



The Bankers Association of The Republic of China

Annual Report 2007



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2007

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I . HISTORY AND FUNCTIONS OF THE BANKERS ASSOCIATION OF THE REPUBLIC OF CHINA

The Bankers Association of the Republic of China (BAROC) was founded on August 9, 1983, based on the original structure of the Bankers Association of Taipei. Together with the Bankers Association of Taiwan and the Bankers Association of Kaohsiung, BAROC was formed in accordance with the regulations of the Commercial Association Law, and was approved by the Ministry of the Interior. The Association was located on the eighth floor of No. 46, Kuan Chien Road, Taipei. Dr. I-shuan Sun was the first Chairman.

In January 1984, the Bankers Association of Taipei transferred the national banker association business to BAROC to allow it to take over its overall functions. On August 9, 1986, the second Board of Directors and Board of Supervisors were elected at the first session of the second General Assembly. Dr. I-shuan Sun was re-elected Chairman for a second term.

On August 7, 1989, the first session of the third General Assembly was held. At that time, Dr. Sun had reached his two-term limitation, as stipulated by law, and was succeeded by Mr. Y. D. Sheu. During the first session of the fourth General Assembly, held on August 1, 1992, the new Board of Directors and Board of Supervisors were elected, and Mr. Sheu was re-elected Chairman.

On March 23, 1995, Mr. Sheu was appointed Governor of the Central Bank of the Republic of China. Mr. K. H. Yeh, Managing Director of BAROC, became acting Chairman. On August 5, 1995, Mr. James C. T. Lo was elected Chairman during the first session of the fifth Board. On August 14, 1998, Mr. Lo was re-elected Chairman during the first session of the sixth Board. On May 19, 2000, Mr. Lo retired from his position as Chairman of the Bank of Taiwan, and Dr. Yung-san Lee, Managing Director, became acting Chairman of BAROC. Dr. Lee was elected Chairman during the 20th session of the sixth Board, held on July 20 of the same year. On August 17, 2001, the new Board of Directors and Board of Supervisors were elected at the first session of the seventh General Assembly; Dr. Yung-san Lee was elected Chairman of BAROC.

When Dr. Lee was appointed Finance Minister of the Republic of China on February 1, 2002, Mr. Mu-tsai Chen took over as acting Chairman. On February 27, 2002, Mr. Chen was elected Chairman of BAROC during the sixth session of the seventh Board. Mr. Chen was elected Chairman of the China



Mr. Teh-Nan Hsu, Chairman



Development Financial Holding Corporation on April 22, 2004, and resigned from the Chairmanship of BAROC on April 27, 2004. Mr. Gregory K.H. Wang succeeded him as acting Chairman. On September 17 of the same year, the first session of the eighth General Assembly was held, in which the eighth Board of Directors and Board of Supervisors were elected, with Shen-chih Cheng becoming Chairman of BAROC. In order to provide member banks with more comprehensive services, the Association bought a freehold property in Taipei City, located on the third and fourth floors at No. 9, Dehuei Street, in collaboration with the Bankers Association of Taipei, and moved in on January 17, 2005. On August 21, 2006, Mr. Shen-chih Cheng resigned from the Chairmanship due to a change in his job position; Mr. Jer-Shyong Tsai, Managing Director, was elected Chairman during the first provisional session of the eighth Board held on the same day. On January 25, 2007, Chairman of the Board, Jer-Shyong Tsai resigned from being the Chairman of the Board due to job changes. BAROC held the 1st provisional session of the 8th General Assembly to elect the 8th Directors and Supervisors on February 8, 2007. The 2nd provisional session of the 8th General Assembly was held to elect the Chairman of the Board; the Managing Director, Mr. Teh-Nan Hsu, was elected as the Chairman of the Board. The 1st session of the 9th General Assembly was held on September 21, 2007. At the same time, the 9th election for Directors and Supervisors was held; Mr. Teh-Nan Hsu was re-elected as the Chairman of the Board.

As governed by the charter of BAROC, the aims of the Association are to assist the government in implementing economic and financial policies, to promote economic development, and to strengthen relationships among its members so as to improve their mutual benefits. Its main functions are:

1. To help implement economic, financial and monetary policies as well as commercial laws;
2. To study and balance the demand and supply of funds among various sectors in line with economic development;
3. To formulate and compile common rules and regulations relating to various businesses of its members;
4. To enhance communications, surveys, statistics, consultation, research, development and publications relating to national and international financial businesses;
5. To protect the legitimate rights of its members and to help settle disputes among them;
6. To promote the exchange, analysis, and reporting of credit information among its members and to establish the credit files of the major clients of its members;
7. To consolidate the planning of information systems among its members;
8. To strengthen mutual support, assistance, education, and interaction among the employees of its members, sponsor activities for the benefit of the public, and help implement service ethics and self-disciplinary measures;
9. To participate in international financial organizations and promote national diplomacy;
10. To conduct research and make recommendations in response to requests from the government or private organizations; and
11. To participate in various social and charitable activities

In carrying out the above-mentioned functions and tasks, the Association serves as a bridge between the government and member banks, as well as between member banks and the public.

II. ORGANIZATION OF THE BAROC

BAROC consists of three association members, namely, the Bankers Association of Taipei, the Bankers Association of Taiwan, and the Bankers Association of Kaohsiung. As of the end of 2007, the head offices of member banks totaled 59, of which 52 were located in Taipei, 2 in Kaohsiung, and 5 in Taiwan province proper. The branches of member banks located in Taipei, Kaohsiung and Taiwan province proper join their respective local bankers associations and participate in local association activities.

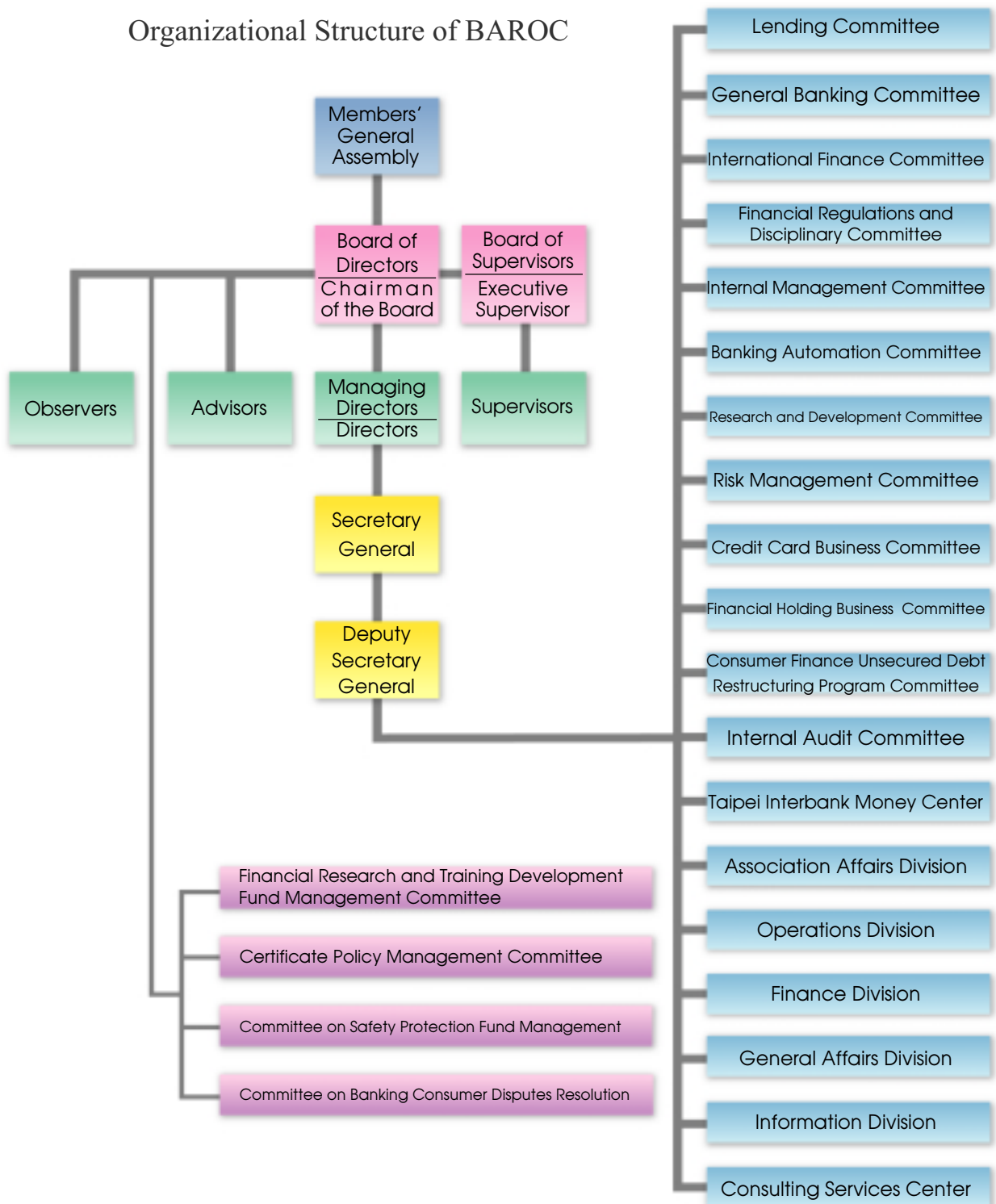
Organization of the BAROC

National and Local Bankers Associations	Number of Member Banks' Head Offices	Number of Member Banks' Branches
Bankers Association of the Republic of China	59	
Bankers Association of Taipei	52	669
Bankers Association of Taiwan	5	1,794
Bankers Association of Kaohsiung	2	312
Bankers Association of Taipei County	1	394
Bankers Association of Taoyuan County		235
Bankers Association of Hsinchu County		42
Bankers Association of Miaoli County		33
Bankers Association of Taichung County		138
Bankers Association of Changhwa County		96
Bankers Association of Nantou County		42
Bankers Association of Yunlin County		48
Bankers Association of Chiayi County		17
Bankers Association of Tainan County		89
Bankers Association of Kaohsiung County		101
Bankers Association of Pingtung County		67
Bankers Association of Ilan County		32
Bankers Association of Hualien County		23
Bankers Association of Taitung County		10
Bankers Association of Penghu County		6
Bankers Association of Keelung City		27
Bankers Association of Hsinchu City	1	62
Bankers Association of Taichung City	2	154
Bankers Association of Chiayi City		53
Bankers Association of Tainan City	1	125



BAROC has a Secretary General and a Deputy Secretary General, both of whom are responsible for the daily operations of BAROC under the supervision of the Chairman. There are five Divisions under the Secretary General, namely, Association Affairs, Operations, Finance, General Affairs, and Information. In addition, there is a Consulting Services Center. The Association's affairs are conducted through its 16 relevant operational committees and 1 interbank money center.

Organizational Structure of BAROC



As of December 31, 2007

Title	Name	Company Affiliation
Chairman of the Board	Teh-Nan Hsu	Chairman, Taiwan Cooperative Bank
Managing Directors	Ming-Cheng Lin	Chairman, Hua Nan Financial Holding Co., Ltd.
	Jer-Shyong Tsai	Chairman, Bank of Taiwan
	Gregory K.H. Wang	Chairman, Cathay United Bank
	Yung-Jen Huang	Chairman, E. Sun Financial Holding Co., Ltd.
	Jin-Fong Soo	Chairman, Taiwan Business Bank
	Michael C.S. Chang	Chairman, First Financial Holding Co., Ltd.
	Directors	Shen-Chih Cheng
Min-Yu Wu		President, Taiwan Post Co.
Fan-Chi Wu		Chairman, Land Bank of Taiwan
Paul C.H. Chiu		Chairman, EnTie Commercial Bank
Ching-Chang Yen		Chairman, Yuanta Financial Holding Co., Ltd.
Yung-San Lee		Chairman, Chang Hwa Commercial Bank
Wu-Shiung Chou		Chairman, Bank of Kaohsiung
Kenneth C.M. Lo		Chairman, Industrial Bank of Taiwan
McKinney Y.T. Tsai		Chairman, Mega International Commercial Bank
Sheng-Yann Lii		Chairman, the Export-Import Bank of R.O.C.
Angelo J. Y. Koo		Chairman, China Development Industrial Bank
Yi-Jen Chiu		President, The Shanghai Commercial & Savings Bank
Edward K.H. Chen		Chairman, Jih Sun International Bank
Angus Chen		President, Bank SinoPac Company Limited
William Huang		Chairman, Agricultural Bank of Taiwan
Eli Hong		President, Far Eastern International Bank
Tseng-Chang Lee		President, Taiwan Shin Kong Commercial Bank
Jerry Chen		President, Ta Chong Bank
Sheng-Hong Chen		Chairman, Sunny Bank
Thomas C. W. Lee		President, Hwatai Bank
Gregory C.P. Chang	President, Chinfon Commercial Bank	



Title	Name	Company Affiliation
	Cheng-Yi Wang	Chairman, First Capital Commercial Bank
	Jung-Hsiung Lu	President, Mega Bills Finance Corporation
	Harvey Liu	President, International Bills Finance Corp.
	Cheng-Ching Wu	President, China Bills Finance Corp.
	Daniel Tsai	President, Taishin International Bank
Executive Supervisor	Jeffrey L.S. Koo	Representative, Chinatrust Commercial Bank
Supervisors	Tse-Cheng Lo	President, Bank of Taiwan
	Shiang-Chang Lee	Chairman, Union Bank of Taiwan
	Ping-Hui Liu	Chairman, Bank of Panhsin
	An-Shiung Chen	President, Taiwan Cooperative Bank
	Jesse Y. Ding	President, Taipei Fubon Bank
	Chang-Mirng Her	President, Yuanta Commercial Bank
	Chien-Chu Hu	President, Cosmos Bank, Taiwan
	Yu-De Chuang	President, Yuanta Securities Finance Company Limited
	Ying-Che Chang	President, Cota Commercial Bank
Advisors	Sung-Huei Su	President, King's Town Bank
	Yu-Ying Chung	President, Taichung Commercial Bank
	Tien-Shiung Chen	Acting President, The Chinese Bank
	Ying-Shan Huang	Chairman, Joint Credit Information Center
	Yung-Cheng Chen	Chairman, Financial Information Service Co., Ltd.
	He-Ping Yen	President, Taiwan Depository & Clearing Corporation
	Min-Chu Huang	Chairman, Chinese Taiwan Securities Association
	Shun-Cheng Tan	Advisor, The Bankers Association of the Republic of China
	C. H. Chou	Advisor, The Bankers Association of the Republic of China
	Kan-Che Mai	President, Standard Chartered Bank
	Wen-Shiung Chang	President, Bowa Bank
Observers	Xia-Zhen Wu	Vice President, Taipei Branch, BNP Paribas
	Chung-Pei Li	Head, HSBC Investment Bank and Global Capital Market
	Liang Chen	V.P., Compliance Division, Taipei Branch, Bank of America
	Yun-Chen He	V.P., Compliance Division, Taipei Branch, JP Morgan Chase & Co.

