				Common Stock	Preferred Stock		Preferred Stock
5,001~10,000 2,335 337 15,526,777 2,521,834 1.81 10,001~15,000 2,009 92 23,800,003 1,063,346 2.78 15,001~20,000 396 22 6,809,162 379,328 0.80 20,001~30,000 4,150 21 97,046,587 524,778 11.34 30,001~50,000 615 19 23,416,963 878,565 2.74 50,001~100,000 1,336 30 82,173,063 2,561,462 9.60 100,001~200,000 244 9 32,223,258 1,436,845 3.77 200,001~400,000 120 12 34,599,549 3,467,635 4.04	1~999	74,578	9,576	24,884,769	1,024,143	2.91	1.02
10,001~15,0002,0099223,800,0031,063,3462.7815,001~20,000396226,809,162379,3280.8020,001~30,0004,1502197,046,587524,77811.3430,001~50,0006151923,416,963878,5652.7450,001~100,0001,3363082,173,0632,561,4629.60100,001~200,000244932,223,2581,436,8453.77200,001~400,0001201234,599,5493,467,6354.04	1,000~5,000	13,437	751	39,960,026	2,032,249	4.67	2.03
15,001~20,000 396 22 6,809,162 379,328 0.80 20,001~30,000 4,150 21 97,046,587 524,778 11.34 30,001~50,000 615 19 23,416,963 878,565 2.74 50,001~100,000 1,336 30 82,173,063 2,561,462 9.60 100,001~200,000 244 9 32,223,258 1,436,845 3.77 200,001~400,000 120 12 34,599,549 3,467,635 4.04	5,001~10,000	2,335	337	15,526,777	2,521,834	1.81	2.52
20,001~30,000 4,150 21 97,046,587 524,778 11.34 30,001~50,000 615 19 23,416,963 878,565 2.74 50,001~100,000 1,336 30 82,173,063 2,561,462 9.60 100,001~200,000 244 9 32,223,258 1,436,845 3.77 200,001~400,000 120 12 34,599,549 3,467,635 4.04	10,001~15,000	2,009	92	23,800,003	1,063,346	2.78	1.06
30,001~50,000 615 19 23,416,963 878,565 2.74 50,001~100,000 1,336 30 82,173,063 2,561,462 9.60 100,001~200,000 244 9 32,223,258 1,436,845 3.77 200,001~400,000 120 12 34,599,549 3,467,635 4.04	15,001~20,000	396	22	6,809,162	379,328	0.80	0.38
50,001~100,0001,3363082,173,0632,561,4629.60100,001~200,000244932,223,2581,436,8453.77200,001~400,0001201234,599,5493,467,6354.04	20,001~ 30,000	4,150	21	97,046,587	524,778	11.34	0.52
100,001~200,000244932,223,2581,436,8453.77200,001~400,0001201234,599,5493,467,6354.04	30,001~ 50,000	615	19	23,416,963	878,565	2.74	0.87
200,001~400,000 120 12 34,599,549 3,467,635 4.04	50,001~100,000	1,336	30	82,173,063	2,561,462	9.60	2.56
	100,001~200,000	244	9	32,223,258	1,436,845	3.77	1.44
	200,001~400,000	120	12	34,599,549	3,467,635	4.04	3.47
400,001~600,000 43 7 21,647,898 3,607,281 2.53	400,001~600,000	43	7	21,647,898	3,607,281	2.53	3.61
600,001~800,000 48 1 32,669,771 765,000 3.82	600,001~800,000	48	1	32,669,771	765,000	3.82	0.77
800,001~1,000,000 19 3 16,845,854 2,875,000 1.97	800,001~1,000,000	19	3	16,845,854	2,875,000	1.97	2.88
1,000,001~ 60 6 404,186,320 76,862,534 47.23 7	1,000,001~	60	6	404,186,320	76,862,534	47.23	76.86
Total 99,390 10,886 855,790,000 100,000,000 100.00 100	Total	99,390	10,886	855,790,000	100,000,000	100.00	100.00

(IV) Major Shareholders (Common Stock)

		As of Dec. 31, 2010
Item Major Shareholders	Shares	Ratio (%)
Bai-Yuan Investment Co., Ltd.	38,600,000	4.51
Yuan-Ci Investment Co., Ltd.	34,425,750	4.02
Fu-Jing Investment Co., Ltd.	33,393,872	3.90
Mei-Yun Liao	29,682,397	3.47
Ping-Hui Liu	27,772,606	3.25
Jia-Nan Fang	17,338,424	2.03
Yun-Mao Construction Co., Ltd	10,010,500	1.17
Tong-Yi Lin	9,203,378	1.08
Bi-Wan Chen	9,110,400	1.06
Shu-Min Kuo	8,648,733	1.01

As of Dec. 31, 2010

II • Status on the Issuance of Financial Debenture

Types	4 th (Term) Financial Debenture	5 th (Term) Financial Debenture	6 th (Term) Financial Debenture
Date & No. Approved By Authority	May 02, 2006 Jin-Guan-Yin (3) No. 09500173780	May 22, 2007 Jin-Guan-Yin (3) No. 09600204740	May 22, 2007 Jin-Guan-Yin (3) No. 09600204740
Date of Issuance	Jun.16, 2006	Jun.28, 2007	May 21, 2008
Par Value	NT\$100 thousand NT\$1,000 thousand NT\$10,000 thousand	NT\$10,000 thousand	NT\$100 thousand
Currency		NT\$	
Offering Price		Par Value	
Total Amount	NT\$1,680,000 thousand	NT\$520,000 thousand	NT\$239,000 thousand
Interest Rate	Fixed: 3.30% Floating: 1 Yr Term Deposit Rate from the Chunghwa Post plus 1.10%	Fixed: 3.50% Floating: 1 Yr Term Deposit Rate from the Chunghwa Post plus 1.20%	Fixed: 3.60% Floating: 1 Yr Term Deposit Rate from the Chunghwa Post plus 1.25%
Maturity	Term: 5 Years 8 Months Date of Maturity: Feb. 16, 2012	Term: 5.6 Years Date of Maturity: Dec. 28, 2012	Term: 6 Years Date of Maturity: May 21, 2014
Repayment Priority		Subordinate	
Certifying Financial Institute	Hua Nan Bills Finance Company	-	-
Repayment Method		Pay Off upon Maturity	
Unpaid Balance		-	
Paid-In Capital of Previous Year	NT\$8.198 billion (Including Preferred Stock)	NT\$9.558 billion (Including Preferred Stock)	NT\$9.558 billion (Including Preferred Stock)
Net Worth of Previous Year	NT\$8,933,840 thousand	NT\$9,207,032 thousand	NT\$9,596,140 thousand
Constraints		-	
Ratio of applied shares and prior shares outstanding to prior year's final net worth (%)	41.19	45.62	46.26
Consider as Qualified Capital and its Tiers		Yes, Tier II	
Credit Rating Agency, Date of Rating, and Rating	-	-	Taiwan Ratings Co. Jun. 15 2009 tw BB+

Types	7 th (Term) Financial Debenture	8 th (Term) Financial Debenture	9 th (Term) Financial Debenture		
Date & No. Approved By Authority	Nov. 14, 2008 Jin-Guan-Yin (3) No. 09700438300	Nov. 14, 2008 Jin-Guan-Yin (3) No. 09700438300			
Date of Issuance	Dec. 25, 2008	Jun. 26, 2009	Oct. 22, 2009		
Par Value		NT\$10,000 thousand			
Currency		NT\$			
Offering Price		Par Value			
Total Amount	NT\$280,000 thousand	NT\$370,000 thousand	NT\$350,000 thousand		
Interest Rate	Fixed: 3.40%	Fixed: 3.00% Floating: 1 Yr Term Deposit Rate from the Chunghwa Post plus 1.70%			
Maturity	Term: 6.0 Years Date of Maturity: Dec. 25, 2014	Term: 6.0 Years Date of Maturity: Jun. 26, 2015	Term: 6.0 Years Date of Maturity: Oct. 22, 2015		
Repayment Priority		Subordinate			
Certifying Financial Institute		-			
Repayment Method	Pay Off upon Maturity				
Unpaid Balance	-				
Paid-In Capital of Previous Year	NT\$9.558 billion (Including Preferred Stock)				
Net Worth of Previous Year	NT\$9,596,140 thousand	NT\$8,771,929 thousand	NT\$8,771,929 thousand		
Constraints	The buyers and transferees are limited to banks, bill finance companies, trust enterprises, insurance companies, securities firms, specific persons who participate in capital consolidation plans, companie or funds whose total assets as recorded in the latest financial reports reviewed or perused by accountants exceed NT\$50 million, or trust property mentioned in a trust agreement concluded with a trust enterprise exceeds NT\$50 million.				
Ratio of applied shares and prior shares outstanding to prior year's final net worth (%)	49.18	44.81	44.33		
Consider as Qualified Capital and its Tiers		Yes, Tier II			
Credit Rating Agency, Date of Rating, and Rating	Taiwan Ratings Co. Jun. 15 2009 tw BB+				

Types	10 th (Term) Financial Debenture
Date & No. Approved By Authority	Nov. 14, 2008
Date of Issuance	Nov. 05, 2010
Par Value	NT\$10,000 thousand
Currency	NT\$
Offering Price	Par Value
Total Amount	NT\$500,000 thousand
Interest Rate	Fixed: 3.25%
Maturity	Term: 6.0 Years Date of Maturity: Nov. 05, 2016
Repayment Priority	Subordinate
Certifying Financial Institute	-
Repayment Method	Pay Off upon Maturity
Unpaid Balance	-
Paid-In Capital of Previous Year	NT\$9.558 billion (Including Preferred Stock)
Net Worth of Previous Year	NT\$8,586,003 thousand
Constraints	The buyers and transferees are limited to banks, bill finance companies, trust enterprises, insurance companies, securities firms, specific persons who participate in capital consolidation plans, companies or funds whose total assets as recorded in the latest financial reports reviewed or perused by accountants exceed NT\$50 million, or trust property mentioned in a trust agreement concluded with a trust enterprise exceeds NT\$50 million.
Ratio of applied shares and prior shares outstanding to prior year's final net worth (%)	45.88
Consider as Qualified Capital and its Tiers	Yes, Tier II
Credit Rating Agency, Date of Rating, and Rating	. Taiwan Ratings Co. Oct. 29 2010 tw BB+

III Status on the Preferred Stock

Item		Date of Issuance	Jun. 22, 2005		
	Par Value		NT\$10		
	Offering Price		Par Value		
	Number of Shares		100 million		
	Total Amount		NT\$1 billion		
Rights and Obligations	Distribution of Dividends and Bonus		Cash dividend shall be paid annually according to the actual issuing price in the annual rate of 4.50%. For the shares issued less than a year, the dividend shall be paid according to the actual days counting from its issued date. In case of no earnings or earnings were insufficient to pay off the dividends after annual account, the unpaid amount shall be accumulated and paid in priority the following profitable year. Not allowed to participate in the distribution of retained earning and capital surplus transferring to capital which relating to common stock.		
	-		Priority over common stock, but not to exceed the initial issuing price.		
	Voting Rights		None		
	Others		While issuing the new common stock for cash, preferred stock shareholders shall possess the priority with warrants. Current preferred stock is non-convertible.		
	Recalled or Converted Shares		-		
	Unrecalled or Converted Shares		NT\$1 billion		
	Recalling or Converting Provisions		Term matured in 6 years and to be recalled with initial issuing price by retained earnings or earnings from newly issued stocks.		
Outstanding		Highest			
Market Share Price	2010	Lowest			
Thee		Average			
		Highest			
	Mar. 31, 2011	Lowest			
		Average			
Other Rights	The Amount of Conversion or Subscription till Mar. 31, 2011		None		
Ouler Rights	Methods for Issuance of Conversion or Subscription		None		
		red shareholders' equity mon shareholders' equity	Since the preferred stock is non-convertible, thus no influence.		
	redemption of prefer risk-weighted asset	red stock to the ratio of	None		

Financial Status

I . Abbreviated Balance Sheet & Income Statement in the Past Five Years

(I) Abbreviated Balance Sheet

					Unit:	NT\$ Thousand
Year			Financial St	atus in the Past	Five Years	
Item		2010	2009	2008	2007	2006
Cash & Cash Equivalents Due from Central Bank & Placement to Other Banks		33,224,545	27,340,747	24,320,737	22,010,429	29,499,169
Financial Assets at Fa Profit or Loss	air Value through	690,083	701,332	1,361,684	1,608,335	1,498,235
Bills & Bonds Purcha Agreements to Resell		-	-	-	-	-
Account Receivables		2,576,311	5,256,115	3,261,247	4,057,368	2,594,785
Loans & Advances		106,313,757	114,033,176	122,014,564	128,429,990	143,147,882
Available for Sale - F	Financial Assets	1,331,167	861,418	1,600,309	2,181,161	1,545,490
Long-term Investmen Method	nt under Equity	115,677	86,158	135,798	86,272	89,914
Other Financial Asse	ts	467,658	700,693	1,443,293	458,587	103,490
Fixed Assets (Propert	ty & Equipment)	7,507,237	7,093,203	6,912,524	5,806,834	5,149,939
Intangible Assets		1,582,283	1,629,463	1,358,550	1,377,786	1,374,344
Other Assets		2,274,392	3,222,787	3,203,209	4,061,098	5,085,715
Total Assets		156,083,110	160,925,092	165,611,915	170,077,860	190,088,963
Deposits by Central Bank and Other Banks		1,450,176	3,835,415	5,074,878	9,214,476	16,201,518
Financial Liabilities at Fair Value through Profit or Loss		42,114	55,120	218,288	19,845	2,235
Bills & Bonds Sold under Agreements to Repurchase		-	-	325,725	358,254	601,427
Deposits & Remittances		139,340,821	142,004,002	144,287,739	144,198,797	156,677,427
Central Bank and Other Banks Financing, Financial Debentures Payable		3,939,000	3,888,600	4,719,000	4,200,000	3,680,000
Accrued Pension Liabilities		101,672	103,393	92,342	58,513	55,546
Other Liabilities		2,607,383	2,452,559	2,122,014	2,340,446	3,663,778
Total Liability	Before Distribution After Distribution	147,481,166 147,481,166	152,339,089 152,339,089	156,839,986 156,839,986	160,390,331 160,481,720	180,881,931 180,881,931
Capital Stock		9,557,900	9,557,900	9,557,900	9,557,900	9,557,900
Legal Reserve		-	-	-	_	245,786
D 1D	Before Distribution	(926,875)	(929,615)	(767,068)	190,343	(590,125)
Retained Earning	After Distribution	(926,875)	(929,615)	(767,068)	190,343	-
Unrealized Gain (Loss) on Financial Instruments		36,717	32,608	45,125	(29,345)	32,865
Accumulated Translation Adjustments		-	-	-	-	-
Other Adjustments to Equity	Shareholders	(65,798)	(74,890)	(64,028)	(31,369)	(39,394)
Total Shareholders	Before Distribution After Distribution	8,601,944 8,601,944	8,586,003 8,586,003	8,771,929 8,771,929	9,687,529 9,596,140	9,207,032 9,207,032

Note 1: The above-mentioned figures of after distribution were in accordance with the resolution of shareholders meeting the following year.

Note 2: The financial figures above have all been audited and certified by CPA.

(II) Abbreviated Income Statement

				Unit	: NT\$ Thousand
Year		Financial St	atus in the Past	Five Years	
Item	2010	2009	2008	2007	2006
Net Interest Income	1,856,235	1,177,033	1,935,351	2,401,566	2,833,992
Net Non-interest Income	310,820	1,845,187	(1,248)	667,613	733,734
Bad Debt Expense for Margin Loans	15,674	1,843,147	801,523	423,639	2,192,663
Operating Expense	1,836,361	1,808,610	2,089,736	1,970,765	2,313,820
Income from Continuing Operation before Tax	315,020	(629,537)	(957,156)	674,775	(938,757)
Income from Continuing Operation after Tax	2,740	(162,547)	(866,022)	534,682	(808,757)
Income from discontinued Operation (After Tax)	-	-	-	-	-
Extraordinary Loss (Net after Tax)	-	-	-	-	-
Cumulative Effects Due to Changes in the Accounting Principles (Net After Tax)	-	-	-	-	19,442
Earning	2,740	(162,547)	(866,022)	534,682	(789,315)
EPS (Loss)	(0.05)	(0.24)	(1.06)	0.57	(1.10)

Note 1: The financial figures above have all been audited and certified by CPA.

Note 2: EPS (Loss), calculated with weighted average of shares adjusted for the current year.

II · Financial Analysis in the Past Five Years

Unit: NT\$ Thousand

	Year	Financial Status in the Past Five Years									
Item	1 cm	2010	2009	2008	2007	2006					
	Loan to Deposit Ratio (%)	77	83	86	90	93					
	NPL Ratio (%)	1.68	3.83	4.59	3.32	4.52					
Operation Capability	Interest Expense to Average Deposit Outstanding (%)	0.72	1.18	2.08	1.89	1.63					
	Interest Income to Average Loan Outstanding (%)	2.49	2.44	3.84	3.78	3.77					
	Total Asset Turnover Ratio (Time)	0.01	0.02	0.01	0.02	0.02					
	Average Revenue per Employee	1,704	2,357	1,436	2,104	2,213					
	Average Income per Employee	2	(127)	(643)	366	(492)					
	Return on Tier 1 Capital (%)	5	(10)	(14)	10	(14)					
	ROA (%)	0.00	(0.1)	(0.52)	0.30	(0.43)					
Profitability	ROE (%)	0.03	(2)	(9)	6	(9)					
	Net Income Ratio (%)	0.13	(5)	(45)	17	(22)					
	EPS (Dollar)	(0.05)	(0.24)	(1.06)	0.57	(1.10)					
Financial	Liability to Total Asset	94	95	95	94	95					
Structure	Fixed Asset to Shareholders' Equity	87	83	79	60	56					
C 4	Asset Growth (%)	(3)	(3)	(3)	(11)	7					
Growth	Profitability Growth (%)	150	(Note 8)	(242)	(Note 8)	(612)					
	Cash Flow (%)	135	(Note 9)	20	(Note 9)	6					
Cash Flows	Cash Flow to Dividends & Expenditures (%)	92	84	139	177	238					
	Cash Flow Reinvestment Ratio (%)	(Note 9)	(Note 9)	(Note 10)	(Note 9)	2					
Liquidity R	eserve Ratio (%)	17	13	12	10	11					
Stakeholder	rs' Secured Lending Outstanding	1,498,259	1,436,666	2,230,613	1,406,062	1,567,810					
	rs' Secured Lending Outstanding to ing Outstanding (%)	1.36	1.17	1.74	1.04	1.03					
	Market Share of Asset (%)	0.36	0.39	0.41	0.44	0.50					
Operating	Market Share of Net Worth (%)	0.35	0.37	0.41	0.45	0.44					
Scale	Market Share of Deposit (%)	0.46	0.49	0.53	0.57	0.62					
	Market Share of Loan (%)	0.54	0.63	0.67	0.72	0.81					

Note 1: The financial figures above have all been audited and certified by CPA.

