



2009 Annual Report

Bank of Panhsin Head Office

Address: 2F, No.18, Chengdu St., Banciao City, Taipei County, Taiwan, R.O.C.

Tel: (02)2962-9170

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

Spokesman

Name: Fu-Chai Teng

Title: S.E.V.P.

Address: 2F, No.18, Chengdu St., Banciao City, Taipei County, 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: 2F, No.18, Chengdu St., Banciao City, Taipei County, Taiwan, R.O.C.

Tel: (02)2962-9170

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Stock Registration Office

Name: Bank of Panhsin, General Affair Department

Address: 9F., No.330, Zhongzheng Rd., Banciao City, Taipei County, Taiwan, R.O.C.

Tel: (02)2968-9199

Credit Rating Services Organization

Taiwan Ratings Corporation

Address: 49F, Taipei 101 Tower, No.7, Xingyi Rd., Sec. 5, Taipei County, Taiwan, R.O.C.

Tel: (02)8722-5800

Website: <http://www.taiwanratings.com>

Certified Public Accountants for Financial Statements

KPMG Certified Public Accountants

Name of Accountants: Andrew Yu, Li Li Lu

Address: 68F, Taipei 101 Tower, No.7, Xingyi Rd., Sec. 5, Taipei County, Taiwan, R.O.C.

Tel: (02)8101-6666

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

Table of Contents

Bank Overview

- I 、 Date of Incorporation
- II 、 Credit Rating

Corporate Governance

- I 、 Organization Chart
- II 、 Information on the Directors, Supervisors, President, Executive Vice Presidents, Vice Presidents, and Major Managers
- 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
- IV 、 Information on the Inter-Relations of the Bank's Top 10 Shareholders
- V 、 Status on Consolidated Shares Holding

Funding Status

- I 、 Shares & Dividends
- II 、 Status on the Issuance of Financial Debenture
- III 、 Status on the Preferred Stock

Financial Status

- I 、 Abbreviated Balance Sheet & Income Statement in the Past Five Years
- II 、 Financial Analysis in the Past Five Years
- III 、 Capital Adequacy Analysis in the Past Five Years

Certified Financial Statement by CPA

Related Information on the Bank's Subsidiaries

- I 、 Relationship Chart
- II 、 Profile of Subsidiaries
- III 、 Information on Directors, Supervisors and President of Subsidiaries
- IV 、 Operation Status of Subsidiaries

Directory of Head Office & Branches

Bank Overview

Bank of Panhsin (BOP) was founded on April 25, 1957, formerly known as the Panchiao Credit Cooperative (PCC), 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 48 (including one OBU).

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 mid-sized commercial bank.

I 、Date of Incorporation：

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

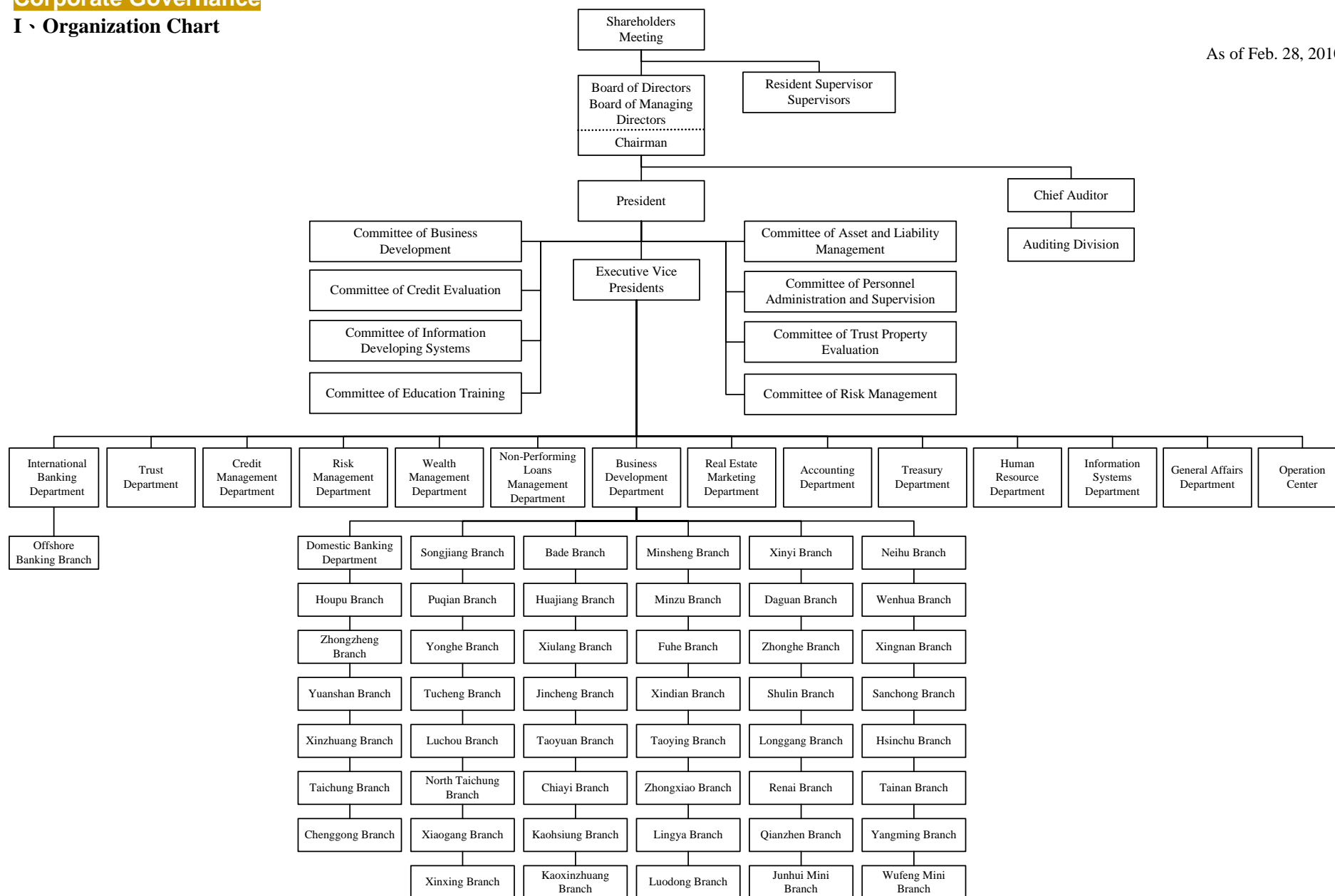
II 、Credit Rating

Rating Agency	Date	Long-Term	Short-Term	Outlook
Taiwan Ratings Co.	June 23, 2010	twBBB-	twA-3	Stable

Corporate Governance

I · Organization Chart

As of Feb. 28, 2010



II 、Information on the Directors, Supervisors, President, Executive Vice Presidents, Vice Presidents, and Major Managers

(I)Directors and Supervisors

As of Dec. 31, 2009

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions In the BOP and Other Companies
					Shares	%	Shares	%	Shares	%		
Chairman	Ping-Hui Liu	Jun. 23, 2009	3	Sept. 30, 1997	27,772,606	2.91	27,772,606	2.91	29,682,392	3.11	Chihlee College of Business/ Chairman of Panchiao Credit Cooperative	Chairman of Panhsin Insurance Broker Co., Ltd.
Managing Director	San-Jyun Construction Co., Ltd. (Representative: Chung-Liang Chen)	Jun. 23, 2009	3	Jun. 20, 2006	12,421	-	12,421	-	-	-	KaiNan High School of Commerce and Industry/ Manager of BOP	-
Managing Director	Ming-Hsin Chiu	Jun. 23, 2009	3	Sept. 30, 1997	4,504,116	0.47	4,504,116	0.47	2,123,854	0.22	Ta-Tung Vocational High School/ Director of Panchiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Director of Chin-Huan-Cho Development Co., Ltd
Managing Director	Dao-Ming Kuo	Jun. 23, 2009	3	Sept. 30, 1997	7,213,572	0.75	7,213,572	0.75	2,085,677	0.22	MBA, Meijo University, Japan/ Director of Panchiao Credit Cooperative	Chairman of Panhsin Asset Management Co., Ltd./ Chairman of Aizia Enterprise Co., Ltd./ Chairman of Chao-Neng-Sheng Biotechnology Co., Ltd.
Independent Managing Director	Fu-Yuan Chang	Jun. 23, 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
Director	Jing-Bao-Di Co., Ltd. (Representative: Tong-Ren Lin)	Jun. 23, 2009	3	Jun. 20, 2006	(PS)1,000,000	0.10	(PS)1,000,000	0.10	-	-	Tamkang University/ 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	San Light Construction Co., Ltd (Representative: Mei-Yun Liao)	Jun. 23, 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.	-
Director	Lin-Long Chien	Jun. 23, 2009	3	Sept. 30, 1997	6,620,919	0.69	6,620,919	0.69	1,305,057	0.14	Kuang Hua Senior Commercial Vocational Continuation High School/ Supervisor of Panchiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Chairman of He-Ching Entertainment Co., Ltd./ Chairman of Yi-Chin Entertainment Co., Ltd.
Director	Bai-Yuan Investment Co., Ltd. (Representative: Sheng- Hong Shao)	Jun. 23, 2009	3	Jun. 23, 2009	38,600,000	4.04	38,600,000	4.04	-	-	National Tam-Shui Vocational High School/ Director of Panchiao Credit Cooperative	Director & President of Bi-Fu Constrution Co., Ltd./ Director of Space Satellite Television City Co.,Ltd./ Director of Shin Ho Ho Net CATV Co., Ltd.

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions In the BOP and Other Companies
					Shares	%	Shares	%	Shares	%		
Director	Han-Chia Construction Co., Ltd. (Representative: Ping-Huang Liu)	Jun. 23, 2009	3	Jun. 20, 2006	61,797	0.01	61,797	0.01	-	-	Chung-Yuan Christian University/ Director of Panchiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Director of Ming-Hsuan Development Co., Ltd.
Director	Lai-Wei Liu	Jun. 23, 2009	3	Sept. 30, 1997	5,491,091	0.57	5,491,091	0.57	8,648,733	0.90	Ger-Jyh Senior High School/ Director of Panchiao 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)	Jun. 23, 2009	3	Jun. 23, 2009	38,600,000	4.04	38,600,000	4.04	-	-	National Chengchi University/ President of Taiwan Cooperative Bank	President of BOP
Director	Yuan-Ci Investment Co., Ltd. (Representative: Yi-Hsung Chang)	Jun. 23, 2009	3	Jun. 23, 2009	34,425,750	3.60	34,425,750	3.60	-	-	Tamkang University/ President of Taiwan Land Bank	-
Director	Li-Wang Lu	Jun. 23, 2009	3	Sept. 30, 1997	7,451,075	0.78	7,451,075	0.78	3,578	0.00	Chih-Kwang Senior Vocational Business & Technology High School/ Director & Supervisor of Panchiao Credit Cooperative	Chairman of Mao-Qi Construction Co., Ltd.
Director	San-Jyun Construction Co., Ltd. (Representative: Jia-Nan Fang)	Jun. 23, 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./ S.E.V.P. of BOP/ Director of Taiwan Cooperative Bills Finance Co., Ltd.
Independent Director	Ruei-Long Chen	Jun. 23, 2009	3	Jun. 23, 2009	-	-	-	-	-	-	National Chung Hsing University/ Chairmen of Institute for Information Industry	Chariman of Sinocon Industrial Standards Foundation/ Independent Director of Natural Beauty Bio-Technology Co., Ltd./ Chariman of Jhih-Ren Technology Development Co., Ltd.
Independent Director	Sin-Yi Luo	Jun. 23, 2009	3	Jun. 23, 2009	-	-	-	-	-	-	National Chengchi University/ Sin-Yi Luo Law Firm	-
Independent Director	Yue-Siou Liao	Jun. 23, 2009	3	Jun. 23, 2009	-	-	-	-	-	-	Doctor of St. John's University/ Associate Professor of Chihlee Institute of Technology	-
Resident Supervisor	Chin-E Yeh	Jun. 23, 2009	3	Sept. 30, 1997	4,027,706	0.42	4,027,706	0.42	501,977	0.05	National Taipei High School of Commerce/ Supervisor President of Panchiao Credit Cooperative	-

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions In the BOP and Other Companies
					Shares	%	Shares	%	Shares	%		
Supervisor	Fu-Jing Investment Co., Ltd. (Representative: Teng-Chun Chen)	Jun. 23, 2009	3	Jun. 20, 2006	33,493,872	3.50	33,493,872	3.50	-	-	KaiNan High School of Commerce and Industry/ V.P. of BOP	Supervisor of Panhsin Asset Management Co., Ltd.
Supervisor	Mao-Yang Chu	Jun. 23, 2009	3	Sept. 30, 1997	6,541,089	0.68	6,541,089	0.68	318,578	0.03	Yu Da High School of Commerce and Home Economics/ E.V.P. of Panchiao Credit Cooperative	Supervisor of Panhsin Insurance Broker Co., Ltd./ Chairman of Hong-Tai Development Construction Co., Ltd./ Director of Pu-Sheng Biotechnology Co., Ltd./ Supervisor of Shi-Qi Construction Co., Ltd.
Supervisor	Shang-Che Chen	Jun. 23, 2009	3	Sept. 30, 1997	6,845,363	0.72	6,845,363	0.72	438,479	0.05	Chungyu Institute of Technology / Supervisor of Panchiao Credit Cooperative	-
Supervisor	Fu-Jing Investment Co., Ltd. (Representative: Hsien-Tse Chiu)	Jun. 23, 2009	3	Jun. 20, 2006	33,493,872	3.50	33,493,872	3.50	-	-	National Taipei High School of Commerce/ Supervisor of Panchiao Credit Cooperative	-

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

(II) President, Executive Vice Presidents, Vice Presidents and Major Managers

As of Feb. 28, 2010

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Experience & Education
			Shares	%	Shares	%	
President	An-Shiung Chen	Sept. 01, 2008	-	-	-	-	International Trade Dept., National Chengchi University/ President of Taiwan Cooperative Bank
S.E.V.P.	Jia-Nan Fang	Sept. 21, 2006	17,338,424	1.81	9,110,400	0.95	Economic Dept., Soochow University/ E.V.P. of BOP
S.E.V.P.	Fu-Chai Teng	Feb. 10, 2010	(PS) 93,784 12,913	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/ E.V.P. of BOP
G.M. of Auditing Dept.	Ke-Han Liu	Apr. 01, 2008	(PS) 11,286 10,130	-	(PS) 744 90	-	Banking & Insurance Dept., Open Business College Affiliated With NTCB/ 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 Business Development Dept.	Shui-I Chang	Feb. 01, 2010	-	-	-	-	Master of Agricultural Economics Dept., National Taiwan University/ Senior Manager of Fuhwa Commercial Bank
G.M. of Credit Management Dept.	Jhih-Wun Lin	Apr. 01, 2008	(PS) 40,587 12,457	0.01	-	-	Business Administration Dept., Hsing-Wu College of Business/ Manager of BOP
G.M. of Real Estate Marketing Dept.	Yu-Tze Yo	Apr. 01, 2008	-	-	-	-	International Trade Dept., Soochow University/ Manager of Chinatrust Commercial Bank
G.M. of Non-Performing Loans Management Dept.	Hsin-Mao Huang	Jan. 29, 2007	13,729	-	324	-	Accounting Dept., Fu-Jen Catholic University/ Manager of BOP
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	(PS) 62,019 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	Guang-Di Lin	Feb. 02, 2009	(PS) 20,915 10,005	-	53,017	0.01	Public Finance and Tax Administration Dept., National Taipei College of Business/ Manager of BOP