Major Staff Members of BAROC

As of December 31, 2007

Title/Position in BAROC	Name	Company Affiliation/Full-time or Part-time Appointment in BAROC
Secretary General	Y.C. Kuo	Chairman, EnTie Securities Finance Corp., Part-time
Deputy Secretary General	Tsong-Ming Wang	Full-time
Secretary	Chin-Chinag Chen	Deputy Chairman, Lending Committee, Part-time
Secretary	S. S. Lai	Commissioner, Financial Holding Business Committee, Part-time
Secretary	Shiow-Shyong Hseu	Commissioner, Committee on Banking Consumer Disputes Resolution, Internal Management Committee, Internal Audit Committee, Part-time
Chairman, Financial Research and Training Development Fund Management Committee	Teh-Nan Hsu	Chairman, Bankers Association of Republic of China, Part-time
Chairman, Certificate Policy Management Committee	Teh-Nan Hsu	Chairman, Bankers Association of Republic of China, Part-time
Chairman, Committee on Safety Protection Fund Management	Teh-Nan Hsu	Chairman, Bankers Association of Republic of China, Part-time
Chairman, Committee on Banking Consumer Disputes Resolution	Sung-Lin Chai	Chairman, Taiwan Hospitality and Tourism College, Part-time
Chairman, Lending Committee	Chien-Ping Ruan	EVP, Land Bank of Taiwan, Part-time
Chairman, General Banking Committee	Chun-Sheng Lee	EVP, Taiwan Business Bank, Part-time
Chairman, International Finance Committee	David, Y. P. Chang	EVP, Hua Nan Commercial Bank, Part-time
Chairman, Financial Regulations and Disciplinary Committee	Cheng-Hsiu Chen	SVP & GM, Dept. of Loan Assets Management, Taiwan Cooperative Bank, Part-time
Chairman, Internal Management Committee	Tien-Hsia Chang	EVP, Taipei Fubon Bank, Part-time
Chairman, Banking Automation Committee	Shiao-Shuan Song	SVP&GM, Information Management Office, Bank of Taiwan, Part-time
Chairman, Research and Development Committee	Shing-Shiang Ou	SVP & GM, Economic Research Office, Bank of Taiwan, Part-time
Chairman, Risk Management Committee	Mao-Shyan Liu	Vice President, Hua Nan Financial Holding Company, Part-time
Chairman, Credit Card Business Committee	Vincent S.B. Wang	Executive Vice President & Deputy Chief EVP, Cathay United Bank, Part-time
Chairman, Financial Holding Business Committee	Chuei-Ji Tseng	EVP, Mega Financial Holding Company, Part-time
Chairman, Consumer Finance Unsecured Debt Restructuring Program Committee	Ching-Wen Wu	SVP, Retail Banking Group, Taishin International Bank, Part-time
Chairman, Internal Audit Committee	Julie L. Yang	General Auditor, Chinatrust Financial Holding Co., Ltd., Part-time
Director, Taipei Interbank Money Center	Tse-Cheng Lo	President, Bank of Taiwan, Part-time
Chief, Association Affairs Division	Y. M. Chou	Full-time
Chief, Operations Division	S.H. Kao	Full-time
Chief, Finance Division	Huei-Ling Li	Full-time
Chief, General Affairs Division	K. E. Wen	Full-time
Chief, Information Division	M. L. Tsai	Full-time
Chief, Consulting Services Center	Y. T. Lee	Full-time

- Note: 1. Yi-Che Li, V.P. of Citibank, will be the Chairman of the Credit Card Business Committee starting from March 2008.
 2. Young-Tzew Hsu, Deputy Secretary General, will be recruited starting from April 2008.



III. AN OVERVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS IN TAIWAN

A. Macroeconomic Summary

1. Continuous Economic Growth

Taiwan's economic growth in 2007 was stronger than expected. Despite crude oil and raw material prices continuing to go up, the lack of liquidity derived from subprime-mortgage crisis in America, and unstable confidence issues, the global economic performance was still stable. Driven by the strong support of the purchasing power in emerging economies, the domestic exports and manufacturing sectors continued to expand. The annual economic growth was 5.70% for 2007, compared with 4.89% in 2006.

2. Increasing CPI and WPI

Due to the increase in agricultural product prices (as a result of the impact from natural disasters and the increasing international grain price in the second half year of 2007), and the goods that reflect the international commodity and oil price, the Consumer Price Index (CPI) rose by 1.80% in 2007, higher than the growth of 0.60% in 2006. The Wholesale Price Index (WPI) increased by a higher 6.45% from 5.64% in 2006 as a result of rising prices of imported and domestic products due to higher international crude oil and agricultural and industrial raw material prices.

3. Stable Unemployment Situation

Due to the stable growth of labor market demand, the unemployment situation has continued to be stable. In 2007, the average unemployment rate was 3.91%, which was the same as 2006, and remained the lowest in the past seven years. The average number of unemployed people in 2007 was 419,000, an increase of 8,000 from 2006.

4. Robust Expansion in Foreign Trade

Owing to a significant increase in import demand from Asian countries, foreign trade continued its robust expansion and created new records for imports, exports and trade surplus levels in 2007. Both the export and import figures reached record highs of US\$246.7 billion and US\$219.3 billion, respectively, representing increases of 10.1% and 8.2% compared with the previous year's figures. Total trade surplus amounted to US\$27.38 billion, up 28.4% from that of 2006.

5. Unfavorable Balance of Payments

The Balance of Payments consists of current account, financial account and capital account. In 2007, the current account registered a surplus of US\$31.7 billion, an increase of US\$7.04 billion from that of 2006. However, the net outflow of financial account continued to expand due to the increase in foreign direct investment and the fund remitted into foreign securities investment from insurance companies. The financial account posted a net outflow of US\$38.93 billion in 2007, compared with US\$19.33 billion in 2006. The capital account posted a net outflow of US\$ 96 million. The overall balance of payments showed a deficit of US\$4.02 billion, the first time a deficit was recorded since 1998. The foreign exchange reserves of the Central Bank of China (CBC) stood at US\$270.31 billion at the end of 2007.

6. Stability of Monetary Finance

1. Continued Adoption of the Minor Interest Rate Adjustment Monetary Policy

While registering an increase, the real interest rate was still lower than the level of the neutral interest rate. Due to uncertain international raw material prices, the potential risk of inflation still remained, and the real interest rate was kept relatively low. The CBC, in order to enhance the reasonable allocation of capital and create a financial environment that will improve economic growth, still decided to maintain a minor interest rate adjustment on monetary policy. The interest rate was raised on four occasions in 2007, specifically, on March 30, June 22, September 21 and December 21. The interest rate increased fourteen times from October 2004 to the end of 2007, with a total rate increase of 2.005%.

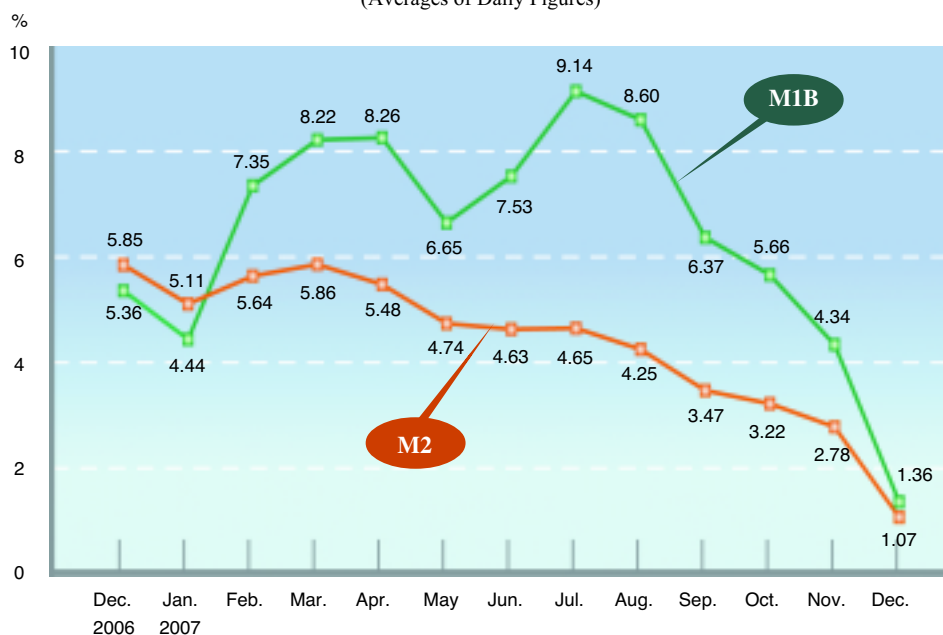
2. Monetary Aggregates: Lower Growth in M2 and Mixed Trends in M1B

The growth of monetary aggregate M2 showed a continuously slowdown in 2007. Due to active stock market activities, the growth of M1B initially increased by a large margin in the first half year of 2007, but started decreasing in the second half year as a result of the impact from American secondary mortgages on the domestic stock market. The annual growth rate of the daily average of M2 in 2007 was 4.25%, lower than the 6.22% in 2006. However, the figure for M1B in 2007 was 6.44%, higher than the 5.30% registered in 2006. The increase of 4.25% for M2 fell within the target range of monetary growth of from 3.5% to 7.5% for the year 2006. The target range of monetary growth in 2008 is 3.0% to 7.0%.



Annual Growth Rates of Monetary Aggregates

(Averages of Daily Figures)



Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2008.

3. Gradual Rise in Short-term and Long-term Interest Rates

(1) Four Upward Adjustments of Discount Rates by CBC

The CBC adjusted interest rates upwards on four occasions in 2007. The discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral were each raised by 62.5 basis points to the current 3.375%, 3.750% and 5.625%, respectively.

(2) Slight Rise in Bank Deposit Rates and Loan Rates

The weighted average deposit rate of domestic banks began rising after reaching its record low in the third quarter of 2004. The weighted average interest on bank deposits in the fourth quarter of 2007 was 1.70%, which was 0.16 percentage points higher than that of the same quarter in 2006. The weighted average loan rate also rose in 2007. The weighted average interest on bank loans in the fourth quarter of 2007 was 3.44%, which was 0.13 percentage points higher than that of the same quarter in 2006. Since the interest rate spread between bank loans and deposits decreased continuously, the interest rate spread between bank loans and deposits in the fourth quarter of 2007 was merely 1.74 percentage points.

Central Bank's Interest Rates) 200+ to 2007

Unit: . per annum

Effective date of change	Discount rate	Interest rate on accommodations with collateral	Interest rate on accommodations with collateral	Background Information
25 Mar. 2005	1.875	2.250	4.125	<ul style="list-style-type: none"> ● Manage persistent inflation expectations. ● Real interest rates remain low and timely progression towards neutral monetary policy.
1 Jul. 2005	2.000	2.375	4.250	<ul style="list-style-type: none"> ● Inflationary pressures on consumer prices continues rising. ● both the long-term and short-term interest rates were below their normal levels.
16 Sep. 2005	2.125	2.500	4.375	<ul style="list-style-type: none"> ● Inflation exceeds 2% as stipulated in the economic plan. ● Real interest rates remain low.
23 Dec. 2005	2.250	2.625	4.500	<ul style="list-style-type: none"> ● Economy still in expansion and inflationary pressures are still not eliminated. ● Real interest rates remain low and timely progression towards neutral monetary policy to contain inflation.
31 Mar. 2006	2.375	2.750	4.625	<ul style="list-style-type: none"> ● Global oil price remains high, prices of oil-related products are still under upward pressure. ● Real interest rates remain low and timely progression towards neutral monetary policy to contain inflation.
30 Jun. 2006	2.500	2.875	4.750	<ul style="list-style-type: none"> ● The electricity charges will increase: high global oil price poses upward pressure on prices of oil-related products. ● Real interest rates remain low and timely progression towards neutral monetary policy to contain inflation.
29 Sep. 2006	2.625	3.000	4.875	<ul style="list-style-type: none"> ● Real interest rates are still lower than the level of neutral rates.
29 Dec. 2006	2.750	3.125	5.000	<ul style="list-style-type: none"> ● With a pickup in domestic demand, the economy is expected to continue with moderate growth and CPI inflation may edge up in 2007. ● The real interest rates remain low: the slight modulation of monetary policy will be helpful for curbing inflationary risk.
30 Mar. 2007	2.875	3.250	5.125	<ul style="list-style-type: none"> ● Moderate economic expansion and an increase in consumer prices. ● Both excess reserves and monetary growth stayed at appropriate levels, and real interest rates remain low.
22 Jun. 2007	3.125	3.500	5.375	<ul style="list-style-type: none"> ● Monetary growth stayed at appropriate levels, market rates have trended up. ● Increases in the CPI are projected to widen and economic growth is expected to rise in the second half of 2007.
21 Sep. 2007	3.250	3.625	5.500	<ul style="list-style-type: none"> ● Rising CPI inflation, economic growth remains solid and a continuously improved job market. ● Monetary growth stays at appropriate levels, real interest rates still below the neutral level.
21 Dec. 2007	3.375	3.750	5.625	<ul style="list-style-type: none"> ● Rising inflationary pressure, economic growth remains solid and the labor market continues to improve. ● Real interest rates are still below the neutral level.