Note 2: Calculation methods:

1: Operating Capability

(1) Loan to Deposit Ratio = Total Deposits / Total Loans

(2) NPL = Total non-Performing Loans / Total Loans

(3) Interest Expense to Average Deposit Outstanding = Total Interest Expense / Average Deposits

(4) Interest Income to Average Loan Outstanding = Total Interest Income / Average Loans Outstanding

(5) Total Asset Turnover = Net Operating Income / Total Assets

(6) Average Revenue per Employee = Net Operating income / Number of Employees

(7) Average Income per Employee = After-tax Profit / Number of Employees

2: Profitability

(1) Return on Tier I Capital = Before-tax Income / Average Total Amount of Tier I Capital

(2) Return on Asset = After-tax Income / Average Total Assets

(3) Return on Equity = After-tax Income / Average Net Shareholder Equity

(4) Net Income Total Revenue = After-tax Income / Net Income on Operations

(5) Earning Per Share=(After-tax Profit Preferred Stocks Dividends)/ Weighted Average of Shares Outstanding (Note 4)

3: Financial Structure

(1) Liability to Total Asset = Total Liabilities (Note 3) / Total Assets

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(2) Fixed Asset to Shareholders' Equity = Fixed Asset / Shareholders' Equity

4: Growth Rate

- (1) Asset Growth = (Total Assets of Current Year Total Assets of Previous Year) / Total Assets of Previous Year
- (2) Profitability Growth = (Pre-tax Profit of Current Year Pre-tax Profit of Previous Year) / Pre-tax Profit of Previous Year
- 5: Cash Flow (Note 7)
 - (1) Cash Flow = Net Operating Cash Flow / (Placement \$ Advance to Other Banks + Commercial Paper Payable + Financial Assets at Fair Value through Profit or Loss + Bills & Bonds Purchased under Agreements to Resell + Payables of Maturity with One Year)
 - (2) Cash Flow to Dividends & Expenditures = Net Operating Cash Flow in the Past Five Years / (Capital Expenditures + Cash Dividends) in the past five years
 - (3) Cash Flow Reinvestment Ratio = Net operating cash flow / Net investment cash flow
- 6: Liquidity Reserve Ratio = Liquid Assets required by Central Bank / Liabilities for which the Liquid Reserves are allocated
- 7: Operating Scale
 - (1) Market Share of Asset = Total assets / Total assets of financial institution allowed to engage in the deposits and loan business (Note 5)
 - (2) Market Share of Net Worth = Net worth / Total net worth of financial institutions allowed to engage in the deposits and loan business (Note 5)
 - (3) Market Share of Deposit = Total deposits / Total deposits of financial institutions allowed to engage in the deposit and loan business (Note 5)
 - (4) Market Share of Loan = Total loans / Total loans of financial institution allowed to engage in the deposit and loan business (Note 5)
- Note 3: Total liabilities exclude guaranteed liability reserves, reserve for losses on bonds and bills dealing, reserve for contract violation losses, and reserve for accidental losses.

Note 4: The following items should be considered when calculating the earnings per share in the aforementioned items.

- 1. Calculation shall be based on weighted average number of shares but not on the number of shares issued as of yearend.
- For any cash increment or treasury share transaction, period of circulation shall be considered in calculating the weighted average number of shares.
- 3. Whenever capital increment is carried out via transfer of profit or legal reserve, retroactive adjustment shall be carried out in accordance with the ratio of increment when calculating earnings per share for past years and for six-month periods with no need to consider the time of issuance for the capital increment.
- 4. If the preferred stock is a non-convertible, cumulative preferred stock, the stock dividend for the current year (whether released or not) should be deducted from after-tax net profit or added to after-tax net loss.
- 5. When there is an after-tax net profit, the dividend on preferred stocks that are not cumulative stock should be deducted from after-tax net profit; in cases of loss, no adjustment is necessary.
- Note 5: Financial institutions that can engage in the deposit and loan business include domestic banks, Taiwan branches of foreign banks, credit cooperatives, the credit departments of farmers' and fishermen's associations, and trust investment companies.
- Note 6: Net Income total revenue refers to the sum of interest income and non-interest income.
- Note 7: The following items should be considered when analyzing the cash flows
 - 1. Net operating cash flow represents the net cash inflows from operating activities
 - 2. Capital expenditures represents the yearly cash outflows from capital investment
 - 3. Cash dividends include dividends from common & preferred stocks
 - 4. Fixed asset represents total fixed asset before accumulated depreciations
- Note 8: Not expressed due to negative base point.
- Note 9: Not expressed due to negative cash flow from operating activity.
- Note 10: Not expressed due to negative cash flow from investment activity.

III Capital Adequacy Analysis in the Past Five Years

(I) Parent Company

						Unit: N	T\$ Thousand
Ite	m	Year	2010	2009	2008	2007	2006
		Common Stock	8,557,900	8,557,900	8,557,900	8,557,900	8,557,900
		Perpetual, Non-Cumulative Preferred Stock	-	-	-	-	-
		Non-Matured, Non-Cumulative Subordinated					
		Debenture	-	-	-	-	-
		Capital in Advance	-	-	-	-	-
		Legal Reserve (Excluding Legal Reserve for					245,786
		Fixed Asset Appreciation)	-	-	-	-	245,780
	Tier 1	Legal Earning Reserve	-	-	57,103	-	196,891
	Capital	Special Earning Reserve	-	-	29,345	-	-
		Cumulative Earning	-	-	-	190,343	(787,017)
		Minor Interests	-	-	-	-	-
		Other Shareholders Equity	(74,502)	(75,933)	(64,363)	(70,823)	(6,529)
		Less: Goodwill	1,316,159	1,316,159	1,316,159	1,316,159	1,316,159
		Less: Loss from Unamortized NPL Sold	-	-	-	-	-
al		Less: Capital Deduction Item	575,548	788,666	714,168	308,196	99,900
pit		Total Tier 1 Capital	6,591,691	6,377,143	6,549,658	7,053,065	6,790,970
Ca		Perpetual, Cumulative Preferred Stock	-	-	-	-	-
Equity Capital		Non-matured, Cumulative Subordinated	-	-	-	-	-
Equ		Debentures					
		Legal Reserve for Fixed Asset Appreciation	-	-	-	-	-
		45% of Unrealized Gain of Available for Sale	20,439	15,143	20,457	4,549	-
		Financial Asset					
	T. 0	Convertible Bond	-	-	-	-	-
	Tier 2 Capital	Operation Reserve & Bad Debt Account	-	-	-	323,219	433,275
		Long-term Subordinated Debentures	1,827,400	2,015,200	1,928,920	2,249,920	2,569,920
		Non-perpetual Preferred Stock	-	200,000	400,000	600,000	800,000
		Sum of (Perpetual, Non-Cumulative Preferred Stock + Non-Mature, Non-Cumulative					
		Stock + Non-Mature, Non-Cumulative Subordinated Financial Debenture) Surpassed	-	-	-	-	-
		15% of Tier 1 Capital					
		Less: Capital Deduction Item	575,545	788,668	714,169	308,196	99,899
		Total Tier 2 Capital	1,272,294	1,441,676	1,635,208	2,869,492	3,703,296
		Short-term Subordinated Debentures		1,441,070	1,035,200	2,007,472	3,703,290
	Tier 3	Non-Perpetual Preferred Stock	_	_	_	_	_
	Capital	Total Tier 3 Capital	-	_	_	-	-
	Equity Cap		7,863,985	7,818,818	8,184,866	9,922,557	10,494,268
t		Standardized Approach	85,283,584		101,016,756		
Risk-Weighted Asset	Credit	Internal Rating-Based Approach					
d A	Risk	Securitization Framework	344,985	347,071	291,982	481,144	441,754
hteo		Basic Indicator Approach	4,180,063	5,363,938	6,354,825	6,447,375	-
eigl	Operation	Standardized / Alternative Approach	-,100,000	-			-
M-	Risk	Advanced Measurement Approach	-	-	-	-	-
isk	Market	Standardized Approach	1,901,863	924,825	1,111,138	1,796,063	1,753,150
Ч	Risk	Internal Model-Based Approach	-	-	-	-	_
CAR	R (%)		8.57	7.68	7.52	8.68	8.44
		Risk-Weighted Asset (%)	7.19	6.27	6.02	6.17	5.46
	•	Risk-Weighted Asset (%)	1.39	1.42	1.50	2.51	2.98
	-	Risk-Weighted Asset (%)	-	-	-	-	-
		to Total Asset (%)	5.48	5.32	5.17	5.03	4.50

(II) Consolidated Company

Unit: NT\$ Thousand

						Uliit. N	15 Thousand
Ite	m	Year	2010	2009	2008	2007	2006
		Common Stock	8,557,900	8,557,900	8,557,900	8,557,900	8,557,900
		Perpetual, Non-Cumulative Preferred Stock	-	-	-	-	-
		Non-matured, Non-Cumulative Subordinated					
		Debenture	-	-	-	-	-
		Capital in Advance	-	-	-	-	-
		Legal Reserve (Excluding Legal Reserve for	_	_	_	_	245,786
		Fixed Asset Appreciation)					·
	Tier 1	Legal Earning Reserve	-	-	57,103	-	196,891
	Capital	Special Earning Reserve	-	-	29,345	-	-
		Cumulative Earning	-	-	-	190,343	(787,017)
		Minor Interests	-	-	-	-	-
		Other Shareholders Equity	(74,502)	(75,933)	(64,363)	(70,823)	(6,529)
		Less: Goodwill	1,316,159	1,316,159	1,316,159	1,316,159	1,316,159
		Less: Loss from Unamortized NPL Sold	-	-	-	-	
al		Less: Capital Deduction Item	517,709	745,588	646,270	265,061	54,942
pit		Total Tier 1 Capital	6,649,530	6,420,221	6,617,556	7,096,200	6,835,930
Ca		Perpetual, Cumulative Preferred Stock	-	-	-	-	-
Equity Capital		Non-Matured, Cumulative Subordinated	-	-	-	-	-
		Debentures					
		Legal Reserve for Fixed Asset Appreciation	-	-	-	-	-
		45% of Unrealized Gain of Available for Sale	20,439	15,143	20,457	4,549	-
		Financial Asset	,	,			
	T : 0	Convertible Bond	-	-	-	-	-
	Tier 2	Operation Reserve & Bad Debt Account	-	-	-	323,219	433,275
	Capital	Long-Term Subordinated Debentures	1,827,400	2,015,200	1,928,920	2,249,920	2,569,920
		Non-Perpetual Preferred Stock	-	200,000	400,000	600,000	800,000
		Sum of (Perpetual, Non-Cumulative Preferred					
		Stock, & Non-mature, Non-Cumulative	-	-	-	-	-
		Subordinated Financial Debenture) Surpassed					
		15% of Tier 1 Capital Less: Capital Deduction Item	517,708	745,588	646,269	265,059	54,942
		Total Tier 2 Capital	1,330,131	1,484,756	1,703,108	2,912,629	3,748,253
		Short-Term Subordinated Debentures	1,550,151	1,464,750	1,705,108	2,912,029	5,746,255
	Tier 3	Non-Perpetual Preferred Stock	-	-	-	-	-
	Capital	Total Tier 3 Capital	-	-	-	-	-
	Equity Cap		- 7,979,661	- 7,904,977	- 8 320 664	10,008,829	10,584,183
		Standardized Approach	85,474,503			105,573,282	
set	Credit	Internal Rating-Based Approach			100,755,785	105,575,282	122,337,003
Risk-weighted Asse	Risk	Securitization Framework	344,985	347,071	291,982	481,144	441,754
ted		Basic Indicator Approach	4,180,063	5,363,938	6,354,825	6,493,000	++1,73+
igh	Operation	Standardized / Alternative Approach	-,100,005				_
-we	Risk	Advanced Measurement Approach	_	_	_	_	_
isk	Market	Standardized Approach	1,901,863	924,825	1,111,138	1,796,063	1,753,750
R	Risk	Internal Model-Based Approach					
CAR	R(%)	Internal Moder Dused Approach	8.68	7.76	7.66	8.75	8.50
		Risk-Weighted Asset (%)	7.24	6.31	6.09	6.21	5.49
	-	P Risk-Weighted Asset (%)	1.45	1.46	1.57	2.55	3.01
	-	P Risk-Weighted Asset (%)			1.57	2.35	5.01
	-	to Total Asset (%)	5.48	5.32	5.17	5.03	4.50
		uncial figures above have all been audited and ca		5.52	5.17	5.05	т.50

Note 1: The financial figures above have all been audited and certified by CPA.

Note 2: The financial figures have been adjusted by Basel II after the year of 2006.

Note 3: Calculation Methods:

(1) Equity Capital = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital

(2) Risk-Weighted Asset = Credit Risk-Weighted Assets + Required Capital for (Operation Risk + Market Risk) × 12.5

(3) Capital Adequacy Ratio = Equity Capital / Total Risk-Weighted Assets

(4) Tier 1(or 2,3) capital to risk-weighted Asset ratio = Tier 1(or 2,3) capital / Total risk-weighted assets

(5) Common Stock to Total Asset = Common Stock / Total Assets

Financial Statements

December 31, 2010 and 2009 (With Independent Auditors' Report Thereon)

Address: No. 68, Sec. 2, Xianmin Blvd., Banqiao Distr., New Taipei City, Taiwan, R.O.C. Tel: (02)2962-9170

Independent Auditors' Report

The Board of Directors Bank of Panhsin:

We have audited the accompanying balance sheets of Bank of Panhsin as of December 31, 2010 and 2009, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Panhsin as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Banks, the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, and Republic of China generally accepted accounting principles.

Bank of Panhsin has prepared consolidated financial statements for itself and its subsidiaries as of and for the years ended December 31, 2010 and 2009, on which we have expressed an unqualified opinion.

KPMG

March 15, 2011

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.

Balance Sheets

December 31, 2010 and 2009 (Expressed in thousands of New Taiwan dollars, except for par value)

		2010	2009	Change %			2010	2009	Change %
Assets					Liabilities and Stockholders' Equity				
Cash and cash equivalents (note 4)	\$	2,847,108	2,584,675	10	Deposits by Central Bank and other banks (note 16)	\$	1,450,176	3,835,415	(62)
Due from Central Bank and placement to other banks (note 5)		30,377,437	24,756,072	23	Financial liabilities at fair value through profit or loss (notes 6 and 23)		42,114	55,120	(24)
Financial assets at fair value through profit or loss, net (notes 6, 23 an	d				Notes and accounts payable		2,463,968	2,313,083	7
25)		690,083	701,332	(2)	Deposits and remittances (notes 17 and 24)		139,340,821	142,004,002	(2)
Accounts receivable, net (notes 9, 10, 20 and 24)		2,576,311	5,256,115	(51)	Subordinated financial debentures (notes 18 and 24)		3,939,000	3,888,600	1
Loans and advances to customers (notes 10 and 24)		106,313,757	114,033,176	(7)	Accrued pension liabilities (note 19)		101,672	103,393	(2)
Available-for-sale financial assets, net (notes 7 and 25)		1,331,167	861,418	55	Other financial liabilities		24,806	-	-
Held-to-maturity financial assets (note 8)		106,921	-	-	Other liabilities		118,609	139,476	(15)
Long-term investments under equity method, net (note 11)		115,677	86,158	34	Total liabilities	_	147,481,166	152,339,089	(3)
Other financial assets, net (notes 11, 24, 25 and 26)		360,737	710,693	(49)	Stockholders' Equity (notes 7, 19 and 21):				
Property and equipment, net (notes 12 and 24)		7,507,237	7,093,203	6	Share capital:				
Goodwill and intangible assets (note 13)		1,582,283	1,629,463	(3)	Common stock of \$10 par value per share; authorized 1,500,000				
Other assets:					thousand shares and issued 855,790 thousand shares in 2010 and	ł			
Other asstes (notes 14 and 15)		1,393,250	2,019,365	(31)	2009		8,557,900	8,557,900	-
Deferred income tax assets (note 20)		881,142	1,193,422	(26)	Preferred stock of \$10 par value per share; cumulative but non-				
		2,274,392	3,212,787	(29)	participating; authorized and issued 100,000 thousand shares in				
					2010 and 2009	_	1,000,000	1,000,000	-
						_	9,557,900	9,557,900	-
					Retained earnings:				
					Accumulated deficits	_	(926,875)	(929,615)	-
					Other adjustments to stockholders' equity:				
					Unrealized gain on available-for-sale financial assets		36,717	32,608	13
					Net loss from unrecognized pension cost	_	(65,798)	(74,890)	12
						_	(29,081)	(42,282)	31
					Total stockholders' equity		8,601,944	8,586,003	-
					Commitments and contingencies (notes 14, 21, 23 and 26)	_			
Total Assets	\$ <u></u>	156,083,110	160,925,092	(3)	Total Liabilities and Stockholders' Equity	\$_	156,083,110	160,925,092	(3)

See accompanying notes to financial statements.

Statements of Income

For the years ended December 31, 2010 and 2009 (expressed in thousands of New Taiwan dollars, except for earnings per share)

		2010	2009	Change %
Interest income (notes 6 and 24)	\$	2,981,056	3,035,643	(2)
Less: Interest expense (note 24)		1,124,821	1,858,610	(39)
Net interest income		1,856,235	1,177,033	58
Non-interest income:				
Fees and commission income, net (note 24)		409,241	308,930	32
Gain on financial instruments at fair value through profit or				
loss (notes 6 and 23)		134,664	398,880	(66)
Realized gain on available-for-sale financial assets (note 7)		65,712	22,949	186
Investment income (loss) under the equity method, net		50,419	(1,581)	3,289
Foreign exchange loss, net		(69,615)	(265,555)	74
Asset impairment loss		(231,797)	-	-
Other non-interest income (loss), net (notes 12, 14, 15, 24				
and 29)		(47,804)	1,381,564	(103)
Net revenue		2,167,055	3,022,220	(28)
Bad debt expenses (note 10)		15,674	1,843,147	(99)
Operating expenses:				
Personnel costs (notes 19 and 29)		1,084,668	1,063,776	2
Depreciation and amortization (notes 12 and 29)		155,106	167,383	(7)
Other general and administrative expenses (note 24)		596,587	577,451	3
		1,836,361	1,808,610	2
Gain (loss) from continuing operations before income tax		315,020	(629,537)	150
Income tax expense (benefit) (note 20)		312,280	(466,990)	167
Net income (loss)	\$	2,740	(162,547)	102
Basic deficits per share (note 22) \$_	efore	tax After tax 0.32 <u>(0.05</u>		After tax (0.24)

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2010 and 2009 (expressed in thousands of New Taiwan dollars)

			Share capital]	Retained earnings		Other adjus	tments
					Special	Unappropriated earnings (accumulated	Unrealized gain (loss) on available- for-sale	Net loss from unrecognized	
	Cor	nmon stock	Preferred stock	Legal reserve	reserve	deficits)	financial assets	pension cost	Total
Balance at January 1, 2009	\$	8,557,900	1,000,000	57,103	29,345	(853,516)	(64,028)	45,125	8,771,929
Offset deficits (note 21)		-	-	(57,103)	(29,345)	86,448	-	-	-
Net loss for 2009		-	-	-	-	(162,547)	-	-	(162,547)
Reversal of net loss from unrecognized pension cost		-	-	-	-	-	-	(12,517)	(12,517)
Reversal of unrealized gain on available-for-sale financial assets (note 7)		-			_		(10,862)		(10,862)
Balance at December 31, 2009		8,557,900	1,000,000	-	-	(929,615)	(74,890)	32,608	8,586,003
Net income for 2010		-	-	-	-	2,740	-	-	2,740
Net income from unrecognized pension cost		-	-	-	-	-	-	4,109	4,109
Recognition of unrealized gain on available-for-sale financial assets (note 7)		_			_		9,092		9,092
Balance at December 31, 2010	\$	8,557,900	1,000,000			(926,875)	(65,798)	36,717	8,601,944