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Experience & Education
			Shares	%	Shares	%	
G.M. of Domestic Banking Dept.	Hsi-Huang Chang	Apr. 01, 2008		460,547 0.05		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 4,078		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	Yuan-Cyun Lai	Nov. 26, 2008		80,818 0.01		541	Business Administration Dept., Chihlee Institute of Technology/ 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	Lai-Wong Lin	Apr. 02, 2007	(PS) 211,643 33,528	0.03	(PS) 101,274 101,995	0.02	Accounting & Statistics Dept., National Taipei College of Business/ Manager of BOP
G.M. of Wenhua Branch	Nian-Sin Lo	Apr. 20, 2009	(PS) 60,978 18,473	0.01		324	Banking & Insurance Dept., Open Business College Affiliated With NTCB/ Manager of BOP
G.M. of Daguan Branch	Chun-Ming Huang	Apr. 02, 2007	(PS) 256,791 11,343	0.03		-	Yu-Dah High School of Commerce/ 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	Yi-Chung Lo	Apr. 02, 2007		168,120 0.02		33,038	Business Administration Dept., Chihlee Institute of Technology/ 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	Ying-Rong Cheng	May 25, 2009	(PS) 70,542 10,040	0.01		-	Cooperative Economics Dept., National Chung Hsing University/ 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	Chen-Fu Sun	Feb. 01, 2010	(PS) 158,701 28,342	0.02	(PS) 4,134 499		Agriculture Dept., National Hsinchu Senior High School/ 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	Shares Held		Shares Held by Spouse & Minor Children		Major Experience & Education
			Shares	%	Shares	%	
G.M. of Fuhe Branch	Kai-Ming Wu	Nov. 26, 2008	81,815	0.01	3,578		Accounting & Statistics Dept., - National Taipei College of Business/ Manager of BOP
G.M. of Songjiang Branch	Yi-Hui Yu	Jan. 21, 2008	110,000	0.01	-		Cooperative Economics Dept., - National Chung Hsing University/ 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	10,752 (PS) 10,065	-	3,254		Business Administration Dept., - Chihlee Institute of Technology/ Manager of BOP
G.M. of Neihsu 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 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., Tatung Commercial - & Vocational High School/ Manager of BOP
G.M. of Hsinchu Branch	Zhen-Hua Xia	Dec. 01, 2004	10,542	-	-		EMBA, National Central - University/ 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	-	-	-		Financial & Economic Law Dept., National Chung Hsing University/ Manager of Taiwan Cooperative Bank
G.M. of Wufeng Mini Branch	Hong-Jhang Jiang	Apr. 10, 2006	(PS) 8,000	-	-		Business Administration Dept., - Tatung College of Business/ Manager of BOP
G.M. of Renai Branch	Ji-Zhou Hsu	Feb. 01, 2010	(PS) 11,478	-	-		Business Dept., National Hua-Nan - Commercial High School/ Manager of BOP
G.M. of Zhongxiao Branch	Jing-Song Huang	Feb. 01, 2010	(PS) 9,040 8,600	-	-		Mechanical Engineering Dept., - WuFeng Institute of Technology/ Manager of BOP
G.M. of Junhui Mini Branch	Hui-Ling Lu	Apr. 02, 2007	(PS) 10,616 8,610	-	-		Business Dept., Tatung Commercial - & Vocational High School/ Manager of BOP
G.M. of Tainan Branch	Jhih-Yi Wang	Jan. 25, 2010	-	-	-		Business Administration Dept., - Far East Institute of Technology/ Manager of BOP
G.M. of Chenggong Branch	Sian-Zong Tsai	Feb. 03, 2010	-	-	-		EMBA, Tunghai University/ - Manager of Fuhwa 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

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Experience & Education
			Shares	%	Shares	%	
G.M. of Xinxing Branch	Xian-Chin Kuo	Apr. 02, 2007	(PS) 3,000 8,610	-	-	-	Finance Dept., Shih Chien University/ Manager of BOP
G.M. of Qianzhen Branch	Jiunn-Fu Chen	Nov. 26, 2008	(PS) 27,273 10,040	-	-	-	Business Dept., Kuo Chi Senior Vocational High School of Commerce and Technology/ Manager of BOP
G.M. of Yangming Branch	Bi-Shia Huang	Apr. 02, 2007	(PS) 2,000 3,000	-	-	-	Business Administration Dept., China Institute of Technology/ Manager of BOP
G.M. of Kaoxinzhuang Branch	Shou-Yao Chen	Aug. 01, 2008	12,139	-	-	-	Banking & Insurance Dept., China Institute of Technology/ Manager of BOP
G.M. of Luodong Branch	Hua-Yi Kuo	Apr. 27, 2009	(PS) 27,578 10,073	-	-	-	Business Dept., Yu-Dah High School of Commerce/ 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

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

Unit: Shares

Title	Name	Mar. 31, 2010		2009	
		Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)	Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)
Representative of Corporate Director	Sheng-Hong Shao	-	-	(6,220,000)	-
Corporate Supervisor	Fu-Jing Investment Co., Ltd.	(100,000)	-	-	-
Director	Lin-Long Chien	10,648	-	-	-

Note : Only person with changes was listed.

(II) Status on Changes in Equity Interest of Managerial Officers

Unit: Shares

Title	Name	Mar. 31, 2010		2009	
		Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)	Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)
Manager	Ke-Long Wu	-	-	(10,000)	-

Note : Only person with changes was listed.

(III) Status on Changes in Equity Interest of Major Shareholders

Unit: Shares

Major Shareholder	Mar. 31, 2010		2009	
	Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)	Increments of Common Stock Held (Less)	Increments of Common Stock Pledged (Less)
Fu-Jing Investment Co., Ltd.	(100,000)	-	-	-

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

As of Mar. 31, 2010

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)
Ke-Long Wu	Prosecuted	Mar. 16, 2009	Jia-Lin Fan	None	10,000	6.13
Sheng-Hong Shao	Prosecuted	Sept. 15, 2009	Yue-Shuang Chiu	Spouse	6,220,000	-
Lin-Long Chien	Acquire	Mar. 8, 2010	Cheng-You Wang	None	10,648	6.50
Fu-Jing Investment Co., Ltd.	Prosecuted	Mar. 26, 2010	Jhao-Dong Liu	Yes	100,000	10.00

(V) Information on Pledging of Equity Interest (Common Stock) : None

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

Name	Shares Held		Shares Held by Spouse & Minor Children		Top 10 Shareholders Inter-Relations According to SFAS No. 6	
	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	4.02	-	-	Mei-Yun Liao	Chairman
	29,682,397	3.47	27,772,606	3.25	Ping-Hui Liu	Director
Fu-Jing Investment Co., Ltd. (Representative: Wei-Ren Liao)	33,493,872	3.91	-	-	-	-
	-	-	-	-	-	-
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 、Status on Consolidated Shares Holding

Reinvested Business	BOP Investment		General Investment	
	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
Taiwan Cooperative Bills Finance Co., Ltd.	38,429,230	15.09	38,429,230	15.09
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
Panhsein Asset Management Co., Ltd.	5,000,000	38.46	13,000,000	100.00
Panhsein 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.

Funding Status

I、Shares & Dividends

(I) Source of Capital

Unit: Thousand Shares/NT\$ Thousand

Date	Issuing Price (NT\$)	Authorized Capital		Paid-in Capital		Note	
		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 Panchiao 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 Type	Authorized Capital (Thousand Shares)			Note
	Shares Outstanding	Unissued Shares	Total	
Common Stock	855,790	544,210	1,400,000	Became a Public Offered Company on Nov. 14, 2006
Preferred Stock	100,000	-	100,000	

(II) Shareholder Structure (Including Preferred Stock)

As of Dec. 31, 2009

Structure Quantity	Government Institutions	Financial Institutions	Domestic Institutions	Individuals	Foreign Institution & Foreigners	Total
Number of Shareholders	2	4	89	99,681	10	99,786
Number of Shares Held	647,253	71,000,000	139,926,355	744,073,402	142,990	955,790,000
Ratio of Share Holding (%)	0.07	7.43	14.64	77.85	0.01	100.00

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

As of Dec. 31, 2009

Shareholding Classifications	Number of Shareholders		Shares		Ratio (%)	
	Common Stock	Preferred Stock	Common Stock	Preferred Stock	Common Stock	Preferred Stock
1~999	74,717	9,587	24,921,058	1,024,188	2.91	1.02
1,000~5,000	13,443	754	40,041,113	2,041,830	4.68	2.04
5,001~10,000	2,325	336	15,431,739	2,515,743	1.80	2.52
10,001~15,000	2,009	92	23,789,604	1,063,346	2.78	1.06
15,001~20,000	393	22	6,759,748	379,328	0.79	0.38
20,001~ 30,000	4,181	21	97,754,837	524,778	11.42	0.52
30,001~ 50,000	613	19	23,260,543	878,565	2.71	0.88
50,001~100,000	1,344	31	82,475,008	2,632,927	9.64	2.63
100,001~200,000	249	9	33,061,510	1,436,845	3.86	1.44
200,001~400,000	109	12	31,379,832	3,392,635	3.67	3.39
400,001~600,000	47	7	23,648,211	3,607,281	2.76	3.61
600,001~800,000	48	1	32,742,600	765,000	3.83	0.77
800,001~1,000,000	19	3	16,906,657	2,875,000	1.98	2.88
1,000,001~	58	6	403,617,540	76,862,534	47.17	76.86
Total	99,555	10,900	855,790,000	100,000,000	100.00	100.00

(IV) Major Shareholders (Common Stock)

As of Dec. 31, 2009

Major Shareholders	Item	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.		33,493,872		3.91	
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	

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: 5.5 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	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%	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, 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 (%)	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+		

III 、Status on the Preferred Stock

Date of Issuance			Jun. 22, 2005
Item			
	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.
	Distribution of Remaining Property		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.
Outstanding Market Share Price	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.
	2009	Highest	-
		Lowest	-
		Average	-
	Mar. 31, 2010	Highest	-
		Lowest	-
Average		-	
Other Rights	The Amount of Conversion or Subscription till Mar. 31, 2010		None
	Methods for Issuance of Conversion or Subscription		None
Influence on the provisions for preferred shareholders' equity and possible dilution for current common shareholders' equity			Since the preferred stock is non-convertible, thus no influence.
Influence on the redemption of preferred stock to the ratio of equity capital to risk-weighted asset			None

Financial Status

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

(I) Abbreviated Balance Sheet

Unit: NT\$ Thousand

Item	Year	Financial Status in the Past Five Years				
		2009	2008	2007	2006	2005
Cash & Cash Equivalents						
Due from Central Bank & Placement to Other Banks		27,340,747	24,320,737	22,010,429	29,499,169	21,077,838
Financial Assets at Fair Value through Profit or Loss		701,332	1,361,684	1,608,335	1,498,235	842,623
Bills & Bonds Purchased under Agreements to Resell		-	-	-	-	1,099,206
Account Receivables		5,256,115	3,261,247	4,057,368	2,594,785	1,135,880
Loans & Advances		114,033,176	122,014,564	128,429,990	143,147,882	140,144,851
Available for Sale - Financial Assets		861,418	1,600,309	2,181,161	1,545,490	1,317,476
Long-term Investment under Equity Method		86,158	135,798	86,272	89,914	80,621
Other Financial Assets		700,693	1,443,293	458,587	103,490	81,450
Fixed Assets (Property & Equipment)		7,093,203	6,912,524	5,806,834	5,149,939	4,849,231
Intangible Assets		1,629,463	1,358,550	1,377,786	1,374,344	1,352,192
Other Assets		3,222,787	3,203,209	4,061,098	5,085,715	5,188,811
Total Assets		160,925,092	165,611,915	170,077,860	190,088,963	177,170,179
Deposits by Central Bank and Other Banks		3,835,415	5,074,878	9,214,476	16,201,518	17,165,517
Financial Liabilities at Fair Value through Profit or Loss		55,120	218,288	19,845	2,235	595
Bills & Bonds Sold under Agreements to Repurchase		-	325,725	358,254	601,427	1,378,798
Deposits & Remittances		142,004,002	144,287,739	144,198,797	156,677,427	144,413,083
Central Bank and Other Banks Financing, Financial Debentures Payable		3,888,600	4,719,000	4,200,000	3,680,000	2,000,000
Accrued Pension Liabilities		103,393	92,342	58,513	55,546	77,757
Other Liabilities		2,452,559	2,122,014	2,340,446	3,663,778	3,097,125
Total Liability	Before Distribution	152,339,089	156,839,986	160,390,331	180,881,931	168,132,875
	After Distribution	152,339,089	156,839,986	160,481,720	180,881,931	168,236,339
Capital Stock		9,557,900	9,557,900	9,557,900	9,557,900	8,198,000
Legal Reserve		-	-	-	245,786	605,686
Retained Earning	Before Distribution	(929,615)	(767,068)	190,343	(590,125)	302,654
	After Distribution	(929,615)	(767,068)	190,343	-	349,057
Unrealized Gain (Loss) on Financial Instruments		32,608	45,125	(29,345)	32,865	(15,485)
Accumulated Translation Adjustments		-	-	-	-	-
Other Adjustments to Shareholders Equity		(74,890)	(64,028)	(31,369)	(39,394)	(53,551)
Total Shareholders Equity	Before Distribution	8,586,003	8,771,929	9,687,529	9,207,032	9,037,304
	After Distribution	8,586,003	8,771,929	9,596,140	9,207,032	8,933,840

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

Item	Year	Financial Status in the Past Five Years				
		2009	2008	2007	2006	2005
Net Interest Income		1,177,033	1,935,351	2,401,566	2,833,992	2,951,890
Net Non-interest Income		1,845,187	(1,248)	667,613	733,734	727,039
Bad Debt Expense for Margin Loans		1,843,147	801,523	423,639	2,192,663	1,128,226
Operating Expense		1,808,610	2,089,736	1,970,765	2,313,820	2,367,400
Income from Continuing Operation before Tax		(629,537)	(957,156)	674,775	(938,757)	183,303
Income from Continuing Operation after Tax		(162,547)	(866,022)	534,682	(808,757)	147,016
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		(162,547)	(866,022)	534,682	(789,315)	147,016
EPS (Loss)		(0.24)	(1.06)	0.57	(1.10)	0.17

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.