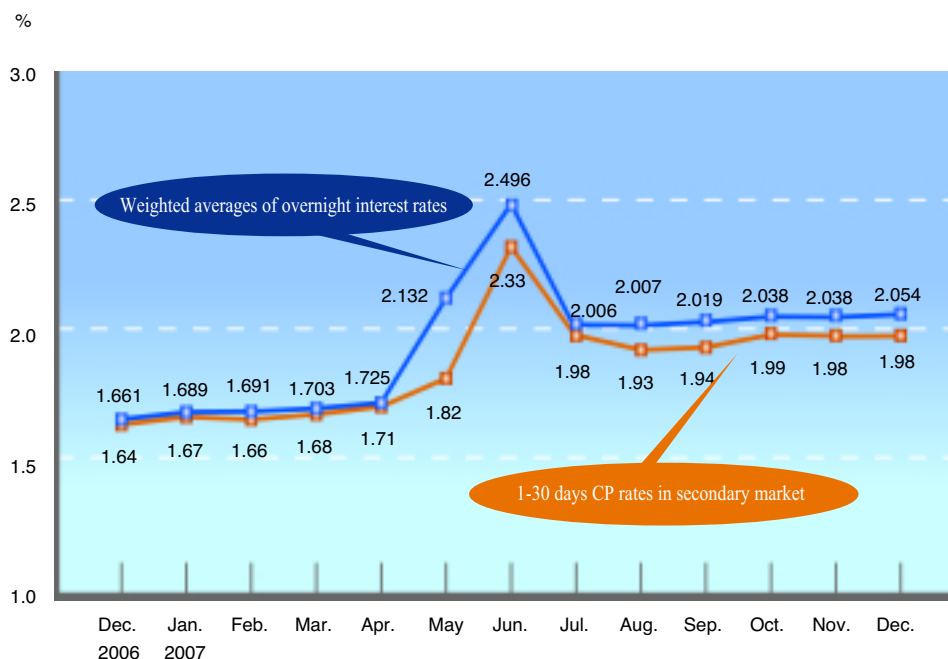


(3) Rise in Money Market Rates

The rise of discount rates on four occasions in 2007 resulted in the increase of the weighted average of interbank overnight interest rates. The rate was 2.054% in December 2007, which was 0.393 percentage points higher than the rate of 1.661% a year earlier.

In addition, in the short-term bills markets, the various interest rates in the short-term primary and secondary bill markets also started to grow. The interest rate of commercial paper of 1-30 days in the primary market peaked at 2.31% in December 2007, 0.57 percentage points higher than the rate of 1.74% in the same month in 2006. The interest rate of commercial paper of 1-30 days in the secondary market increased by 0.34 percentage points to 1.98% in December 2007 compared with 1.64% in December 2006.

Interest Rates in the Money Market



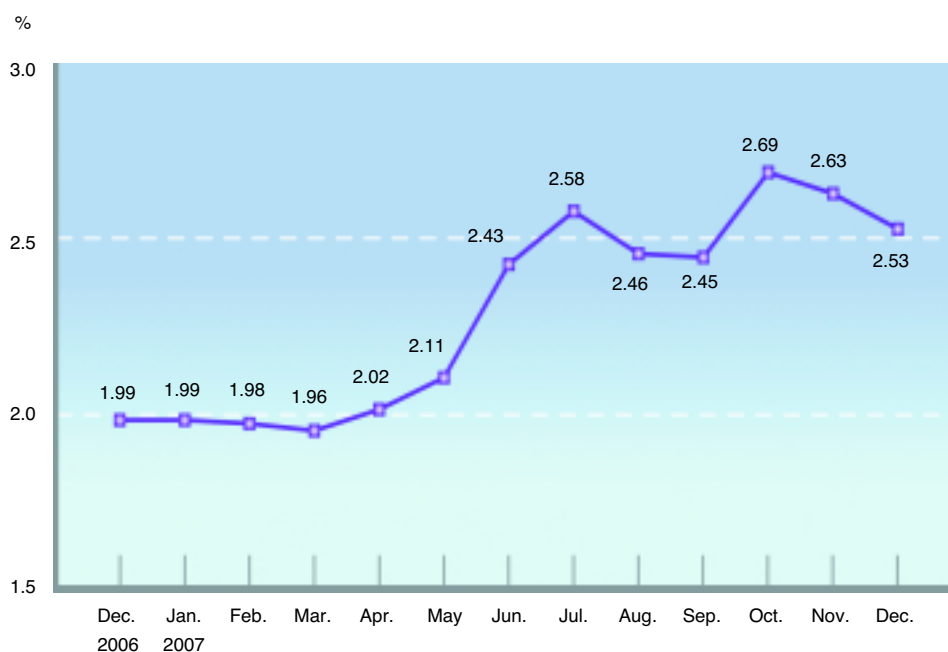
Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2008.

(4) Bond Market Rates Increased

Due to abundant government bond demand and the global stock market crash impact, the bond market maintained a rising trend in the first quarter of 2007. Consequently, the yield rate of 10-year government bonds decreased to 1.96% in March. Driven by the impact of the

Legislative Yuan's approval of an increase of overseas investment limit of the insurance industry from 35% to 45% and the RP separation tax bill, the government bond yield rate slowly went up in the second quarter. Due to the unstable domestic stock market and the impact from the subprime-mortgage crisis, partial funds flowed into the bond market to avoid risks. The yield rate of the government bonds decreased after increasing in the third quarter of 2007. In October, driven by the interest rate increase implemented by the Central Bank, the yield rate of U.S bonds went up, the domestic commodity price and stock market went up, and the yield rate of 10-year government bonds increased to 2.69%. Subsequently, following the stock market decline in November, the yield rate of 10-year government bonds decreased again. The yield rate of 10-year government bonds in December 2007 was 2.53%, which was 0.54 percentage points higher than that of the same period in 2006. In addition, the weighted average rate of newly issued 10-year bonds decreased to 2.51% in December 2006 from the rate of 2.58% in June 2007. Compared with the rate of 1.98% in December 2006, the rate in December 2007 was a mere 0.53 percentage points higher.

Interest Rate of 10-year Government Bonds in the Secondary Market



Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2008.



Changes in Interest Rates in 2007

Unit: %

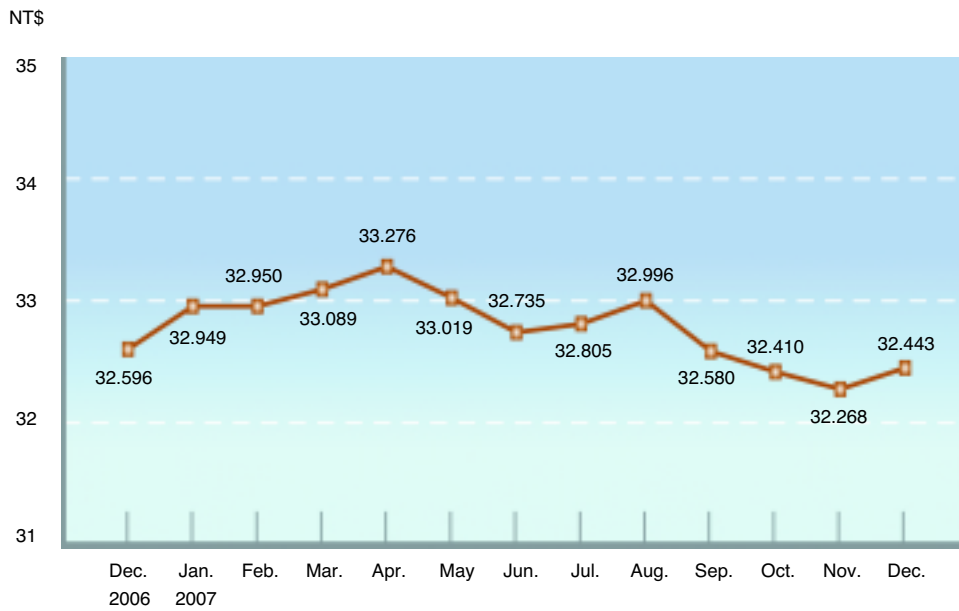
Item Month	Central Bank Rates (End of Month)		Interest Rates of Domestic Banks		Money Market Interest Rates		Bond Market Interest Rates	
	Discount rate	Interest rate on accommodations with collateral	Weighted average interest rates on deposits	Weighted average interest rates on loans	Weighted averages of overnight interest rates	91-180 day commercial paper rates in the secondary market	10-year government bond rates in primary market	10-year government bond rates in secondary market
Dec. 2006	2.750	3.125	1.54	3.31	1.661	1.79	1.98	1.99
Jan. 2007	2.750	3.125			1.689	1.79		1.99
Feb.	2.750	3.125			1.691	1.73		1.98
Mar.	2.875	3.250	1.52	3.22	1.703	1.74	1.93	1.96
Apr.	2.875	3.250			1.725	1.72		2.02
May	2.875	3.250			2.132	1.80	2.30	2.11
Jun.	3.125	3.500	1.54	3.22	2.496	2.31	2.58	2.43
Jul.	3.125	3.500			2.006	2.09		2.58
Aug.	3.125	3.500			2.007	2.17		2.46
Sep.	3.250	3.625	1.61	3.36	2.019	2.01	2.42	2.45
Oct.	3.250	3.625			2.038	2.04		2.69
Nov.	3.250	3.625			2.038	2.08		2.63
Dec.	3.375	3.750	1.70	3.44	2.054	2.04	2.51	2.53

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2008.

4. Mixed Trends in NT\$ Exchange Rate

In January 2007, the US dollar appreciated, following a good U.S economic performance and decreased trade deficit, which caused the NT dollar and Asian currency to depreciate against the US dollar. The continued inflow of foreign capital into the domestic market caused the US dollar demand to be higher than the supply, and the NT dollar continued to depreciate against the US dollar. On May 23, the exchange rate reached NT\$ 33.398 per US\$ 1. After that, the Central Bank continued to raise the interest rate, the U.S subprime-mortgage crisis expanded, the US Federal Reserve (Fed) continued to decrease the interest rate, and the inflow of foreign capital strengthened the NT dollar. The exchange rate was NT\$32.443 per US\$1 on December 31, 2007, an appreciation of 0.47% from the rate of NT\$32.596 per US\$1 at the end of 2006.

New Taiwan Dollar Spot Exchange Rates (End of Month)



Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2008.





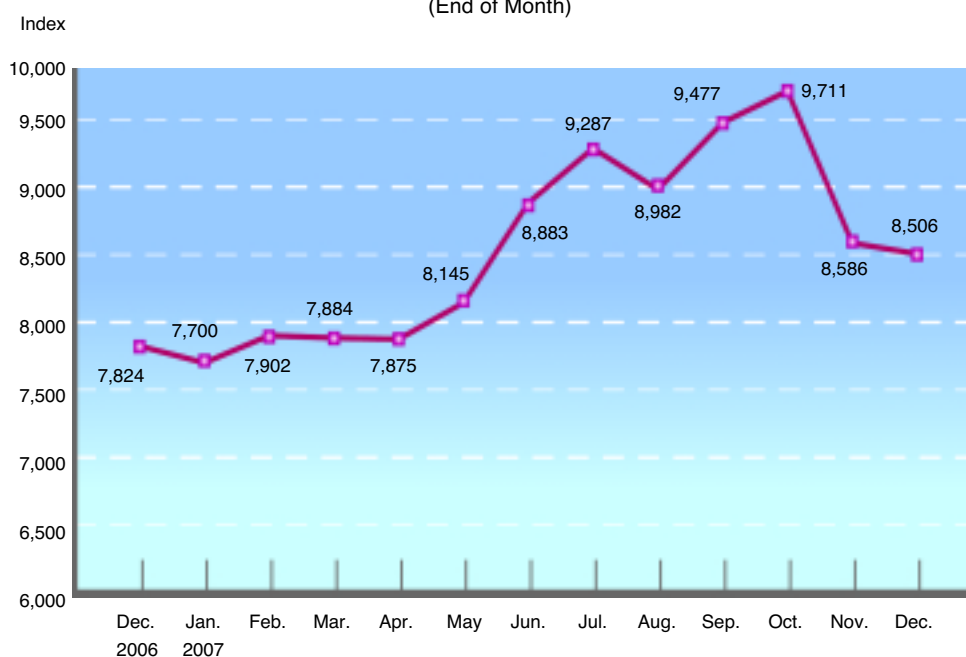
5. Fluctuating Taipei Stock Market

From January to July 2007, the Taipei stock market continued to fluctuate. Due to the mainland China stock price drop and the fluctuations in the international stock markets, the stock price decreased significantly. From January to April 2007, the Taipei stock market went up. Driven by the strong performance in the international stock market and the significant foreign capital inflow between May and July, the stock price increased to 9,744 points on July 24. After that, following the U.S., the global stock market plunged in August, and resulted in the huge fluctuation of the Taipei stock market. After that, the Taipei stock market reached 9,810 points on October 29 due to the decrease in discount rate instituted by the Fed. The worsening of the U.S. further led to the plunge of the global stock market and the Taipei stock market. The index reached 8,506 points on December 31, 2007.



This was, however, still higher by 8.7% from the 7,824 points at the end of 2006.

TSE Stock Price Index (TAIEX)
(End of Month)



Source: "Major Indicators," Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, February 2008.

C. Status of the Financial Markets

1. Money Market

(1) Interbank Call-Loan Market

In 2007, trading in the interbank call-loan market amounted to NT\$20,238.3 billion, which was NT\$3,600.6 billion lower than the amount of 2006, reflecting an annual decline of 15.1%. Domestic banks and bill financing companies were the major borrowers, accounting for 72.92% and 16.48% of total trading, respectively. With respect to lenders, domestic banks with abundant liquidity remained the largest providers of funds, accounting for 70.89% of total transactions. The branches of foreign banks in Taiwan, with a share of 14.45% of total transactions, constituted the second largest lenders while Taiwan Post Co., Ltd., with a share of 6.26%, ranked the third largest.