Statements of Cash Flows

For the years ended December 31, 2010 and 2009 (expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flow from operating activities:		
Net income (loss)	\$ 2,740	(162,547)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	81,002	90,525
Amortization	75,564	78,406
Provision of (reserve for) trading losses	(2,554)	2,302
Bad debt expenses	15,674	1,843,147
Amortization of bonds premium	90	-
Gain on disposal of foreclosed assets	(1,542)	(534)
Investment loss (income) under the equity method	(50,419)	1,581
Cash dividends from investees under the equity method	20,900	48,059
Gain on sale of available-for-sale financial assets, net	(65,712)	(22,949)
Gain on disposal of property and equipment, net	(31,934)	(1,336,583)
Prepayments for equipment changed into expense	210	330
Loss on disposal of non-operating assets	116,095	-
Impairment loss on foreclosed assets	231,797	-
Decrease (increase) in deferred income tax assets	312,280	(467,078)
Decrease in financial assets at fair value through profit or loss Decrease (increase) in accounts receivable	11,249 661,697	660,352
Decrease (increase) in other financial assets	(34,336)	(195,911) 742,600
Increase (decrease) in financial liabilities at fair value through profit or loss	(13,006)	(163,168)
Increase in accounts payable and other liabilities	150,885	325,833
Increase in accounts payable and other habilities	130,883	189
Net cash provided by operating activities	1,480,807	1,444,554
Cash flow from investing activities:	1,400,007	1,444,554
Increase in due from Central Bank and placement to other banks	(5,621,365)	(3,611,754)
Acquisition of available-for-sale financial assets	(896,234)	(488,328)
Proceeds from disposal of available-for-sale financial assets	496,306	1,237,651
Acquisition of held-to-maturity financial assets	(107,011)	-
Proceeds from disposal of investees under cost method	268,197	_
Decrease in loans and advances to customers	7,842,822	6,266,381
Acquisition of property and equipment	(552,249)	(1,340,111)
Proceeds from disposal of property and equipment	1,967,521	306,917
Increase in foreclosed assets	(5,062)	(28,422)
Proceeds from disposal of foreclosed assets	419,198	238,927
Increase in property investment	(11,583)	-
Decrease (increase) in other assets	(27,386)	59,356
Net cash provided by investing activities	3,773,154	2,640,617
Cash flow from financing activities:		
Decrease in deposits by Central Bank and other banks	(2,385,239)	(1,239,463)
Decrease in deposits and remittances	(2,663,181)	(2,283,737)
Decrease in bills and bonds sold under repurchase agreements	-	(325,725)
Issuance of subordinated financial debentures	500,000	720,000
Decrease in subordinated financial debentures	(449,600)	(1,550,400)
Increase in other financial liabilities	24,806	-
Increase (decrease) in other liabilities	(18,314)	2,410
Net cash used in financing activities	(4,991,528)	(4,676,915)
Net increase (decrease) in cash and cash equivalents	262,433	(591,744)
Cash and cash equivalents at beginning of year	2,584,675	3,176,419
Cash and cash equivalents at end of year	\$ <u>2,847,108</u>	2,584,675
Supplementary disclosure of cash flow:		
Cash payments of interest	\$ <u>1,148,736</u>	1,510,492
Cash payments of income tax	\$16,300	16,482
Investing and financing activities not affecting cash flows:		
Unrealized gain (loss) on available-for-sale financial assets	\$ <u>4,109</u>	(12,517)
Reconciliation of cash received from disposal of foreclosed assets:		
Proceeds from disposal of property and equipment	\$ 72,591	2,201,847
Increase (decrease) in accounts receivable – disposal of property and equipment Cash revivable of disposal of property and equipment	1,894,930	(1,894,930)
	\$ <u>1,967,521</u>	306,917

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2010 and 2009 (expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Organization and Business Scope

Bank of Panhsin (the Bank), formerly named "Pan Chiao Credit Cooperative", was founded on April 25, 1957. Pursuant to an approval granted by the Ministry of Finance, the Bank was re-incorporated as a commercial bank on July 8, 1997, and completed the acquisition of "The 5th Credit Cooperative of Kaohsiung" on September 29, 1997. The Bank obtained a banking license authorized by the Ministry of Finance to operate as a commercial bank on September 30, 1997. In October 1999, the Bank received its trust license from the Ministry of Finance and started operations on November 26 of the same year with capital of \$100 million. On November 27, 2002, the Bank was authorized by the Ministry of Finance to establish an International Banking Department, which started operations on July 7, 2003. Furthermore, the Bank completed the acquisition of "The 1st Credit Cooperative of Chiayi" on March 6, 2005.

The Bank was established pursuant to the Banking Law to engage in:

- 1) all commercial banking operations allowed by the Banking Law;
- 2) savings operations;
- 3) trust operations;
- 4) credit card operations;
- 5) trading in government bonds and other debt securities; and
- 6) other operations as authorized by the relevant central authority.

On November 14, 2006, the Bank was approved by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan to offer its shares publicly.

As of December 31, 2010 and 2009, the number of the Bank's employees was 1,270 and 1,282, respectively.

Notes to Financial Statements

(2) Summary of Significant Accounting Policies

The financial statements of the Bank are presented in the local currency and in Chinese. These financial statements have been translated into English. The translated information is consistent with the Chinese version of the Bank's financial statements from which it is derived.

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 financial statements of the Bank are prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Banks, the Business Entity Accounting Act, the Regulation on Business Entity Accounting Handling, and ROC generally accepted accounting principles. The financial statements are prepared primarily on a historical cost basis except as otherwise specified in the following accounting policies. The preparation of financial statements in conformity with related regulations requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Actual results could differ from these estimates. A summary of significant accounting policies and the measurement basis used in preparing the financial statements is as follows:

1) Basis of preparation

The financial statements include the accounts of the head office, branches and offshore banking unit. All intra-office balances and transactions have been eliminated in the preparation of the financial statements.

The Bank, for internal management purposes, should maintain separate accounts and prepare separate sets of financial statements for the entrusted funds managed by the Bank. All the entrusted assets are booked to a memo account.

2) Foreign currency transactions

Except for accounts in its Offshore Banking Unit that are maintained in US dollars, accounts in all other departments are maintained in New Taiwan dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, and all income and expense accounts denominated in original foreign currencies are translated into New Taiwan dollars at daily closing exchange rates. At the balance sheet date, the financial statement amounts in all foreign currencies are translated into New Taiwan dollars at exchange rates are translated into New Taiwan dollars at exchange rates assigned on that date. Differences from translation are recorded as gains or losses for the current period.

3) Cash and cash equivalents

The Bank considers cash and due from banks as cash and cash equivalents.

4) Financial instruments at fair value through profit or loss

The Bank accounts for financial assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement".

Notes to Financial Statements

Financial assets whose changes in fair value are recognized in profit or loss include debt securities, beneficiary certificates, equity shares and derivative instruments held or issued by the Bank. These financial assets can be classified into two subcategories: financial assets held for trading purposes and financial assets designated at fair value. Financial assets held for trading purposes are acquired or held principally for the purpose of selling or repurchasing them in the near term.

The Bank recognizes the purchases or sales of stocks, funds and beneficiary certificates using trade-date accounting and of other financial assets using settlement-date accounting. These financial instruments are initially recognized at fair value plus acquisition or issuance cost.

Financial instruments with fair value changes recognized in profit or loss should be measured at fair value. The fair value of an asset is the amount at which the asset could be purchased or sold in a current arm's-length transaction between willing parties. A quoted market price, if available, in an active market is the best evidence of fair value. The fair value of listed or OTC stocks is the market closing price of the last transaction day. The market price of open-end funds is the net asset value on balance sheet date. The fair value of local bonds is represented by the OTC's quoted market price of the last transaction day of the bonds. However if a quoted market price is not available, fair value should be estimated using the information available in the circumstances or estimated using pricing models. Estimation of fair value is usually based on recent trading prices of such financial instruments and supplemented by related valuation techniques available.

The realized and unrealized gain or loss on financial instruments at fair value through profit or loss whose changes in fair value are recognized in the income statement. Interest income (expense) and cash dividends received during the holding period are recorded under the accounts of "interest income (expense)" and "gain (loss) on financial instruments at fair value through profit or loss", respectively. Cash dividends are recognized as income on the ex-dividend date or when the board approves the cash dividends. Stock dividends are not recognized as income but treated as increases in the number of shares held.

5) Available-for-sale financial assets

The Bank adopted SFAS No. 34 "Financial Instruments: Recognition and Measurement". Except for stocks, funds, and beneficiary certificates which use transaction-date accounting, the Bank recognizes the purchase or sale of the financial assets by using settlement-date accounting. These financial instruments are initially recognized at fair value, and the amount recognized includes acquisition or issuance cost.

Available-for-sale financial assets are subsequently remeasured at fair value, and the changes therein are recognized in the shareholders' equity adjustment account. Fair value is based on the quoted market price or estimated amount if the quoted market price is not available. Interest income and cash dividends are recorded under "interest income" and "realized gain on available-for-sale financial assets", respectively. Cash dividends are recognized as income on the exdividend date or when the board approves the cash dividends. Cash dividends received are deducted from the amount invested in the same year. Stock dividends are not recognized as income but treated as increases in the number of shares held.

Notes to Financial Statements

When there is any indication of impairment in the value of available-for-sale financial assets, the impairment loss should be recognized in the income statement. The impairment losses recognized in the income statement on debt instruments classified as available-for-sale are reversed through the income statement if the fair value of such debt instruments increases in a subsequent period. When available-for-sale financial assets are sold, cumulative gains or losses previously recognized in equity are recognized in the income statement.

Held-to-maturity financial assets are measured at amortized cost using the effective interest method. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount of the financial asset that exceeds the amortized cost that would have been determined if no impairment loss had been recognized.

6) Held-to-maturity financial assets

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 is objectively related 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.

7) Derivative financial instruments

Derivative financial instruments are foreign exchange forward contracts, currency swaps, interest rate swaps, and options, which are entered into by the Bank in foreign exchange, interest rate, and capital markets. Derivative financial instruments are for trading purposes except those accounted for under hedge accounting. Trading purposes include market creation, customer services, trading and other relevant arbitrage.

Derivative financial instruments held for trading purposes are evaluated at fair value. Changes in fair value are recorded as current period income or loss. Fair value is the amount at which the asset could be purchased or sold in a current arm's-length transaction between willing parties. A quoted market price, if available, in an active market is the best evidence of fair value; however, if a quoted market price is not available, fair value should be estimated using the information available in the circumstances or using pricing models. Estimation of fair value is usually based on recent trading prices of similar financial instruments and supplemented by related valuation techniques available.

An embedded derivative financial instrument is split from the host contract and accounted for as a separate derivative if the embedded derivative financial instrument meets the definition specified in the Statements of Financial Accounting Standards. The host contract, depending on whether or not it is a financial instrument, is recognized according to the related Statements of Financial Accounting Standards.

Notes to Financial Statements

Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

8) Repurchase and reverse repurchase agreements

Financial instruments sold (purchased) under repurchase (reverse repurchase) agreements are accounted for using the acquisition cost. The difference between the sale and repurchase price is treated as interest income or interest expenses and recognized over the life of the agreement.

9) Loans and advances to customers, and related allowance for doubtful accounts

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

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. An allowance for doubtful accounts is determined by an evaluation of the collectibility of loans, receivables, and advance accounts. Doubtful accounts are written off when the recovery possibility is remote.

Principal or interest overdue over three months is categorized as overdue accounts. In addition, when principal or interest has not been paid for over six months, the said principal and interest are transferred to non-performing loans. When this occurs, interest will only be calculated and booked to the memo accounts accordingly.

Starting from July 1, 1999, the Bank has to provide 3% of operating revenue as allowance for bad debt to speed up the write-off of default accounts. This allowance should be provided until the Bank's overdue accounts ratio has dropped to lower than 1%. The aforementioned allowance is recognized under bad-debt expense and allowance for bad debt expense accounts.

10) Long-term investments under equity method

Long-term investments are accounted for under the equity method when the percentage of ownership exceeds 20%, or is less than 20% with significant influence over the investee.

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

Investments in which the Bank has controlling interests are consolidated into the Bank's consolidated financial statements in accordance with Statement of Financial Accounting Standards No. 7 (SFAS 7) "Consolidated Financial Statements".

Notes to Financial Statements

11) Other financial assets

Holdings of unlisted or non-OTC stocks over which the Bank does not have significant influence are classified as financial assets stated at cost. Since the fair value cannot be obtained, these financial assets are measured at cost. If there is any objective evidence of impairment in the value of the financial assets stated at cost, an impairment loss is recognized in the income statement accordingly. This impairment loss cannot be reversed.

Cash dividends from the aforementioned financial assets stated at cost are recorded under "other non-interest income, net". Stock dividends are not recognized as income but treated as increases in the number of shares held. In addition, if fair value is available and reliably measurable, the aforementioned financial assets should be evaluated by using fair value and reclassified as "available-for-sale financial assets".

Other investments are originally held for strategic investments in cooperatives and credit unions. On disposition, paid-in capital is to be refunded, and gain or loss is recognized when it occurs. The profits on investments are based on the cost and recorded under non-interest income, net. Distributed earnings are recorded as gains on investment.

12) Property and equipment, and related depreciation

Property and equipment are stated at acquisition cost. Interest expense on the acquisition of assets is capitalized and classified under appropriate categories of property and equipment. Major renewals and betterments of property and equipment are capitalized, while maintenance and repairs are expensed.

Apart from land, depreciation is calculated on a straight line basis over the estimated useful lives of the respective assets. In addition, the salvage value is amortized over the estimated remaining useful life of an asset. Gains or losses on the disposal of property and equipment are recorded as non operating income or loss.

Effective November 20, 2008, the Bank adopted Accounting Research and Development Foundation Interpretation (97) Ji-Mi-Zih 340. In accordance with the interpretation, asset useful life, depreciation method, and residual value should be evaluated at the end of the year, and any changes shall be accounted for as changes in accounting estimates.

The estimated useful lives of property and equipment are as follows:

Building	3~60 years
Equipment	3~7 years
Transportation equipment	3~10 years
Other equipment	3~15 years
Leasehold improvement	2~11 years

Notes to Financial Statements

13) Intangible assets – goodwill

Goodwill arose on the acquisition of "The 5th Credit Cooperative of Kaohsiung" and "The 1st Credit Cooperative of Chiayi". It was recognized as the purchase price less the market value of tangible assets obtained, and classified as an intangible asset. Goodwill previously was amortized over 20 years and 5 years, respectively, on a straight-line basis. Starting in 2006, in accordance with the newly revised SFAS No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements", goodwill shall not be amortized.

14) Other intangible assets

Computer software is recorded at acquisition cost and amortized over three years.

15) Other assets – non-operating assets

Property and equipment leased out under operating leases are reclassified as non-operating assets. Depreciation is provided on a straight-line basis over the estimated useful lives of the leased-out assets, and is recorded as a non-interest expense or income, net.

Idle assets are transferred to other assets based on the lower of net realizable value or carrying value, and the current depreciation is recorded under "other non-interest income or loss". The balance is based on the lower of their carrying value or recoverable amount.

16) Other assets – foreclosed assets

Foreclosed assets are stated at their net realizable value. Any difference from the original value of the loans is recognized as bad debts. Losses or gains on the disposal of foreclosed assets are recorded as other non-interest expense or income, net.

17) Asset impairment

The Bank adopted Statement of Financial Accounting Standards No. 35 (SFAS 35) "Impairment of Assets". In accordance with SFAS 35, the Bank assesses at each balance sheet date whether there is any indication that an asset 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.

An impairment loss recognized for goodwill cannot be reversed.

18) Deposits by banks and deposits and remittances

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

Notes to Financial Statements

19) Subordinated financial debentures

The Bank issued subordinated financial debentures at par with lump-sum payment at maturity, and the interest expenses are computed and recorded at par value multiplied by the stated interest rate every month. The annual fee paid to the OTC is recognized as operating expense.

20) Other liability-reserve for securities trading losses

According to the Rules Governing Securities Firms, 10% of the excess of securities trading gains over losses must be provided as a reserve on a monthly basis, until the accumulated balance of such reserve reaches \$200,000. Such reserve can only be used to offset the loss from securities trading.

The aforementioned reserve for trading losses is recognized as charged to other non-interest expense or income, net and other liability—reserve for securities trading losses.

21) Pension plan

The Bank has defined benefit pension plans for engaged managers and all regular employees, respectively. In accordance with the pension plans, benefit payments are provided based on the number of service years and the average salary of the qualified managers or employees six months prior to their retirement. For the engaged managers, the Bank deposits a certain percentage of the monthly gross salary payment with the Hou Pu Branch of the Bank in a retirement fund account. As for the employees, in accordance with the ROC Labor Standards Law, a retirement fund was set up with Bank of Taiwan with a monthly contribution of a certain percentage of the gross salary payment.

For the defined benefit pension plans, the measurement date for the completion of the actuarial assessment was the end of each fiscal year. The amount of the accumulated benefit obligation over pension plan assets is recognized as minimum pension liability on the reporting date. Furthermore, the Bank recognized net pension cost, which included service costs, interest costs, expected returns on plan assets, and the amortization of the net transition obligation, in accordance with the retirement plan's actuarial assessment. The initial net pension cost and unrecognized net transition obligation are amortized by using the straight line method over 15 and 27 years for engaged managers and regular employees, respectively.

Minimum pension liability usually occurs due to the existence of unrecognized prior service cost and unrecognized transitional net assets or net benefit obligation. If the amount of minimum pension liability does not exceed the sum of unrecognized prior service cost and unrecognized transitional net assets or net benefit obligation, then the difference would be charged to the deferred pension cost account; otherwise, the difference shall be charged to the account net loss not yet recognized as net pension cost. Deferred pension cost is classified as an intangible asset; net loss from unrecognized net pension cost is classified as a reduction of stockholders' equity.

The Labor Pension Act (the New System) is now in effect. Under the New System, the Bank has an obligation to contribute no less than 6% of monthly paid salary to the pension accounts in the Labor Insurance Bureau individually owned by the Bank's existing employees who chose to join the New System and the employees hired after the effective date. The amounts deposited are charged to current operations.

Notes to Financial Statements

22) Recognition of revenue

Interest revenue, fees and commissions are recognized as income on an accrual basis.

23) Employees' bonuses and directors' and supervisors' remuneration

Employees' bonuses and directors' and supervisors' remuneration appropriated on or after January 1, 2008, are accounted for by Interpretation No. (96)52 issued by the Accounting Research and Development Foundation. The Bank should estimate the amount of employees' bonuses and directors' and supervisors' remuneration according to the Interpretation and recognize it as operating expenses. Differences between the amounts approved in the shareholders' meeting and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss.

24) Income tax

Income tax is estimated based on the accounting income. Deferred income tax is determined based on temporary differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to reverse. 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, loss carryforwards, and income tax credits are recognized as deferred income tax assets. The realization of deferred income tax assets is evaluated, and a valuation allowance is recognized accordingly.

The 10% surtax on unappropriated earnings is recorded as expense in the year the stockholders approve the distribution of earnings.

Effective January 1, 2006, the Income Basic Tax Act has been applied to the calculation of the Bank's basic income tax. In accordance with the new act, basic income tax is calculated as one-tenth of the basic income minus 2 million dollars. Basic income is calculated by using regular taxable income plus add-back items, such as tax-exempt income from securities and futures transactions. When the calculated regular tax amount is less than the basic tax amount, the Bank is required to pay the basic tax amount.

25) Earnings (deficits) per share of common stock

Earnings (deficits) per share are computed by dividing net income (loss) divided by the weightedaverage number of issued shares of common stock outstanding during the year. The increase in issuance of stock dividends from retained earnings or capital surplus or the decrease in stock by offsetting accumulated deficits is adjusted retroactively. Furthermore, if the designated date of record for a stock dividend is proposed before publishing the financial statements, the earnings per common share are adjusted retroactively. If there is cumulative preferred stock outstanding, preferred stock dividends shall be deducted from net income whether or not dividends are declared.