Note 3: Financial statements of 2004 to 2006 have been reclassified to coordinate with 2007 accordingly, no major effects upon such reclassifications.

II · Financial Analysis in the Past Five Years

Unit: NT\$ Thousand

Item		Financial Status in the Past Five Years				
		2009	2008	2007	2006	2005
Operation Capability	Loan to Deposit Ratio (%)	83	86	90	93	96
	NPL Ratio (%)	3.83	4.59	3.32	4.52	3.89
	Interest Expense to Average Deposit Outstanding (%)	1.18	2.08	1.89	1.63	1.42
	Interest Income to Average Loan Outstanding (%)	2.44	3.84	3.78	3.77	4.06
	Total Asset Turnover Ratio (Time)	0.02	0.01	0.02	0.02	0.02
	Average Revenue per Employee	2,357	1,436	2,104	2,213	2,168
	Average Income per Employee	(127)	(643)	366	(492)	87
Profitability	Return on Tier 1 Capital (%)	(10)	(14)	10	(14)	3
	ROA (%)	(0.1)	(0.52)	0.30	(0.43)	0.09
	ROE (%)	(2)	(9)	6	(9)	2
	Net Income Ratio (%)	(5)	(45)	17	(22)	4
	EPS (Dollar)	(0.24)	(1.06)	0.57	(1.10)	0.17
Financial Structure	Liability to Total Asset	95	95	94	95	95
	Fixed Asset to Shareholders' Equity	83	79	60	56	54
Growth	Asset Growth (%)	(3)	(3)	(11)	7	19
	Profitability Growth (%)	(Note 8)	(242)	(Note 8)	(612)	(73)
Cash Flows	Cash Flow (%)	(Note 9)	20	(Note 9)	6	76
	Cash Flow to Dividends & Expenditures (%)	84	139	177	238	272
	Cash Flow Reinvestment Ratio (%)	(Note 9)	(Note 10)	(Note 9)	2	16
Liquidity Reserve Ratio (%)		13	12	10	11	10
Stakeholders' Secured Lending Outstanding		1,436,666	2,230,613	1,406,062	1,567,810	2,037,418
Stakeholders' Secured Lending Outstanding to Total Lending Outstanding (%)		1.17	1.74	1.04	1.03	1.39
Operating Scale	Market Share of Asset (%)	0.39	0.41	0.44	0.50	0.57
	Market Share of Net Worth (%)	0.37	0.41	0.45	0.44	0.48
	Market Share of Deposit (%)	0.49	0.53	0.57	0.62	0.65
	Market Share of Loan (%)	0.63	0.67	0.72	0.81	0.80

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

(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 year-end.
2. 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: NT\$ Thousand

Year			2009	2008	2007	2006	2005
Item							
Equity Capital	Tier 1 Capital	Common Stock	8,557,900	8,557,900	8,557,900	8,557,900	7,198,000
		Perpetual, Non-Cumulative Preferred Stock	-	-	-	-	-
		Non-Matured, Non-Cumulative Subordinated Debenture	-	-	-	-	-
		Capital in Advance	-	-	-	-	-
		Legal Reserve (Excluding Legal Reserve for Fixed Asset Appreciation)	-	-	-	245,786	605,686
		Legal Earning Reserve	-	57,103	-	196,891	152,786
		Special Earning Reserve	-	29,345	-	-	-
		Cumulative Earning	-	-	190,343	(787,017)	149,867
		Minor Interests	-	-	-	-	-
		Other Shareholders Equity	(75,933)	(64,363)	(70,823)	(6,529)	(69,036)
		Less: Goodwill	1,316,159	1,316,159	1,316,159	1,316,159	1,316,159
		Less: Loss from Unamortized NPL Sold	-	-	-	-	-
		Less: Capital Deduction Item	788,666	714,168	308,196	99,900	-
		Total Tier 1 Capital	6,377,143	6,549,658	7,053,065	6,790,970	6,721,144
	Tier 2 Capital	Perpetual, Cumulative Preferred Stock	-	-	-	-	-
		Non-matured, Cumulative Subordinated Debentures	-	-	-	-	-
		Legal Reserve for Fixed Asset Appreciation	-	-	-	-	-
		45% of Unrealized Gain of Available for Sale Financial Asset	15,143	20,457	4,549	-	-
		Convertible Bond	-	-	-	-	-
		Operation Reserve & Bad Debt Account	-	-	323,219	433,275	391,925
		Long-term Subordinated Debentures	2,015,200	1,928,920	2,249,920	2,569,920	1,289,920
		Non-perpetual Preferred Stock	200,000	400,000	600,000	800,000	1,000,000
		Sum of (Perpetual, Non-Cumulative Preferred Stock + Non-Mature, Non-Cumulative Subordinated Financial Debenture) Surpassed 15% of Tier 1 Capital	-	-	-	-	-
		Less: Capital Deduction Item	788,668	714,169	308,196	99,899	-
		Total Tier 2 Capital	1,441,676	1,635,208	2,869,492	3,703,296	2,681,845
	Tier 3 Capital	Short-term Subordinated Debentures	-	-	-	-	-
		Non-Perpetual Preferred Stock	-	-	-	-	-
		Total Tier 3 Capital	-	-	-	-	-
	Equity Capital		7,818,818	8,184,866	9,922,557	10,494,268	9,203,527
	Risk-Weighted Asset	Credit Risk	Standardized Approach	95,141,805	101,016,756	105,634,318	122,151,601
Internal Rating-Based Approach			-	-	-	-	-
Securitization Framework			347,071	291,982	481,144	441,754	-
Operation Risk		Basic Indicator Approach	5,363,938	6,354,825	6,447,375	-	-
		Standardized / Alternative Approach	-	-	-	-	-
		Advanced Measurement Approach	-	-	-	-	-
Market Risk		Standardized Approach	924,825	1,111,138	1,796,063	1,753,150	1,780,663
		Internal Model-Based Approach	-	-	-	-	-
CAR (%)		7.68	7.52	8.68	8.44	8.02	
Tier 1 Capital to Risk-Weighted Asset (%)		6.27	6.02	6.17	5.46	5.86	
Tier 2 Capital to Risk-Weighted Asset (%)		1.42	1.50	2.51	2.98	2.34	
Tier 3 Capital to Risk-Weighted Asset (%)		-	-	-	-	-	
Common Stock to Total Asset (%)		5.32	5.17	5.03	4.50	4.06	

(II) Consolidated Company

Unit: NT\$ Thousand

Year			2009	2008	2007	2006	2005	
Item								
Equity Capital	Tier 1 Capital	Common Stock	8,557,900	8,557,900	8,557,900	8,557,900	7,198,000	
		Perpetual, Non-Cumulative Preferred Stock	-	-	-	-	-	
		Non-matured, Non-Cumulative Subordinated Debenture	-	-	-	-	-	
		Capital in Advance	-	-	-	-	-	
		Legal Reserve (Excluding Legal Reserve for Fixed Asset Appreciation)	-	-	-	245,786	605,686	
		Legal Earning Reserve	-	57,103	-	196,891	152,786	
		Special Earning Reserve	-	29,345	-	-	-	
		Cumulative Earning	-	-	190,343	(787,017)	149,867	
		Minor Interests	-	-	-	-	-	
		Other Shareholders Equity	(75,933)	(64,363)	(70,823)	(6,529)	(69,036)	
		Less: Goodwill	1,316,159	1,316,159	1,316,159	1,316,159	1,316,159	
		Less: Loss from Unamortized NPL Sold	-	-	-	-	-	
		Less: Capital Deduction Item	745,588	646,270	265,061	54,942	-	
		Total Tier 1 Capital	6,420,221	6,617,556	7,096,200	6,835,930	6,721,144	
	Tier 2 Capital	Perpetual, Cumulative Preferred Stock	-	-	-	-	-	
		Non-Matured, Cumulative Subordinated Debentures	-	-	-	-	-	
		Legal Reserve for Fixed Asset Appreciation	-	-	-	-	-	
		45% of Unrealized Gain of Available for Sale Financial Asset	15,143	20,457	4,549	-	-	
		Convertible Bond	-	-	-	-	-	
		Operation Reserve & Bad Debt Account	-	-	323,219	433,275	391,925	
		Long-Term Subordinated Debentures	2,015,200	1,928,920	2,249,920	2,569,920	1,289,920	
		Non-Perpetual Preferred Stock	200,000	400,000	600,000	800,000	1,000,000	
		Sum of (Perpetual, Non-Cumulative Preferred Stock, & Non-mature, Non-Cumulative Subordinated Financial Debenture) Surpassed 15% of Tier 1 Capital	-	-	-	-	-	
		Less: Capital Deduction Item	745,588	646,269	265,059	54,942	-	
		Total Tier 2 Capital	1,484,756	1,703,108	2,912,629	3,748,253	2,681,845	
		Tier 3 Capital	Short-Term Subordinated Debentures	-	-	-	-	-
			Non-Perpetual Preferred Stock	-	-	-	-	-
			Total Tier 3 Capital	-	-	-	-	-
	Equity Capital		7,904,977	8,320,664	10,008,829	10,584,183	9,284,147	
Risk-weighted Asset	Credit Risk	Standardized Approach	95,189,251	100,935,783	105,573,282	122,357,603	112,998,064	
		Internal Rating-Based Approach	-	-	-	-	-	
		Securitization Framework	347,071	291,982	481,144	441,754	-	
	Operation Risk	Basic Indicator Approach	5,363,938	6,354,825	6,493,000	-	-	
		Standardized / Alternative Approach	-	-	-	-	-	
		Advanced Measurement Approach	-	-	-	-	-	
	Market Risk	Standardized Approach	924,825	1,111,138	1,796,063	1,753,750	1,780,663	
		Internal Model-Based Approach	-	-	-	-	-	
CAR (%)			7.76	7.66	8.75	8.50	8.09	
Tier 1 Capital to Risk-Weighted Asset (%)			6.31	6.09	6.21	5.49	5.86	
Tier 2 Capital to Risk-Weighted Asset (%)			1.46	1.57	2.55	3.01	2.34	
Tier 3 Capital to Risk-Weighted Asset (%)			-	-	-	-	-	
Common Stock to Total Asset (%)			5.32	5.17	5.03	4.50	4.06	

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

Note 2: The financial figures of 2005 have been adjusted by Basel I and the financial figures of 2006 have been adjusted by Basel II.

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

BANK OF PANHSIN

Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

**Address: 2F, No. 18, Chengdu St., Panchiao City, Taipei County, 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, 2009 and 2008, 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, 2009 and 2008, 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, 2009 and 2008, on which we have expressed an unqualified opinion.

KPMG

March 15, 2010

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

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

Bank of Panhsin

Balance Sheets

December 31, 2009 and 2008

(Expressed in thousands of New Taiwan dollars, except for par value)

	2009	2008	Change %		2009	2008	Change %
Assets				Liabilities and Stockholders' Equity			
Cash and cash equivalents (note 4)	\$ 2,584,675	3,176,419	(19)	Deposits by Central Bank and other banks (note 16)	\$ 3,835,415	5,074,878	(24)
Due from Central Bank and placement to other banks (note 5)	24,756,072	21,144,318	17	Financial liabilities at fair value through profit or loss (notes 6 and 23)	55,120	218,288	(75)
Financial assets at fair value through profit or loss, net (notes 6, 8, 23 and 25)	701,332	1,361,684	(48)	Bills and bonds sold under repurchase agreements (notes 8 and 25)	-	325,725	-
Accounts receivable, net (notes 9, 10, 20 and 24)	5,256,115	3,261,247	61	Notes and accounts payable	2,313,083	1,987,250	16
Loans and advances to customers (notes 10 and 24)	114,033,176	122,014,564	(7)	Deposits and remittances (notes 17 and 24)	142,004,002	144,287,739	(2)
Available-for-sale financial assets, net (notes 7, 8 and 25)	861,418	1,600,309	(46)	Subordinated financial debentures (notes 18 and 24)	3,888,600	4,719,000	(18)
Long-term investments under equity method, net (note 11)	86,158	135,798	(37)	Accrued pension liabilities (note 19)	103,393	92,342	12
Other financial assets, net (notes 11, 24, 25 and 26)	700,693	1,443,293	(51)	Other liabilities	<u>139,476</u>	<u>134,764</u>	3
Property and equipment, net (notes 12 and 24)	7,093,203	6,912,524	3	Total liabilities	<u>152,339,089</u>	<u>156,839,986</u>	(3)
Goodwill and intangible assets (note 13)	1,629,463	1,358,550	20	Stockholders' Equity (notes 7, 19 and 21):			
Other assets—net:				Share capital:			
Other asstes (notes 14 and 15)	2,029,365	2,476,865	(18)	Common stock of \$10 par value per share; authorized and issued			
Deferred income tax assets (note 20)	<u>1,193,422</u>	<u>726,344</u>	64	1,500,000 thousand shares in 2009 and 2008	8,557,900	8,557,900	-
	3,222,787	3,203,209	1	Preferred stock of \$10 par value per share; cumulative but non-			
				participating; authorized and issued 100,000 thousand shares in			
				2009 and 2008	<u>1,000,000</u>	<u>1,000,000</u>	-
					<u>9,557,900</u>	<u>9,557,900</u>	-
				Retained earnings:			
				Legal reserve	-	57,103	-
				Special reserve	-	29,345	-
				Accumulated deficits	<u>(929,615)</u>	<u>(853,516)</u>	(9)
					<u>(929,615)</u>	<u>(767,068)</u>	(21)
				Other adjustments to stockholders' equity:			
				Unrealized gain (loss) on available-for-sale financial assets	32,608	45,125	(28)
				Net loss from unrecognized pension cost	<u>(74,890)</u>	<u>(64,028)</u>	(17)
					<u>(42,282)</u>	<u>(18,903)</u>	(124)
				Total stockholders' equity	8,586,003	8,771,929	(2)
				Commitments and contingencies (notes 14, 21, 23 and 26)			
Total Assets	<u>\$ 160,925,092</u>	<u>165,611,915</u>	(3)	Total Liabilities and Stockholders' Equity	<u>\$ 160,925,092</u>	<u>165,611,915</u>	(3)

See accompanying notes to financial statements.