(2) Bills Market

(i) Primary Market

The continued abundant supply of funds in the market provided much room for price negotiation in indirect financing for companies. This resulted in a lesser need for enterprises to raise funds through the issuance of bills. The total amount of notes and bills issued in 2007 declined to NT\$6,495.1 billion, representing a decrease of NT\$508.9 billion or 7.27% from the amount of the previous year. The decrease was caused by the relatively big reduction of negotiable certificates of deposit and commercial paper by 24.11% and 5.15%, respectively.

Issuance of Bills and Notes

Unit: NT\$ billion

Item \ Period	2007	2006	Change	
			Amount	(%)
Treasury Bills	88.0	45.0	43.0	95.56
Bankers' Acceptances	38.2	36.1	2.1	5.82
Negotiable Certificates of Deposit	791.7	1,043.1	-251.4	-24.11
Commercial Paper	5,577.2	5,879.8	-302.6	-5.15
Total	6,495.1	□,004.0	-508.9	-□2□

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.



(ii) Secondary Market

The total trading volume of bills amounted to NT\$43,196.2 billion in 2007, a decrease of 11.03% compared with the amount (NT\$5,355.1 billion) of 2006. Of this amount, treasury bills registered the largest percentage decrease at 44.67%, while negotiable certificates of deposit registered the largest volume decrease at NT\$2,814.7 billion. Commercial paper still accounted for the largest share of 87.24% among the total trading volume of bills.

Transactions of Bills in the Secondary Market

Unit: NT\$ billion

Item	Period	2007	2006	Change	
				Amount	(%)
Treasury Bills		1,318.5	2,382.9	-1,064.4	-44.67
Bankers' Acceptances		49.9	29.7	20.2	68.01
Commercial Acceptances		0	0	0	-
Negotiable Certificates of Deposit		4,145.0	6,959.7	-2,814.7	-40.44
Commercial Paper		37,682.8	39,179.0	-1,496.2	-3.82
Total		43,196.2	48,551.3	-5,355.1	-11.03

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

2. Capital Market

(1) Bond Market

(i) Primary Market

Adversely affected by the significant securities transaction tax and income tax revenue, the government tightened the bond issuance limit in 2007. The issuance of government and municipal government bonds both therefore declined by 10.64% and 67.86%, respectively. Due to the high yield rate of government bonds, the issuance of corporate bonds decreased by 32.07%. Central Bank approved and amended in the second quarter of 2007 "The bank's capital adequacy management approach," which regulated that all the banks have to report the capital adequacy of every quarter starting from 2007. The issuance of financial bonds increased by 11.59% compared with last year. The total bond issuance decreased by 13.74% in 2007, or NT\$119.6 billion. The new central government bond issues accounted for 52.36%, or NT\$393.2 billion, of all total new bond issues.

Issuance of Bonds

Unit: NT\$ billion

Item \ Period	2007	2006	Change	
			Amount	(%)
Central Government Bonds	393.2	440.0	-46.8	-10.64
Local Government Bonds	9.0	28.0	-19.0	-67.86
Corporate Bonds	156.3	230.1	-73.8	-32.07
Bank Debentures	192.5	172.5	20.0	11.59
Total	1151.0	810.6	-119.6	-13.14

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

(ii) Secondary Market

In the first half year of 2007, because the short-term interest rate continued to increase, there was a little room to make profits out of government bond transactions. In addition to an increase in the trading volume of the stock market, the trading volume of the bond market also decreased. In the second half of 2007, due to the impact of high oil prices and inflation, the trading volume of bond transactions decreased significantly: The total amount was NT\$ 193,680.8 billion, a considerable decrease of 29.74% in comparison to 2006. Except for beneficiary certificates, whose trading volume increased by 21.23%, the trading volume of the other bonds all decreased. The trading volume of government bonds, which historically took more than 98% of the total bonds transaction volume, decreased the most by NT\$81,254.5 billion, or 29.71%. However, its percentage share in the total trading volume amounted to 99.26%. The trading volume of financial bonds had the largest decrease of 67.06%.

Transactions of Bonds in the Secondary Market

Unit: NT\$ billion

Item \ Period	2007	2006	Change	
			Amount	(%)
Government Bonds	192,241.7	273,496.2	-81,254.5	-29.71
Corporate Bonds	1,020.1	1,411.1	-391.0	-27.71
Bank Debentures	170.9	518.8	-347.9	-67.06
Beneficiary Certificates	162.2	133.8	28.4	21.23
Foreign Bonds	85.9	108.4	-22.5	-20.76
Total	193,680.8	215,668.3	-81,987.5	-29.14

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.



(2) Stock Market

In 2007, the domestic exports and industrial production showed stronger growth. The inflow of large amounts of foreign capital pushed up the stock market, especially for the first seven months of the year. However, the U.S secondary mortgage turmoil in August led to the plunge of the stock market. The fluctuation then continued; with the stock price almost reaching 10,000 points several times before slowing down. The yearly average weighted stock price index was 8509.56 (with 1966 as the base year), up 24.38% from that of the previous year. The total market value increased to NT\$33,439 billion, an increase of 38.26% over the value at the end of 2006. A total of 698 company listings were registered on the Taiwan Stock Exchange as of the end of 2007, with a total market value of NT\$ 21,527.3 billion, an increase of 11.10% over the value at the end of 2006.

Statistics of the TSE Market

Unit: NTS billion

Item \ Period	2007	2006	Difference in absolute terms	Difference in percentage terms (%)
Number of companies listed in TSE (year end)	698	688	10	1.45
Total trading value of the year	33,043.9	23,900.4	9,143.5	38.26
Stock price index (TAIEX)(year average)	8,509.56	6,842.04	1,667.52	24.37
Market value	21,527.3	19,377.0	2,150.3	11.10

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

D. Economic and Financial Outlook for 2008

According to the economic forecast released in February 2008 by Global Insights Inc., the continuing problems stemming from the U.S secondary mortgage turmoil and the impact of the continuously increasing crude oil and raw material prices have resulted in increasing uncertainty about the global economy. The growth rate of the global economy is expected to slow down from 3.8% last year to 3.2% in 2008. The Fed lowered interest rates several times and President Bush signed a US\$168 billion package to revitalize the economy and mitigate the impact of the secondary loans. The effects, however, remain to be seen. US economic growth rate is expected to decrease from 2.2% last year to 1.4% in 2008. Japan and EU countries were also affected by the exchange rate appreciation and the global

economic slowdown. The economic growth rates are expected to decrease from 2.1% to 1.2% for Japan and from 2.9% to 1.9% for Europe. For China, due to the increased inflationary pressures, the continuous implementation of macro-control policy and the export growth may be slowing down. China's economic growth rate is expected to slow down from 11.4% to 9.9%.

Driven by the slow growth of the global economy, the import and export momentum in Taiwan may slow down. However, the economic growth of emerging markets have remained strong; therefore, the growth of trade can still be maintained. With the unemployment rate continuing to decrease, the labor situation continues to improve, and social benefits are being increased by the government; both of which will help to boost private consumption. With continued progress in fixed investment, the government actively promoted rural and urban renewal programs, and the rapid development of public construction. As a result, fixed investments will continue to increase. Overall, the economic growth for 2008 is expected to be 4.32%. Other forecasts made by analysts in and outside Taiwan have also estimated the island's economic growth to be between 3.8% and 4.8%.

In terms of commodity prices, since the increase of the global raw material prices is expected to be moderate this year, the DGBAS predicted that the wholesale price index would increase by 2.4%, lower than that of 2007. As for consumer prices, due to the impact from natural disasters and the increase in international grain prices during the second half of the year, the prices of food have increased significantly. Some commodity prices also increased reflecting the international prices. The increase in the consumer price index is therefore expected to be 1.8%. Pressure from the cost of raw materials will continue to have an influence. Official estimates expect the increase in the consumer price index for 2008 to be 2.0%.

In terms of interest rates, the market expects that the U.S. secondary mortgage impact will force the U.S. to face slower economic growth. The U.S. Fed decreased the index rate several times starting August 2007 until the end of January 2008; when it decreased to 3%. The market expects there is room for the interest rate to decrease. However, other major countries will continue to raise interest rates, to curb inflationary pressure,. In Taiwan, although the commodity prices remain stable, given the persistently high global raw material prices, the commodity prices are under upward pressure. The monetary policy of CBC will return gradually to a neutral stance to maintain the stability of commodity prices and avoid a situation in which a too-low real interest rate might adversely affect the reasonable allocation of capital and long-term financial stability. The domestic interest rate may be slightly increased. As for the New Taiwan dollar exchange rate, the cutting down of U.S. interest rates will narrow the gap



between the interest rate for U.S. dollar and those of the major world currencies. Besides, the huge amount of U.S. double deficit and the dispersion of foreign reserves by developing countries will both influence the U.S. dollar exchange rate. In addition, the RMB will face increasing pressure to appreciate under China's increasing trade surplus. The continued inflow of funds into Asia will also put pressure on Asian currencies to appreciate. On the other hand, the outflow of capital from Japan resulting from its extremely low interest rate creates depreciation pressure on the Japanese Yen. However, the recovery of the Japanese economy will also push the interest rate up, driving the Japanese Yen to appreciate. Influenced by multiple factors, it is expected that the NT dollar will have a larger range of fluctuations this year.

To create a favorable financial environment, the government continues to implement reforms that have substantially improved the quality of bank assets and reduced the amount of non-performing loans. The ratio of non-performing loans of the overall financial sector decreased to 1.84% by the end of 2007. However, most domestic banks posted less profit due to their purchases of derivative products from U.S secondary mortgages. It is expected that the will continue to worsen; therefore, the banks' profit will continue to decrease. On the other hand, the government will strengthen risk control and monitoring for the financial industry to promote a stable development for the financial system. In addition, the government has also approved the international financial operations range and relaxed the restrictions on the cross-strait financial business measures; thereby contributing to a better profitability performance.

IG. MAJOR FINANCIAL MEASURES

Financial Supervisory Commission Executive Yuan

1. Amendment of “Bank’s capital adequacy management measures”

To comply with the New Basel Capital Accord and to allow the capital adequacy management and risk management capacity of domestic banks to be in line with the international standard, the Financial Supervisory Commission amended “Bank’s capital adequacy management measures” on January 4 and September 6, 2007.

2. Amendment of the “deposit insurance regulations” and its implementation guidelines

To strengthen risk control, insurance liability and other functions of the Central Deposit Insurance Corporation, the President announced the amended “deposit insurance regulations” on January 18, 2007. The amendments included: dividing insurance compensation special reserve into general financial insurance compensation special reserve and agricultural insurance compensation special reserve; adjusting the existing system of compulsory insurance into the system of application approval ; strengthening the insurance companies inspections of the insurance claim institutions; and establishing the disposal mechanism of systematic crisis. To cope with the amendment of the deposit insurance regulations, and to better implement the regulations, the Financial Supervisory Commission also announced the “deposit insurance regulation implementation guidelines” on December 11, 2007.



3. Announcement of specific practices of establishing the banks disclosure of bankrupt customer information

In line with the balanced principle considerations of social welfare and the protection of personal privacy and the Banking Act Article 48.2 and 49 regulations, the Financial Supervisory Commission on March 3, 2007 announced specific disclosure practices for bankrupt customers with debts of more than NT\$0.1 billion. If it is not fall within the confidentiality range of the Banking Act Article 48.2, every bank



should, in accordance with the provision of Article 49, disclose the customers' information according to their debt amount (as of December 31 of the previous year) on the bank's website before the end of April.

4. Preparation of “Operating mechanism of BAROC members cooperating to recover claims from overseas bad loan accounts”

Some bad loan accounts transfer illegal funds overseas and leave the debts in Taiwan. To recover overseas bad loan accounts, the cost is higher and the implementation is more complicated. Therefore, if the relevant creditor banks can work together, maximum efficiency will be achieved, the financial system's assets loss will be reduced and financial order can be maintained. The FSC asked BAROC to invite various banks to set up operating mechanisms for cooperation in recovering claims, and approved on April 30, 2007 the “operating mechanism of BAROC members cooperating to recover claims from overseas bad loan accounts”.

5. Implementation of “False refinancing, True loans” prevention mechanism

To protect the interests of consumers and solve consumer disputes that have occurred in recent years, the FSC approved the implementation of the consumer loan repayment defense mechanism given by BAROC to resolve the disputes of “False refinancing, True loans” starting on July 1, 2007. Under the defense mechanism, when banks and shops cooperate to handle deferred (prepaid) types of loans, if the card-authorized shops cannot continue to provide goods or services, the borrower may submit relevant documents to require suspending the payment of bank loans to create a win-win situation for the consumer, shops, and banks.

6. Setting up of “Consumer debt clearance regulations”

To positively counsel people to pay off the consumer debt, the “Consumer debt clearance regulations” containing 158 articles were approved by the Legislative Yuan on June 8, 2007. The new regulations were subsequently announced by the President on July 11, 2007 and implemented nine months after the announcement. People with an unsecured or non-priority debt totaling within NT\$12 million and who undertook debt coordination for four months but failed, can claim court approved rehabilitation or liquidation, but those who have joined the consultation mechanism cannot make this claim.

7. Setting up of “Inspection standard for financial institutions to apply for deposit insurance”

According to the amended deposit insurance regulations (Article 10), the deposit insurance of the financial institution has changed from compulsory insurance to compulsory application. Pursuant to Article 10.4, the FSC on August 2, 2007 set up eight articles pertaining to “Inspection standard for financial institutions to apply for deposit insurance”. To enable the depositors to keep their deposit insurance from being affected by the merger of financial institutions, the FSC on December 25, 2007 added article 2.1. Under this new article, the merged financial institution will be an insurance claim institution starting from the day of the merger. It is required to sign the deposit insurance lease with the insurance company immediately.