Stock-based employee bonuses not yet approved by the shareholders' meeting are regarded as potential common stock. The Bank has to disclose basic earnings per share and diluted earnings per share if the increase in potential common stock would dilute earnings per share; otherwise, the Bank only needs to disclose basic earnings per share. The calculation of diluted earnings per share should consider the effect on net income and outstanding potential common stock.

BANK OF PANHSIN

Notes to Financial Statements

(3) Reasons for and Effects of Accounting Changes: none.

(4) Cash and Cash Equivalents

As of December 31, 2010 and 2009, cash and cash equivalents were as follows:

		2010	2009
Cash	\$	1,230,555	1,259,590
Negotiable instruments for clearing		512,097	507,644
Deposits with other banks		1,104,456	817,441
	\$	2,847,108	2,584,675

As of December 31, 2010 and 2009, composite banking insurance amounted to 172,400 both.

(5) Due from Central Bank and Placement to Other Banks

As of December 31, 2010 and 2009, due from Central Bank and placement to other banks were as follows:

		2010	2009
Deposit reserve:			
Deposit reserve – checking account	\$	3,279,739	1,919,030
Deposit reserve – demand account		3,746,294	3,809,003
ATM settlement account		150,342	150,183
		7,176,375	5,878,216
Certificates of deposit		22,100,000	17,600,000
Placement to other banks		1,101,062	1,277,856
	\$	30,377,437	24,756,072

Deposit reserve is calculated based on the monthly average balance of the various types of deposits, using specific reserve ratios as promulgated by the Central Bank of the Republic of China (CBC) and the reserve for deposits—settlement account of Bank of Taiwan. There is no interest bearing on the reserve for deposits—checking account. The reserve for deposits—demand account is placed with the CBC and its usage is restricted only when the monthly reserve requirement is adjusted.

BANK OF PANHSIN

Notes to Financial Statements

(6) Financial Assets and Liabilities at Fair Value through Profit or Loss

Derivatives

As of December 31, 2010 and 2009, financial assets and liabilities at fair value through profit or loss were as follows:

	2010	2009
Trading assets:		
Interest rate-related instruments	\$ -	(29)
Equity securities	43,208	41,231
Beneficiary certificates	205,197	119,106
Derivatives	 11,303	44,515
	 259,708	204,823
Financial assets designated at fair value:		
Credit-linked notes	 430,375	496,509
	\$ 690,083	701,332
	2010	2009
Trading liabilities:		

For the years ended December 31, 2010 and 2009, net gain (loss) on financial assets and financial liabilities at fair value through profit or loss were as follows:

	2010		2009	
Net gain (loss) on valuation and disposal of trading assets:				
Interest rate-related instruments	\$	(2,528)	(6,012)	
Equity securities		3,777	11,744	
Beneficiary certificates		8,610	7,212	
Derivatives		77,366	311,266	
		87,225	324,210	
Dividend income		534	542	
Other interest income		717	1,643	
		1,251	2,185	
	\$	88,476	326,395	
		2010	2009	
Financial assets designated at fair value:				
Credit-linked notes	\$	33,096	3,370	

(Continued)

\$<u>42,114</u><u>55,120</u>

BANK OF PANHSIN

Notes to Financial Statements

	2010	2009
Net gain (loss) on valuation and disposal of trading liabilities:		
Derivatives	\$ 13,809	70,758

Please refer to note 25 for the financial assets at fair value through profit or loss under pledge.

(7) Available-for-sale Financial Assets

As of December 31, 2010 and 2009, available-for-sale financial assets were as follows:

		Cost after nortization	2010 Assessment adjustment	Fair value
Interest rate-related instruments				
Government bonds	\$	810,203	(3,192)	807,011
Equity securities		425,915	34,389	460,304
Beneficiary securities		58,332	5,520	63,852
	\$ <u></u>	1,294,450	36,717	1,331,167
		Cost after nortization	2009 Assessment adjustment	Fair value
Interest rate-related instruments				
Government bonds	\$	683,772	22,455	706,227
Equity securities		68,109	6,652	74,761
Beneficiary securities		76,929	3,501	80,430
	\$	828,810	32,608	861,418

For the years ended December 31, 2010 and 2009, movements of unrealized gain (loss) on available-for-sale financial assets were as follows:

	2010	2009
Beginning balance	\$ 32,608	45,125
Add: unrealized gain recognized in the period	69,821	10,432
Less: realized loss on disposal in the period	 65,712	22,949
Ending balance	\$ 36,717	32,608

Please refer to note 25 for the available-for-sale financial assets under pledge.

BANK OF PANHSIN

Notes to Financial Statements

(8) Held-to-maturity Financial Assets

		December 31, 2010			December 31, 2009				
		Percentage of ownership Face value			Amount	Percentage of ownership Face value A		Amount	
	Government bonds	-	\$	100,000	106,921	-			
• •	· · ·	11 37 /							

(9) Accounts Receivable, Net

As of December 31, 2010 and 2009, accounts receivable, net, were as follows:

	2010	2009
Interest receivable	\$ 168,135	179,661
Accounts receivable	28,272	26,071
Notes receivable – PANHSIN AMC	1,274,625	1,874,625
Spot exchange receivable	843,628	694,255
Income tax receivable	69,795	53,495
Acceptance receivable	472,108	485,723
Other receivable-other	 72,843	<u>2,351,446</u> 5,665,276
Less: allowance for bad and doubtful accounts – notes receivable – PANHSIN AMC	330,965	387,031
allowance for bad and doubtful accounts – other receivable	 22,130	22,130
	\$ 2,576,311	5,256,115

(10) Loans and Advances to Customers

As of December 31, 2010 and 2009, details of loans and advances to customers were as follows:

		2010	2009
Remittance and discounts for exports	\$	100,630	96,096
Short-term loans, overdrafts, and bills purchased		10,285,341	9,183,054
Short-term secured loans and overdrafts		12,090,073	11,141,757
Medium-term loans		11,664,190	12,890,184
Medium-term secured loans		19,262,893	20,916,639
Long-term loans		1,290,989	1,789,825
Long-term secured loans		51,013,563	56,944,927
Non-performing loans		1,702,557	4,266,637
Subtotal		107,410,236	117,229,119
Less: allowance for bad and doubtful accounts	_	1,096,479	3,195,943
	\$	106,313,757	114,033,176

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Movements of allowance for bad and doubtful accounts for the years ended December 31, 2010 and 2009, were as follows:

		Specific provision	2010 General provision	Total
Beginning balance	\$	3,218,072	387,032	3,605,104
Add: provision (reversal) for doubtful accounts		167,789	(75,647)	92,142
Less: write-off	_	2,247,672		2,247,672
Ending balance	\$_	1,138,189	311,385	1,449,574
		Specific provision	2009 General provision	Total
Beginning balance	\$	2,127,655	595,038	2,722,693
Add: provision (reversal) for doubtful accounts		2,093,568	(201,823)	1,891,745
Less: write-off	_	1,003,151	6,183	1,009,334
Ending balance	\$	3,218,072	387,032	3,605,104

For the years ended December 31, 2010 and 2009, the provision for bad debt expenses was \$92,142 and \$1,891,745, respectively. For the years ended December 31, 2010 and 2009, the amounts collected after write-off were \$76,468 and \$48,598, respectively. For the years ended December 31, 2010 and 2009, the bad debt expenses net of the aforementioned collection after write-off were \$15,674 and \$1,843,147, respectively.

As of December 31, 2010 and 2009, details of allowance for bad and doubtful accounts were as follows:

	2010	2009
Loans and advances (excluding non-performing loans)	\$ 18,208	36,388
Non-performing loans	1,078,271	3,159,555
Accounts receivable and others	 353,095	409,161
	\$ 1,449,574	3,605,104

For the years ended December 31, 2010 and 2009, the amounts of allowance for bad and doubtful accounts generated from 3% of operating revenues were \$101,294 and \$98,911, respectively.

As of December 31, 2010 and 2009, loans and advances not accruing interest were \$1,713,729 and \$4,277,809, respectively. For the years ended December 31, 2010 and 2009, interest receivable not accrued was \$201,167 and \$688,555, respectively.

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As of December 31, 2010 and 2009, loans classified by geographical region were as follows:

		2010	2009
Domestic	\$	104,088,268	114,179,474
Overseas	_	3,321,968	3,049,645
	\$	107,410,236	117,229,119

As of December 31, 2010 and 2009, loans classified by industry were as follows:

		2010	2009
Manufacturing	\$	8,690,536	6,845,775
General commercial		24,585,330	24,531,987
Construction		2,590,861	6,848,232
Private		68,162,405	75,884,382
Others		3,381,104	3,118,743
	\$	107,410,236	117,229,119

As of December 31, 2010 and 2009, asset quality was as follows:

		Period			2010		
Product			Overdue loan amount		Overdue ratio	Allowance for bad debts	Cover rate
Corporate	Secured		221,078	25,971,491	0.85 %	161,306	72.96 %
Banking	Unsecured		793,130	21,389,541	3.71 %	704,526	88.83 %
	Mortgage		432,885	29,259,888	1.48 %	84,299	19.47 %
	Cash card		-	-	- %	-	- %
Consumer	Credit loan		105,449	2,266,457	4.65 %	69,540	65.95 %
Banking	Others	Secured	229,233	27,599,800	0.83 %	71,969	31.40 %
		Unsecured	21,173	923,059	2.29 %	4,839	22.85 %
Total		•	1,802,948	107,410,236	1.68 %	1,096,479	60.82 %
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Cover rate
Credit card			-	-	- %	-	- %
Without-recou	irse factoring		-	-	- %	-	- %

Notes to Financial Statements

		Period			2009		
Product			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Cover rate
Corporate	Secured		241,502	27,358,681	0.88 %	30,976	12.83 %
Banking	Unsecured		1,003,510	21,553,801	4.66 %	952,459	94.91 %
	Mortgage		910,481	31,393,752	2.90 %	365,731	40.17 %
	Cash card		-	-	- %	-	- %
Consumer	Credit loan		1,646,930	4,603,027	35.78 %	1,631,247	99.05 %
Banking	Others	Secured	615,036	31,487,900	1.95 %	176,923	28.77 %
		Unsecured	75,424	831,958	9.07 %	38,607	51.19 %
Total		•	4,492,883	117,229,119	3.83 %	3,195,943	71.13 %
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Cover rate
Credit card			-	-	- %	-	- %
Without-recou	irse factoring		-	-	- %	-	- %

The amount of excluded overdue loan and overdue receivables

	Decembe	er 31, 2010	December 31, 2009		
	Excluded overdue loan amount	Excluded overdue receivable	Excluded overdue loan amount	Excluded overdue receivable	
Loan balance subject to troubled debt restructure agreements as defined by the Bankers' Association of the Republic of China	371,125	-	465,824	-	
Loan balance subject to troubled debt restructure agreements as defined by the Securities and Futures Bureau of the Financial Supervisory Commission	70,551	-	60,978	-	
Total	441,676	-	526,802	-	

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Notes to Financial Statements

(11) Long-term Investments under Equity Method and Other Investments

As of December 31, 2010 and 2009, details of long-term investments under equity method and other investments were as follows:

	2010			2009		
	Percentage of ownership	Investment cost	Amount	Percentage of ownership	Investment cost	Amount
Equity method: Panhsin Insurance Broker Co., Ltd.	100.00	\$ 20,100	92,915	100.00	20,100	64,053
Panhsin Asset Management Co., Ltd.	29.41	50,000	22,762	38.46	50,000	22,105
		\$	115,677		70,100	86,158
Financial assets stated at cost:						
Xin-Rui-Du Development Co., Ltd.	1.86	\$ 4,940	4,940	1.86	4,940	4,940
Tsai-Jin Information Co., Ltd.	1.14	45,500	45,500	1.14	45,500	45,500
Taipei County Credit Cooperative Union	-	10	10	-	10	10
Taiwan Cooperative Bills Finance Co., Ltd.	-	-	-	15.09	384,292	384,292
Taiwan Depository & Clearing Corporation	0.08	6,345	6,345	0.08	6,345	6,345
Taiwan High Speed Rail Corporation— preferred shares	0.01	10,000	10,000	0.01	10,000	10,000
Yang Guang Asset Management Company	1.15	692	692	1.15	692	692
		67,487	67,487		451,779	451,779
Less: accumulated impairment loss		-	4,940		-	4,940
		\$ <u>67,487</u>	62,547		451,779	446,839

For the year ended December 31, 2010, the Bank sold \$38,429 thousand shares of Taiwan Cooperative Bills Finance Co., Ltd. to Taiwan Cooperative Bank.

The proceeds from disposal of investees under cost method were \$268,197 and the Bank recorded a disposal loss of \$116,095 under other non-interest income (loss), net.

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For the years ended December 31, 2010 and 2009, movements of accumulated impairment loss on financial assets stated at cost were as follows:

	2010	2009
Beginning balance	\$ 4,940	4,940
Add: provision	 	-
Ending balance	\$ 4,940	4,940

The investee PANHSIN AMC is accounted for under the equity method, and it increased its capital by cash injection on December 31, 2010. After injection, the ownership percentage decreased because the Bank did not subscribe the new shares proportionally.

The financial assets stated at cost (under other financial assets) were accounted for by the cost method since there was no quoted market price and estimates of fair values were not available.

(12) Property and Equipment

As of December 31, 2010 and 2009, property and equipment were as follows:

	2010	2009
Cost:		
Land	\$ 3,192,166	3,237,799
Buildings	932,104	943,717
Equipment	416,393	430,012
Transportation equipment	100,959	102,944
Other equipment	91,513	95,477
Leasehold improvement	 128,231	104,969
Subtotal	4,861,366	4,914,918
Less: accumulated depreciation	 750,018	695,343
	4,111,348	4,219,575
Construction in progress and prepayments for equipment	 3,395,889	2,873,628
	\$ 7,507,237	7,093,203

For the years 2010 and 2009, the movement of accumulated depreciation was as follows:

	2010	2009
Beginning balance	\$ 695,343	879,632
Add: depreciation	79,542	88,977
reclassification from leased-out asset	-	5,022
Less: disposal	 24,867	278,288
Ending balance	\$ 750,018	695,343

(Continued)

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Notes to Financial Statements

(13) Intangible Assets – Goodwill

As of December 31, 2010 and 2009, intangible assets – goodwill were as follows:

	2010	2009
Original cost	\$ 1,385,817	1,385,817
Less: accumulated impairment loss	 69,658	69,658
	\$ 1,316,159	1,316,159

For the years ended December 31, 2010 and 2009, the movement of goodwill was as follows:

	2010	2009
Beginning balance	\$ 1,385,817	1,385,817
Increase	 	-
Ending balance	\$ 1,385,817	1,385,817

For the years ended December 31, 2010 and 2009, the movement of accumulated impairment loss was as follows:

	2010	2009
Beginning balance	\$ 69,658	69,658
Add: provision	 	-
Ending balance	\$ 69,658	69,658

(14) Other Assets – Non-operating Assets

As of December 31, 2010 and 2009, other assets – non-operating assets were as follows:

	2010	2009
Leased-out assets, net	\$ 186,461	187,921
Land in progress	 30,100	-
	\$ 216,561	187,921

The depreciation expense for leased out assets was \$1,460 and \$1,548 in 2010 and 2009, respectively. These depreciation expenses were recorded under other non-interest income, net.

The major terms of the lease contracts are as follows:

- 1) Contract period is for 1 to 3 years.
- 2) The lessee has usage rights during the leasehold period. The leased assets cannot be mortgaged, securitized, sub-leased or disposed of in any manner without prior written consent from the Bank.

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Notes to Financial Statements

On May 25, 2010, the Bank and Panhsin Asset Management Co., Ltd. (Panhsin AMC) entered into a contract to build office buildings on lands owned by the Bank and Panhsin AMC. Lands located at No. 694, No. 696, No. 696-1, No. 696-2, No. 671-1, No. 713-1, and No. 717, Zhongxian Section, Banquiao District, New Taipei City were provided by the Bank; No. 717, Zhongxiao Section, New Taipei City and No. 125, No. 132, Jieshou Section, New Taipei City were provided by the Bank were recorded under other assets—non-operating assets. As of December 31, 2010 no occurred construction was recorded.

(15) Other Assets – Foreclosed Assets

As of December 31, 2010 and 2009, other assets – foreclosed assets were as follows:

		2010	2009
Foreclosed assets	\$	1,295,428	1,971,769
Less: accumulated impairment loss		187,340	219,290
	\$ <u></u>	1,108,088	1,752,479

For the years ended December 31, 2010 and 2009, the movement of accumulated impairment loss was as follows:

	2010	2009
Beginning balance	\$ 219,290	287,033
Add: Reserve	231,797	-
Less: write-off	 263,747	67,743
Ending balance	\$ 187,340	219,290

The net gain on disposal of foreclosed assets was \$1,542 and \$534 in 2010 and 2009, respectively, recorded under other non-interest income.

As of December 31, 2009, of the foreclosed assets held by the Bank, the amounts related to Xin Rui-du and Annan Star (Cao Hu Section, Annan District, Tainan City) were \$632,994 and \$251,851, respectively. Measures taken by the Banks were as follows:

- 1) Xin Rui-du Court Case
 - 1. The loan to Xin Rui-du was renewed by the Bank after the original loan provided by the 5th Credit Cooperative of Kaohsiung matured. The foreclosed assets from Xin Rui-du were assumed by the Bank since the Bank was unable to find a buyer for the property through Court auction and other means without anticipating great losses. The difficulties encountered by the Bank from selling the assets were because Su Huei Jen, a major owner of Xin Rui-du, was involved in a political scandal that was highly publicized and scrutinized by the media, and Xin Rui-du owed huge construction payables. In addition, the property was seized and exploited by a third party. The Bank regained control of the property and employed 24-hour surveillance and security fences to ensure public safety.

Notes to Financial Statements

- 2. The foreclosed land was classified as industrial and commercial land. The Bank was entitled to ownership of the property, but the development rights of the property were separated from the ownership rights and granted to Xin Rui-du. Through undertaking legal action, the Bank was appointed as the liquidator of Xin Rui-du after Xin Rui-du annulled its business registration. The Bank publicly auctioned the development rights. The Bank applied to the Industrial Development Bureau of the Ministry of Economic Affairs to gain entitlement to the development rights in aid of selling the property, but until now, the alteration of the development rights entitlement has not been approved.
- 3. Since the construction was suspended, the Kaohsiung County Government had the right to return the property to its original classification (agricultural areas and agricultural areas level A construction site). If the area of the property resumes its original classification, the Kaohsiung County Government will require the Bank to restore the land to its original condition. All donations made by the Bank to the government in respect of the Xin Rui-du case was nonrefundable.
- 2) Annan Star (No. 116, 210-3, Cao Hu Section, Annan District, Tainan City)
 - 1. The property was classified as aqua-cultural land and was a part of the 5th Credit Cooperative of Kaohsiung project. The Bank anticipated huge losses in disposing the property since the market selling price was low and the property was currently occupied by a third party, thus increasing the complexity of disposing of the property.
 - 2. After assuming the property, the Bank undertook legal proceedings to eliminate third-party usage and communicated with construction companies and restoration companies to explore the possibility of changing the aqua-cultural land to construction land and launching a construction project to increase the economic value of the land.
 - 3. After various valuations, for Phase I of the project, the Bank donated part of the land for public facility use and the remaining property, No. 116 and 210-3, will be used for construction.
 - 4. The Bank entered into a co-construction project named "Annan Star" with Panhsin Asset Management Co., Ltd. (PANHSIN AMC) to promote 103 commercial store and home properties with a total minimal revenue of \$667,176. The estimated book value of the property will be recovered if all properties are sold.
 - 5. Progress in construction: the Bank obtained the usage rights of the property and decided to subdivide the land. On December 31, 2010, 72 units have been sold and the right had been transferred.
 - 6. Progress in sale: The full promotion phase was entered in April 2009, with the Bank's and PANHSIN AMC's employees rotating every Saturday to assist in selling at the Annan Star selling center. Currently, 72 units have been sold with total revenue of \$412,044.
- 3) Annan Star (No. 116-5, 136, 210, Cao Hu Section, Annan District, Tainan City)

The of land was sold to third parties, and the project was settled in June 2010.