Bank of Panhsin

Statements of Income

For the years ended December 31, 2009 and 2008

(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2009	2008	Change %
Interest income (notes 6 and 24)	\$ 3,035,643	5,227,805	(42)
Less: Interest expense (note 24)	<u>1,858,610</u>	<u>3,292,454</u>	(44)
Net interest income	1,177,033	1,935,351	(39)
Non-interest income:			
Fees and commission income, net (note 24)	308,930	491,827	(37)
Gain (loss) on financial instruments at fair value through profit or loss (notes 6 and 23)	398,880	(803,774)	150
Realized gain on available-for-sale financial assets (note 7)	22,949	4,286	435
Investment income (loss) under the equity method, net	(1,581)	49,526	(103)
Foreign exchange gain (loss), net	(265,555)	416,249	(164)
Asset impairment loss	-	(184,304)	-
Other non-interest income, net (notes 12, 14, 15, 24 and 29)	<u>1,381,564</u>	<u>24,942</u>	5,439
Net revenue	<u>3,022,220</u>	<u>1,934,103</u>	56
Bad debt expenses (note 10)	<u>1,843,147</u>	<u>801,523</u>	130
Operating expenses:			
Personnel costs (notes 19 and 29)	1,063,776	1,282,863	(17)
Depreciation and amortization (notes 12 and 29)	167,383	156,553	7
Other general and administrative expenses (note 24)	<u>577,451</u>	<u>650,320</u>	(11)
	<u>1,808,610</u>	<u>2,089,736</u>	(13)
Loss from continuing operations before income tax	(629,537)	(957,156)	34
Income tax benefit (note 20)	<u>(466,990)</u>	<u>(91,134)</u>	(412)
Net loss	<u><u>\$ (162,547)</u></u>	<u><u>(866,022)</u></u>	81

	Before tax	After tax	Before tax	After tax
Basic deficits per share (note 22)	<u><u>\$ (0.79)</u></u>	<u><u>(0.24)</u></u>	<u><u>(1.17)</u></u>	<u><u>(1.06)</u></u>

See accompanying notes to financial statements.

Bank of Panhsin

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2009 and 2008
(expressed in thousands of New Taiwan dollars)

	Share capital				Retained earnings	Unrealized gain	Other adjustments	
	Common stock	Preferred stock	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficits)	(loss) on available-for-sale financial assets	Net loss from unrecognized pension cost	Total
Balance at January 1, 2008	\$ 8,557,900	1,000,000	-	-	190,343	(29,345)	(31,369)	9,687,529
Legal reserve	-	-	57,103	-	(57,103)	-	-	-
Special reserve	-	-	-	29,345	(29,345)	-	-	-
Dividends on preferred stock (note 21)	-	-	-	-	(90,000)	-	-	(90,000)
Directors' and supervisors' remuneration (note 21)	-	-	-	-	(1,389)	-	-	(1,389)
Net loss for 2008	-	-	-	-	(866,022)	-	-	(866,022)
Reversal of unrealized gain on available-for-sale financial assets (note 7)	-	-	-	-	-	74,470	-	74,470
Reversal of net loss from unrecognized pension cost	-	-	-	-	-	-	(32,659)	(32,659)
Balance at December 31, 2008	8,557,900	1,000,000	57,103	29,345	(853,516)	45,125	(64,028)	8,771,929
Offset deficits (note 21)	-	-	(57,103)	(29,345)	86,448	-	-	-
Net loss for 2009	-	-	-	-	(162,547)	-	-	(162,547)
Recognition of unrealized gain on available-for-sale financial assets (note 7)	-	-	-	-	-	(12,517)	-	(12,517)
Net loss from unrecognized pension cost	-	-	-	-	-	-	(10,862)	(10,862)
Balance at December 31, 2009	<u><u>\$ 8,557,900</u></u>	<u><u>1,000,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(929,615)</u></u>	<u><u>32,608</u></u>	<u><u>(74,890)</u></u>	<u><u>8,586,003</u></u>

See accompanying notes to financial statements.

Bank of Panhsin
Statements of Cash Flows
For the years ended December 31, 2009 and 2008
(expressed in thousands of New Taiwan dollars)

	2009	2008
Cash flow from operating activities:		
Net loss	\$ (162,547)	(866,022)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	90,525	98,524
Amortization	78,406	59,655
Provision of reserve for trading losses	2,302	-
Bad debt expenses	1,843,147	801,523
Investment loss (income) under the equity method	1,581	(49,526)
Cash dividends from investees under the equity method	48,059	-
Gain on sale of available-for-sale financial assets, net	22,949	4,286
Loss (gain) on disposal of property and equipment, net	(1,336,583)	2,490
Prepayments for equipment changed into expense	330	-
Gain on disposal of foreclosed assets	(534)	(3,918)
Impairment loss on foreclosed assets	-	184,304
Increase in financial assets at fair value through profit or loss	660,352	246,651
Decrease (increase) in accounts receivable	(2,090,841)	497,841
Decrease (increase) in other financial assets	742,600	(432,828)
Increase in deferred income tax assets	(467,078)	(103,959)
Increase (decrease) in financial liabilities at fair value through profit or loss	(163,168)	198,443
Increase (decrease) in accounts payable and other liabilities	325,833	(60,734)
Increase in accrued pension liabilities	189	1,170
Net cash provided by (used in) operating activities	<u>(404,478)</u>	<u>577,900</u>
Cash flow from investing activities:		
Increase in due from Central Bank and placement to other banks	(3,611,754)	(2,067,515)
Acquisition of available-for-sale financial assets	(534,226)	(817)
Proceeds from disposal of available-for-sale financial assets	1,237,651	651,853
Increase in loans and advances to customers	6,266,381	5,912,183
Acquisition of property and equipment	(1,340,111)	(1,227,558)
Proceeds from disposal of property and equipment	2,201,847	4,236
Acquisition of intangible assets	-	(2,164)
Increase in foreclosed assets	(28,422)	(891)
Proceeds from disposal of foreclosed assets	238,927	229,831
Decrease (increase) in other assets	59,356	(20,992)
Net cash provided by investing activities	<u>4,489,649</u>	<u>3,478,166</u>
Cash flow from financing activities:		
Decrease in deposits by Central Bank and other banks	(1,239,463)	(4,139,598)
Increase (decrease) in deposits and remittances	(2,283,737)	88,942
Decrease in bills and bonds sold under repurchase agreements	(325,725)	(32,529)
Issuance of subordinated financial debentures	720,000	519,000
Decrease in subordinated financial debentures	(1,550,400)	-
Increase (decrease) in other liabilities	2,410	(157,699)
Cash dividends, employees' bonuses, and directors' and supervisors' remuneration	-	(91,389)
Net cash used in financing activities	<u>(4,676,915)</u>	<u>(3,813,273)</u>
Net increase (decrease) in cash and cash equivalents	(591,744)	242,793
Cash and cash equivalents at beginning of year	<u>3,176,419</u>	<u>2,933,626</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,584,675</u></u>	<u><u>3,176,419</u></u>
Supplementary disclosure of cash flow:		
Cash payments of interest	<u>\$ 1,510,492</u>	<u>3,480,526</u>
Cash payments of income tax	<u>\$ 16,482</u>	<u>37,154</u>
Investing and financing activities not affecting cash flows:		
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ (12,517)</u>	<u>74,470</u>
Reconciliation of cash received from disposal of foreclosed assets:		

See accompanying notes to financial statements.

BANK OF PANHSIN

Notes to Financial Statements

December 31, 2009 and 2008

(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, 2009 and 2008, the number of the Bank's employees was 1,282 and 1,347, respectively.

(Continued)

BANK OF PANHSIN**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 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".

(Continued)

BANK OF PANHSIN**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 ex-dividend 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.

(Continued)

BANK OF PANHSIN**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.

6) 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.

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.

7) 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.

8) 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.

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

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.

9) 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".

10) 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.

11) 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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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

12) Intangible assets — goodwill

Goodwill arose on the acquisition of "The 5th Credit Cooperative of Kaohsiung" and "The 1st Credit Cooperative of Chiayi" in 2005. 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.

13) Other intangible assets

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

14) 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.

15) 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.

(Continued)

BANK OF PANHSIN**Notes to Financial Statements****16) 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.

17) 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.

18) 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.

19) 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.

20) 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.

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

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.

21) Recognition of revenue

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

22) 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.

23) 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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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.

24) Earnings (deficits) per share of common stock

Earnings (deficits) per share are computed by dividing net income (loss) divided by the weighted-average 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.

(3) Reasons for and Effects of Accounting Changes

The Bank, starting from January 1, 2008, adopted Statement of Financial Accounting Standards (SFAS) No. 39 "Share-based Payment" and Interpretation No. (96)52 issued by the Accounting Research and Development Foundation. In accordance with the abovementioned accounting standard and interpretation, transactions related to share-based payment, and employees' bonuses and directors' and supervisors' remuneration appropriated should be classified, evaluated and disclosed. The accounting change had no material impact on the Bank's financial statements.

(4) Cash and Cash Equivalents

As of December 31, 2009 and 2008, cash and cash equivalents were as follows:

	2009	2008
Cash	\$ 1,259,590	1,370,835
Negotiable instruments for clearing	507,644	737,253
Deposits with other banks	<u>817,441</u>	<u>1,068,331</u>
	<u><u>\$ 2,584,675</u></u>	<u><u>3,176,419</u></u>

As of December 31, 2009 and 2008, composite banking insurance amounted to \$172,400 and \$147,400, respectively.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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

As of December 31, 2009 and 2008, due from Central Bank and placement to other banks were as follows:

	2009	2008
Deposit reserve:		
Deposit reserve—checking account	\$ 1,919,030	4,846,576
Deposit reserve—demand account	3,809,003	3,697,689
ATM settlement account	<u>150,183</u>	<u>300,053</u>
	5,878,216	8,844,318
Certificates of deposit	17,600,000	12,300,000
Placement to other banks	<u>1,277,856</u>	<u>-</u>
	<u><u>\$ 24,756,072</u></u>	<u><u>21,144,318</u></u>

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.

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

As of December 31, 2009 and 2008, financial assets and liabilities at fair value through profit or loss were as follows:

	2009	2008
Trading assets:		
Interest rate-related instruments	\$ (29)	790,119
Equity securities	41,231	3,849
Beneficiary certificates	119,106	45,306
Derivatives	<u>44,515</u>	<u>27,598</u>
	<u>204,823</u>	<u>866,872</u>
Financial assets designated at fair value:		
Credit-linked notes	<u>496,509</u>	<u>494,812</u>
	<u><u>\$ 701,332</u></u>	<u><u>1,361,684</u></u>
	2009	2008
Trading liabilities:		
Derivatives	<u><u>\$ 55,120</u></u>	<u><u>218,288</u></u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

For the years ended December 31, 2009 and 2008, net gain (loss) on financial assets and financial liabilities at fair value through profit or loss were as follows:

	2009	2008
Net gain (loss) on valuation and disposal of trading assets:		
Interest rate-related instruments	\$ (6,012)	18,676
Equity securities	11,744	(11,177)
Beneficiary certificates	7,212	(7,747)
Derivatives	<u>311,266</u>	<u>(325,467)</u>
	<u>324,210</u>	<u>(325,715)</u>
Dividend income	542	553
Other interest income	<u>1,643</u>	<u>3,799</u>
	<u>2,185</u>	<u>4,352</u>
	<u>\$ 326,395</u>	<u>(321,363)</u>
	2009	2008

Financial assets designated at fair value:

Credit-linked notes	<u>\$ 3,370</u>	<u>(276,514)</u>
	2009	2008

Net gain (loss) on valuation and disposal of trading liabilities:

Derivatives	<u>\$ 70,758</u>	<u>(202,098)</u>
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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, 2009 and 2008, available-for-sale financial assets were as follows:

	Cost after amortization	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	<u>76,929</u>	<u>3,501</u>	<u>80,430</u>
	<u>\$ 828,810</u>	<u>32,608</u>	<u>861,418</u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

	Cost after amortization	2008 Assessment adjustment	Book value
Interest rate-related instruments			
Government bonds	\$ 1,505,184	45,460	1,550,644
Beneficiary securities	<u>50,000</u>	<u>(335)</u>	<u>49,665</u>
	<u><u>\$ 1,555,184</u></u>	<u><u>45,125</u></u>	<u><u>1,600,309</u></u>

For the years ended December 31, 2009 and 2008, movements of unrealized gain (loss) on available-for-sale financial assets were as follows:

	2009	2008
Beginning balance	\$ 45,125	(29,345)
Add: unrealized gain recognized in the period	10,432	78,756
Less: realized loss on disposal in the period	<u>22,949</u>	<u>4,286</u>
Ending balance	<u><u>\$ 32,608</u></u>	<u><u>45,125</u></u>

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

(8) Bills and Bonds Purchased under Reverse Repurchase Agreements; Bills and Bonds Sold under Repurchase Agreements

As of December 31, 2009 and 2008, bills and bonds purchased under agreements to resell, and bills and bonds sold under repurchase agreements were as follows:

	2008 Period to repurchase	Interest rate (%)
Bills and bonds sold under repurchase agreements	2009.1.5~ 2009.2.2	0.45~5.339

On December 31, 2008, the Bank recorded financial instruments sold under repurchase agreements as financial assets held at fair value through profit or loss amounting to \$44,425, and as available-for-sale financial assets amounting to \$154,555. On December 31, 2009, the Bank had not bills and bonds transactions.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

(9) Accounts Receivable, Net

As of December 31, 2009 and 2008, accounts receivable, net, were as follows:

	2009	2008
Interest receivable	\$ 179,661	297,974
Accounts receivable	26,071	25,035
Notes receivable	-	3,000
Notes receivable—PANHSIN AMC	1,874,625	2,721,252
Spot exchange receivable	694,255	1,121
Income tax receivable	53,495	92,387
Acceptance receivable	485,723	364,770
Other receivable—other	<u>2,351,446</u>	<u>54,023</u>
	5,665,276	3,559,562
Less: allowance for bad and doubtful accounts—notes receivable—PANHSIN AMC	387,031	298,280
allowance for bad and doubtful accounts—other receivable	22,130	35
	<u><u>\$ 5,256,115</u></u>	<u><u>3,261,247</u></u>

(10) Loans and Advances to Customers

As of December 31, 2009 and 2008, details of loans and advances to customers were as follows:

	2009	2008
Remittance and discounts for exports	\$ 96,096	144,479
Short-term loans, overdrafts, and bills purchased	9,183,054	11,032,762
Short-term secured loans and overdrafts	11,141,757	12,168,934
Medium-term loans	12,890,184	12,872,599
Medium-term secured loans	20,916,639	21,103,632
Long-term loans	1,789,825	1,293,553
Long-term secured loans	56,944,927	61,015,988
Non-performing loans	<u>4,266,637</u>	<u>4,806,995</u>
Subtotal	117,229,119	124,438,942
Less: allowance for bad and doubtful accounts	<u>3,195,943</u>	<u>2,424,378</u>
	<u><u>\$ 114,033,176</u></u>	<u><u>122,014,564</u></u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Movements of allowance for bad and doubtful accounts for the years ended December 31, 2009 and 2008, were as follows:

	Specific provision	2009 General provision	Total
Beginning balance	\$ 2,127,655	595,038	2,722,693
Add: provision for doubtful accounts	2,093,568	(201,823)	1,891,745
Less: write-off	<u>1,003,151</u>	<u>6,183</u>	<u>1,009,334</u>
Ending balance	<u><u>\$ 3,218,072</u></u>	<u><u>387,032</u></u>	<u><u>3,605,104</u></u>

	Specific provision	2008 General provision	Total
Beginning balance	\$ 1,574,800	323,219	1,898,019
Add: provision for doubtful accounts	558,009	271,819	829,828
Less: write-off	<u>5,154</u>	<u>-</u>	<u>5,154</u>
Ending balance	<u><u>\$ 2,127,655</u></u>	<u><u>595,038</u></u>	<u><u>2,722,693</u></u>

For the years ended December 31, 2009 and 2008, the provision for bad debt expenses was \$1,891,745 and \$829,828, respectively. For the years ended December 31, 2009 and 2008, the amounts collected after write-off were \$48,598 and \$28,305, respectively. For the years ended December 31, 2009 and 2008, the bad debt expenses net of the aforementioned collection after write-off were \$1,843,147 and \$801,523, respectively.