8. Continued Encouragement of Lending to Small and Medium-sized Enterprises

In order to encourage banks to establish long-term partnerships with small and medium-sized enterprises and to create another niche market, the FSC has endeavored to promote the “Program to Increase Lending to Small and Medium-sized Enterprises by Domestic Banks” since July 2005 over the next three years. To continue assisting the refinancing of small and medium-sized enterprises, and to strengthen the financial intermediary function of banks, the FSC reviewed the second year case handling and set up the third year target on September 19, 2007. The total lending to small and medium-sized enterprises by domestic banks is expected to increase by another NT\$200 billion during the one-year period from the end of June 2007.

1. 2007年10月26日，中央銀行（以下簡稱「央行」）公告，

1. Amending the “Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions”

To increase the liquidity of reserves of banks, the CBC on May 2, 2007 amended the “Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions”. The amendment stipulates that the actual daily average reserve balance for a financial institution during a given reserve maintenance period fails to meet the Legally Required Reserve Balance as set forth in Article 9, the financial institution may apply to offset the shortfall by the excess reserve of prior period within the limit of 1% of required reserve for the prior period.

2. Raising Interest Rates Four Times



On four occasions-March 30, June 22, September 21 and December 21, 2007 - the CBC adjusted the interest rates upward by 0.125 percentage points each time, except for the 0.25 percentage on June 22. The discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral stood at 3.375%, 3.75%, and 5.625%, respectively, as of December 21, 2007.

3. Amending the “Directions for the Central Bank of the Republic of China (Taiwan) to Govern Electronic Interbank Funds Transfer and Settlement”

To implement the securities market funds liquidation of the “Financial service development agenda and action plan” and to promote the full electronic securities market settlement, CBC on May 14, 2007 amended the “Directions for the Central Bank of the Republic of China (Taiwan) to Govern Electronic Interbank Funds Transfer and Settlement”. This involved the inclusion of the settlement amount of TSEC and OTC into the CBC transferring and clearing system. The CBC also started to handle the clearing of settlement payment of the securities market from July 23.

4. Amending “Directions Governing Banking Enterprises for Operating Foreign Exchange Business”

To cope with the proposal of Financial Action Task Force on Money Laundering, “FATF”, the CBC on August 1, 2007 amended the partial prevision of the “Directions Governing Banking Enterprises for Operating Foreign Exchange Business”. The amendment relaxed the transfer information, the cross-strait trading operations and the risk control of foreigner card issuing.

5. Amending “Directions for Issuance of Certificates of Deposit by the Central Bank of the Republic of China (Taiwan)” and “Directions for Bidding Certificates of Deposit Issued by the Central Bank of the Republic of China (Taiwan)”

To legalize the deposit denunciation certificates of halfway interest calculation issued by CBC, meet the actual demand of the issuing operation of CD and amend the directors for bidding CD, the CBC on



September 5, 2007 subsequently amended “Directions for Issuance of Certificates of Deposit by the Central Bank of the Republic of China (Taiwan)” and “Directions for Bidding Certificates of Deposit Issued by the Central Bank of the Republic of China (Taiwan)”, by stipulating that without the approval of CBC the CD cannot be denounced. It added that the halfway interest calculation should be based on the actual holding days and the fixed CD purchase interest rate, and stipulated that before the CD auction, CBC should announce the relevant issues through a news release. It also deleted the relevant provisions that each total bid should not exceed 20% of the total auction amount.

6. Amending the “Directions for Auditing Liquidity of Financial Institutions”

To manage the liquid reserves of financial institutions, the CBC on December 25, 2007 amended the “Directions for Auditing Liquid Reserves of Financial Institutions” by changing its name to “Directions for Auditing Liquidity of Financial Institutions”. In addition to adopting the liquid reserve ratio regulations, the “fund flow period gap” in liquidity management was also included, with the evaluation of the liquid reserve of financial institutions listed according to the Financial Accounting Standard No.34.

二. 重要金融業務

1. Financial Business Operations

- (1) To make money-laundering prevention measures more rigorous and to prevent crimes by facilitating the financial institutions to get to know customers, the FSC on Jan 23, 2007 amended the “Principle of financial institutions confirming the identity of customer with the domestic remittance operations”. The amendment stipulated the customer’s identity should be confirmed for domestic remittances amounting to between NT\$30,000 and NT\$1,000,000 in cash transaction and NT\$30,000 in transfer transaction.
- (2) The FSC on February 16, 2007 stipulated that asset management companies can choose whether to commission the banks for collection after buying NPLs except for double cards and consumer loans.
- (3) Amid the rapid development of the cash card market in recent years, the FSC on May 22, 2007 amended the “directions of financial institutions handling cash card business” to strengthen the supervision of cash card business. The amendments included: 1) Stipulating outsourcing operation standard; 2) Strengthening credit check and risk control; and 3) Ensuring consumer interests protection.



- (4) To increase the flexibility of the calculating method for the banking industry deposits interest, the CBC on August 20, 2007 amended the “operation focus of CBC taking deposits from other banks”. The amendment added that for deposits of CBC taken from the bank industry, the interest can be calculated in a fixed interest rate method, and in accordance with the CD issuing rate of CBC’s open market operation as the standard for calculating the deposit interest.
- (5) To cope with the various derivative financial products of the bank, the trading patterns, the more and more complicated risks, and the completion of transaction orders, and for the protection of consumers, the FSC on November 6, 2007 amended the “directions of banks handling derivative financial products business”. In addition to adding the required qualifications for applying banking business and the risk management system, the amendment also changed the directions of banks handling Taiwan stock equity derivative financial products with the view to strengthening the management of banks constructing those products.
- (6) To cope with the development of the securities market, and raise the securities agents’ portfolio investment margin financing capacity, the CBC on November 19, 2007 amended the “Regulations Governing the Central Bank of the Republic of China (Taiwan) Administration of Accommodations Extended by Banks to Securities Finance Companies or Securities Firms”. When the aggregate outstanding balance of financing from all banks in support of a securities firm’s margin trading services exceeds the securities firm’s net worth by a factor of 2.5, the bank shall not extend financing to that securities firm.

2. Financial Holding Companies

- (1) To allow the identification method of the domestic financial holding groups’ core capital to be more in line with international common norms, and to maintain fair and reasonable competition, the FSC on March 8, 2007 allowed the inclusion in the core capital the sustainable non-cumulative preferred shares and secondary bonds that meet limited amount regulations and are issued by the financial holding companies. The objective is to reduce the financing cost of the domestic financial companies and avoid the remaining funds.
- (2) To meet the criteria of the listed companies’ annual reports and strengthen corporate governance and the disclosure of remuneration to directors and supervisors, the FSC on April 11, 2007 amended some of the provisions of the “annual report criteria required to be recorded in the financial holding companies”

- (3) To cope with the amendment of business accounting law and the announcement of the Financial Accounting Standards Article 37 and 38, the FSC on June 28, 2007 amended the “Regulations Governing Issuance of Bank Debentures” .
- (4) The FSC on September 13, 2007 approved the amendments to the “New application standards of financial holding companies” . The amendments pertained to the capital adequacy, the scope of cross-industry, the paid-up capital, asset scale, law abidance, the project content required to be presented, the market competitive level and the impact of increasing public interest, among others. The FSC on October 12, 2007 also amended the “application documents and inspection focus of the establishment of financial holding companies” , and validated it immediately.
- (5) To strengthen the investment norms of the financial holding companies and to meet the investment operation management guidelines, the FSC on October 18, 2007 amended the name of “inspection principle of applying for investment according to the company law” to “the investment operation management guidelines of financial holding companies” .

3. Foreign Exchange Management and Cross-Strait Financial Relations

- (1) To enhance the global competitiveness of off-shore banking units (OBU), develop diversified business functions and expand the operational scales, the CBC on July 11, 2007 approved the use of NT dollars as collateral when the OBU is dealing with foreign currency credit business. However, those that involve cross-strait finance should be consistent with the provisions of the “measures for financial business permits between Taiwan and mainland China” .
- (2) The FSC on October 9, 2007 stipulated that the foreign currency CD of OBU or overseas branches held by oneself or others can be used as collateral and that the foreign currency CD of DBU or the affiliated companies held by himl her may be used as collateral. However, the





foreign currency DBU CD of non-affiliated companies cannot be used as collateral.

- (3) The FSC on October 9, 2007 stipulated that when DBU handles foreign currency credit, the NT or foreign currency CD held by the credit account holder in another's name in the related banks or other banks cannot be used as collateral.
- (4) The FSC stipulated that the OBU and the overseas branches issuing long-term L/C for the customers should use mainland China region the recorded import location of the L/C.

4. Financial Institutions Management

- (1) To effectively deal with the issue of numerous financial institutions, guide the industry to expand operation branches through the merging method, and reach the goal of slightly opening up the establishment of branches and mini-branches merging, the FSC on January 16, 2007 merged the "provisions for financial institutions establishing mini-branch" into the "provisions for additional relocation or abolition of domestic branches", amending the name to "provisions for domestic financial institution branches".
- (2) To effectively manage the banks, the Bank Law Article 62 and 64 were amended on March 21, 2007. The amendment stipulated that the directors and supervisors of banks, when the bank suffer capital loss of than 1/3, should report to the authorities. The authorities require these banks to fill up the capital within three months. Any bank that does not fill up the capital should be taken over by others, or their business would be suspended.
- (3) To meet the criteria of the listed companies' annual reports, to strengthen corporate governance and the disclosure of remuneration to directors and supervisors, and to allow for some parts of the annual reports of banks that have been taken over not to be disclosed, the FSC on April 11, and September 6, 2007 amended some of the provisions of the "banks' annual report criteria required to be recorded".
- (4) In line with the corporate governance and separation policies of finance and industry with regard to the duties of the bank's chairperson, the FSC on May 1, 2007 amended "guidelines on the qualifications required for the bank's chairperson" Article 3 and 12. The amendment stipulated that the bank's chairperson, president, or others with the same duties, could not take similar positions in other non-financial institutions. The amendment, however, does not apply to the ones who serve in foundations or non-profit corporations.

- (5) To speed up the merging of financial institutions and the promotion of financial internationalization, and to encourage foreign financial institutions to participate in the merging of domestic financial institutions, the FSC on May 1, 2007 amended the “establishment standard of commercial banks”. The amendment stipulated that foreign financial institutions can merge with or take control of domestic financial institutions through a takeover bid or sub-bank establishment method. The ones who are approved will be able to apply the establishment of commercial banks to merge or bear all business, assets, and liabilities. The amendment also regulated the relevant provisions pertaining to foreign financial institutions applying for merging domestic banks.
- (6) To cope with the amendment of business accounting law and Bank’s capital adequacy management measures, in addition to the announcement of the Financial Accounting Standards, Article 37 and 38, the FSC on June 28, 2007 amended “Regulations Governing Issuance of Bank Debentures”.
- (7) Since the maximum insured amount has not been adjusted since July 22, 1987, and given the increasing consumer price, the real value of the maximum insured amount has eroded to a considerable extent. The FSC has cooperated with the Ministry of Finance and CBC to reach an agreement to increase the maximum insured amount to NT\$1.5 million for every depositor. This went into effect from July 1, 2007.
- (8) It is assumed that at the time of the takeover of the bank, the trustee has already effectively supervised and implemented an internal control system. Therefore, it is deemed unnecessary to understand the bank’s internal control implementation through an external auditor (CPA) or by presenting an internal control declaration. The FSC on September 6, 2007 amended the “implementation of bank’s internal control and audit system” by stipulating that banks that have been approved to be taken over do not have to present the internal control declaration or commission to the CPAs for auditing the internal control system.
- (9) To cope with the changing financial environment, and to promote the development of industrial banks, the FSC on November 29, 2007 amended the “Industrial bank establishment and management measures”, to increase the limit of industrial banks investing in securities to balance its operational risk.

V. BUSINESS OPERATIONS OF FINANCIAL INSTITUTIONS

A. Change in the Operating Units of Financial Institutions

Financial institutions in Taiwan are classified into two categories, namely, monetary financial institutions and other financial institutions. Monetary institutions are composed of the CBC and deposit money banks. The latter includes domestic banks, medium business banks, local branches of foreign banks, credit cooperatives, and credit departments of farmers' and fishermen's associations. Other financial institutions include the Taiwan Post Co., trust and investment companies, and life insurance institutions. At the end of 2007, there were 417 financial institutions in Taiwan compared with 415 at the

Number of Financial Institutions in Taiwan

Unit: Number

Year	Total ¹		Monetary Institutions													Other Financial Institutions					
			CBC	Deposit Money Banks												Taiwan Post Company	Trust and Investment Companies		Life Insurance Institutions ⁴		
				Domestic Banks		Medium Business Banks		Local Branches of Foreign Banks ²		Credit Cooperatives		Credit Departments of Farmers' Associations		Credit Departments of Fishermen's Associations			Head Office	Branches ²	Head Office	Branches	Head Office
	Head Office	Branches	Head Office	Branches	Head Office	Branches	Head Office	Branches	Head Office	Branches	Head Office	Branches	Head Office	Branches	Head Office	Branches					
1992	494	3,852	1	32	897	8	315	36	50	74	439	285	770	27	33	1	1,223	7	54	23	71
1993	501	4,111	1	33	1,030	8	352	37	55	74	482	285	788	27	34	1	1,243	7	60	28	67
1994	503	4,410	1	34	1,174	8	403	37	57	74	530	285	827	27	38	1	1,260	6	53	30	68
1995	503	4,745	1	34	1,361	8	446	38	58	73	556	285	886	27	44	1	1,269	5	49	31	76
1996	507	4,981	1	34	1,464	8	472	41	65	73	595	285	925	27	47	1	1,273	5	55	32	85
1997	509	5,181	1	39	1,685	8	491	45	69	64	505	287	943	27	48	1	1,276	5	61	32	103
1998	501	5,368	1	42	2,052	6	352	46	72	54	446	287	958	27	49	1	1,288	4	43	33	108
1999	495	5,531	1	47	2,288	5	288	41	71	50	416	287	971	27	49	1	1,296	3	36	33	116
2000	491	5,636	1	48	2,411	5	282	39	70	48	394	287	973	27	49	1	1,305	3	36	32	116
2001	448	5,841	1	48	2,712	5	293	38	69	39	373	260	883	25	44	1	1,316	3	33	28	118
2002	437	5,850	1	47	2,781	5	287	36	68	37	358	253	847	25	40	1	1,320	3	29	29	120
2003	433	5,930	1	45	2,884	5	289	36	69	35	341	253	828	25	39	1	1,322	3	28	29	130
2004	428	5,922	1	45	2,944	4	245	35	67	32	319	254	827	25	39	1	1,320	3	26	28	135
2005	422	5,943	1	42	2,995	4	244	36	68	29	295	253	827	25	39	1	1,321	2	20	29	134
2006	415	5,970	1	40	3,102	3	183	33	64	28	289	253	817	25	40	1	1,320	2	20	29	135
2007	417	5,977	1	39	3,189	1	124	32	83	27	267	261	811	25	40	1	1,321	1	6	29	136

Notes: 1. Refers to the number of institutions, which were formally open for business.