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4) Annan Star (No. 145, Cao Hu Section, Annan District, Tainan City)

The property was another development area, and the project has been authorized by the Tainan City Government. After establishing the preparatory committee, the Bank will estimate if participate the development project.

(16) Deposits by Central Bank and Other Banks

As of December 31, 2010 and 2009, deposits by the Central Bank and other banks were as follows:

	2010	2009
Deposits by other banks	\$ 750,536	3,115,695
Deposits transferred from Post Office	 699,640	719,720
	\$ 1,450,176	3,835,415

(17) Deposits and Remittances

As of December 31, 2010 and 2009, deposits and remittances were as follows:

	2010	2009
Checking account	\$ 1,439,877	1,306,241
Demand deposits	15,998,448	13,635,362
Time deposits	15,895,287	19,149,582
Negotiable certificates of deposit	3,238,300	2,467,400
Foreign currency time deposits	3,659,489	3,836,859
Savings accounts:		
Demand deposits	33,555,326	32,341,505
Staff deposits	890,824	884,968
Installment savings deposits	109,174	121,713
Non-interest-drawing time savings deposits	19,075,649	19,722,249
Interest-drawing savings deposits	45,467,604	48,520,877
Remittances	 10,843	17,246
	\$ 139,340,821	142,004,002

As of December 31, 2010 and 2009, the maturity dates for the above time deposits and savings, except for demand savings deposits, were between one month and one year.

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(18) Subordinate Financial Debentures

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

		2010	2009
Subordinate financial debentures	\$ <u></u>	3,939,000	3,888,600

In order to improve the capital structure and promote the regulatory capital adequacy ratio, the board of directors of the Bank resolved the issuance of subordinate financial debentures on July 24, 2003. The issuing of subordinate financial debentures was approved by the Bureau of Monetary Affairs in Ministry of Finance Ruling Tai Tsai Rong No. 0920041600 on September 3, 2003. The Bank issued the first series of the subordinate financial debentures on December 16, 2003, January 7, 2004, and September 1, 2004, and the period of the debentures was five years and six months. The total amount was \$2,000,000, which was also the par value. In addition, the first series of subordinate financial debentures matured on June 16 and July 7, 2009 and March 31, 2010, respectively. The details were as follows:

	The first se subordinat debenture	e financial	The first series of the subordinate financial debentures in 2004 (1st issuance)	The first series of the subordinate financial debentures in 2004 (2nd issuance)
Par value	\$	1,158,600	391,800	449,600
Stated interest rate				
Fixed		3.00 %	3.00 %	3.25 %
Floating	Floating inte plus 1.25% of Chunghwa P Ltd. stated of time savings rate (note 1)	of ost Co., ne-year	Floating interest rate plus 1.25% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)	Floating interest rate plus 1.25% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)
Period	Five years an months	nd six	Five years and six months	Five years and six months
Interest payment date	Payable ever	y half-year	Payable every half- year	Payable every half- year
Terms of principal repayment	Repaid at ma	aturity	Repaid at maturity	Repaid at maturity
Issued price	Priced at fac issue date	e value at	Priced at face value at issue date	Priced at face value at issue date

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The board of directors of the Bank resolved the issuance of subordinate financial debentures on December 21, 2005. The issuance of subordinate financial debentures was approved by the Financial Supervisory Commission, Executive Yuan, in Ruling Jin Guan Yin No. 09500173780 on May 2, 2006. The Bank issued the first series of the subordinate financial debentures on June 16, 2006, and the period of the debentures was five years and eight months. The total amount was \$1,680,000, which was also the par value. The details were as follows:

	The first series of the subordinate financial debentures in 2006	
Par value	\$	1,680,000
Stated interest rate		
Fixed		3.30 %
Floating	Floating interest rate plus 1.10% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 2)	
Period	Five year months	rs and eight
Interest payment date	Payable	every year
Terms of principal repayment	Repaid a	t maturity
Issued price	Priced at issue da	a face value at the face value at

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Notes to Financial Statements

The board of directors of the Bank resolved the issuance of subordinate financial debentures on April 18, 2007. The issuance of subordinate financial debentures was approved by the Financial Supervisory Commission, Executive Yuan, in Ruling Jin Guan Yin No. 09600204740 on May 22, 2007. The Bank issued the first series of the subordinate financial debentures on June 28, 2007, and the period of the debentures was five years and six months. The total amount was \$520,000, which was also the par value. The details were as follows:

	The first series of the subordinate financial debentures in 2007	
Par value	\$	520,000
Stated interest rate		
Fixed		3.50 %
Floating	Floating interest rate plus 1.20% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)	
Period	Five year months	rs and six
Interest payment date	Payable e	every half-year
Terms of principal repayment	Repaid a	t maturity
Issued price	Priced at face value at issue date	

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Notes to Financial Statements

The board of directors of the Bank resolved the issuance of subordinate financial debentures on April 16, 2008. The issuance of subordinate financial debentures was approved by the Financial Supervisory Commission, Executive Yuan, in Ruling Jin Guan Yin No. 09600204740 on May 22, 2007. The Bank issued the first series of the subordinate financial debentures on May 21, 2008, and the period of the debentures was six years. The total amount was \$239,000, which was also the par value. The details were as follows:

	The first series of the subordinate financial debentures in 2008	
Par value	\$	239,000
Stated interest rate		
Fixed		3.60 %
Floating	Floating interest rate plus 1.25% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)	
Period	Six years	
Interest payment date	Payable ev	ery half-year
Terms of principal repayment	Repaid at maturity	
Issued price	Priced at face value at issue date	

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Notes to Financial Statements

The board of directors of the Bank resolved the issuance of subordinate financial debentures on October 15, 2008. The issuance of subordinate financial debentures was approved by the Financial Supervisory Commission, Executive Yuan, in Ruling Jin Guan Yin No. 09700438300 on November 14, 2008. The Bank issued the second series of the subordinate financial debentures on December 25, 2008, June 26, 2009, and October 22, 2009, and the period of the debentures was six years. The total amount was \$1,000,000, which was also the par value. The details were as follows:

	The second series of the subordinate financial debentures in 2008	The second series of the subordinate financial debentures in 2009	The second series of the subordinate financial debentures in 2009
Par value Stated interest rate	\$ 280,000	370,000	350,000
Fixed	3.40 %	3.00 %	3.00 %
Floating	-	Floating interest rate plus 1.70% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)	Floating interest rate plus 1.70% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)
Period	Six years	Six years	Six years
Interest payment date	Payable every half-year	Payable every half- year	Payable every half- year
Terms of principal repayment	Repaid at maturity	Repaid at maturity	Repaid at maturity
Issued price	Priced at face value at issue date	Priced at face value at issue date	Priced at face value at issue date

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The board of directors of the Bank resolved the issuance of subordinate financial debentures on September 15, 2010. The issuance of subordinate financial debentures was approved by the Financial Supervisory Commission, Executive Yuan, in Ruling Jin Guan Yin No. 09900391970 on October 7, 2010. The Bank issued the first series of the subordinate financial debentures on November 5, 2010, and the duration of the debentures was six years. The issuance was recorded at par value of \$500,000. The details were as follows:

The first series of the subordinate financial debentures in 2010

Par value	\$	500,000
Stated interest rate		
Fixed		3.25 %
Period	Six years	
Interest payment date	Payable ever	y year
Terms of principal repayment	Repaid at ma	aturity
Issued price	Priced at faction issue date	e value at

Note 1: The stated interest rates are recalculated every half-year, two business days prior to the effective date.

Note 2: The stated interest rates are recalculated every year, two business days prior to the effective date.

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Notes to Financial Statements

(19) Pension

In accordance with the pension plan, the Bank deposited an amount equal to 8% and 9.64% of the monthly gross salary payment in a retirement fund account for managers and employees, respectively, in 2010 and 2009. Furthermore, in accordance with the New System, from July 1, 2005, the Bank deposited in the Bureau of Labor Insurance an additional amount equal to 6% of the monthly gross salary payment for employees who chose the New System. The measurement dates of the actuarial valuation were December 31, 2010 and 2009. As of December 31, 2010 and 2009, the reconciliation of the funded status and accrued pension liabilities was as follows:

	2010		2009		
	Μ	anagers	Regular employees	Managers	Regular employees
Benefit obligation:					
Vested benefit obligation	\$	(73,395)	(65,947)	(73,552)	(67,714)
Non-vested benefit obligation		(25,923)	(359,121)	(23,638)	(326,778)
Accumulated benefit obligation		(99,318)	(425,068)	(97,190)	(394,492)
Additional benefits based on future salaries		(17,801)	(120,790)	(8,687)	(52,660)
Projected benefit obligation (PBO)		(117,119)	(545,858)	(105,877)	(447,152)
Fair value of plan assets		30,465	392,249	20,283	402,728
Funded status		(86,654)	(153,609)	(85,594)	(44,424)
Unrecognized net transitional benefit obligation (assets)		(599)	98,187	(897)	105,201
Unrecognized pension loss (gain)		84,198	29,847	84,474	(87,263)
Additional minimum pension liability		(65,798)	(7,244)	(74,890)	
Accrued pension liabilities	\$	(68,853)	(32,819)	(76,907)	(26,486)
Vested benefit	\$	94,198	79,342	99,365	99,418

For the years ended December 31, 2010 and 2009, the components of net pension cost were as follows:

		2010		2009	
	Ma	anagers	Regular employees	Managers	Regular employees
Service cost	\$	2,474	10,818	2,670	11,763
Interest cost		2,326	9,949	2,583	11,322
Actual return on plan assets		(53)	(6,530)	(125)	(2,599)
Amortization		6,420	4,342	5,301	(222)
Net pension cost	\$	11,167	18,579	10,429	20,264

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Actuarial assumptions for the years 2010 and 2009 were as follows:

	2010		2009	
	Managers	Regular employees	Managers	Regular employees
Discount rate	1.75 %	1.75 %	2.25 %	2.25 %
Rate of increase in futures compensation	2.00 %	2.00 %	1.00 %	1.00 %
Rate of projected return on plan assets	0.25 %	1.75 %	0.25 %	2.25 %

As of December 31, 2010 and 2009, the balance of the pension funds deposits with the Bank's Hou Pu Branch for managers was \$30,279 and \$20,283, respectively.

For the years ended December 31, 2010 and 2009, net pension cost was as follows:

	2010	2009
Defined benefit pension plan	\$ 29,746	30,693
Defined contribution pension plan	 34,796	34,567
	\$ 64,542	65,260

(20) Income Tax

In accordance with the Income Tax Act amendment announced on May 27, 2009, the maximum income tax rate was lowered from 25% to 20% starting from year 2010. Furthermore, in accordance with the Income Tax Act amendment announced on June 15, 2010, the maximum income tax rate from year 2010 onward was further lowered to 17%. The Bank is subject to a maximum income tax rate of 17% and 25% for the years ended December 31, 2010 and 2009, respectively, and the Income Basic Tax Act has been applied to the calculation of the Bank's basic income tax. The components of income tax expense for the years ended December 31, 2010 and 2009, were as follows:

	2010	2009
Current income tax expense	\$ -	88
Deferred income tax benefit	 312,280	(467,078)
Income tax benefit	\$ 312,280	<u>(466,990</u>)

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The differences between the expected income tax at the statutory income tax rate and the income tax expense as reported in the accompanying financial statements for the years ended December 31, 2010 and 2009, were as follows:

	2010	2009
Income tax at statutory rate	\$ 53,553	(157,384)
Income of OBU exempt from tax	(14,753)	(17,595)
Investment income from long-term investment under equity method	(8,571)	395
Tax effect of interest income (loss) from separately taxed short-term bills	-	(618)
Dealing loss (gain) from securities trading, net	(6,147)	(2,771)
Dividend income	(5,719)	(5,550)
Gain on sale of land, net	28,803	(327,805)
Loss on financial assets disposal at cost value	19,736	-
Provision for (reversal of) valuation loss (gain) on financial assets at fair value through profit or loss	(1,903)	(3,087)
Adjustment of prior year's impairment loss on foreclosed assets	(992)	(11,482)
Adjustment of prior year's allowance for bad and doubtful accounts	50,789	(50,643)
Reversal of reserve for other losses	237	1,155
Reversal of reserve (provision) for securities trading losses	(434)	576
Adjustment and expiration of prior year's loss carryforwards	16,820	(5,401)
Adjustment and expiration of prior year's investment tax credit	4,230	904
Increase in investment tax credit-staff training costs	-	(3,813)
Effect of change income tax rate	178,898	281,282
Provision for (reversal of) allowance for deferred income tax assets	(2,312)	(165,117)
Underaccrual of prior year's income tax	-	(107)
Other	 45	71
Income tax expense (benefit)	\$ 312,280	(466,990)

BANK OF PANHSIN

Notes to Financial Statements

For the years ended December 31, 2010 and 2009, the major components of deferred income tax benefit were as follows:

	2010	2009
Decrease in allowance for bad and doubtful debts in excess of \$ tax limitation	339,879	(200,615)
Provision for (reversal of) impairment loss on foreclosed assets	6,080	26,196
Amortization of goodwill	25,944	31,571
Amortization of impairment loss on goodwill	1,315	3,096
Adjustment of prior year's impairment loss on foreclosed assets	(992)	(11,482)
Unfounded pension expense	(37)	(177)
Provision for (reversal of) valuation loss (gain) on financial assets at fair value through profit or loss	(5,646)	4,813
Adjustment of prior year's allowance for bad and doubtful accounts	50,789	(50,643)
Utilization of (addition to) loss carryforwards	(302,688)	(275,129)
Adjustment and expiration of prior year's loss carryforwards	16,820	(5,401)
Increase in investment tax credit-staff training costs	-	(3,813)
Adjustment and expiration of prior year's investment tax credit	4,230	904
Provision for (reversal of) allowance for deferred income tax assets	(2,312)	(165,117)
Deferred income tax resulting from change in income tax rate	178,898	178,719
\$_	312,280	(467,078)

As of December 31, 2010 and 2009, the deferred income tax assets (liabilities) were as follows:

	2010	2009
Deferred income tax assets	\$ 945,552	1,245,921
Valuation allowance-deferred income tax assets	 (9,688)	(12,000)
Net deferred income tax assets	935,864	1,233,921
Deferred income tax liabilities	 (54,722)	(40,499)
Deferred income tax assets, net	\$ 881,142	1,193,422

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Notes to Financial Statements

As of December 31, 2010 and 2009, the components of deferred income tax assets (liabilities), including temporary differences, loss carryforwards, and tax credits, and the respective income tax effect for each component were as follows:

	2010		2009	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets (liabilities):				
Valuation loss (gain) on financial assets at fair value through profit or loss	\$ (497)	(85)	(33,709)	(6,742)
Pension costs in excess of tax limitation	96,598	16,422	96,382	19,276
Allowance for bad and doubtful debts in excess of tax limitation	360,260	61,244	2,658,307	531,661
Allowance for loss on decline in net realizable value of foreclosed assets	183,528	31,200	213,457	42,692
Amortization of goodwill in excess of tax limitation	(321,395)	(54,637)	(168,783)	(33,757)
Impairment loss on goodwill	-	-	7,740	1,548
Loss carryforwards	4,871,432	828,144	3,189,859	637,972
Investment tax credit—staff training costs	8,542	8,542	12,772	12,772
	\$	890,830	:	1,205,422

As of December 31, 2010 and 2009, the components of income tax receivable (recorded under accounts receivable, net) were as follows:

	2010	2009
Current income tax expense (benefit)	\$ -	88
Income tax on separately taxed short-term bills	-	(195)
Income tax receivable of prior years	(53,495)	(37,013)
Withheld income tax	(16,300)	(16,482)
Underaccrual of prior year's income tax	 	107
Income tax receivable	\$ (69,795)	(53,495)

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Notes to Financial Statements

The ROC Income Tax Act previously stated that net losses could be carried forward for five consecutive years to reduce taxable income. Following the amendment of the Income Tax Act announced in January 2009, assessed net losses can be carried forward for ten consecutive years to reduce taxable income; therefore, the unused assessed net loss in 2003 can be carried forward to 2013. As December 31, 2010, the amount of losses and the year of expiry were as follows:

Year of loss	2010	Year of expiry
2003	\$ 815,	800 2013
2004	193,	119 2014
2005	389,	438 2015
2007	415,	855 2017
2009	1,276,	706 2019
2010	1,780,	<u>514</u> 2020
	\$4,871,	<u>432</u>

Pursuant to the R.O.C. Statute for Upgrading Industries, the Bank's unused investment tax credit-staff training costs as of December 31, 2010, was as follows:

Year incurred	2010	Year of expiry
2007	\$ 1,875	2011
2008	2,856	2012
2009	 3,811	2013
	\$ 8,542	

The ROC income tax authorities have examined the Bank's income tax returns filed before reincorporation for all years through 1997. Income tax returns filed after re-incorporation have been examined for all years through 2007.

As of December 31, 2010 and 2009, the information related to the imputation credit account (ICA) was as follows:

	2010	2009
\$	53,679	36,617

Because the Bank had accumulated deficits, the imputation tax credit ratio of earnings distributed in 2009 and 2010 is 0%.

Balance of ICA

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Notes to Financial Statements

The unappropriated earnings (accumulated deficits) as of December 31, 2010 and 2009, were as follows:

	2010	2009
Year 1998 and after	\$ (926,875)	(929,615)

As of December 31, 2010, legal reserves were all provided for by earnings after 1998.

(21) Stockholders' Equity

1) Capital surplus

According to the ROC Company Act, realized capital surplus can be capitalized and transferred to share capital after offsetting accumulated deficits. Capital surplus should not be used for distribution of cash dividends. Realized capital surplus mentioned above includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Bank.

2) Restrictions on legal reserve and appropriation of retained earnings

According to the Company's articles of incorporation, any annual earnings of the Company shall first be used to pay income tax and offset any deficits, after which 30% of the remaining earnings shall be provided as legal reserve, and then special reserve shall also be provided. Afterwards, dividends for preferred stock shall be distributed. Distribution of the remaining earnings shall then be as follows:

- 1. Stockholders' dividends proposed by the board of directors shall be decided in the stockholders' meeting;
- 2. 5% as directors' and supervisors' remuneration; and
- 3. 5% as employees' bonuses.

As of December 31, 2009, the Bank's accumulated unpaid preferred dividend for year 2008 was \$45,000.

As of December 31, 2010, the Bank's accumulated unpaid preferred dividend for year 2009 and 2008 were \$90,000.

According to the ROC Company Act, prior to the Bank's setting aside an accumulated legal reserve equalling the amount of total share capital, this reserve can only be used to offset an accumulated deficit and cannot be distributed as cash dividends. However, one-half of the legal reserve can be converted to share capital when it reaches an amount equal to one-half of issued share capital upon approval by the Bank's stockholders. In addition, pursuant to the ROC Banking Law, the Bank cannot distribute cash dividends exceeding 15% of total share capital until the legal reserve reaches an amount equal to total share capital.

BANK OF PANHSIN

Notes to Financial Statements

As the Bank had a net loss for the years ended December 31, 2010 and 2009, the Bank did not estimate employees' bonuses and supervisors' remuneration.