As of December 31, 2009 and 2008, details of allowance for bad and doubtful accounts were as follows:

	2009	2008
Loans and advances (excluding non-performing loans)	\$ 36,388	72,663
Non-performing loans	3,159,555	2,351,715
Accounts receivable and others	<u>409,161</u>	<u>298,315</u>
	<u><u>\$ 3,605,104</u></u>	<u><u>2,722,693</u></u>

For the years ended December 31, 2009 and 2008, the amounts of allowance for bad and doubtful accounts generated from 3% of operating revenues were \$98,911 and \$164,809, respectively.

As of December 31, 2009 and 2008, loans and advances not accruing interest were \$4,277,809 and \$4,817,051, respectively. For the years ended December 31, 2009 and 2008, interest receivable not accrued was \$688,555 and \$824,547, respectively.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

As of December 31, 2009 and 2008, loans classified by geographical region were as follows:

	2009	2008
Domestic	\$ 114,179,474	120,781,721
Overseas	<u>3,049,645</u>	<u>3,657,221</u>
	<u>\$ 117,229,119</u>	<u>124,438,942</u>

As of December 31, 2009 and 2008, loans classified by industry were as follows:

	2009	2008
Manufacturing	\$ 6,845,775	8,059,941
General commercial	24,531,987	23,030,010
Construction	6,848,232	6,084,852
Private	75,884,382	83,426,024
Others	<u>3,118,743</u>	<u>3,838,115</u>
	<u>\$ 117,229,119</u>	<u>124,438,942</u>

As of December 31, 2009 and 2008, asset quality was as follows:

Period			2009				
			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Cover rate
Corporate Banking	Secured		241,502	27,358,681	0.88 %	30,976	12.83 %
	Unsecured		1,003,510	21,553,801	4.66 %	952,459	94.91 %
Consumer Banking	Mortgage		910,481	31,393,752	2.90 %	365,731	40.17 %
	Cash card		-	-	- %	-	- %
	Credit loan		1,646,930	4,603,027	35.78 %	1,631,247	99.05 %
	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
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Cover rate
Credit card			-	-	- %	-	- %
Without-recourse factoring			-	-	- %	-	- %

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Period			2008				
			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Cover rate
Product							
Corporate Banking	Secured		238,395	28,542,265	0.84 %	16,707	7.01 %
	Unsecured		921,040	21,575,229	4.27 %	500,207	54.31 %
Consumer Banking	Mortgage		1,084,359	32,204,479	3.37 %	283,471	26.14 %
	Cash card		-	-	- %	-	- %
	Credit loan		2,570,032	6,535,102	39.33 %	1,408,946	54.82 %
	Others	Secured	803,743	34,770,542	2.31 %	166,792	20.75 %
		Unsecured	93,022	811,325	11.47 %	48,255	51.87 %
	Total			5,710,591	124,438,942	4.59 %	2,424,378
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Cover rate
Credit card			-	-	- %	-	- %
Without-recourse factoring			-	-	- %	-	- %

The amount of excluded overdue loan and overdue receivables

	December 31, 2009		December 31, 2008	
	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	465,824	-	616,849	-
Loan balance subject to troubled debt restructure agreements as defined by the Securities and Futures Bureau of the Financial Supervisory Commission	60,978	-	38	-
Total	526,802	-	616,887	-

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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

As of December 31, 2009 and 2008, details of long-term investments under equity method and other investments were as follows:

	Percentage of ownership	2009		Percentage of ownership	2008	
		Investment cost	Amount		Investment cost	Amount
Equity method:						
Panhsin Insurance Broker Co., Ltd.	100.00	\$ 20,100	64,053	100.00	20,100	88,879
Panhsin Asset Management Co., Ltd.	38.46	50,000	22,105	100.00	50,000	46,919
		<u>\$ 70,100</u>	<u>86,158</u>		<u>70,100</u>	<u>135,798</u>
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	36.69	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
		<u>451,779</u>	<u>451,779</u>		<u>451,779</u>	<u>451,779</u>
Less: accumulated impairment loss		-	4,940		-	4,940
		<u>\$ 451,779</u>	<u>446,839</u>		<u>451,779</u>	<u>446,839</u>

For the years ended December 31, 2009 and 2008, movements of accumulated impairment loss on financial assets stated at cost were as follows:

	2009	2008
Beginning balance	\$ 4,940	4,940
Add: provision	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 4,940</u>	<u>4,940</u>

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

The investee PANHSIN AMC is accounted for under the equity method, and it increased its capital by cash injection in 2008. 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, 2009 and 2008, property and equipment were as follows:

	2009	2008
Cost:		
Land	\$ 3,237,799	3,745,433
Buildings	943,717	905,368
Equipment	430,012	642,397
Transportation equipment	102,944	102,384
Other equipment	95,477	96,458
Leasehold improvement	<u>104,969</u>	<u>97,980</u>
Subtotal	4,914,918	5,590,020
Less: accumulated depreciation	<u>695,343</u>	<u>879,632</u>
	4,219,575	4,710,388
Construction in progress and prepayments for equipment	<u>2,873,628</u>	<u>2,202,136</u>
	<u>\$ 7,093,203</u>	<u>6,912,524</u>

For the years 2009 and 2008, the movement of accumulated depreciation was as follows:

	2009	2008
Beginning balance	\$ 879,632	886,470
Add: depreciation	88,977	96,898
reclassification from leased-out asset	5,022	646
Less: disposal	<u>278,288</u>	<u>104,382</u>
Ending balance	<u>\$ 695,343</u>	<u>879,632</u>

For the years 2009 and 2008, in accordance with the Bank's management policy, fixed assets amounting to \$0 and \$2,464,680, respectively, were entrusted. Please refer to note 29.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

(13) Intangible Assets—Goodwill

As of December 31, 2009 and 2008, intangible assets—goodwill were as follows:

	2009	2008
Original cost	\$ 1,385,817	1,385,817
Less: accumulated impairment loss	<u>69,658</u>	<u>69,658</u>
	<u>\$ 1,316,159</u>	<u>1,316,159</u>

For the years ended December 31, 2009 and 2008, the movement of goodwill was as follows:

	2009	2008
Beginning balance	\$ 1,385,817	1,385,817
Increase	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 1,385,817</u>	<u>1,385,817</u>

For the years ended December 31, 2009 and 2008, the movement of accumulated impairment loss was as follows:

	2009	2008
Beginning balance	\$ 69,658	69,658
Add: provision	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 69,658</u>	<u>69,658</u>

(14) Other Assets—Non-operating Assets

As of December 31, 2009 and 2008, other assets—non-operating assets were as follows:

	2009	2008
Leased-out assets, net	<u>\$ 187,921</u>	<u>369,980</u>

The depreciation expense for leased out assets was \$1,548 and \$1,626 in 2009 and 2008, 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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

(15) Other Assets—Foreclosed Assets

As of December 31, 2009 and 2008, other assets—foreclosed assets were as follows:

	2009	2008
Foreclosed assets	\$ 1,971,769	2,249,483
Less: accumulated impairment loss	<u>219,290</u>	<u>287,033</u>
	<u><u>\$ 1,752,479</u></u>	<u><u>1,962,450</u></u>

For the years ended December 31, 2009 and 2008, the movement of accumulated impairment loss was as follows:

	2009	2008
Beginning balance	\$ 287,033	102,729
Add: provision	-	184,304
Less: write-off	<u>67,743</u>	<u>-</u>
Ending balance	<u><u>\$ 219,290</u></u>	<u><u>287,033</u></u>

The net gain on disposal of foreclosed assets was \$534 and \$3,918 in 2009 and 2008, 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 \$587,292, 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.
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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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 \$716,029. 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, 2009, 44 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, 46 units have been sold with total revenue of \$256,854.
- 3) Annan Star (No. 116-5, 136, 210, Cao Hu Section, Annan District, Tainan City)
1. The land situation was similar to that of Annan Star Phase I, and the original plan was to donate a portion of land for public facilities with the remaining portion for construction, since over 50% of the ownership of the entire area agreed to the development plan, the Bank will join in the development of the entire property held.
 2. After various meetings with the Tainan City No. 87 Annan Star Construction (Phase II) Privately Held Reconstruction Committee, the Bank's donation proportion decreased from 45.17% to 41%. On top of the portion of land the Bank is entitled to, the Bank received 283.08 ping of land with a current market value sufficient to provide the Bank with a gain of approximately \$28,308 thousand after recovering the property's book value.
 3. The construction company expedited construction of public facilities to enhance the Annan District community's living quality and aid the promotion of Annan Star Phase I sales.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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

The property was another development area, and the Bank agreed to allow the Tainan City Government to plan and execute the project. But the project has not been authorized by the government.

(16) Deposits by Central Bank and Other Banks

As of December 31, 2009 and 2008, deposits by the Central Bank and other banks were as follows:

	2009	2008
Deposits by other banks	\$ 3,115,695	3,946,803
Deposits transferred from Post Office	719,720	753,169
Overnight deposit from other banks	-	374,906
	<u>\$ 3,835,415</u>	<u>5,074,878</u>

(17) Deposits and Remittances

As of December 31, 2009 and 2008, deposits and remittances were as follows:

	2009	2008
Checking account	\$ 1,306,241	1,281,914
Demand deposits	13,635,362	10,637,525
Time deposits	19,149,582	24,761,159
Negotiable certificates of deposit	2,467,400	3,397,300
Foreign currency time deposits	3,836,859	4,116,893
Savings accounts:		
Demand deposits	32,341,505	24,556,128
Staff deposits	884,968	830,968
Installment savings deposits	121,713	246,643
Non-interest-drawing time savings deposits	19,722,249	19,812,834
Interest-drawing savings deposits	48,520,877	54,599,593
Remittances	17,246	46,782
	<u>\$ 142,004,002</u>	<u>144,287,739</u>

As of December 31, 2009 and 2008, the maturity dates for the above time deposits and savings, except for demand savings deposits, were between one month and one year.

(18) Subordinated Financial Debentures

As of December 31, 2009 and 2008, subordinated financial debentures were as follows:

	2009	2008
Subordinated financial debentures	<u>\$ 3,888,600</u>	<u>4,719,000</u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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 subordinated financial debentures on July 24, 2003. The issuing of subordinated 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 subordinated 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 subordinated financial debentures issued in 2003 and 2004 (1st issuance) was \$1,158,600 and \$391,800, respectively, and matured on June 16 and July 7, 2009, respectively. The details were as follows:

	The first series of the subordinated financial debentures in 2003	The first series of the subordinated financial debentures in 2004 (1st issuance)	The first series of the subordinated 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 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)	Floating interest rate plus 1.25% of Chunghwa Post Co., Ltd. stated one-year time savings deposit rate (note 1)
Period	Five years and six months	Five years and six months	Five years and six months
Interest payment date	Payable every half-year	Payable every half-year	Payable every half-year
Term of principal repayment	Repaid on maturity	Repaid on maturity	Repaid on maturity
Issued price	Priced at face value on issuing date	Priced at face value on issuing date	Priced at face value on issuing date

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

The board of directors of the Bank resolved the issuance of subordinated financial debentures on December 21, 2005. The issuance of subordinated 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 subordinated 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
subordinated 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 years and eight months
Interest payment date	Payable every year
Term of principal repayment	Repaid on maturity
Issued price	Priced at face value on issuing date

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

The board of directors of the Bank resolved the issuance of subordinated financial debentures on April 18, 2007. The issuance of subordinated 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 subordinated 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
subordinated 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 years and six months
Interest payment date	Payable every half-year
Term of principal repayment	Repaid on maturity
Issued price	Priced at face value on issuing date

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

The board of directors of the Bank resolved the issuance of subordinated financial debentures on April 16, 2008. The issuance of subordinated 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 subordinated 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
subordinated 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 every half-year
Term of principal repayment	Repaid on maturity
Issued price	Priced at face value on issuing date

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

The board of directors of the Bank resolved the issuance of subordinated financial debentures on October 15, 2008. The issuance of subordinated 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 subordinated 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 subordinated financial debentures in 2008	The second series of the subordinated financial debentures in 2008	The second series of the subordinated financial debentures in 2008
Par value	\$ 280,000	370,000	350,000
Stated interest rate			
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
Term of principal repayment	Repaid on maturity	Repaid on maturity	Repaid on maturity
Issued price	Priced at face value on issuing date	Priced at face value on issuing date	Priced at face value on issuing date

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.

(Continued)

BANK OF PANHSIN

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 2009 and 2008. 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, 2009 and 2008. As of December 31, 2009 and 2008, the reconciliation of the funded status and accrued pension liabilities was as follows:

	2009		2008	
	Managers	Regular employees	Managers	Regular employees
Benefit obligation:				
Vested benefit obligation	\$ (73,552)	(67,714)	(60,198)	(63,799)
Non-vested benefit obligation	<u>(23,638)</u>	<u>(326,778)</u>	<u>(20,659)</u>	<u>(233,731)</u>
Accumulated benefit obligation	(97,190)	(394,492)	(80,857)	(297,530)
Additional benefits based on future salaries	<u>(8,687)</u>	<u>(52,660)</u>	<u>(22,448)</u>	<u>(155,368)</u>
Projected benefit obligation (PBO)	(105,877)	(447,152)	(103,305)	(452,898)
Fair value of plan assets	<u>20,283</u>	<u>402,728</u>	<u>18,985</u>	<u>386,584</u>
Funded status	(85,594)	(44,424)	(84,320)	(66,314)
Unrecognized net transitional benefit obligation (assets)	(897)	105,201	(1,195)	112,213
Unrecognized pension loss (gain)	84,474	(87,263)	87,671	(76,389)
Additional minimum pension liability	<u>(74,890)</u>	<u>-</u>	<u>(64,028)</u>	<u>-</u>
Accrued pension liabilities	<u>\$ (76,907)</u>	<u>(26,486)</u>	<u>(61,872)</u>	<u>(30,490)</u>
Vested benefit	<u>\$ 99,365</u>	<u>99,418</u>	<u>93,941</u>	<u>100,141</u>

For the years ended December 31, 2009 and 2008, the components of net pension cost were as follows:

	2009		2008	
	Managers	Regular employees	Managers	Regular employees
Service cost	\$ 2,670	11,763	2,399	15,274
Interest cost	2,583	11,322	1,669	13,982
Actual return on plan assets	(125)	(2,599)	4	(13,039)
Amortization	<u>5,301</u>	<u>(222)</u>	<u>2,137</u>	<u>9,936</u>
Net pension cost	<u>\$ 10,429</u>	<u>20,264</u>	<u>6,209</u>	<u>26,153</u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Actuarial assumptions for the years 2009 and 2008 were as follows:

	2009		2008	
	Managers	Regular employees	Managers	Regular employees
Discount rate	2.25 %	2.25 %	2.50 %	2.50 %
Rate of increase in futures compensation	1.00 %	1.00 %	2.00 %	2.00 %
Rate of projected return on plan assets	0.25 %	2.25 %	2.50 %	2.50 %

As of December 31, 2009 and 2008, the balance of the pension funds deposits with the Bank's Hou Pu Branch for managers was \$20,283 and \$24,999, respectively.