2. The figures under head offices represent the number of foreign banks, which set up branches domestically while the figures under branches represent the number of domestic offices.

3. Excludes postal agencies.

4. Includes the Department of Life Insurance, Taiwan Post Co.

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

end of 2006. The number of domestic banks was reduced by one, medium business banks by two, local branches of foreign banks by one, and credit cooperatives by one. On the other hand, agricultural credit departments increased by eight. The number of branches of financial institutions rose by 7, bringing the total number to 5,977 at the end of 2007, up from 5,970 a year earlier.

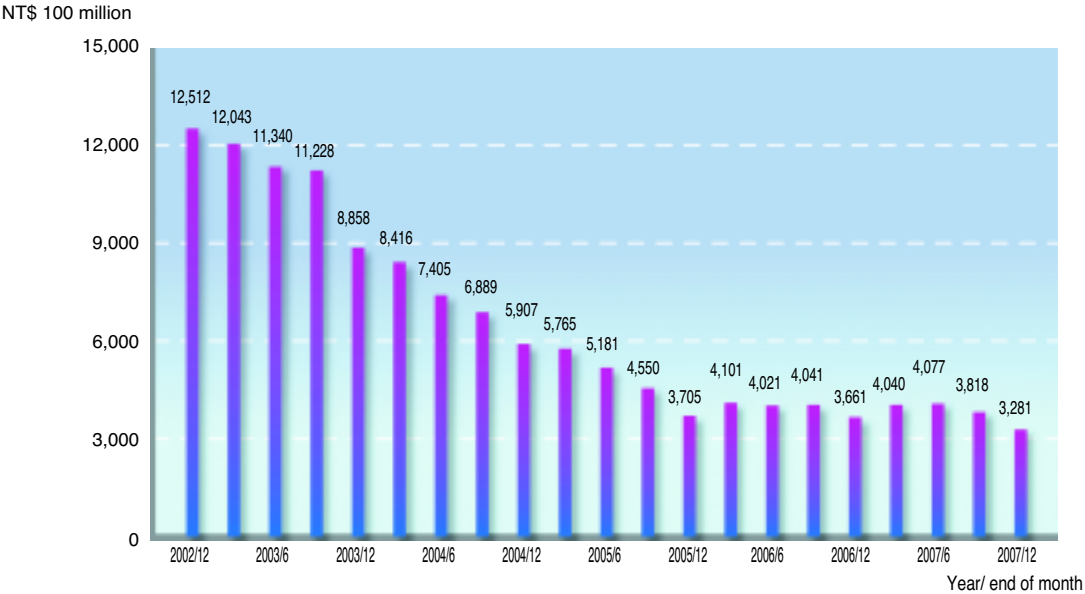
B. Amount and Ratio of Non-performing Loans -NPLs. of Banks

Due to gradual improvement in the asset quality and financial structure of the domestic financial institutions, the domestic banks' non-performing loans (NPLs) have gradually declined. NPLs amounted to NT\$328.1 billion at the end of December 2007, compared with NT\$366.1 billion at the end of December 2006, a reduction of NT\$38 billion or 10.38%. The ratio of NPLs dropped by 0.29 percentage points to 1.84% by the end of December 2007 compared with 2.13% at the end of December 2006.

Furthermore, the coverage ratio (of allowances for bad debts) at the end of December 2007 was 64.82%, or an increase of 14.93 percentage points, compared with 49.89% in the fourth quarter of 2005, and an increase of 5.99 percentage points compared with 58.83% in the fourth quarter of 2006. This indicates an increased resiliency to risk for the domestic banks.

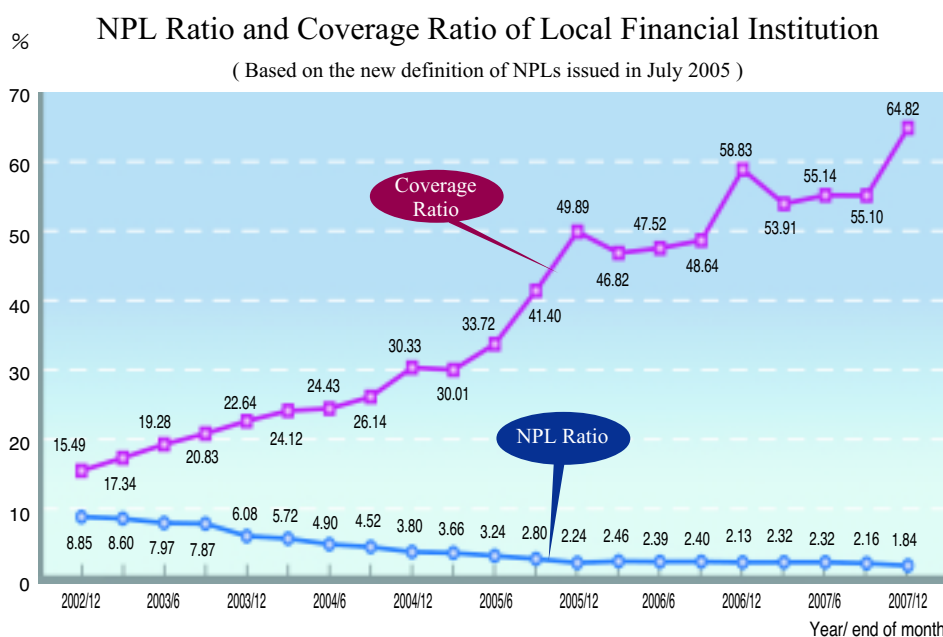
Non-performing Loans of Local Financial Institution

(Based on the new definition of NPLs issued in July 2005)



Source: The website of the Banking Bureau, Financial Supervisory Commission, Executive Yuan (www.banking.gov.tw)

Since 1999, the domestic banks have been strengthening their asset quality by successively reducing their bad debts. According to the statistics from the Banking Bureau of the Financial Supervisory Commission, the accumulated bad debts written off by banks from 1999 to the end of 2007 amounted to NT\$1.9979 trillion. Of this amount, NT\$230.1 billion were revenues resulting from the reduction of the Gross Business Revenue Tax and reserve requirement ratio. The other NT\$1.7678 trillion, which was approximately 7.7 times the former number, came from earnings of the banks. The actual bad debts written off in 2007 amounted to NT\$209.5 billion, an increase of NT\$5.5 billion from the NT\$204 billion recorded in 2006. The ratio of NPLs also dropped to 1.84% by the end of December 2007 as compared with 2.13% at the end of December 2006. The declining trend of both bad debt and ratio of NPLs indicate an improvement in financial strength of the domestic banks.



Source: The website of the Banking Bureau, Financial Supervisory Commission, Executive Yuan (www.banking.gov.tw)

C. Major Operations of the Banking System

1. Deposit Operations

Total deposits of major financial institutions (including all deposit money banks and Taiwan Post Co.) increased slowly in 2007 as a result of moderate economic growth, a withdrawal of transactions in the stock market and continued outflow of foreign capital. By the end of 2007, the outstanding balance of deposits of major financial institutions amounted to NT\$26.21 trillion, an increase of NT\$266.8 billion or

1.03% from the end of 2006. Time and savings deposits took the biggest share, at 43.12%. Other than net balances for demand deposits, repurchase agreement and monetary market mutual funds, which decreased by 0.09%, 17.60 %, and 29.55%, respectively, the variety of other deposits all increased. Foreign exchange deposits recorded the largest increase, at NT\$264.5 billion, or 14.8% for the year.

Change in Deposits by Category of Major Financial Institutions

Unit: NTS billion

Item \ Year	End of 2007	End of 2006	Change	
			Amount	(%)
Demand Deposits	7,457.4	7,463.9	-6.5	-0.09
Time E Savings Deposits	11,301.7	11,268.7	+33.0	+0.29
Foreign Currency Deposits	2,052.3	1,787.8	+264.5	+14.79
Government Deposits	932.0	902.0	+30.0	+3.33
Postal Savings Deposits	4,039.7	4,002.3	+37.4	+0.93
Repurchase Agreements	422.7	513.0	-90.3	-17.60
Money Market Mutual Funds	3.1	4.4	-1.3	-29.55
Total Deposits	26,208.9	25,942.1	+266.8	+1.03

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

2. loans and Investments Operations

The outstanding balance of loans and investments of major financial institutions amounted to NT\$20.64 trillion by the end of 2007, increasing by NT\$483.8 billion, compared with the end of 2006. The growth rate was 2.40%, the lowest since 2003 compared with 4.10% of 2006. However, it was still a big improvement when compared with the negative growth of 2.49% and 0.80% recorded in 2002 and 2001, respectively.

Poor stock market performance and the significant decrease of equity financing in the second half year of 2007 has resulted in poor bank lending. An analysis of the targets of the loans and investments found that the claims on private sector increased slightly by NT\$524.5 billion or 3.18% compared with the amount of 2006, while claims on public enterprises increased by NT\$71.8 billion or 11.14% and claims on the government decreased by 3.71% over the amount of the previous year.



Loans and Investments by Sector of Major Financial Institutions

Unit: NT\$ billion

Item \ Year	2007	2006	Change	
			Amount	(%)
Claims on Government	2,921.2	3,033.7	-112.5	-3.71
Claims on Public Enterprises	716.4	644.6	+71.8	+11.14
Claims on Private Sector	17,000.1	16,475.6	+524.5	+3.18
Total Loans and Investments	20,637.7	20,153.9	+483.8	+2.40

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

3. Foreign Exchange Operations

The daily average foreign exchange volume traded in 2007 (including bank-customer and interbank transactions) totaled US\$18.623 billion or 19.13% higher than the amount of last year. The bank-customer volume traded saw an increase of 12.42% to US\$5.901 billion while interbank transactions grew 22.53% from the previous year to US\$12.722 billion.

In 2007, apart from the trading volume of options and cross currency swaps having decreased 18.10% and 13.19%, respectively, the trading volume of all the other foreign exchange products increased. Swaps transactions grew the most at 33.88%, followed by spot transactions which grew by 24.66%. The growth rate of forward transactions was the lowest, at 17.48%.

Daily Average Volume of Foreign Exchange Transactions Between Banks by Product

Unit: US\$ million

Item \ Year	End of 2007	End of 2006	Change	
			Amount	(%)
Spot	6,227	4,995	+1,232	+24.66
Forwards	847	721	+126	+17.48
Swaps	4,691	3,504	+1,187	+33.88
Option	878	1,072	-194	-18.10
Cross Currency Swaps	79	91	-12	-13.19
Total	12,722	10,383	+2,339	+22.53

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2008.

4. Consumer Finance Operations

The credit card market in Taiwan was liberalised in 1993. Under the proactive and strong marketing effort of the financial institutions, Taiwan has grown to become one of the fastest growing credit card markets in the world. However, as the market has become saturated, and impacted by the card loan crisis in recent years, the growth in the number of circulated credit cards has been gradually declining since 2001 and has continued to negative territory in 2006. The total number of credit cards in circulation at the end of December 2007 was 36.4371 million, a decrease of 4.92% compared with the number of the previous year. The value of transactions through credit cards amounted to NT\$284.7 billion, a decrease of 18.76% from the amount of the previous year. Further, the debt signed amounted to NT\$1.413431 trillion, representing an increase of 2.39% from the amount of the previous year while cash advances decreased by 11.47% from that of 2006 and amounted to NT\$77.905 billion.

According to the Financial Supervisory Commission, the number of Automated Teller Machines (ATM) installed by the domestic financial institutions numbered 25,121 units at the end of 2007, representing a 1.36% increase compared with the number of 24,783 at the end of 2006. A total of 145 million cards were issued by the end of 2007, an increase of 8 million from the number of the previous year. Some 751 million ATM transactions were made in 2007, a 3.23% increase from the number of the previous year. The value of ATM transactions amounted to NT\$9.4410 trillion in 2007, 7.78% more compared with the NT\$8.7598 transacted the year before.

5. Financial Derivatives Business

The amounts of unsettled contract derivatives undertaken by domestic banks (including offshore banking units) was equivalent to NT\$54.68 trillion as of December 2007, representing an increase of 34.92% from the number of December 2006.

Over-the-counter (OTC) market accounted for 94.72% of these transactions while TAIEG made up only 5.28%. Within OTC market transactions, swaps accounted for the largest share of 60.81% in overall unsettled contracts, followed by forward contracts at 17.54%, while sold and bought options made up 8.61% and 7.76%, respectively. The trade-related contracts made up 99.43% while non-trading related contracts made up 0.57%.

OTC market transactions recorded an increase of 27.96% as of December 2007, compared with December 2006. Within market transactions, bought options accounted for the highest share of 36.75%, followed by sold options at 32.20%. TAIEG transactions posted a significant increase of 5,340.68% in 2007 compared with the previous year. Short-term and long-term futures showed increases of 6,605.86% and 4,440.66%, respectively. The trade-related contracts increased by 36.08% while non-trading related contracts decreased by 45.83%.