Pursuant to the approval of the stockholders' meeting on June 23, 2009, the Bank reversed legal reserve of \$57,103 and special reserve of \$29,345 to offset deficits.

On June 15, 2010, the stockholders' meeting decided not to distribute the surplus because of the net loss for the year ended December 31, 2009.

(22) Deficits per Share

For the years ended December 31, 2010 and 2009, the basic earnings (deficits) per share of the Bank were as follows (expressed in thousands of shares):

	2010			2009)
		Pre-tax	After tax	Pre-tax	After tax
Loss before cumulative effect of changes in accounting principle	\$	315,020	2,740	(629,537)	(162,547)
Less: dividends on preferred stock	_	(45,000)	(45,000)	(45,000)	(45,000)
Net loss attributable to common stockholders	\$_	270,020	(42,260)	(674,537)	(207,547)
Weighted-average outstanding shares	=	855,790	855,790	855,790	855,790
Basic deficits per share (expressed in New Taiwan dollars)	\$_	0.32	(0.05)	(0.79)	(0.24)

(23) Disclosure of Financial Instruments

1) Fair value information on financial assets

The Bank's methods and assumptions for estimating the fair value of financial instruments were as follows:

- 1. The book value of the financial instruments which have a short maturity period will be considered as their fair value. This assumption is used in evaluating the following accounts: cash and cash equivalents, due from Central Bank and placement to other banks, receivables, other financial assets (not including financial assets stated at cost), deposits by Central Bank and other banks, financial liabilities at fair value through profit or loss, bills and bonds sold under repurchase agreements, payables, bonds payable, other financial liabilities, and some components of other liabilities.
- 2. Fair values of financial instruments are the quoted market price if the instruments are actively traded on the market. If quoted market price is unavailable, the fair value is determined based on certain valuation techniques. The estimates and assumptions of the valuation techniques adopted by the Bank are identical to those adopted by other market participants. The discount rates the Bank uses are identical to those return rates of financial instruments with the same conditions, including the credit status of the debtor, the remaining periods of contracted interest based on fixed interest rates, the remaining periods of paying off principal, and currency used.

BANK OF PANHSIN

Notes to Financial Statements

Among the derivative instruments, stock options embedded in convertible corporate bonds and credit-linked notes are evaluated by the prices offered by counterparties; forward contracts, currency swaps, currency and interest rate swaps, and interest rate swaps are evaluated by the rates of the Reuters system by discounting future cash flows to their present values.

- 3. The interest on net loans and advances to customers is based on floating rates. Thus, the book value is the fair value.
- 4. Other assets foreclosed assets and leased-out assets are stated at their net realizable value and are evaluated for accumulated impairment loss on the balance sheet date. Thus, the book value is the fair value.
- 5. Most deposits and remittances mature in less than one year; even those which mature in more than one year are mostly based on floating rates. Thus, the book value is the fair value.
- 6. Most of the off-balance-sheet financial assets, such as commitments and guarantees, mature in less than one year, so the contract amount is the fair value.
- 2) As of December 31, 2010, except for fair value based on the quoted market price, the evaluated fair values of the Bank's financial assets and liabilities were as follows:

	2010	2009
Trading assets:		
Derivatives	\$ 11,303	44,515
Financial assets designated at fair value:		
Credit-linked notes	 430,375	496,509
	\$ 441,678	541,024
Trading liabilities:	 	
Derivatives	\$ 42,114	55,120

- 3) For the years ended December 31, 2010 and 2009, the Bank recognized a gain of \$124,801 and \$180,029, respectively, on financial instruments evaluated by using valuation techniques.
- 4) A summary of derivative instrument contracts not yet mature as of December 31, 2010 and 2009, is as follows:

	2010			
	Fair value			ue
	Notic	onal amount	Gain	Loss
Credit-linked notes	\$	390,684	-	28,692
Cross-currency swaps		1,223,806	11,303	13,422
	\$	1,614,490	11,303	42,114

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Notes to Financial Statements

	2009 Fair value			
	Noti	onal amount	Fair v Gain	alue Loss
Credit-linked notes	\$	412,066	-	43,719
Cross-currency swaps		2,418,230	44,515	11,401
	\$	2,830,296	44,515	55,120

5) Policy for managing financial risk and risk information

The Bank set up a risk management policy approved by the board of directors to control risk effectively. The chief executive officer of the centre is in charge of all activities to maximize and maintain profit for stockholders.

The Bank follows a risk management policy and strives to quantify, assess, and then manage risks in order to price risks and to obtain the optimal capital allocation.

The risks the Bank encountered were as follows:

1. Market risk

Market risk 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. The Bank has set up a market risk management standard. Through the market management system, the Bank is able to evaluate and control each part of the market risk.

The Bank owns government bonds and negotiable certificates of deposit (recorded under available-for-sale financial assets). The fair value of fixed-rate government bond investment will be affected by a change in market rate. A 1% increase in market rate will decrease the fair value of bond investment by \$36,271.

The Bank engages in foreign currency transactions which give rise to foreign currency assets and liabilities. Therefore, changes in exchange rates will affect the fair value of the net position on foreign currencies. For assets denominated in USD, appreciation of the NTD by 0.1 against the USD will cause a loss of NT\$172 thousand.

2. Credit risk

Credit risk is the risk that borrowers and counter-parties will not be able to fulfil contracts. The Bank has set up a credit risk management standard which is able to evaluate and control possible credit risk resulting from business operations by establishing and implementing a management structure.

Notes to Financial Statements

Financial instruments issued by or held by the Bank may cause loss if counter-parties are not able to fulfil contracts. The amount of the Bank's credit risk is equal to the financial instruments which remain positive on the balance sheet date. The Bank conducts a cautious credit assessment before qualifying loans and guarantees. Loans with collateral amounted to 77% of the total amount of loans in 2010. In order to obtain credit lines from the Bank, borrowers and guarantors are asked to provide collateral such as cash, fixed assets, securities with liquidity, and other assets. Furthermore, in order to reduce credit risk, the Bank follows certain credit policies and negotiates credit limits with counter-parties. In addition, the Bank signs master netting agreements with the counter-parties to reduce credit risk.

Concentration of credit risk refers to the significant concentration of credit risks from all financial instruments, whether the risks are from an individual counter-party or group of counter-parties. Group concentration of credit risk exists if a number of counter-parties are engaged in similar activities or activities in the same region, or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. There is no significant concentration of credit risk from counter-parties of the Bank's financial instruments. The related information can be found in note 10 to the financial statements and as follows:

December 31, 2010				
Rank	Group Company	Outstanding loan	% of net worth	
1	Yan Jou	1,030,000	11.97 %	
2	Fu Jiu ding	906,000	10.53 %	
3	R Sheng Sheng	847,350	9.85 %	
4	Bau Shing	824,000	9.58 %	
5	Chiau Wei	750,800	8.73 %	
6	Jin Hong Jhuang Enterprise	735,000	8.54 %	
7	He Wang	700,000	8.14 %	
8	Duen Yang	600,567	6.98 %	
9	Chiuan Yang	569,000	6.61 %	
10	SUN RAY COMPANY	560,745	6.52 %	
	Total	7,523,462		

(a) Information on concentration of credit risk is listed below.

Notes to Financial Statements

	December 31, 2009				
Rank	Group Company	Outstanding loan	% of net worth		
1	Tzuen Sheng	1,533,818	17.86 %		
2	Chinatrust Group	1,414,519	16.47 %		
3	Duen Yang Construction	1,106,300	12.88 %		
4	Chiau Wei	958,700	11.16 %		
5	Radium Group	855,750	9.97 %		
6	Central Investment	775,681	9.03 %		
7	Jin Hong Jhuang Enterprise	735,000	8.56 %		
8	United Group	711,325	8.28 %		
9	Far Eastern Group	710,000	8.27 %		
10	Ray Sound Enterprise	684,105	7.97 %		
	Total	9,485,198			

(b) As of December 31, 2010 and 2009, the unused contractual amount of financial instruments with off-balance-sheet credit risk was as follows:

	2010	2009
Unused lines of credit	\$ 3,995,550	4,651,695
Other guarantees	\$ 2,464,006	3,110,564
Unused L/C balance	\$ 1,288,929	864,564

3. Liquidity risk

Liquidity risks include market and capital risks. Market risk is the risk that market prices will encounter obvious changes. Capital risk is the risk that a responsibility cannot be fulfilled because of being unable to convert assets into cash or acquire enough cash. The Bank's risk management approach starts with managing the daily payment queue and forecasting cash flows. It then covers tactical liquidity risk management dealing with access to unsecured funding sources. The Bank's cash flows are monitored by the treasury department on a daily basis to ensure the Bank's access to liquidity.

To control risk effectively, support and respect from management are essential in addition to the factors mentioned above. Under the full support of management, the risk management system of the Bank has been established. It has resulted in improving management efficiency, and the results are gradually becoming more evident.

The Bank controls the transaction risks of financial instruments by adopting a credit approval policy, position limitations, stop-loss point setting, and a management control process. In addition, the Bank maintains adequate current assets, and utilizes money market and foreign exchange market instruments to support its future cash flow requirements.

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Notes to Financial Statements

As of December 31, 2010, the liquidity reserve ratio was 16.91%; the bank has enough operating capital to fulfil all contractual obligations. Thus, there is no significant liquidity risk.

As of December 31, 2010 and 2009, the duration analysis of assets and liabilities was as follows:

2010							
		Aging for remaining period until expiration					
	Total	Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	
Capital provided	\$ 147,726,788	31,260,248	8,788,122	8,867,222	16,593,371	82,217,825	
Capital used	159,984,010	11,293,498	18,341,370	21,781,059	53,507,057	55,061,026	
Spreads	(12,257,222)	19,966,750	(9,553,248)	(12,913,837)	(36,913,686)	27,156,799	

Duration analysis in New Taiwan dollars

2009							
		Aging for remaining period until expiration					
			Day 31 to day		Day 181 to 1		
	Total	30	90	180	year	Over 1 year	
Capital provided	\$ 155,565,118	26,743,323	8,060,271	12,069,791	15,984,104	92,707,629	
Capital used	168,536,676	12,034,278	18,041,120	23,381,708	62,457,836	52,621,734	
Spreads	(12,971,558)	14,709,045	(9,980,849)	(11,311,917)	(46,473,732)	40,085,895	

Duration analysis in US dollars

2010							
			Aging for remaining period until expiration				
			Day 1 to day	Day 31 to day	Day 91 to day	Day 181 to 1	
		Total	30	90	180	year	Over 1 years
Capital provided	\$	363,175	213,159	51,503	35,489	22,972	40,052
Capital used		226,862	84,546	36,059	28,063	44,258	33,936
Spreads		136,313	128,613	15,444	7,426	(21,286)	6,116

2009							
			Aging for remaining period until expiration				
			Day 1 to day	Day 31 to day	Day 91 to day	Day 181 to 1	
		Total	30	90	180	year	Over 1 years
Capital provided	\$	303,098	175,021	38,948	22,965	23,061	43,103
Capital used		198,594	64,584	48,235	21,874	35,250	28,651
Spreads		104,504	110,437	(9,287)	1,091	(12,189)	14,452

Notes to Financial Statements

4. Cash flow risk arising from interest rate change

The analysis of ratios of interest-rate-sensitive currency held by the Bank as of December 31, 2010 and 2009, is as follows:

2010							
Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years	Total		
Interest-rate-sensitive assets	\$ 122,674,702	615,921	703,434	3,417,311	127,411,368		
Interest-rate-sensitive liabilities	50,398,144	54,676,438	24,111,438	7,198,926	136,384,946		
Interest-rate-sensitive spreads	72,276,558	(54,060,517)	(23,408,004)	(3,781,615)	(8,973,578)		
Interest-rate-sensitive equity, net					8,601,944		
Ratio of interest-rate-sensitive assets to liabilities (%)							
Ratio of interest-rate-ser	sitive spreads to	net equity (%)			(104.32)		

Risk sensitivity analysis in New Taiwan dollars

	2009						
Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years	Total		
Interest-rate-sensitive assets	\$ 124,133,419	123,709	344,859	5,971,986	130,573,973		
Interest-rate-sensitive liabilities	52,924,163	51,430,286	31,722,872	6,069,441	142,146,762		
Interest-rate-sensitive spreads	71,209,256	(51,306,577)	(31,378,013)	(97,455)	(11,572,789)		
Interest-rate-sensitive equity, net					8,586,003		
Ratio of interest-rate-sensitive assets to liabilities (%)							
Ratio of interest-rate-sensitive spreads to net equity (%)							

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Notes to Financial Statements

Risk sensitivity analysis in US dollars

2010						
Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years	Total	
Interest-rate-sensitive assets	\$ 192,083	20,359	4,837	4,348	221,627	
Interest-rate-sensitive liabilities	150,081	16,649	22,258	10	188,998	
Interest-rate-sensitive spreads	42,002	3,710	(17,421)	4,338	32,629	
Interest-rate-sensitive equity, net					2,858	
Ratio of interest-rate-sensitive assets to liabilities (%)						
Ratio of interest-rate-sensitive spreads to net equity (%)						

2009						
Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years	Total	
Interest-rate-sensitive assets	\$ 148,095	20,255	-	8,227	176,577	
Interest-rate-sensitive liabilities	118,282	14,318	17,376	-	149,976	
Interest-rate-sensitive spreads	29,813	5,937	(17,376)	8,227	26,601	
Interest-rate-sensitive equity, net					3,566	
Ratio of interest-rate-sensitive assets to liabilities (%)						
Ratio of interest-rate-sensitive spreads to net equity (%)						

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Notes to Financial Statements

Information regarding effective interest rates for financial instruments (not including financial assets at fair value through profit or loss) issued by or held by the Bank as of December 31, 2010 and 2009, was as follows:

	201	0
Item	New Taiwan dollars	US dollars
Available-for-sale financial assets:		
Government bonds	1.125%~7.10%	-
Loans and advances to customers		
Discounts for exports	3.14%	
Overdrafts and secured overdrafts	3.39%~4.42%	-
Short-term loans	$2.69\% \sim 3.24\%$	$0.75\% \sim 6.05\%$
Short-term secured loans	$2.89\% \sim 3.03\%$	$1.55\% \sim 6.05\%$
Medium-term loans	$2.96\% \sim 3.03\%$	1.21%~5.18%
Medium-term secured loans	$2.70\% \sim 2.90\%$	1.80%
Long-term loans	3.17%~3.28%	-
Long-term secured loans	$1.95\% \sim 2.21\%$	-
Subordinated financial debentures	2.10%~3.60%	-
Deposits		
Demand deposits	0.09%~0.10%	$0.00\% \sim 0.02\%$
Time deposits	$0.67\% \sim 0.96\%$	0.01%~1.10%
Demand savings deposits	0.10%~0.27%	-
Negotiable certificates of deposit	$0.76\% \sim 0.85\%$	-
Time savings deposits	0.96%~1.12%	-

Notes to Financial Statements

	200	9
Item	New Taiwan dollars	US dollars
Available-for-sale financial assets:		
Government bonds	2.38%~7.75%	-
Loans and advances to customers		
Discounts for exports	6.65%	-
Overdrafts and secured overdrafts	2.88%~4.33%	-
Short-term loans	2.71%~3.61%	$0.77\% \sim 5.80\%$
Short-term secured loans	2.79%~3.36%	$0.87\% \sim 5.80\%$
Medium-term loans	2.86%~3.86%	1.30%~5.18%
Medium-term secured loans	2.42%~3.06%	$1.45\% \sim 1.64\%$
Long-term loans	3.24%~4.04%	-
Long-term secured loans	$1.77\% \sim 2.50\%$	-
Subordinated financial debentures	2.15%~3.60%	-
Deposits		
Demand deposits	0.09%~0.10%	$0.00\% \sim 0.02\%$
Time deposits	$0.66\% \sim 2.08\%$	0.05%~5.15%
Demand savings deposits	0.10%~0.40%	-
Time savings deposits	0.95%~2.40%	-

5. Operational risk

Operational risk can be defined as the risk of monetary losses resulting from inadequate or failed internal processes, people, and systems or from external events. The Bank implements monitoring systems for operational risk exposures and losses for major business lines. Risk management policies and procedures for controlling or mitigating operational risk are in place and enforced through regular internal auditing.

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Notes to Financial Statements

6. Legal risk

Legal risk arises from the possibility that an entity may not be able to follow regulations issued by the government and may not be able to enforce a contract against another party. Legal risk arises from possible risk of loss due to an unenforceable contract or an "ultra vires" act of a counterparty. Legal risk involves the potential illegality of the contract, as well as the possibility that the other party entered into the contract without proper authority. The legal affairs department of the Bank is responsible for providing professional legal consulting and review services for internal regulations and all trading contracts, and making sure that the Bank follows the financial regulations and operational regulations.

Relationship

(24) Related-party Transactions

1) Name and relationship of related party

Name

Directors and supervisor (individual)	The individual directors and supervisor of the Bank, and their spouses, close relatives, etc.
President, general manager, managers, etc.	The president, general manager, and managers, and their spouses, close relatives, etc.
The major individual stockholders of the Bank	The top ten major stockholders; stockholdings more than 1%
Panhsin Insurance Broker Co., Ltd.	Investee controlled by the Bank
Panhsin Asset Management Co., Ltd.	Investee controlled by the Bank
Ta-Shun Construction Co., Ltd., etc.	The Bank's chairman is the chairman of Ta-Shun Construction Co., Ltd.
Ta-Wang Construction Co., Ltd.	The Bank's chairman is the supervisor of Ta-Wang Construction Co., Ltd.
Tien-Mao Construction Co., Ltd.	The Bank's chairman is the chairman of Tien-Mao Construction Co., Ltd.
Yong-Jiang Construction Co., Ltd.	The Bank's chairman is the chairman of Yong Jiang Construction Co., Ltd.
San-Jun Construction Co., Ltd.	The Bank's chairman is the supervisor of San Jun Construction Co., Ltd.
Shan-Hwei Building Co., Ltd.	The Bank's chairman is the supervisor of Shan-Hwei Construction Co., Ltd.

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Notes to Financial Statements

2) Significant transactions with related parties

1. Deposits

	2010		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	\$ <u>518,210</u>	0.37	0~6.73
	2009		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	\$ <u>761,833</u>	0.54	0~7.23

For the years ended December 31, 2010 and 2009, apart from an interest rate limit on staff demand savings deposits of 6.53% to 6.73% and 6.59% to 7.23%, respectively, the interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2010 and 2009, interest expense paid on the above deposits was \$5,280 and \$5,430, respectively.