For the years ended December 31, 2009 and 2008, net pension cost was as follows:

	2009	2008
Defined benefit pension plan	\$ 30,693	32,362
Defined contribution pension plan	<u>34,567</u>	<u>35,743</u>
	<u><u>\$ 65,260</u></u>	<u><u>68,105</u></u>

(20) Income Tax

The Bank is subject to ROC income tax at a maximum rate of 25%. The Bank adopted the ROC "Income Basic Tax Act" to calculate its basic income tax. In accordance with the Income Tax Act amendment announced on May 27, 2009, the Company will implement the maximum income tax rate of 20% in the year 2010. The income tax expense (benefit) for 2009 and 2008 is summarized below:

	2009	2008
Current income tax expense	\$ 88	12,825
Deferred income tax benefit	<u>(467,078)</u>	<u>(103,959)</u>
Income tax benefit	<u><u>\$ (466,990)</u></u>	<u><u>(91,134)</u></u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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, 2009 and 2008, were as follows:

	2009	2008
Income tax at statutory rate	\$ (157,384)	(239,289)
Income of OBU exempt from tax	(17,595)	107,842
Investment income from long-term investment under equity method	395	(12,382)
Tax effect of interest income (loss) from separately taxed short-term bills	(618)	(769)
Dealing loss (gain) from securities trading, net	(2,771)	2,162
Dividend income	(5,550)	(2,152)
Gain on sale of land, net	(327,805)	(9,932)
Provision for (reversal of) valuation loss (gain) on financial assets at fair value through profit or loss	(3,087)	(1,396)
Adjustment of prior year's impairment loss on foreclosed assets	(11,482)	11,749
Adjustment of prior year's allowance for bad and doubtful accounts	(50,643)	645
Reversal of reserve for other losses	1,155	231
Reversal of reserve (provision) for securities trading losses	576	64
Adjustment and expiration of prior year's loss carryforwards	(5,401)	(7,486)
Adjustment and expiration of prior year's investment tax credit	904	2,044
Increase in investment tax credit—staff training costs	(3,813)	(3,760)
Effect of change income tax rate	281,282	-
10% surtax on unappropriated earnings	-	1,250
Provision for (reversal of) allowance for deferred income tax assets	(165,117)	47,385
Underaccrual of prior year's income tax	(107)	12,576
Other	71	84
Income tax expense (benefit)	<u><u>\$ (466,990)</u></u>	<u><u>(91,134)</u></u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

For the years ended December 31, 2009 and 2008, the major components of deferred income tax benefit were as follows:

	2009	2008
Decrease in allowance for bad and doubtful debts in excess of tax limitation	\$ (200,615)	(216,374)
Provision for (reversal of) impairment loss on foreclosed assets	26,196	(46,076)
Amortization of goodwill	31,571	39,464
Amortization of impairment loss on goodwill	3,096	3,870
Adjustment of prior year's impairment loss on foreclosed assets	(11,482)	11,749
Unfounded pension expense	(177)	(293)
Provision for (reversal of) valuation loss (gain) on financial assets at fair value through profit or loss	4,813	2,677
Adjustment of prior year's allowance for bad and doubtful accounts	(50,643)	645
Utilization of (addition to) loss carryforwards	(275,129)	60,945
Adjustment and expiration of prior year's loss carryforwards	(5,401)	(7,486)
Increase in investment tax credit—staff training costs	(3,813)	(465)
Adjustment and expiration of prior year's investment tax credit	904	-
Provision for (reversal of) allowance for deferred income tax assets	(165,117)	47,385
Deferred income tax resulting from change in income tax rate	<u>178,719</u>	<u>-</u>
	<u><u>\$ (467,078)</u></u>	<u><u>(103,959)</u></u>

As of December 31, 2009 and 2008, the deferred income tax assets (liabilities) were as follows:

	2009	2008
Deferred income tax assets	\$ 1,245,921	908,605
Valuation allowance—deferred income tax assets	<u>(12,000)</u>	<u>(177,117)</u>
Net deferred income tax assets	1,233,921	731,488
Deferred income tax liabilities	<u>(40,499)</u>	<u>(5,144)</u>
Deferred income tax assets, net	<u><u>\$ 1,193,422</u></u>	<u><u>726,344</u></u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

As of December 31, 2009 and 2008, 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:

	2009		2008	
	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	\$ (33,709)	(6,742)	(9,644)	(2,411)
Pension costs in excess of tax limitation	96,382	19,276	95,495	23,874
Allowance for bad and doubtful debts in excess of tax limitation	2,658,307	531,661	1,042,014	350,504
Allowance for loss on decline in net realizable value of foreclosed assets	213,457	42,692	287,033	71,758
Amortization of goodwill in excess of tax limitation	(168,783)	(33,757)	(10,930)	(2,733)
Impairment loss on goodwill	7,740	1,548	23,219	5,805
Loss carryforwards	3,189,859	637,972	1,787,205	446,801
Investment tax credit — staff training costs	12,772	12,772	9,863	9,863
		<u>\$ 1,205,422</u>		<u>903,461</u>

As of December 31, 2009 and 2008, the components of income tax receivable (recorded under accounts receivable, net) were as follows:

	2009	2008
Current income tax expense (benefit)	\$ 88	12,825
Income tax on separately taxed short-term bills	(195)	(248)
Income tax receivable of prior years	(37,013)	(55,482)
Withheld income tax	(16,482)	(36,906)
Underaccrual of prior year's income tax	107	(12,576)
Income tax receivable	<u>\$ (53,495)</u>	<u>(92,387)</u>

(Continued)

BANK OF PANHSIN**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, 2009, the amount of losses and the year of expiry were as follows:

Year of loss	2009	Year of expiry
2003	\$ 815,800	2013
2004	193,119	2014
2005	389,438	2015
2007	415,855	2017
2009	<u>1,375,647</u>	2019
	<u>\$ 3,189,859</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, 2009, was as follows:

Year incurred	2009	Year of expiry
2005	\$ 2,312	2009
2006	1,916	2010
2007	1,875	2011
2008	2,856	2012
2009	<u>3,813</u>	2013
	<u>\$ 12,772</u>	

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

As of December 31, 2009 and 2008, the information related to the imputation credit account (ICA) was as follows:

	2009	2008
Balance of ICA	<u>\$ 20,494</u>	<u>3,667</u>

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

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

The unappropriated earnings (accumulated deficits) as of December 31, 2009 and 2008, were as follows:

	2009	2008
Year 1998 and after	\$ <u>(929,615)</u>	<u>(853,516)</u>

As of December 31, 2009, 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.

On February 20, 2008, the board of directors decided to declare cash dividends of \$90,000 for preferred shares. This resolution was agreed to in the stockholders' meeting on June 19, 2008.

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

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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

On February 20 and June 19, 2008, the board of directors' and stockholders' meetings, respectively, passed a resolution on the Bank's appropriation of earnings for 2007. The distribution of the Bank's employees' bonuses and directors' and supervisors' remuneration was as follows:

2007

Bonus to employees — cash	\$	695
Directors' and supervisors' remuneration — cash		<u>694</u>
	\$	<u><u>1,389</u></u>

As the Bank had a net loss for the years ended December 31, 2009 and 2008, the Bank did not estimate employees' bonuses.

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.

(22) Deficits per Share

For the years ended December 31, 2009 and 2008, the basic earnings (deficits) per share of the Bank were as follows (expressed in thousands of shares):

	2009		2008	
	Pre-tax	After tax	Pre-tax	After tax
Loss before cumulative effect of changes in accounting principle	\$ (629,537)	(162,547)	(957,156)	(866,022)
Less: dividends on preferred stock	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>
Net loss attributable to common stockholders	<u><u>\$ (674,537)</u></u>	<u><u>(207,547)</u></u>	<u><u>(1,002,156)</u></u>	<u><u>(911,022)</u></u>
Weighted-average outstanding shares	<u><u>855,790</u></u>	<u><u>855,790</u></u>	<u><u>855,790</u></u>	<u><u>855,790</u></u>
Basic deficits per share (expressed in New Taiwan dollars)	<u><u>\$ (0.79)</u></u>	<u><u>(0.24)</u></u>	<u><u>(1.17)</u></u>	<u><u>(1.06)</u></u>

(Continued)

BANK OF PANHSIN**Notes to Financial Statements****(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.

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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

- 2) As of December 31, 2009, 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:

	2009	2008
Trading assets:		
Derivatives	\$ <u>44,515</u>	<u>27,598</u>
Financial assets designated at fair value:		
Credit-linked notes	<u>496,509</u>	<u>494,812</u>
	<u><u>\$ 541,024</u></u>	<u><u>522,410</u></u>
Trading liabilities:		
Derivatives	\$ <u>(55,120)</u>	<u>218,288</u>

- 3) For the years ended December 31, 2009 and 2008, the Bank recognized a gain (loss) of \$180,029 and \$(181,083), respectively, on financial instruments evaluated by using valuation techniques.
- 4) A summary of derivative instrument contracts not yet mature as of December 31, 2009 and 2008, is as follows:

		2009	
	Notional amount	Fair value	
		Gain	Loss
Credit-linked notes	\$ 412,066	-	43,719
Cross-currency swaps	<u>2,418,230</u>	<u>44,515</u>	<u>11,401</u>
	<u><u>\$ 2,830,296</u></u>	<u><u>44,515</u></u>	<u><u>55,120</u></u>
		2008	
	Notional amount	Fair value	
		Gain	Loss
Credit-linked notes	\$ 422,744	-	199,739
Cross-currency swaps	<u>3,604,743</u>	<u>27,598</u>	<u>18,549</u>
	<u><u>\$ 4,027,487</u></u>	<u><u>27,598</u></u>	<u><u>218,288</u></u>

(Continued)

BANK OF PANHSIN**Notes to Financial Statements**

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 \$12,432.

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\$602 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.

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 2009. 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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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:

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

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	

December 31, 2008			
Rank	Group Company	Outstanding loan	% of net worth
1	Chinatrust Group	1,226,896	13.99 %
2	Jin Hong Jhuang Enterprise	965,000	11.00 %
3	Radium Group	863,010	9.84 %
4	Central Investment	774,000	8.82 %
5	United Group	760,850	8.67 %
6	Sun Ray Company	709,930	8.09 %
7	Hong-guo Group	702,360	8.01 %
8	Duen Yang Construction	690,000	7.87 %
9	Fu-xi Construction	514,150	5.86 %
10	Ray Sound Enterprise	444,683	5.07 %
	Total	7,650,879	

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

- (b) As of December 31, 2009 and 2008, the unused contractual amount of financial instruments with off-balance-sheet credit risk was as follows:

	2009	2008
Unused lines of credit	\$ <u>4,651,695</u>	<u>10,685,033</u>
Other guarantees	\$ <u>3,110,564</u>	<u>4,087,380</u>
Unused L/C balance	\$ <u>864,564</u>	<u>680,939</u>

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.

As of December 31, 2009, the liquidity reserve ratio was 12.65%; the bank has enough operating capital to fulfil all contractual obligations. Thus, there is no significant liquidity risk.

As of December 31, 2009 and 2008, the duration analysis of assets and liabilities was as follows:

Duration analysis in New Taiwan dollars

2009						
	Total	Aging for remaining period until expiration				
		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	\$ 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

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2008						
	Total	Aging for remaining period until expiration				
		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	\$ 161,487,134	29,754,826	9,052,124	7,950,082	9,658,289	105,071,813
Capital used	170,602,312	12,126,214	23,932,159	25,638,524	62,642,769	46,262,646
Spreads	(9,115,178)	17,628,612	(14,880,035)	(17,688,442)	(52,984,480)	58,809,167

Duration analysis in US dollars

2009						
	Total	Aging for remaining period until expiration				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 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

2008						
	Total	Aging for remaining period until expiration				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years
Capital provided	\$ 284,183	170,090	45,166	19,069	2,379	47,479
Capital used	180,265	73,827	36,535	22,428	28,333	19,142
Spreads	103,918	96,263	8,631	(3,359)	(25,954)	28,337

(Continued)

BANK OF PANHSIN

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, 2009 and 2008, is as follows:

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					8,471,784
Ratio of interest-rate-sensitive assets to liabilities (%)					91.86
Ratio of interest-rate-sensitive spreads to net equity (%)					(136.60)

2008					
Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years	Total
Interest-rate-sensitive assets	\$ 26,647,235	98,691,469	209,287	7,651,215	133,199,206
Interest-rate-sensitive liabilities	29,274,604	72,057,173	39,622,217	6,393,389	147,347,383
Interest-rate-sensitive spreads	(2,627,369)	26,634,296	(39,412,930)	1,257,826	(14,148,177)
Interest-rate-sensitive equity, net					9,203,296
Ratio of interest-rate-sensitive assets to liabilities (%)					90.40
Ratio of interest-rate-sensitive spreads to net equity (%)					(153.73)

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Risk sensitivity analysis in US 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	\$ 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 (%)					117.74
Ratio of interest-rate-sensitive spreads to net equity (%)					745.96

2008					
Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 years	Total
Interest-rate-sensitive assets	\$ 135,569	20,249	-	18,801	174,619
Interest-rate-sensitive liabilities	82,744	18,345	27,359	15,327	143,775
Interest-rate-sensitive spreads	52,825	1,904	(27,359)	3,474	30,844
Interest-rate-sensitive equity, net					(13,127)
Ratio of interest-rate-sensitive assets to liabilities (%)					121.45
Ratio of interest-rate-sensitive spreads to net equity (%)					(234.97)

(Continued)

BANK OF PANHSIN

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, 2009 and 2008, was as follows:

Item	2009	
	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%~5.80%
Short-term secured loans	2.79%~3.36%	0.87%~5.80%
Medium-term loans	2.86%~3.86%	1.30%~5.18%
Medium-term secured loans	2.42%~3.06%	1.45%~1.64%
Long-term loans	3.24%~4.04%	-
Long-term secured loans	1.77%~2.50%	-
Subordinated financial debentures	2.15%~3.60%	-
Deposits		
Demand deposits	0.09%~0.10%	0.00%~0.02%
Time deposits	0.66%~2.08%	0.05%~5.15%
Demand savings deposits	0.10%~0.40%	-
Time savings deposits	0.95%~2.40%	-

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

Item	2008	
	New Taiwan dollars	US dollars
Available-for-sale financial assets:		
Government bonds	1.625%~7.75%	-
Local government bonds	6.33%	-
Loans and advances to customers		
Discounts for exports	4.33%~4.66%	
Overdrafts and secured overdrafts	3.81%~4.95%	-
Short-term loans	3.45%~4.28%	1.28%~7.00%
Short-term secured loans	3.23%~4.15%	3.00%~5.00%
Medium-term loans	3.87%~5.17%	1.28%~7.50%
Medium-term secured loans	2.96%~3.93%	2.00%~3.00%
Long-term loans	4.05%~5.18%	-
Long-term secured loans	2.50%~3.58%	-
Subordinated financial debentures	3.00%~3.90%	-
Deposits		
Demand deposits	0.09%~0.15%	0.00%~0.40%
Time deposits	2.08%~2.58%	0.02%~6.00%
Demand savings deposits	0.10%~0.50%	-
Time savings deposits	1.76%~2.83%	-

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.