Notional Amounts Outstanding of Financial Derivatives

Unit: NT\$ 100 million; %

Item	End of 2007		End of 2006		Change	
	Amount	% share	Amount	% share	Amount	% share
I .Notional Amounts	546,841	100.00	405,318	100.00	141,523	34.92
A. OTC (over-the-counter)	517,951	94.72	404,787	99.87	113,164	27.96
1.Forwards	95,936	17.54	78,094	19.27	17,842	22.85
2.Swaps	332,538	60.81	260,079	64.17	72,459	27.86
3.Bought Options	42,411	7.76	31,013	7.65	11,398	36.75
4.Sold Options	47,066	8.61	35,601	8.78	11,465	32.20
B. Exchange-traded	28,890	5.28	531	0.13	28,359	5,340.68
1.Futures-Long Positions	13,849	2.53	305	0.08	13,544	4,440.66
2.Futures-Short Positions	14,887	2.72	222	0.05	14,665	6,605.86
3.Bought Options	75	0.01	4	0	71	1,775.00
4.Sold Options	79	0.02	0	0	-	-
II .Notional Amounts	546,841	100.00	405,318	100.00	105,117	35.02
A. Total Contracts Held for Trading	543,732	99.43	399,579	98.58	144,153	36.08
B. Total Contracts Held for Other Than Trading	3,109	0.57	5,739	1.42	-2,630	-45.83

Note:Data in this table include all domestic banks (head offices, branches, and offshore banking units) and local branches of foreign banks (including offshore banking units).

Source:The CBC website, February 2008.



VI. ASSOCIATION AFFAIRS

A. Holding Regular Meetings

The schedule of meetings was determined in advance and conducted in accordance with statutory procedures. Written notifications and/or fax and phone calls would first be made if any meetings were needed to be called or postponed due to unforeseen circumstances.

In 2007, one general assembly meeting was held, five proposals were discussed, and one report and one temporary move were passed. In the same year, two Board of Directors meetings, one Board of Supervisors meeting and eight joint Boards of Directors and Supervisory meetings were conducted. Thirty report proposals were passed, one case for review, ten cases reviewed and fifty-six proposals discussed together with nine ad hoc reports, two ad hoc cases reviewed, fifteen interim discussions and one temporary move. Every proposal was first consulted with, discussed and reviewed by the respective committee as well as the division and center and members before it was concluded and submitted to the higher authorities for approval or in reply to relevant agencies for reference or issued as notice to member institutions for implementation.

B. Sponsoring Community Service Activities

1. In 2007, BAROC continued to provide financial and non-financial assistance to cultural and educational organizations as well as run various public programs in collaboration with relevant organizations. These assistance and public programs included sponsorship of the Association of Good People and Good Deeds and of the Taiwan Catholic Dome's elderly working costs, and donation to the National Day programs, trees and decorations.
2. BAROC established a single window for consumer finance and credit card appeals, assigned specialized staff and set up a special phone line to deal with customer appeals of the member institutions. It tried to find a solution for the disputes based on laws and contract stipulations (credit card disputes excluded).



▲ The 1st Session of the 9th General Assembly.



VII. BUSINESS ACTIVITIES

A. Assistance to Members in Solving Common Operating and Managerial Problems

- 1.To establish a “debt counseling” institution to correspond with the consumer debt clearance regulations (as approved by the Legislative Yuan on June 8, 2007 and formally implemented on April 11, 2008), the Association officially set up the unsecured consumer debt restructuring committee on January, 2007. After the business plan of the committee had been reported to the FSC,all member institutions were also notified.
- 2.The BAROC deliberated and approved the application procedure of the regulation requiring the debtor’s total non-guaranteed loan obligations to all financial institutions not exceed 22 times his/her average monthly income. The decision was approved by the FSC and member institutions were duly notified.
- 3.The Association deliberated and approved the establishment of the operational mechanism of various creditor banks recovering claims from the stranded overseas accounts. The decision was approved by the FSC and member institutions were duly notified.
- 4.The Association deliberated and approved the establishment of the relevant regulations and guidelines of the banks implemented under the Bank Law Article 12-11. The decision was approved by the FSC and member institutions were duly notified.
- 5.The Association deliberated and approved the establishment of the outsourcing focus of the banks handling vehicle-searching assistance operation.The decision was approved by the FSC and member institutions were duly notified.
- 6.The Association deliberated and approved the establishment of the financial institution’s outsourcing collection agencies guidelines and the template letters. The decision was approved by the FSC and member institutions were duly notified.
- 7.After deliberations, the credit extensions secured by pledges of stock relevant norms of directors and supervisors holding more than 10% shares were added to the credit criteria in article 26.2.The decision was approved by the FSC and member institutions were duly notified.
- 8.The Association deliberated on the relevant articles for the amendment of the account receivable contracting business application. The decision was approved by the FSC and member institutions were duly notified.
- 9.The feasibility of member institutions announcing the typical contract template of various businesses was approved by the FSC and member institutions were duly notified.

10. BAROC met the conversion process of Swift Net phase 2 set by the SWIFT headquarters in 2007 to provide the domestic SWIFT users with necessary technical advice.
11. The Ministry of Finance offered explanations on the taxation of structured product transactions of individuals and banks. The Association collected comments from member institutions and reported to the competent authority.
12. The member institutions reported to the Ministry of Finance that the operating loss deduction in the minimum tax system only recognized the loss approved by the authorities after 2006, and it can be deducted within five years from the next year of the occurrence year, which would be unfair and unreasonable for the current financial industry status.
13. The Association collected the relevant comments on “the long-term debt credit rating or national sovereignty rating of the commodity contract entities” in article 5, the amendment suggested by TPEF on “Designated banks for handling foreign exchange credit derivative financial product operation norms”.
14. The Association coordinated with the JCIC in setting up a relevant information platform for financial institutions to reduce the credit risk for contracting foreign exchange trading and derivative products. After deliberations, BAROC responded with its suggestions.
15. To meet the operation needs of member institutions, the institutions certified by FPAT were included in the scope of financial professional training institutions about “Operational Standard of Bank’s Wealth Management Business” and “Directions Aoverning Sales of Financial Products by a Bank to Persons other than Customers of its Wealth Management Department. The decision was approved by the FSC and member institutions were duly notified.
16. Trust Association of R.O.C requested BAROC to verify whether TAROC is the professional financial training institution of “Operational Standard of Bank’s Wealth Management Business” and “Directions Aoverning Sales of Financial Products by a Bank to Persons other than Customers of its Wealth Management Department”. The decision was approved by the FSC and member institutions were duly notified.
17. To enhance internet transaction security, BAROC set up the “IC card internet application system development guidelines” and notified the member institutions to complete the relevant adjustment by the end of June 2008.
18. BAROC amended “Financial □ML certificate commonality technical specifications” and notified the member institutions. The customers can apply for the certificates two months before the expiry date.



19.To provide consumers payment convenience and safety for IC card, in POS, and to prevent passwords from being seen by others, the IC READER with covering function was set up and member institutions were duly notified.

20.To strengthen the capacity of member agencies in handling the security of internet banking in implementing the basic inspection for certificates, the



▲ BAROC and Trust Association co-organized the inherited assets business instruction seminar.

BAROC notified the member institutions to strengthen their internet banking security control mechanism to reduce loss.

21.The standard for credit card accounting revised by the Association in 2007 was been reported to FSC and revised based on FSC feedback. The Association notified all credit card organizations to follow the new amendment.

22.The IC credit card conversion program reported at the end of 2007 that:

(1)A total of 32 banks/organizations had issued IC credit cards, with a total of 11,059,585cards issued, representing 30.38% of the total credit cards in circulation.

(2)With regard to the progress of EMV reader machine conversion, 198,058 reader machines that support IC credit cards had been set up, representing 99.48% of the total number of card readers that had already been installed.

23.The member institutions recommended being in accordance with the credit card bonus point's application range of FSC January 22, 2007, Jin-Kuan-Ing 4, No.09600007710 . The suggestions were reported to the FSC and the Association has notified all credit card organizations.

24.JCIC reported the amendment of “credit card account and authorized shops information building guideline” to FSC and BAROC in 2007. Some institutions recommended to the Association to hold meetings and discuss the operation focus of the relevant risk control information and alarm system establishment. After deliberations, BAROC responded with its suggestions.

25. The member institutions of BAROC recommended that death information provided by the Ministry of Internal Affairs to JCIC should also be sent by the JCIC to the credit card institutions to avoid the risk of fraudulent use of credit cards. After deliberations, the comments have been reported to JCIC.
26. The Association participated in the meeting of the A and B- type insurance products of the “travel industry contract fulfilling secured insurance” and provided opinions. The dispute settlement procedure of the card-issuing institutions on A-type insurance contract was approved by FSC, and the Association notified all credit card organizations.
27. The Association sought and received clarification from the Ministry of Finance that financial holding companies are not businesses specialized in investing or trading securities and, therefore, should be excluded from the requirement of the Taipei National Tax Administration to allocate expenses and interests arising from normal operations to gains from securities trading and investments. The financial holding companies were duly informed.
28. To enhance the operational development of the various financial holding companies, the Association collected 49 cases of suggestions provided by FHCs on the limitations and difficulties they faced. The relevant committees were duly informed.
29. To strengthen TAIBOR, the Association amended “Taipei Interbank Offered Rate operation norms” and set up “Taipei Interbank Offered Rate designated value offered bank selecting standard” . After approval by the authorities, TAIBOR designated value offered bank was added.
30. The Association coordinated with the member agencies in holding the “Consumer debt clearance regulations pre-consultation practice” . The implementation details and the GHA provided to the financial institutions were completed and the Judicial Yuan and the member institutions were respectively notified.
31. The Association’s comments on the relevant issues of the “personal internet banking business liability insurance” handled by NLIA were collected and submitted to NLIA. The NLIA replied with the opinion of sharing the risk of member institutions providing internet banking service.
32. To assist member institutions in expanding e-commerce business, the Association cooperated with the “Taipei County Tourism Passport” marketing activity held by the Taipei County government and assisted the member institutions to issue the “Electronic Money Smart Pay” mechanism tourism identity card. The card comes with the “Taipei County Tourism passport” and is provided to the tourists to use in Taipei County Tourism Passport authorized shops.



B. Studies on Various Financial Businesses and Regulations Requested by Concerning Authorities

- 1.The Ministry of Economic Affairs notified the Association to coordinate efforts of financial institutions in handling donations to small and medium-sized enterprises credit guarantee fund in 2008 and 2009. After deliberations, the Association recommended following the annual average donation amount between 2005 and 2007, which was NT\$1.5 billion per year and totaling of NT\$3 billion. The recommendation was reported to the Ministry of Economic Affairs.
- 2.The Banking Bureau of the FSC requested BAROC to formulate the “Accountable and Non-accountable Items for Typical Consumer Loan Contract” and “Typical Credit Card Contract Template”. After deliberations, the suggestions were reported to the FSC.
- 3.The Banking Bureau of the FSC requested BAROC to deliberate on the relevant issues of the share staking derivative financial products. After deliberations, the suggestions were reported to the FSC.
- 4.The Banking Bureau of the FSC requested BAROC to deliberate on the appropriate corporate governance guidelines and the election calculation method and the nomination system of the bank director. After deliberations, the Association’s “Banking industry corporate governance guidelines” were amended, the decision was approved by the FSC, and member institutions were duly notified.
- 5.The Fair Trade Commission, Executive Yuan requested BAROC to provide opinions on the case of promotional financial management ad hoc violating the fair trade law. After deliberations, the suggestions were reported to the FSC.
- 6.The FSC requested BAROC to discuss various financial management related issues. After deliberations, the “Banking for financial management and financial product selling business regulations” was established. The content included avoiding inappropriate sales, preventing ethical risks and disclosure of advertisement. The suggestions were subsequently reported to the FSC.
- 7.To improve the domestic financial institutions’ liquidity management system, the CBC business department requested BAROC to deliberate on the relevant suggestions for the current liquidity preparation system reform. The Association collected comments from member institutions and reported to the competent authority.
- 8.The CBC business department requested BAROC to deliberate on the implementation of “Bank liquidity risk management guidelines” of various banks, established by the Association in September, 2001. The Association collected comments from member institutions and reported to the competent authority.

9. The FSC requested BAROC to provide detailed information on the difficulties faced by the financial industry after Vietnam joined WTO on January 11, 2007. The relevant information was collected by the Association from the member institutions. A list of “Difficulties faced while expanding business operations in Vietnam” was prepared and subsequently reported to the FSC.
10. In accordance with the resolution of the “relevant matters of promoting financial industry groups participating in international economic and trade affairs”, the FSC requested the Association to present the international economic and trade affairs annual plan. The Association prepared the “2007 annual international activity plan and each seasons’ handling situation list”, and reported to the FSC.
11. To fulfill the WTO-related consultation on the service industry, and effectively assist the banking industry in market expansion, the Banking Bureau of the FSC requested BAROC to set up a database and update the information every 6 months. BAROC compiled the “Relevant Information about the Unfair Treatment to Our banks in Other Countries and Difficulties in Business Expansion in Other Countries.” The compilation was done twice, one in January 2007 and another in July 2007. The reports were subsequently forwarded to the Bureau for reference.
12. The FSC deliberated on the feasibility of long-staying foreigners applying for credit cards, and referred to the disposal principle of the banking bureau of FSC’s Ing Chu 1 Tze No.0941000453, June 13, 2005 “relevant affairs of mainland Chinese professionals applying for credit cards in Taiwan”. The suggestions were reported to the FSC and the Association has notified all credit card organizations.
13. The meeting record of the “consumer rights of financial institutions refund service charge of credit card excess payment” was held by the Consumer Protection Commission (CPC) on March 13, 2007. The Association, in accordance with the resolution, deliberated on the feasibility of credit card holders’ cash refund on the excess credit card payment and the various banks’ service charge pricing strategy and other relevant matters. After deliberation, the comments were collected and reported to the FSC, and the Association has notified all credit card organizations.
14. To address the usage by some banks of super preferential schemes to attract consumers to apply for credit cards and then limiting the credit card benefits through the consideration of the deficit cost, CPC held the meeting of “credit card benefits substantially decreasing impact on consumers”. After the deliberation of the principle handling mechanism, the resolution was reported to the FSC for approval and the CPC was duly notified.