2. Loans

Unit: thousand dollars

2010							
				Repay	ment		Difference
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	On-time	Overdue	Collateral	between terms and conditions offered to the accounts and to the general public
Employee credit loan	16	19,231	3,551	3,551	-	None	None
Mortgage	Li Yung Lun	1,800	1,690	1,690	-	Real estate	None
Others	Wang Guo-Tai	4,490	4,381	4,381	-	Real estate	None
	Jiang Jin Quan	97	69	69	-	Real estate	None
	Wu Ke Long	7,500	7,500	7,500	-	Real estate	None
	Wu Kai Ming	1,572	1,440	1,440	-	Real estate	None
	Lu Fu Shan	4,056	3,184	3,184	-	Real estate	None
	Lin Kuang Di	6,777	4,977	4,977	-	Real estate	None
	Lin Lai Wang	8,300	4,500	4,500	-	Real estate	None
	Chiu Yue Shuan	400	400	400	-	Real estate	None
	Chiu Chao Hui Fang	4,000	2,000	2,000	-	Real estate	None
	Kao Chao Mao	2,500	2,200	2,200	-	Real estate	None
	Ku Lin Mei Hui	24,000	12,000	12,000	-	Real estate	None
	Kao Hua Yi	455	419	419	-	Real estate	None
	Kao Dai Ming	114,000	57,000	57,000	-	Real estate	None
	Chen Tsung Liang	4,000	-	-	-	None	None
	Huang Hsin Mao	9,495	8,159	8,159	-	Real estate	None
	Yang Mei Ju	58,979	25,862	25,862	-	Real estate	None

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2010								
				Repayment			Difference	
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	On-time	Overdue	Collateral	between terms and conditions offered to the accounts and to the general public	
Others	Yeh Kuo Li Tu	32,662	18,756	18,756	-	Real estate	None	
	Liao Ke Huang	7,700	7,700	7,700	-	Real estate	None	
	Liao Lin su Siang	701	453	453	-	Real estate	None	
	Liao Mei Yun	104,500	96,000	96,000	-	Real estate	None	
	Lian Chia Peng	10,000	10,000	10,000	-	Real estate	None	
	Liao Rong Chuan	13,205	11,687	11,687	-	Real estate	None	
	Liu Bing Hui	86,000	86,000	86,000	-	Real estate	None	
	Xiao Rong Dian	657	-	-	-	Real estate	None	
	Lai Wen Cheng	247	124	124	-	Real estate	None	
	Chien Lin Lung	3,060	-	-	-	Real estate	None	
2009								
	Number of			Repayment			Difference between terms and conditions offered to	
	accounts or name	Maximum					the accounts and to	

			Ending balance	Repayment		1	Difference	
Type of loan	Number of accounts or name of related party	Maximum during the period		On-time	Overdue	Collateral	between terms and conditions offered to the accounts and to the general public	
Employee credit loan	17	14,808	4,072	4,072	-	Consumer loan	None	
Mortgage	0	-	-	-	-	Consumer loan	None	
Others	San-Jun Construction	3,812,500	-	-	-	Real estate	None	
	Shan-Wei Building	646,280	-	-	-	Real estate	None	
	Yong-Jiang Construction	130,000	-	-	-	Real estate	None	
	Kao Chao Mao	2,500	2,500	2,500	-	Real estate	None	
	Jiang Jin Quan	123	97	97	-	Consumer loan	None	
	Chen Shou Yao	3,775	3,539	3,539	-	Real estate	None	
	Chen Tsung Liang	5,000	2,500	2,500	-	Real estate	None	
	Kuo Dai Ming	114,000	57,000	57,000	-	Real estate	None	
	Lin Chih-Wen	9,665	-	-	-	Real estate	None	
	Chien Lin Lung	7,955	-	-	-	Real estate	None	
	Lin Lai-Wang	4,500	3,300	3,300	-	Real estate	None	
	Liao Rong-Chuan	17,994	13,205	13,205	-	Real estate	None	
	Wu Kai-Ming	1,690	1,572	1,572	-	Real estate	None	
	Lin Kuang Di	9,593	4,987	4,987	-	Real estate	None	
	Lu Fu-Shan	2,295	2,256	2,256	-	Real estate	None	
	Huang Hsin Mao	8,962	7,425	7,425	-	Real estate	None	
	Kuo Hua-Yi	1,490	455	455	-	Real estate	None	
	Chiu Chao Hui Fang	4,000	2,000	2,000	-	Real estate	None	
	Kuo Lin Mei Hui	24,000	12,000	12,000	-	Real estate	None	
	Yeh Kuo Li Yu	33,059	19,162	19,162	-	Real estate	None	
	Yang Mei Ju	81,243	18,148	18,148	-	Real estate	None	
	Liao Mei Yun	27,100	8,500	8,500	-	Real estate	None	
	Liao-Lin Su-Siang	323	201	201	-	Real estate	None	
	Chiang Hung Chang	2,606	2,461	2,461	-	Real estate	None	
	Xiao Rong-Dian	1,377	657	657	-	Real estate	None	
	Lai Wen-Cheng	368	247	247	-	Real estate	None	
	Wang Guo-Tai	8,490	4,490	4,490	-	Real estate	None	

(Continued)

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Notes to Financial Statements

For the years ended December 31, 2010 and 2009, loans to related parties were under the same terms as those to other customers.

For the years ended December 31, 2010 and 2009, interest income recognized for the above loans was \$14,422 and \$14,422, respectively.

3. Rental revenue

The details of office rentals by the Bank to a related party for operating purposes are as follows:

Name	Building	Period	Rental Re 2010	evenue 2009
Panhsin Insurance Broker	Zhongzheng Rd., Pan-chiao City, No. 330	January 1, 2008 \$ ~December 31, 2011	762	762
Panhsin Asset Management	Zhongzheng Rd., Dan-chiao City, No. 330	January 6, 2009 ~January 5, 2014	144	144
		\$	906	906

4. Leases

For operating purposes, the bank leased the office premises for some branches from related parties for the years ended December 31, 2010 and 2009, as follows:

Name	Usage	Deposit	Rental ex 2010	penses 2009
Ta-Wang Construction Co., Ltd.	Yuan-Shan \$ Branch	750	3,007	3,011
Ta-Shun Construction Co., Ltd.	Corporate Banking Credit Department and Operation Department Office	185	1,112	1,158
Tien-Mao Construction Co., Ltd.	//	106	636	637
CU., Lu.	\$	1,041	4,755	4,806

The above deposit paid to related parties was recorded in the other financial assets account.

Notes to Financial Statements

5. Property transactions

On April 24, 2007, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. to sell foreclosed assets for \$125,600. As of December 31, 2007, the titles to the abovesaid assets had all been transferred. Proceeds not yet received were \$100,479, recorded under accounts receivable—notes receivable. The Bank obtained an appraisal report from real estate appraisers, and the appraised amount was \$142,781.

In addition, on December 27, 2006, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. to sell foreclosed assets for \$716,029. As of December 31, 2010, the titles to the abovesaid assets had all been transferred. Proceeds not yet received were \$440,000, recorded under accounts receivable—notes receivable. The Bank obtained an appraisal report from real estate appraisers, and the appraised amount was \$486,117.

For the year ended December 31, 2009, the price of selling property to related parties was \$140,880, and the loss of disposal was \$89,421. As of December 31, 2010 and 2009, the accounts receivable resulting from the property transactions were \$0 and \$122,420, respectively.

- Loan components Loan amount **Book value** Share price Corporate Secured 180,578 171,517 206,247 Unsecured 500,134 541,784 336,245 Mortgage 2,055,339 1,223,629 867,119 Secured Car loan _ _ Consumer Others _ _ Credit card ---Unsecured Cash card 279 234 17 Credit loan 1,706 1,570 102 Other _ -_ Total 2,805,355 1,906,145 1,375,000
- 6. Sale of non-performing loans

Counter-party: Panhsin Asset Management Co., Ltd. Disposal date: December 26, 2007

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Notes to Financial Statements

	Loan components		Loan amount	Book value	Share price	
Corporate	Secured Unsecured		-	-	-	
			-	-	-	
		Mortgage	2,050,625	1,835,421	1,501,310	
	Secured	Car loan	-	-	-	
Consumer		Others	-	-	-	
	Unsecured	Credit card	-	-	-	
		Cash card	2,908	2,738	139	
		Credit loan	1,196	1,127	57	
		Other	-	-	-	
Total		·	2,054,729	1,839,286	1,501,506	

Counter-party: Panhsin Asset Management Co., Ltd. Disposal date: July 26, 2006

On December 26, 2007, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. (Panhsin AMC) to sell non-performing loans at the price of \$1,375,000. The price was determined according to the assessment report made by certified public accountants. The assessed value ranged from \$948,087 to \$1,377,414. The term of payment was that Panhsin AMC has to make the first payment (5% of the contract price) upon signing the contract. Within three months after the transfer of loans, the second payment (15% of the contract price) should be paid. The remaining proceeds should be paid in full by Panhsin AMC three years after the signing of the contract. However, if there have been any buy-backs due to defaults within one months after settlement, the defaults would be deducted from the second payment. On December 26, 2007, and February 22, April 29, May 16, July 11 and August 19 of 2008, since the debtors made agreements with the Bank before the Bank could settle with Panhsin AMC, \$24,487 was bought back by the Bank, reducing the contract price to \$1,350,513 as of December 31, 2010 and 2009. In 2010 and 2009, \$1,168,759 and \$855,329, respectively, of the price had been received. As of December 31, 2010 and 2009, proceeds not yet received were \$181,754 and \$495,184, respectively, recorded under accounts receivable—other.

BANK OF PANHSIN

Notes to Financial Statements

In addition, on July 26, 2006, the Bank entered into contracts with Panhsin AMC to sell nonperforming loans at the price of \$1,501,506. The price was determined according to the assessment report made by certified public accountants. The assessed value ranged from \$1,086,224 to \$1,481,799. The method of payment was that Panhsin AMC has to pay 10% of the contract price upon the signing of the contract. Three months after the transfer of loans, 70% of the contract price should be paid (the second proceeds). The remaining proceeds should be paid in full by Panhsin AMC on July 20, 2007, one year after the signing of the contract. However, if there have been any buy-backs due to defaults, they would be deducted from the remaining proceeds. On July 26, August 29, and September 21 of 2006, March 14 of 2007, and June 2 of 2008, the debtors made agreements with the Bank before the Bank could settle with Panhsin AMC. As of December 31, 2010, \$212,257, had been bought back by the Bank, reducing the contract price to \$1,289,249. The transfer of loans was completed on November 10, 2006; the second proceeds of \$853,929 were paid by Panhsin AMC's post-dated check dated nine months after the settlement date; moreover, the remaining proceeds amounting to \$300,301 were paid by Panhsin AMC's post-dated check dated July 20, 2007. In addition, Panhsin AMC signed an agreement with the Bank on November 15, 2006, to postpone the payment of the remaining contract price to November 10, 2007. As of the due date, Panhsin AMC did not have sufficient funds in its checking account to cover the checks for the second and remaining proceeds, and the Bank agreed that Panhsin AMC could postpone the payment for one year. As of December 31, 2010 and 2009, \$636,378 and \$450,287, respectively, had been paid. As of December 31, 2010 and 2009, proceeds not yet received were \$652,871 and \$838,962, respectively, recorded under accounts receivable-notes.

7. Other

For the years ended December 31, 2010 and 2009, the details of the Bank's selling a series of subordinated financial debentures to related parties were as follows:

		10		
Related party	Highest balance	Ending balance	Interest rate (%)	Interest expense
Directors, supervisors, and main stockholders	\$ 800	800	2.25	16
		200)9	
Related party	Highest balance	Ending balance	Interest rate (%)	Interest expense
Directors, supervisors, and main stockholders	\$ 800	800	2.30~3.40	20

BANK OF PANHSIN

Notes to Financial Statements

3) For the years ended December 31, 2010 and 2009, the details of the Bank's payments to the main managers were as follows:

	2010		2009	
Salaries	\$	30,143	30,830	
Cash awards and special allowances		6,919	5,287	
Business expense		6,454	6,199	

(25) Pledged Assets

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

		Book Va	lue
Pledged Assets	Pledged for	2010	2009
Government bonds (recorded as available-for-sale financial assets)	Reserve for trust business	\$ 51,713	53,266
Government bonds (recorded as available-for-sale financial assets)	Provisional seizure	34,683	69,884
	Operating deposits for trading bills	51,713	53,266
	Operating deposits for trading bonds	10,343	10,516
Time deposit (recorded as other financial assets)	Deposits for tax administration ministry of finance	100,000	-
Bank deposit (recorded as other financial assets)	Settlement deposits for bonds	7,400	7,400
	Deposits for foreign exchange	-	56,574
	Deposits for lawsuits	31,936	19,900
	Reserve for derivative instruments	 91,104	112,105
		\$ 378,892	382,911

BANK OF PANHSIN

Notes to Financial Statements

- 1) The Bank provided the Central Bank of China with government bonds as reserve for its trust custodian business.
- 2) For executing provisional seizure of debtors' properties, the Bank provided pledged assets to the court.
- 3) Operating deposits for trading bills were deposited with the Central Bank of China for the Bank's securities dealing business.
- 4) Operating deposits for trading bonds were deposited with the GreTai Securities Market for the Bank's treasury sales business. Furthermore, a reserve for trading losses has been set up to conform to securities regulations.
- 5) An overdraft guarantee was deposited with the Central Bank of China as an overnight overdraft guarantee for the transfer of funds among banks.
- 6) Deposits for foreign exchange and reserve for derivative were deposited with counter-parties for the Bank's derivative transactions.

(26) Commitments and Contingent Liabilities

1) As of December 31, 2010 and 2009, the Bank had the following construction in progress and significant purchase agreements:

2010

		Сог	ntract price	Unpaid portion of contract price
Significant purchase agreements:				
Software system		\$	18,600	13,330
Head Office building construction			3,659,254	426,697
		\$	3,677,854	440,027
	2009			
		Cor	itract price	Unpaid portion of contract price
Significant purchase agreements:				
Software system		\$	5,640	2,817
Head Office building construction			3,662,032	882,560
		\$	3,667,672	885,377

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2) Operating leases

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

Fiscal Year	A	Amount		
2011	\$	68,405		
2012		54,566		
2013		50,285		
2014		34,819		
After 2015		104,303		
	\$	312,378		

Furthermore, the Bank's guarantee deposit for operating leases was \$19,751 and \$18,334 on December 31, 2010 and 2009, respectively. It has been recorded as other financial assets.

3) Other

As of December 31, 2010 and 2009, the other commitments and contingent liabilities was as follows:

		2010	2009
Consignment collection for others	\$	7,602,879	7,595,978
Consignment released and loans for others		684,808	1,080,217
Collateral held as performance bond		414,613	568,809
Traveller's checks held for consignment sale		11,356	18,781
Custodial goods		-	2,320,000
Custodial securities		50,000	-
Trust assets		28,043,340	32,012,638
	<u>\$</u>	36,806,996	43,596,423
Lines of credit provided but not used	\$	3,995,550	4,651,695
Guarantees	\$	2,464,006	3,110,564
Letters of credit issued but not yet presented	\$	1,288,929	864,564
Syndicated loans receivable	\$	3,995,550	4,651,695
Credit default swap sold	\$	390,684	412,066

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Notes to Financial Statements

4) In accordance with local regulations, disclosure of accounts in the balance sheet and a summary of trust asset items for trust business are as follows:

Trust balance sheet

December 31, 2010

Trust asse	ts		Trust liabil	ities			
Bank deposits	\$	1,179,467	Trust capital – monetary trust		16,443,178		
Investment in funds		15,739,306	Trust capital-real estate		9,972,832		
Investment in bonds		460,000	Trust capital – monetary loans and guaranteed assets		1,065,783		
Investment in loans		1,044,958	Trust capital – securities trust		424,132		
Land		6,235,594	Trust capital – right of land trust		204,152		
Building		284,829	Net income		640,806		
Construction in progress		2,895,034	Unappropriated earnings		(707,543)		
Right of land		204,152					
Total trust assets	\$	28,043,340	Total trust liabilities	\$	28,043,340		
		Trust bala	ance sheet				
		December	r 31, 2009				
Trust asse	ts		Trust liabilities				
Bank deposits	\$	605,903	Trust capital – monetary trust		16,833,800		
Investment in funds		16,488,268	Trust capital-real estate		13,311,738		
Investment in bonds		510,000	Trust capital – monetary loans and guaranteed assets		1,460,259		
Investment in common stocks	5	-	Trust capital – securities trust		481,760		
Investment in loans		1,436,173	Net income		381,531		
Land		8,445,596	Unappropriated earnings		(456,450)		
Land Building		8,445,596 119,154	Unappropriated earnings		(456,450)		
			Unappropriated earnings		(456,450)		

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Trust income statement

For the years ended December 31, 2010 and 2006

	2010	2009
Trust revenue:		
Interest revenue	\$ 14,546	17,298
Realized investment gain-funds	386,545	196,751
Cash dividends revenue	 493,766	449,533
	 894,857	663,582
Trust expenses:		
Management expenses	13,820	16,064
Realized investment loss-funds	238,554	263,819
Other expenses	 243	440
	252,617	280,323
Net income (loss) before income tax	642,240	383,259
Income tax expense	 1,434	1,728
Net income (loss) after income tax	\$ 640,806	381,531

Summary of trust asset items

December 31, 2010

Item	Amount		
Bank deposits	\$	1,179,467	
Investment in funds		15,739,306	
Bonds		460,000	
Investment in common stocks		1,044,958	
Land		6,235,594	
Building		284,829	
Construction in progress		2,895,034	
Right of land	_	204,152	
	\$	28,043,340	

BANK OF PANHSIN

Notes to Financial Statements

Schedule of investment for trust business

December 31, 2009

	Item	Amount
Bank deposits	\$	605,903
Investment in funds		16,488,268
Investment in bonds		510,000
Investment in loans		1,436,173
Land		8,445,596
Building		119,154
Construction in progress	_	4,407,544
	\$	32,012,638

(27) Significant Disaster Loss: none.

(28) Subsequent Events: none.

(29) Others

1) Personnel costs, depreciation, depletion, and amortization

	Fo	or the year 20	10	For the year 2009			
Function Accounts	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total	
Personnel costs:							
Salaries	-	919,422	919,422	-	908,631	908,631	
Labor and health insurance	-	69,802	69,802	-	67,157	67,157	
Pension	-	64,542	64,542	-	65,260	65,260	
Other employment	-	30,902	30,902	-	22,728	22,728	
Depreciation	-	79,542	79,542	-	88,977	88,977	
Depletion	-	-	-	-	-	-	
Amortization	-	75,564	75,564	-	78,406	78,406	

Furthermore, the depreciation expense for leased-out assets was \$1,460 and \$1,548 in 2010 and 2009, respectively, and was recorded under other non-interest income, net.