(Continued)

BANK OF PANHSIN

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.

(24) Related-party Transactions

1) Name and relationship of related party

Name	Relationship
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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2) Significant transactions with related parties

1. Deposits

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

2008			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	\$ <u>730,865</u>	<u>0.51</u>	0~9.675

For the years ended December 31, 2009 and 2008, apart from an interest rate limit on staff demand savings deposits of 6.590% to 7.230% and 7.240% to 9.675%, 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, 2009 and 2008, interest expense paid on the above deposits was \$5,430 and \$9,507, respectively.

2. Loans

Unit: thousand dollars

2009							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-time	Overdue		
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

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2009							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-time	Overdue		
Other	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

2008							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-time	Overdue		
Employee credit loan	44	49,041	30,996	30,996	-	Consumer loan	None
Mortgage	1	357	-	-	-	Consumer loan	None
Others	Shan-Wei Building	550,000	161,570	161,570	-	Real estate	None
	Yong-Jiang Construction	130,000	65,000	65,000	-	Real estate	None
	San-Jun Construction	800,000	762,500	762,500	-	Real estate	None
	Yang Yu Hsia	2,000	-	-	-	Real estate	None
	Jiang Jin Quan	317	123	123	-	Certificates of deposit	None
	Chen Tsung Liang	14,808	2,500	2,500	-	Real estate	None
	Kuo Dai Ming	114,000	57,000	57,000	-	Real estate	None
	Lin Chih-Wen	8,086	4,665	4,665	-	Real estate	None
	Lin Lai-Wang	8,500	4,500	4,500	-	Real estate	None
	Liao Rong-Chuan	19,136	17,994	17,994	-	Real estate	None
	Liu Ke-Han	3,844	-	-	-	Real estate	None
	Wu Kai-Ming	1,795	1,690	1,690	-	Real estate	None
	IV Fu-Shan	529	495	495	-	Real estate	None
	Huang Hsin Mao	1,993	1,362	1,362	-	Real estate	None
	Kuo Hua-Yi	1,350	990	990	-	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	33,403	19,559	19,559	-	Real estate	None
	Yang Mei Ju	51,003	23,475	23,475	-	Real estate	None
	Wan Xiu-Qing	6,583	5,152	5,152	-	Real estate	None
	Liao Mei Yun	19,500	13,500	13,500	-	Real estate	None
	Liao-Lin Su-Siang	440	323	323	-	Real estate	None
	Chung Hui-Yang	8,436	5,804	5,804	-	Real estate	None
	Xiao Rong-Dian	2,220	1,377	1,377	-	Real estate	None
	Lai Wen-Cheng	483	368	368	-	Real estate	None
	Wang Guo-Tai	12,290	8,490	8,490	-	Real estate	None

For the years ended December 31, 2009 and 2008, loans to related parties were under the same terms as those to other customers.

For the years ended December 31, 2009 and 2008, interest income recognized for the above loans was \$14,422 and \$11,518, respectively.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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 Revenue	
			2009	2008
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	-
			<u>\$ 906</u>	<u>762</u>

4. Leases

For operating purposes, the bank leased the office premises for some branches from related parties for the years ended December 31, 2009 and 2008, as follows:

Name	Usage	Deposit	Rental expenses	
			2009	2008
Ta-Wang Construction Co., Ltd.	Yuan-Shan Branch	\$ 750	3,011	3,019
Ta-Shun Construction Co., Ltd.	Corporate Banking Credit Department and Operation Department Office	186	1,158	1,115
Tien-Mao Construction Co., Ltd.	"	106	637	638
			<u>\$ 1,042</u>	<u>4,772</u>

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

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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

In addition, on December 27, 2006, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. to sell foreclosed assets for \$550,000. As of December 31, 2009, 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 detail of selling property to related parties are as follows:

2009			
	Name	Price	Gain (loss) on disposal of property
	Liu Bing-Huei	\$ 46,790	29,719
	Liao Mei Yun	47,830	30,512
	Ciou Yue Shuang	23,130	14,595
	Shao Sheng Gong	23,130	14,595
		<u>\$ 140,880</u>	<u>89,421</u>

As of December 31, 2009, the accounts receivable resulting from the property transactions \$122,420.

6. Sale of non-performing loans

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

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

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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

Loan components			Loan amount	Book value	Share price
Corporate	Secured		-	-	-
	Unsecured		-	-	-
Consumer	Secured	Mortgage	2,050,625	1,835,421	1,501,310
		Car loan	-	-	-
		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

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, 2009 and 2008. In 2009 and 2008, \$855,329 and \$68,750, respectively, of the price had been received, and related litigation cost was \$0 and \$8, respectively. As of December 31, 2009 and 2008, proceeds not yet received were \$495,184 and \$1,281,755, respectively, recorded under accounts receivable—other.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

In addition, on July 26, 2006, the Bank entered into contracts with Panhsin AMC to sell non-performing 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, 2009, \$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, 2009 and 2008, \$450,287 and \$389,899, respectively, of the prices had been received, and litigation cost of \$0 and \$332, respectively, had been paid. As of December 31, 2009 and 2008, proceeds not yet received were \$838,962 and \$899,018, respectively, recorded under accounts receivable – notes.

7. Other

For the years ended December 31, 2009 and 2008, the details of the Bank's selling a series of subordinated financial debentures to related parties were as follows:

Related party	Highest balance	2009		
		Ending balance	Interest rate (%)	Interest expense
Directors, supervisors, and main stockholders	\$ 800	<u>800</u>	2.30~3.40	<u>20</u>

Related party	Highest balance	2008		
		Ending balance	Interest rate (%)	Interest expense
Directors, supervisors, and main stockholders	\$ 1,200	<u>1,200</u>	3.65~3.90	<u>41</u>

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

- 3) For the years ended December 31, 2009 and 2008, the details of the Bank's payments to the main managers were as follows:

		2009	2008
Salaries	\$	30,830	27,994
Cash awards and special allowances		5,287	3,391
Business expense		6,199	6,050

(25) Pledged Assets

As of December 31, 2009 and 2008, pledged assets were as follows:

Pledged Assets	Pledged for	Book Value	
		2009	2008
Credit-linked notes (recorded as financial assets at fair value through profit or loss)	Securities sold under repurchase agreements	\$ -	44,425
Government bonds (recorded as available-for-sale-financial assets)	Securities sold under repurchase agreements	-	154,555
Government bonds (recorded as available-for-sale financial assets)	Reserve for trust business	53,266	53,429
Government bonds (recorded as available-for-sale financial assets)	Provisional seizure	69,884	149,923
	Operating deposits for trading bills	53,266	53,429
	Operating deposits for trading bonds	10,516	10,727
Certificates of deposit (recorded as other financial assets)	Overdraft guarantee deposited in the Central Bank of China	-	500,000
Bank deposit (recorded as other financial assets)	Settlement deposits for bonds	7,400	7,400
	Deposits for foreign exchange	56,574	166,292
	Deposits for lawsuits	19,900	16,132
	Reserve for derivative instruments	112,105	271,259
		<u>\$ 382,911</u>	<u>1,427,571</u>

(Continued)

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, 2009 and 2008, the Bank had the following construction in progress and significant purchase agreements:

2009		
	Contract price	Unpaid portion of contract price
Significant purchase agreements:		
Software system	\$ 5,640	2,817
Head Office building construction	<u>3,662,032</u>	<u>882,560</u>
	<u>\$ 3,667,672</u>	<u>885,377</u>
2008		
	Contract price	Unpaid portion of contract price
Significant purchase agreements:		
Software system	\$ 87,006	24,049
Head Office building construction	<u>3,631,007</u>	<u>1,890,389</u>
	<u>\$ 3,718,013</u>	<u>1,914,438</u>

(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, 2009, estimated future lease contract commitments were as follows:

Fiscal Year	Amount
2010	\$ 72,007
2011	48,257
2012	33,973
2013	26,544
After 2014	<u>11,802</u>
	<u>\$ 192,583</u>

Furthermore, the Bank's guarantee deposit for operating leases was \$18,334 and \$18,313 on December 31, 2009 and 2008, respectively. It has been recorded as other financial assets.

3) Other

As of December 31, 2009 and 2008, the other commitments and contingent liabilities was as follows:

	2009	2008
Consignment collection for others	\$ 7,595,978	8,144,585
Consignment released and loans for others	1,080,217	1,837,456
Collateral held as performance bond	568,809	659,115
Traveller's checks held for consignment sale	18,781	28,528
Marketable securities in custody	-	10,411,498
Custodial goods	2,320,000	2,320,000
Trust assets	<u>32,012,638</u>	<u>29,795,043</u>
	<u>\$ 43,596,423</u>	<u>53,196,225</u>
Lines of credit provided but not used	<u>\$ 4,651,695</u>	<u>10,685,033</u>
Guarantees	<u>\$ 3,110,564</u>	<u>4,087,380</u>
Letters of credit issued but not yet presented	<u>\$ 864,564</u>	<u>680,938</u>
Short-term bills and government bonds sold under repurchase agreements	<u>\$ -</u>	<u>328,053</u>
Syndicated loans receivable	<u>\$ 4,561,695</u>	<u>10,685,033</u>
Credit default swap sold	<u>\$ 412,066</u>	<u>422,744</u>

(Continued)

BANK OF PANHSIN

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, 2009

Trust assets		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 loans	1,436,173	Trust capital — securities trust	481,760
Land	8,445,596	Net income	381,531
Building	119,154	Unappropriated earnings	(456,450)
Construction in progress	4,407,544		
Total trust assets	<u>\$ 32,012,638</u>	Total trust liabilities	<u>\$ 32,012,638</u>

Trust balance sheet

December 31, 2008

Trust assets		Trust liabilities	
Bank deposits	\$ 389,954	Trust capital — monetary trust	15,724,422
Investment in funds	15,349,366	Trust capital — real estate	12,306,900
Investment in bonds	560,000	Trust capital — monetary loans and guaranteed assets	1,285,734
Investment in common stocks	7,996	Trust capital — securities trust	553,314
Investment in loans	1,270,765	Net loss	(449,786)
Land	8,445,596	Accumulated deficit	374,459
Building	120,910		
Construction in progress	3,298,797		
Total trust assets	<u>\$ 29,443,384</u>	Total trust liabilities	<u>\$ 29,795,043</u>

(Continued)

BANK OF PANHSIN**Notes to Financial Statements****Trust income statement****For the years ended December 31, 2009 and 2006**

	2009	2008
Trust revenue:		
Interest revenue	\$ 17,298	17,280
Preferred stock cash dividends revenue	-	529,685
Realized investment gain — funds	196,751	-
Cash dividends revenue	449,533	321
Gain on disposal of properties	-	152,471
	<u>663,582</u>	<u>699,757</u>
Trust expenses:		
Management expenses	16,064	6,489
Realized investment loss — funds	263,819	-
Loss on disposal of properties	-	1,138,862
Other expenses	440	2,460
	<u>280,323</u>	<u>1,147,811</u>
Net income (loss) before income tax	383,259	(448,054)
Income tax expense	1,728	1,732
Net income (loss) after income tax	<u>\$ 381,531</u>	<u>(449,786)</u>

Summary of trust asset items**December 31, 2009**

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

(Continued)

BANK OF PANHSIN**Notes to Financial Statements****Schedule of investment for trust business****December 31, 2008**

Item	Amount
Bank deposits	\$ 389,954
Investment in funds	15,349,366
Investment in bonds	560,000
Investment in common stocks	7,996
Investment in loans	1,270,765
Land	8,797,255
Building	120,910
Construction in progress	3,298,797
	<u><u>\$ 29,795,043</u></u>

(27) Significant Disaster Loss: none.**(28) Subsequent Events: none.****(29) Others**

- 1) Personnel costs, depreciation, depletion, and amortization

Function	For the year 2009			For the year 2008		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Accounts						
Personnel costs:						
Salaries	-	908,631	908,631	-	1,124,658	1,124,658
Labor and health insurance	-	67,157	67,157	-	65,205	65,205
Pension	-	65,260	65,260	-	68,105	68,105
Other employment	-	22,728	22,728	-	24,895	24,895
Depreciation	-	88,977	88,977	-	96,898	96,898
Depletion	-	-	-	-	-	-
Amortization	-	78,406	78,406	-	59,655	59,655

Furthermore, the depreciation expense for leased-out assets was \$1,548 and \$1,626 in 2009 and 2008, respectively, and was recorded under other non-interest income, net.