Notes to Financial Statements

- 2) In accordance with SFAS No. 28, the disclosures are as follows:
 - 1. Information on interest-bearing assets and liabilities

	December 31	l , 2010	December 31, 2009			
	Average amount	Average rate (%)	Average amount	Average rate (%)		
Assets:						
Cash due from banks	\$ 609,059	0.15	902,509	0.15		
Due from Central Bank and placement to other banks	24,674,062	0.63	21,689,727	0.60		
Financial assets at fair value through profit or loss	793,582	1.60	922,620	1.70		
Loans and advances to customers	110,576,646	2.49	115,611,601	2.44		
Available-for-sale financial assets	595,572	2.64	1,203,995	2.32		
Held to maturity financial assets	4,984	1.14	-	-		
Bills and bonds purchased under agreements to resell	1,370	0.36	12,658	0.20		
Liabilities:						
Due to banks	2,730,323	1.19	4,514,103	1.09		
Bills and bonds sold under agreements to repurchase	17,801	0.05	88,496	0.59		
Demand deposits	14,013,186	0.12	12,336,455	0.09		
Time deposits	22,534,569	1.03	25,208,314	1.32		
Negotiable time deposits	2,891,473	1.09	2,585,059	1.84		
Demand savings deposits	33,830,362	0.45	29,772,623	0.37		
Time savings deposits	66,931,060	1.36	72,545,658	1.63		
Financial debentures	3,589,757	3.62	4,155,927	3.02		

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Notes to Financial Statements

2. Major foreign currency position, net

	Decemb	er 31, 2010	Decemb	er 31, 2009
Major foreign currency	Amount in foreign currency	Amount in New Taiwan dollars	Amount in foreign currency	Amount in New Taiwan dollars
USD	3,017	91,645	4,383	140,390
EUR	-	-	16	737
JPY	48,130	17,997	44,462	15,458
CNY	1,671	7,700	2,154	10,105
SGD	394	9,328	59	1,355
CHF	116	3,771	-	-

3. Profitability

Unit: % 2010 2009 Items Return on assets Before income tax 0.20 (0.39)(0.10)After income tax -(7.25) Return on net equity Before income tax 3.67 0.03 (1.87)After income tax (5.38) 0.13 Net income to operating revenue ratio

BANK OF PANHSIN

Notes to Financial Statements

3) The details of the Bank's significant foreign currency assets and liabilities were as follows:

		ember 31, 201	10		ember 31, 20	09
	Foreign currency (thousand dollars)	Exchange rate	New Taiwan dollars	Foreign currency (thousand dollars)	Exchange rate	New Taiwan dollars
Financial assets:						
Monetary item						
USD	180,293	30.368	5,475,125	140,232	32.030	4,491,615
EUR	1,926	40.5716	78,140	1,393	46.1488	64,303
JPY	1,014,427	0.3735	378,872	1,594,997	0.3477	554,518
HKD	2,908	3.9069	11,361	475	4.1302	1,960
AUD	5,000	30.9237	154,619	-	-	-
Financial liabilities:						
Monetary item						
USD	189,269	30.368	5,747,710	150,024	32.030	4,805,277
EUR	5,802	40.5716	235,411	3,012	46.1488	138,998
JPY	141,373	0.3735	52,801	114,769	0.3477	39,901
HKD	31,808	3.9069	124,271	20,792	4.1302	85,876
AUD	10,713	30.9237	331,276	17,150	28.8142	494,170
GBP	1,912	47.0491	89,972	1,605	51.6420	82,882
CAD	1,051	30.4014	31,957	1,230	30.4961	37,521
NZD	7,455	23.4927	175,143	16,176	23.2602	376,260
ZAR	22,838	4.5791	104,577	35,041	4.3560	152,642

Notes to Financial Statements

4) Capital adequacy ratio

The capital adequacy ratios of the Bank are disclosed below:

Item		Period-end	December 31, 2010	December 31, 2009
Self-owned	Tier 1 Capit	al	6,591,691	6,377,143
capital	Tier 2 Capit	al	1,272,294	1,441,676
	Tier 3 Capit	al	-	-
	Capital		7,863,985	7,818,819
Risk-	Credit	Standardized approach	85,283,584	95,141,805
weighted		Internal-rating-based approach	-	-
assets	risk	Secularizations	344,985	347,071
	Operational	Basic indicator approach	4,180,063	5,363,938
		Standardized approach / alternative approach	-	-
	risk	Advanced measurement approach	-	-
	Market	Standardized approach	1,901,863	924,825
	risk	Internal model approach	-	-
	Risk-weight	ed assets	91,710,495	101,777,639
Capital adeq	uacy ratio		8.57 %	7.68 %
Tier 1 capita	l / risk-weigl	hted assets	7.19 %	6.26 %
Tier 2 capita	l / risk-weigl	hted assets	1.39 %	1.42 %
Tier 3 capita	l / risk-weigl	hted assets	- %	- %
Common sto	ck / total ass	ets (note)	5.48 %	5.32 %
Leverage rat	io		4.19 %	3.96 %

Notes to Financial Statements

Item		Period-end	December 31, 2010	December 31, 2009
Self-owned	Tier 1 Capit	al	6,649,530	6,420,221
capital	Tier 2 Capit	al	1,330,131	1,484,756
	Tier 3 Capit	al	-	-
	Capital		7,979,661	7,904,977
Risk-	Credit	Standardized approach	85,474,503	95,189,251
weighted		Internal-rating-based approach	-	-
assets	risk	Secularizations	344,985	347,071
	Operational	Basic indicator approach	4,180,063	5,363,938
		Standardized approach / alternative approach	-	-
	risk	Advanced measurement approach	-	-
	Market	Standardized approach	1,901,863	924,825
	risk	Internal model approach	-	-
	Risk-weight	ed assets	91,901,414	101,825,085
Capital adeq	uacy ratio		8.68 %	7.76 %
Tier 1 capita	l / risk-weig	hted assets	7.24 %	6.30 %
Tier 2 capita	l / risk-weig	hted assets	1.44 %	1.46 %
Tier 3 capita	l / risk-weig	hted assets	- %	- %
Common sto	ock / total ass	sets (note)	5.48 %	5.32 %
Leverage rat	tio		4.19 %	3.98 %

The capital adequacy ratios of the Bank and its subsidiaries are disclosed below:

- Note: In accordance with the modified Regulations Governing the Capital Adequacy Ratio of Banks announced by the SFC on November 9, 2004, the Bank shall report its consolidated capital adequacy ratio along with its own capital adequacy ratio to the competent authority within two months after each year-end. The aforementioned regulations have been modified as announced on January 4, 2007, by the SFC, and the frequency of the report has been modified as within two months after each half-year end.
- Note 1: For the years 2009 and 2008, the Capital Adequacy Ratio of the Bank was lower than 8%, which was categorized as "insufficient capital" according to the Regulations Governing the Capital Adequacy Ratio of Banks. The Bank will take the relevant actions specified in Article 44-2 of the Banking Act of the Republic of China.

BANK OF PANHSIN

Notes to Financial Statements

5) The Bank completed the acquisition of "The 5th Credit Cooperative of Kaohsiung" on September 29, 1997, but one member of this cooperative claimed later that the procedure at the Second Temporary Corporation Members Convention on September 6, 1997, was illegal due to a difference between the number of people attending this convention and what the Bank's articles of incorporation required. On January 24, 2002, the Supreme Court rejected the appeal by "The 5th Credit Cooperative of Kaohsiung" and ruled that the procedures and decisions made at the Corporation Members Convention regarding the acquisition mentioned above were ineffective. In addition, any further lawsuits against related parties will not be upheld by the Kaohsiung District Court and the Taiwan Supreme Court based on the above decision.

On August 30, 2002, the Bank requested the regulatory authorities to manage all related issues and also filed an appeal with the Taipei Supreme Administrative Court on December 4, 2002. Due to the illegality of the aforementioned appeal, on July 4, 2003, the Taipei Supreme Administrative Court decided not to proceed with the appeal. The Bank filed an appeal with the Superior Executive Court on September 2, 2003. On September 30, 2004, the Superior Executive Court rejected the appeal after a one-year process, and the Bank filed an appeal with the Supreme Administrative Court. The Supreme Administrative Court rejected the appeal after a one-year process. The reason was as follows: "To take over a troubled bank by law is within the power of the regulatory authorities, but it is not the right of the people to apply to do so."

Therefore, this judgment merely held that the Bank could not directly apply to take over a troubled bank. On the contrary, it meant that the regulatory authorities could use the power of law to dispose of a troubled bank. Currently, the Bank is searching for alternative solutions to settle the aforementioned issue, which has no significant impact on the Bank's operations, and the financial statements did not require any adjustment.

- 6) For the purpose of the headquarters construction, the Bank entrusted the land located at No. 8 and 9, Sec. 3, Sec. Xin Ban, Banciao City, Taipei County, to the trustee. The Bank and the construction company signed a trust contract with Taiwan Cooperative Bank ("the Trustee") on May 4, 2007. Based on the contract, the Bank commissioned the trustee to perform the tasks of transfer, registration, management and disposal of real estate, and transferred the land to the Trustee. As of December 31, 2009, measures taken by the Banks were as follows:
 - 1. PANHSIN Double Star (No. 8, Sec. 3, Sec. XinBan, Bancian City, Taipei City)
 - (a) The Bank entered into a co-construction project named "PANHSIN Double Star" with Eastern Construction Company to build 106 units with a total minimal revenue of \$491,855 thousand.
 - (b) Construction progress: the Bank obtained the usage rights of the property in September 2009, and closed out the trust contract and begin transferring the usage rights of the building.
 - (c) Sale progress: the buildings were sold and transferred in May 2009.
 - 2. PANHSIN Headquarters Construction
 - (a) The land of the building is the same as that of PANHSIN Double Star; the Bank is to build an office building with 7 floors underground and 34 floors above ground.
 - (b) Construction progress: the Bank obtained the usage license of this building in September 2009 and expected to move into the building by the third quarter of 2010.

BANK OF PANHSIN

Notes to Financial Statements

(30) Other Disclosure Items

- 1) Related information on material transaction items:
 - 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 NT\$300 million or 10% of the Bank's paid-in capital: none.
 - 4. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
 - 5. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital:

Name of company					Overdue receivables from related party		Receivables from related party	Allowance for bad debt
which has the receivables		Relationship with the Bank	Year-end amount	Turnover rate	Amount	Handling method	subsequent to the opinion date	allowance provided
The Bank	Panhsin AMC	Subsidiary	\$ 1,274,625 (Note)	-	-	-	-	330,965

Note: Recorded under accounts receivable-notes receivable, net.

- 6. Information regarding selling non-performing loans for which the amount exceeded NT\$5 billion: none.
- 7. Information for issuance of beneficiary certificates approved by the ROC Financial Asset Securitization Law and Real Estate Securitization Law: none.
- 8. Other significant transactions that might influence the decision-making of financial statement users: none.
- 2) Information on long-term equity investments:

							Н	oldings		
Name of	Investee	Investee's	Percentage of		Gain (loss) recognized during		Pro forma number	То	otal	Remark
investee	location	operation	ownership	investments	the period	shares	of shares	Shares	Percentage	
Insurance	15F, No 330, Zhongzheng Rd., Panchiao City, Taipei County	Insurance agency	100.00 %	92,915	58,127	3,095	-	3,095	100 %	subsidiary
Asset	Zhongzheng Rd., Panchiao City,	Purchasing non- performing loans	29.41 %	22,762	(7,708)	17,000	-	17,000	100 %	subsidiary

1. Information on investees' name, location, etc.:

BANK OF PANHSIN

Notes to Financial Statements

- 2. Lending to other parties: none.
- 3. Guarantees and endorsements for other parties: none.
- 4. Information regarding securities held as of December 31, 2008:

Name of		Relationship			Year-end			
which holds	Category and name of	of security and	Amount	Number of		Percentage		
securities	security	the Company	name	shares	Book value	of shares	Market value	Remarks
Panhsin	Stock:	Investee	Long-term	12,000	54,633	70.59	54,633	
Insurance	Panhsin Asset	accounted for	investment					
Broker Co.,	Management	under the equity	under					
Ltd.	Co., Ltd.	method	equity					
			method					

- 5. Information regarding securities for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- 6. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- 7. Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- 8. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
- 9. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- 10. Information regarding trading in derivative instruments: none.
- 11. Information regarding selling non-performing loans: none.
- 12. Information for issuance of beneficiary certificates approved by the ROC Financial Asset Securitization Law and Real Estate Securitization Law: none.
- 13. Other significant transactions that might influence the decision-making of financial statement users: none.

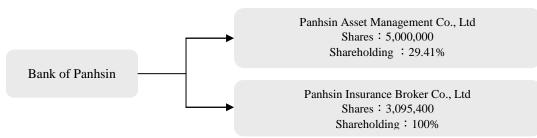
(31) Segment Information: not applicable.

Related Information on the Bank's Subsidiaries

I • Relationship Chart

As of Dec. 31, 2010

As of Dec. 31, 2010



II Profile of Subsidiaries

				Unit: NT\$ Thousand
Name of Subsidiary	Date of Establishment	Address	Paid-In Capital	Major Business Scope
Panhsin Asset Management Co., Ltd	Jun. 02, 2005	9F, No.330 Zhongzheng Rd., Banqiao Dist., New Taipei City	170,000	Acquisition of Non- Performing Asset
Panhsin Insurance Broker Co., Ltd	Oct. 19, 2004	11F, No.330 Zhongzheng Rd., Banqiao Dist., New Taipei City	30,954	Insurance Broker

III . Information on Directors, Supervisors and President of Subsidiaries

			As of	Dec. 31, 2010	
Nome of Subsidions	75:41	Nome or Depresentative	Shares Held		
Name of Subsidiary	Title	Name or Representative	Shares	Ratio (%)	
	Chairman	Dao-Ming Kuo (Representative of BOP)			
	Director	Ming-Hsin Chiu (Representative of BOP)			
	Director	DirectorLin-Long Chien (Representative of BOP)DirectorJia-Nan Fang (Representative of BOP)DirectorPing-Huang Liu (Representative of BOP)		29.41	
Panhsin Asset Management Co., Ltd	Director				
Management Co., Eta	Director				
	Supervisor	Teng-Chum Chen (Representative of BOP)			
	President	Chien-Chung Chao	-	-	
	Chairman	Wan-De Xiao (Representative of BOP)			
Panhsin Insurance Broker Co., Ltd	Director	Tong-Ren Lin (Representative of BOP)	3,095,400	100.00	
	Director	or Jia-Nan Fang (Representative of BOP) 3,		100.00	
C0., Etu	Supervisor Mao-Yang Chu (Representative of BOP)				
	President	Chan-Wu Chao	-	-	

IV Operation Status of Subsidiaries

								Unit: NT\$	Thousand
Name of Subsidiar	ry	Capital	Total Asset	Total Liability	Equity	Operating Income	Operating Revenue	Current Profit	EPS (Dollar)
Panhsin Asset Management Co., L	.td	170,000	1,543,896	1,466,502	77,394	20,071	(46,717)	(20,081)	(1.18)
Panhsin Insurance Broker Co., Ltd	9	30,954	103,928	11,013	92,915	102,778	84,906	58,127	18.80

Directory of Head Office & Branches

Units	Address	Telephone	Fax
Head Office	No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)29572011
International Banking Department	27F.,No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)89646066
Offshore Banking Branch	27F.,No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)89646066
Trust Department	15F.,No.330, Zhongzheng Rd., Banqiao Dist., New Taipei City	(02)29658689	(02)29658755
Domestic Banking Department	No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)89514488	(02)29519399
Banqiao Branch	No.11, Sec.1, Wenhua Rd., Banqiao Dist., New Taipei City	(02)29689101	(02)29665807
Houpu Branch	No.65, Chengdu St., Banqiao Dist., New Taipei City	(02)29629121	(02)29560201
Yonghe Branch	No.12, Renai Rd., Yonghe Dist., New Taipei City	(02)29299481	(02)29210495
Puqian Branch	No.38, Sec.2, Sanmin Rd., Banqiao Dist., New Taipei City	(02)29629106	(02)29541499
Huajiang Branch	No.382, Sec.2, Wenhua Rd., Banqiao Dist., New Taipei City	(02)22529101	(02)22520108
Minzu Branch	No.339, Hansheng E. Rd., Banqiao Dist., New Taipei City	(02)29629111	(02)29581242
Zhonghe Branch	No.232, Zhonghe Rd., Zhonghe Dist., New Taipei City	(02)22498756	(02)22497418
Tucheng Branch	No.289, Sec.1, Zhongyang Rd., Tucheng Dist., New Taipei City	(02)22629119	(02)22654536
Wenhua Branch	No.261, Sec.1, Wenhua Rd., Banqiao Dist., New Taipei City	(02)22587777	(02)22593584
Daguan Branch	No.155, Sec.2, Daguan Rd., Banqiao Dist., New Taipei City	(02)22756566	(02)22752574
Xingnan Branch	No.45, Sec.1, Xingnan Rd., Zhonghe Dist., New Taipei City	(02)29459366	(02)29458495
Xinzhuang Branch	No.719, Xingfu Rd., Xinzhuang Dist., New Taipei City	(02)29906699	(02)29900433
Xiulang Branch	No.118, Dehe Rd., Yonghe Dist., New Taipei City	(02)29417966	(02)29498035
Sanchong Branch	No.35, Sec.4, Chongyang Rd., Sanchong Dist., New Taipei City	(02)89839966	(02)29871976
Yuanshan Branch	No.753, Zhongzheng Rd., Zhonghe Dist., New Taipei City	(02)22259199	(02)22260657
Shulin Branch	No.58, Zhenqian St., Shulin Dist., New Taipei City	(02)86755666	(02)86755656
Jincheng Branch	No.91, Sec.3, Jincheng Rd., Tucheng Dist., New Taipei City	(02)82615666	(02)22709241
Xindian Branch	No.60, Minquan Rd., Xindian Dist., New Taipei City	(02)89113377	(02)89113661
Zhongzheng Branch	No.330, Zhongzheng Rd., Banqiao Dist., New Taipei City	(02)89658998	(02)89682156
Luchou Branch	No.258, Minzu Rd., Luchou Dist., New Taipei City	(02)82850666	(02)82835789
Fuhe Branch	No.45, Yongzhen Rd., Yonghe Dist., New Taipei City	(02)89211919	(02)89213377

Units	Address	Telephone	Fax
Songjiang Branch	No.122, Songjiang Rd., Zhongshan Dist., Taipei City	(02)25429999	(02)25311707
Xinyi Branch	No.127, Sec.2, Keelung Rd., Xinyi Dist., Taipei City	(02)27329999	(02)27334900
Minsheng Branch	No.133-1, Sec.3, Minsheng E. Rd., Songshan Dist., Taipei City	(02)87129966	(02)27120222
Bade Branch	No.360, Sec.2, Bade Rd., Songshan Dist., Taipei City	(02)27528833	(02)27405959
Neihu Branch	No.163, Sec.4, Chenggong Rd., Neihu Dist., Taipei City	(02)87919999	(02)87919899
Ruiguang Branch	No.633 v 635, Ruiguang Rd., Neihu Dist., Taipei City	(02)26560188	(02)26560166
Taoyuan Branch	No.360, Yongan Rd., Taoyuan City, Taoyuan County	(03)3398777	(03)3396362
Taoying Branch	No.102, Taoying Rd., Taoyuan City, Taoyuan County	(03)3758999	(03)3660551
Longgang Branch	No.78, Longdong Rd., Jhongli City, Taoyuan County	(03)4657799	(03)4655511
Hsinchu Branch	No.56, Zihciang S Rd., Jhubei City, Hsinchu County	(03)6581588	(03)6580189
Taichung Branch	No.556, Sec. 1, Wunsin Rd., Nantun Dist., Taichung City	(04)23267799	(04)23266029
North Taichung Branch	No.186, Sec. 4, Wunsin Rd., North Dist., Taichung City	(04)22961798	(04)22961885
Chiayi Branch	No.298, Jhongshan Rd., West Dist., Chiayi City	(05)2279045	(05)2291649
Junhui Branch	No.360, Wufong S. Rd., East Dist., Chiayi City	(05)2300778	(05)2300780
Tainan Branch	No.189, Chongming Rd., East Dist., Tainan City	(06)3368799	(06)3361287
Chenggong Branch	No.457, Chenggong Rd., West Central Dist., Tainan City	(06)2113999	(06)2112388
Kaohsiung Branch	No.148, Wufu 4th Rd., Yancheng Dist., Kaohsiung City	(07)5518270	(07)5618881
Xiaogang Branch	No.213, Erling Rd., Siaogang Dist., Kaohsiung City	(07)8011161	(07)8018565
Xinxing Branch	No.69, Bade 2nd Rd., Sinsing Dist., Kaohsiung City	(07)2860191	(07)2868349
Qianzhen Branch	No.421, Rueilong Rd., Cianjhen Dist., Kaohsiung City	(07)7513176	(07)7513380
Lingya Branch	No.10, Linsen 2nd Rd., Lingya Dist., Kaohsiung City	(07)3337177	(07)3311363
Yangming Branch	No.178, Jyuemin Rd., Sanmin Dist., Kaohsiung City	(07)3865111	(07)3828199
Kaoxinzhuang Branch	No.485, Xinzhuangzai Rd., Zuoying Dist., Kaohsiung City	(07)3412621	(07)3416142
Luodong Branch	No.119, Gongzheng Rd., Luodong Town, Yilan County	(03)9568866	(03)9557199