(Continued)

BANK OF PANHSIN

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, 2009		December 31, 2008	
	Average amount	Average rate (%)	Average amount	Average rate (%)
Assets:				
Cash due from banks	\$ 902,509	0.15	609,589	2.11
Due from Central Bank and placement to other banks	21,689,727	0.60	19,313,192	2.02
Financial assets at fair value through profit or loss	922,620	1.70	1,012,180	4.43
Loans and advances to customers	115,611,601	2.44	121,826,609	3.84
Available-for-sale financial assets	1,203,995	2.32	1,658,162	2.23
Bills and bonds purchased under agreements to resell	12,658	0.20	9,016	1.10
Liabilities:				
Due to banks	4,514,103	1.09	6,753,916	2.54
Bills and bonds sold under agreements to repurchase	88,492	0.59	371,679	3.28
Demand deposits	12,336,455	3.09	9,991,568	10.29
Time deposits	25,208,314	1.32	29,160,665	2.60
Negotiable time deposits	2,585,059	1.84	3,904,801	2.48
Demand savings deposits	29,772,623	0.37	26,056,029	0.72
Time savings deposits	72,545,658	1.63	73,128,369	2.57
Financial debentures	4,155,927	3.02	4,352,281	3.57

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2. Major foreign currency position, net

Major foreign currency	December 31, 2009		December 31, 2008	
	Amount in foreign currency	Amount in New Taiwan dollars	Amount in foreign currency	Amount in New Taiwan dollars
USD	4,338	140,390	6,248	205,286
EUR	16	737	-	-
JPY	44,462	15,458	41,665	15,132
NZD	-	-	77	1,508
CNY	2,154	10,105	2,462	11,855
SGD	59	1,355	-	-
AUD	-	-	52	1,274

3. Profitability

Unit: %

Items		2009	2008
Return on assets	Before income tax	(0.39)	(0.57)
	After income tax	(0.10)	(0.52)
Return on net equity	Before income tax	(7.25)	(10.37)
	After income tax	(1.87)	(9.38)
Net income to operating revenue ratio		(5.38)	(44.78)

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

3) Capital adequacy ratio

The capital adequacy ratios of the Bank are disclosed below:

Item			Period-end December 31, 2009	December 31, 2008
Self-owned capital	Tier 1 Capital		6,377,143	6,549,658
	Tier 2 Capital		1,441,676	1,635,208
	Tier 3 Capital		-	-
	Capital		7,818,819	8,184,866
Risk- weighted assets	Credit risk	Standardized approach	95,141,805	101,016,756
		Internal-rating-based approach	-	-
		Secularizations	347,071	291,982
	Operational risk	Basic indicator approach	5,363,938	6,354,825
		Standardized approach / alternative approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	924,825	1,111,138
		Internal model approach	-	-
	Risk-weighted assets		101,777,639	108,774,701
Capital adequacy ratio			7.68 %	7.52 %
Tier 1 capital / risk-weighted assets			6.26 %	6.02 %
Tier 2 capital / risk-weighted assets			1.42 %	1.50 %
Tier 3 capital / risk-weighted assets			- %	- %
Common stock / total assets (note)			5.32 %	5.17 %
Leverage ratio			3.96 %	3.95 %

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

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

Item			Period-end	December 31, 2009	December 31, 2008
Self-owned capital	Tier 1 Capital			6,420,221	6,617,556
	Tier 2 Capital			1,484,756	1,703,108
	Tier 3 Capital			-	-
	Capital			7,904,977	8,320,664
Risk-weighted assets	Credit risk	Standardized approach		95,189,251	100,935,783
		Internal-rating-based approach		-	-
		Secularizations		347,071	291,982
	Operational risk	Basic indicator approach		5,363,938	6,354,825
		Standardized approach / alternative approach		-	-
		Advanced measurement approach		-	-
	Market risk	Standardized approach		924,825	1,111,138
		Internal model approach		-	-
	Risk-weighted assets				101,825,085
Capital adequacy ratio				7.76 %	7.66 %
Tier 1 capital / risk-weighted assets				6.30 %	6.09 %
Tier 2 capital / risk-weighted assets				1.46 %	1.67 %
Tier 3 capital / risk-weighted assets				- %	- %
Common stock / total assets (note)				5.32 %	5.17 %
Leverage ratio				3.98 %	3.99 %

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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

- 4) 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.

- 5) 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) Progress in construction: 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) Progress in sale: 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) Progress in construction: the Bank obtained the usage license of this building in September 2009, and expects to move into this building by the third quarter of 2010.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

(30) Other Disclosure Items

1) Related information on material transaction items:

- Information regarding long-term equity investment for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital:

Name of company which disposed of property	Name of property	Transaction date or occurrence date	Originally acquired date	Book value	Transaction amount	Conditions of payment	Gain (loss) on disposal	Counter-party	Relationship with the Bank	Purpose of disposal	Reference for deciding price	Other required items
The Bank	Foreclosed assets	2009.12.29		857,382	\$ 2,197,460 (Note)		1,340,078	Personal	(note 1)			-

Note: The total contract price was \$2,363,276. As of December 31, 2009, the title to the foreclosed assets in the amount of \$2,341,510 had been transferred and \$1,894,930 had not yet been collected.

Note 1: Please refer to note 24 for the relationship.

- Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
- 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 which has the receivables	Counter-party	Relationship with the Bank	Year-end amount	Turnover rate	Overdue receivables from related party		Receivables from related party subsequent to the opinion date	Allowance for bad debt allowance provided
					Amount	Handling method		
The Bank	Panhsin AMC	Subsidiary	\$ 1,874,625 (Note)	-	-	-	-	387,032

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

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

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

2) Information on long-term equity investments:

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

Name of investee	Investee location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings				Remark
						Number of shares	Pro forma number of shares	Total		
								Shares	Percentage	
Panhsin Insurance Broker Co., Ltd.	15F, No 330, Zhongzheng Rd., Panchiao City, Taipei County	Insurance agency	100.00 %	64,053	23,233	3,095	-	3,095	100 %	subsidiary
Panhsin Asset Management Co., Ltd.	9F, No. 330, Zhongzheng Rd., Panchiao City, Taipei County	Purchasing non-performing loans	38.46 %	22,105	(24,814)	13,000	-	13,000	100 %	subsidiary

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 company which holds securities	Category and name of security	Relationship between issuer of security and the Company	Amount name	Year-end				Remarks
				Number of shares	Book value	Percentage of shares	Market value	
Panhsin Insurance Broker Co., Ltd.	Stock: Panhsin Asset Management Co., Ltd.	Investee accounted for under the equity method	Long-term investment under equity method	8,000	35,370	61.54	35,370	

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.

(Continued)

BANK OF PANHSIN

Notes to Financial Statements

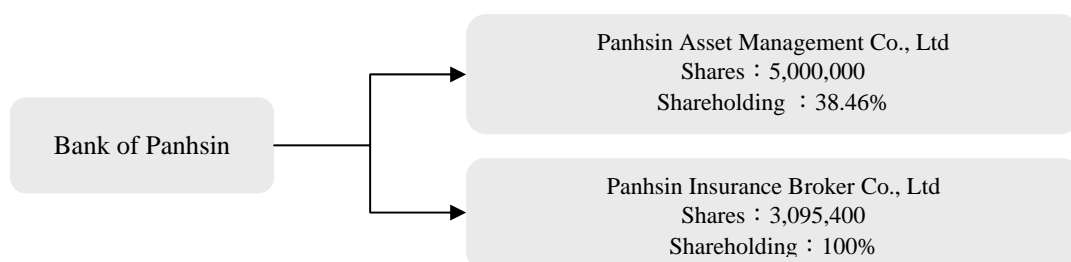
13. Other significant transactions that might influence the decision-making of financial statement users: none.

(31) Segment Information: not applicable.

Related Information on the Bank's Subsidiaries

I 、Relationship Chart

As of Dec. 31, 2009



II 、Profile of Subsidiaries

As of Dec. 31, 2009

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., Banciao City, Taipei County	130,000	Acquisition of Non-Performing Asset
Panhsin Insurance Broker Co., Ltd	Oct. 19, 2004	11F, No.330 Zhongzheng Rd., Banciao City, Taipei County	30,954	Insurance Broker

III 、Information on Directors, Supervisors and President of Subsidiaries

As of Dec. 31, 2009

Name of Subsidiary	Title	Name or Representative	Shares Held	
			Shares	Ratio (%)
Panhsin Asset Management Co., Ltd	Chairman	Dao-Ming Kuo (Representative of BOP)	5,000,000	38.46
	Director	Ming-Hsin Chiu (Representative of BOP)		
	Director	Lin-Long Chien (Representative of BOP)		
	Director	Jia-Nan Fang (Representative of BOP)		
	Director	Ping-Huang Liu (Representative of BOP)		
	Supervisor	Teng-Chum Chen (Representative of BOP)		
	President	Chien-Chung Chao	-	-
Panhsin Insurance Broker Co., Ltd	Chairman	Ping-Hui Liu (Representative of BOP)	3,095,400	100.00
	Director	Tong-Ren Lin (Representative of BOP)		
	Director	Jia-Nan Fang (Representative of BOP)		
	Supervisor	Mao-Yang Chu (Representative of BOP)		
	President	Chan-Wu Chao	-	-

IV 、Operation Status of Subsidiaries

Unit: NT\$ Thousand

Name of Subsidiary	Capital	Total Asset	Total Liability	Equity	Operating Income	Operating Revenue	Current Profit	EPS (Dollar)
Panhsin Asset Management Co., Ltd	130,000	2,054,870	1,997,395	57,475	29,402	(48,574)	(64,517)	(4.96)
Panhsin Insurance Broker Co., Ltd	30,954	82,864	18,811	64,053	104,528	83,851	23,233	7.5

Directory of Head Office & Branches

Units	Address	Telephone	Fax
Head Office	No.18, Chengdu St., Banciao City, Taipei County	(02)29629170	(02)29572011
International Banking Department	No.358, Sec.2, Bade Rd., Songshan District, Taipei City	(02)27717000	(02)27112978
Offshore Banking Branch	No.358, Sec.2, Bade Rd., Songshan District, Taipei City	(02)27717000	(02)27112978
Trust Department	No.330, Zhongzheng Rd., Banciao City, Taipei County	(02)29658689	(02)29658755
Domestic Banking Department	No.11, Sec.1, Wenhua Rd., Banciao City, Taipei County	(02)29689101	(02)29665807
Houpu Branch	No.18, Chengdu St., Banciao City, Taipei County	(02)29629121	(02)29560201
Yonghe Branch	No.12, Renai Rd., Yonghe City, Taipei County	(02)29299481	(02)29210495
Puqian Branch	No.38, Sec.2, Sanmin Rd., Banciao City, Taipei County	(02)29629106	(02)29541499
Huajiang Branch	No.382, Sec.2, Wenhua Rd., Banciao City, Taipei County	(02)22529101	(02)22520108
Minzu Branch	No.339, Hansheng E. Rd., Banciao City, Taipei County	(02)29629111	(02)29581242
Zhonghe Branch	No.232, Zhonghe Rd., Zhonghe City, Taipei County	(02)22498756	(02)22497418
Tucheng Branch	No.289, Sec.1, Zhongyang Rd., Tucheng City, Taipei County	(02)22629119	(02)22654536
Wenhua Branch	No.261, Sec.1, Wenhua Rd., Banciao City, Taipei County	(02)22587777	(02)22593584
Daguan Branch	No.155, Sec.2, Daguan Rd., Banciao City, Taipei County	(02)22756566	(02)22752574
Xingnan Branch	No.45, Sec.1, Xingnan Rd., Zhonghe City, Taipei County	(02)29459366	(02)29458495
Xinzhuang Branch	No.719, Xingfu Rd., Xinzhuang City, Taipei County	(02)29906699	(02)29900433
Xiulang Branch	No.118, Dehe Rd., Yonghe City, Taipei County	(02)29417966	(02)29498035
Sanchong Branch	No.126, Sec.3, Chongyang Rd., Sanchong City, Taipei County	(02)89839966	(02)29871976
Yuanshan Branch	No.753, Zhongzheng Rd., Zhonghe City, Taipei County	(02)22259199	(02)22260657
Shulin Branch	No.58, Zhenqian St., Shulin City, Taipei County	(02)86755666	(02)86755656
Jincheng Branch	No.91, Sec.3, Jincheng Rd., Tucheng City, Taipei County	(02)82615666	(02)22709241
Xindian Branch	No.60, Minquan Rd., Xindian City, Taipei County	(02)89113377	(02)89113661
Zhongzheng Branch	No.330, Zhongzheng Rd., Banciao City, Taipei County	(02)89658998	(02)89682156
Luchou Branch	No.256, Minzu Rd., Luchou City, Taipei County	(02)82850666	(02)82835789
Fuhe Branch	No.45, Yongzhen Rd., Yonghe City, Taipei County	(02)89211919	(02)89213377
Songjiang Branch	No.238, Songjiang Rd., Zhongshan District, Taipei City	(02)25429999	(02)25311707

Units	Address	Telephone	Fax
Xinyi Branch	No.127, Sec.2, Keelung Rd., Xinyi District, Taipei City	(02)27329999	(02)27334900
Minsheng Branch	No.133-1, Sec.3, Minsheng E. Rd., Songshan District, Taipei City	(02)87129966	(02)27120222
Bade Branch	No.360, Sec.2, Bade Rd., Songshan District, Taipei City	(02)27528833	(02)27405959
Neihu Branch	No.163, Sec.4, Chenggong Rd., Neihu District, Taipei City	(02)87919999	(02)87919899
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., Zhongli City, Taoyuan County	(03)4657799	(03)4655511
Hsinchu Branch	No.56, Ziqiang S Rd., Zhubei City, Hsinchu County	(03)6581588	(03)6580189
Taichung Branch	No.556, Sec. 1, Wenxin Rd., Nantun District, Taichung City	(04)23267799	(04)23266029
North Taichung Branch	No.186, Sec. 4, Wenxin Rd., North District, Taichung City	(04)22961798	(04)22961885
Chiayi Branch	No.298, Zhongshan Rd., Chiayi City	(05)2279045	(05)2291649
Wufong Mini Branch	No.114, Wufong N. Rd., Chiayi City	(05)2278826	(05)2258736
Renai Branch	No.502, Renai Rd., Chiayi City	(05)2222157	(05)2272952
Zhongxiao Branch	No.317, Zhongxiao Rd., Chiayi City	(05)2774616	(05)2774614
Junhui Mini Branch	No.360, Wufong S. Rd., Chiayi City	(05)2300778	(05)2300780
Tainan Branch	No.189, Chongming Rd., East District, Tainan City	(06)3368799	(06)3361287
Chenggong Branch	No.457, Chenggong Rd., West Central District, Tainan City	(06)2113999	(06)2112388
Kaohsiung Branch	No.148, Wufu 4th Rd., Yancheng District, Kaohsiung City	(07)5518270	(07)5618881
Xiaogang Branch	No.213, Erling Rd., Xiaogang District, Kaohsiung City	(07)8011161	(07)8018565
Xinxing Branch	No.69, Bade 2nd Rd., Xinxing District, Kaohsiung City	(07)2860191	(07)2868349
Qianzhen Branch	No.421, Ruilong Rd., Qianzhen District, Kaohsiung City	(07)7513176	(07)7513380
Lingya Branch	No.10, Linsen 2nd Rd., Lingya District, Kaohsiung City	(07)3337177	(07)3311363
Yangming Branch	No.178, Juemin Rd., Sanmin District, Kaohsiung City	(07)3865111	(07)3828199
Kaoxinzhuang Branch	No.485, Xinzhuangzai Rd., Zuoying District, Kaohsiung City	(07)3412621	(07)3416142
Luodong Branch	No.119, Gongzheng Rd., Luodong Town, Yilan County	(03)9568866	(03)9557199