15. The FSC deliberated on the resolution of the “protest on banks shortening the timeliness of bonus points” during the meeting held by the Taiwan Solidarity Union Legislative Yuan Party on February 7, 2007. The Association commissioned professional lawyers to provide legal opinions and explain the relevant norms, and then reported the results to the FSC for approval.
16. In order to understand the method that various banks use to provide cash advances for credit card holders, the CPC deliberated on improving measures and unified the cash advance function article in the application form under the principle of information disclosure and respecting the consumer’s options. After deliberation, the comments were reported to the FSC and the CPC was duly notified.
17. The FSC deliberated on the “cash advance interest rates return going back up to 20%” and the investigation of credit card institutions handling cash advance methods, and discussed whether the interest charging method meets the relevant laws and regulations,. The Association collected the practice operations and descriptions, and reported the results to the FSC.
18. The FSC notified the credit card institutions to follow the resolution of the 139th meeting held by the CPC on September 28, 2006, and deliberated whether the credit card institutions can inform the card holders 60 days before the contract ends. After the credit card institutions responded on the execution difficulties, the comments were reported to the FSC for approval.
19. The FSC reviewed the service charge for applying for a replacement of a lost credit card based on the principle of fairness. Since this case involved the setting of the service price and may also involve the fair trade law behavior, the Association suggested that the card issuance institutions should evaluate the cost and risk factors and consider whether there is a possibility of decreasing the service charge fee and the feasibility of using a single rate fee. The results were collected by the Association and reported to the FSC for approval.
20. The Banking Bureau of the FSC deliberated on the relevant risk control measure of ensuring the identification of applicants when credit card issuance institutions commission marketing companies to process card application. After deliberations, the suggestions were reported to the FSC.
21. The Banking Bureau of the FSC requested BAROC to formulate the “Accountable and Non-accountable Items for Typical Credit Card Contract” and “Typical Credit Card Contract Template” . After deliberations, the suggestions were reported to the FSC.
22. The Banking Bureau of FSC requested the Association to deliberate on the management mechanism of the billing agencies. After deliberations, the report of the authorized shops’ short-term, mid-term and long-term management mechanism on cash bonus when using credit cards was reported to the FSC.

23. The FSC requested the billing agencies to check the signature on the receipt to establish a relevant risk control mechanism. The feasibility of including the mechanism in the credit card operation contract was deliberated. The Association amended the articles and reported to the FSC.
24. The Banking Bureau of the FSC deliberated on the specific method of the risk control on internet credit card transaction to correspond with new criminal practice. After deliberations, the suggestions were reported to the FSC.
25. The Banking Bureau of the FSC deliberated on the relevant management mechanism on the collected relevant regulations and information from the card authorized shops established by the overseas internet transaction platform. The Association collected comments from member institutions and reported these to the FSC, and notified all credit card organizations.
26. The FSC requested the Association to include the regulation content of “Various billing agencies’ credit review and risk control mechanism evaluation list” in the “internal security audit operation model of the card issuance and billing agencies”. After the operation model was reviewed, the amendment was reported to the FSC, and all credit card organizations were notified.
27. The FSC requested the Association to supervise solving and reviewing the issue of the tourism industry’s refusal to take credit cards as a result of the move by credit card agencies to increase the credit card service charge for the tourism industry. The Association invited the TAAROC, TGAA and various billing institutions for consultation to avoid confrontation among parties involved and lessen the impact on the market mechanism. The resolution was been reported to the FSC.
28. The FSC requested the Association to collect the “integrated suggestion list of the Association for FHCs’ Company Law Article 43 and 48”, and to provide it to the FSC as a reference for amending the law.
29. The Association amended “FHCs Corporate Aovernance Auideline” and reported to the Banking Bureau of the FSC for approval. After amending the guideline in accordance with the opinions of the FSC, the amendments were approved and the FHCs were duly notified.
30. To improve and enhance the information system, the CBC Business Bureau requested that all CBC’s banking information should be encrypted. The Association completed the amendment and reported to CBC for approval.
31. The Banking Bureau of the FSC requested the Association to deliberate on the issue of whether there are disadvantages and restrictions for consumer deposit operation. After deliberations, the suggestions were reported to the FSC.



32. The Association cooperated with the Ministry of Justice and the competent authorities to continue deliberating and amending the “guidelines for banks preventing money-laundering” model. The decision was approved by the FSC and member institutions were duly notified.
33. The FSC requested the Association to deliberate on the “Accountable and Non-accountable Items for Typical Personal Internet Banking Service Contract” Article 13 and 14 amendment draft, and the relevant cases of fraudulent use of personal Internet banking, theft and hacking. After deliberations, the suggestions were reported to the FSC.
34. The FSC reviewed the necessary adjustment of the “Handbook for Counter Conversation with Customers”. The amendment was reported to the FSC.
35. In compliance with the request by the competent authority and Consumer Protection Commission of the Executive Yuan, BAROC drew up the “Typical Contract Template for Auxiliary Cash Card of Demand Savings Deposits” as well as its accountable and non-accountable items. Based on the resolution of the draft examination meeting, BAROC proposed suggestions to the Banking Bureau of the FSC and Consumer Protection Commission for reference.

C. Suggestions to Amend Existing Laws and Regulations with a View to Improving the Financial System

1. BAROC requested the competent authority to revise the scope of application for incorporating independent directors in public companies, and to relax the restriction on the establishment of independent directors in subsidiaries of financial holding companies. The amendment was approved and the financial holding companies were duly notified.
2. The member institutions reported to the Association that the deliberation of No. 0300 was to comply with BASEL I, therefore the “Committed financing limit” definition and the FSC amendment of the “Calculation method description and table of the bank capital and risk capital” do not apply to the regulation. After deliberations, the Association requested the member institutions not to apply to the regulations of No.0300. As for the accounting disposal, it was suggested that the various member institutions follow the relevant regulations of the FSC.
3. The Association collected the member institutions’ suggestions on “Civil succession amendment draft” to provide to the competent authorities for legislative reference.
4. The Association provided the suggested amendments to the “Civil Law-Property article amendment draft” to the Ministry of Justice for legislative reference.

5. The Banking Bureau of the FSC requested the Association to deliberate on the claim subject, scope, condition, responsibilities, and other contents of the execution of Bank Law Article 133.2. After the Association deliberated the processing principle, the suggestions were reported to FSC.
6. The member institutions' suggestions on the content of the "implementation guideline of real estate secured transaction law" draft were collected and provided to the competent authorities for reference.
7. The Association's amendment opinions on the Judicial Yuan's suggestions on content of the "Debt Clearing Law" draft were provided to the competent authorities for legislative reference.
8. The Association collected the member institutions' comments on the "Financial service law" draft and reported to the financial service association for deliberation and then provided it to the competent authorities for legislative reference.

□. (athering o) Financial In)ormation and Preparation o) Research Reports to Meet the □eeds)or the □evelopment o) Financial Businesses

1. The Association commissioned Lin Ji-Heng CPA of Lin H Partners Attorneys-at-Law to deliberate on the study report of "Secured creditors' restrictions" in the debt clearing law draft, and reported the results of the deliberation to the Judicial Yuan.
2. The Association established an ad hoc group to collect a total of 27 cases of "international compilation of suspected fraud", and reported the results to the member institutions for reference.
3. The Association published 6 journals in 2007 (No.37 to No.42). The reports were sent to the relevant units and the member institutions for reference.
4. The Association established an ad hoc group to complete the "study report for the audit personnel's role in New Basel Capital Accord" (including the internal audit required affairs list of the domestic bank implement Basel II). The report was sent to the Banking Bureau of FSC and the member institutions for reference.
5. To implement "Operating mechanism of members of BAROC cooperating in claims recovering from overseas bad loan accounts", the Association collected the successful cases to provide to the member institutions for reference.
6. To analyze the fraudulent accounts and to study the prevention method, the Association commissioned Dr. □ie Wen-Yen, from the Central Police University Institute for Crime Prevention, to process and to complete the "prevention of fraudulent accounts' study" ad hoc study report, and to report to the FSC.



E. Provision of Financial Information to the Public and Participation in Financial Security and Charity Activities

1. The IC card marketing and promoting activities held by the Association were as follows:

- (1) Offering a 10% discount off the entrance ticket to the “Yilan International Children’s Folklore & Folkgame Festival” by using IC card in July 2007.
- (2) Holding the “2007 financial knowledge carnival” in October.
- (3) Drawing for Yilan Hostel Association industry discount coupons and free IC Card sponsored accommodation of the “Yi-Jia — Yi-Shu”, held in November, 2007.
- (4) Offering a 20% discount off the “IC card Chung Hsing Textile annual promotion” activity and giving optional free gifts of socks and masks when using the IC card in the shops in November 2007.

2. The Association communicated with the Banking Bureau and the member institutions’ consumer protection hotline, entertained member institutions’ customer complaints online, and tried to find the dispute points for coordination and resolution. The number of dispute cases (excluding credit card business) handled in 2007 was 202.

3. The one-stop window for credit card claims of BAROC received a total of 555 appeals (503 calls) in 2007. Of these appeals, 105 were related to the collection of payments; 147 were related to credit card family repayments on behalf of card holders; 20 were related to credit cards being used by others or cash advances being falsely withdrawn; 171 were related to use of credit card or fee charging; 57 were related to credit information registered in JCIC; 23 were related to shops with special credit arrangements; and the remaining 32 were classified as others. All the cases were dealt with through the coordination of the window and relevant credit card institutions.

4. The service window for debt consultations of BAROC received the following cases in 2007:

- (1) 35,752 calls: ①28,885 (80.8%) were direct reply calls. ②1,191 (3.3%) were calls about debt clearing issues. ③3,598 (10.1%) were calls pertaining to debt restructuring, 10.1%. ④2,078 (5.8%) were calls unrelated to debt restructuring.
- (2) 3,402 inquiry cases were transferred to the member institutions for consultation: ①1,987 cases reached an agreement. ②1,415 cases did not reach an agreement. ③186 cases did not relate to debt restructuring. The rate for reaching an agreement was 58.4% [$1,987 / (1,987 + 1,415) = 58.4\%$].
- (3) 1,514 cases were taken over from the Banking Bureau of the FSC. Of these cases: ①481 were missing, requiring employment consultation or emergency relief (not including in the scope of

- debt restructuring); ②715 reached an agreement (373 males, 317 females); and ③318 did not reach an agreement. The rate for reaching an agreement was 69.2% $[715 / (715+318) = 69.2\%]$.
5. BAROC communicated with the media and assisted in issuing a news release for all major financial operations and measures. A total of 12 news releases were issued in 2007.
 6. BAROC assisted the heirs of member banks' clients in finding any legacies left behind, such as deposits or objects kept in safe deposit boxes, by preparing form letters for such purposes and transmitting such letters to the member banks concerned. The Association handled 52 such queries in 2007.
 7. The Association collected information on and drew up the lists of "Debt Collection Organizations that Passed the Evaluation of Member Institutions" and "External Loan Marketing Organizations that Passed the Evaluation of Member Institutions". The information was published on the BAROC website.
 8. The Association collected information about cash card interest rates and service fees, as well as penalties for prepayment of loans of all member institutions and disclosed the information on the BAROC website for reference to the general public.
 9. In coordination with the Banking Bureau of the FSC, the Association printed a booklet on "10 Questions for Consumer Finance IV & V" to be used for consumer education.
 10. In coordination with the FSC, BAROC participated in the exhibition and promotional activities of Bio Taiwan 200 from July 26 to 29 with the theme "Financial Concept of the Hi-tech People".
 11. In coordination with the competent authority, BAROC rendered the relevant manpower support as well as assisted in broadcasting the "2007 Series of New Consumer Lifestyle Activities - Safe Consumption, Fun Shopping" held at Fisherman's Wharf, Tamsui, on September 15, 2007.
 12. BAROC participated in the "Financial knowledge Carnival" activity held by the FSC and the nine stalls set up by the Banking Bureau and the relevant units at the Sun Yat-Sen Memorial Hall at 10:00 to 17:00 on October 27, 2007. The Association provided fliers and souvenirs on site, and employees were sent to assist with the activity.
 13. To continue to promote "National fee (tax) payment operation" and reward the financial institutions with good promoting efficiency, BAROC held "National fee (tax) payment operational result release" exhibition ceremony and the "Moving towards fee (tax) diversification of financial electronic payment environment" forum at the Taipei International Convention Center on November 26, 2007. The relevant activity photos, news, and discussions were sent to the various member institutions for the promotion of educational training and operation promotion.



14. To meet the Banking Bureau's advocacy of the five major activities of "2015 first phase of the three year economic development plan", BAROC established a link in the Association's website and also requested the member institutions to establish a link with "Executive Yuan's financial markets package plan" on their website. The information was also published in the 38th monthly journal of the Association to facilitate the advocacy of the activity.

F. Sponsoring Professional Seminars and Lectures on Finance and Other Activities

1. In order to strengthen the teaching skills of the financial knowledge advocacy lecturer and the course content, BAROC and the national federation of credit cooperatives held the "Financial knowledge advocacy lecturers' training seminar", at Victoria Hotel, on January 19, 2007.
2. BAROC and DigiTimes held "Taiwan Financial Industry IT application and management seminar", at 201 A, B, C conference rooms of the Taipei International Convention Center, on March 22, 2007. Representatives of the member institutions were invited to participate in the seminar.
3. To correspond with the Banking Bureau of the FSC, BAROC and the National Federation of Credit Cooperatives held "Financial lecturers in promoting financial management training courses" in April, 2007. The Association requested the member institutions to send lecturers and appointed the credit card business committee to form and plan the training affairs for financial management promoting lecturers. There were 71 qualified lecturers trained to support the school financial advocacy activities in May 2007.
4. In order to assist the member institutions to develop the relevant operation and management personnel of EMV IC credit card, the national IC credit card switching scheme ad hoc office of BAROC held on May 4, 7 and 8, 2007 a total of 13 courses on introduction, establishment, management and application, and operation system of EMV IC credit card. There were about 100 representatives of the member institutions participating in each course.
5. The "Current domestic and foreign economic and financial situation" seminar was held at the second conference room of the Association on May 11, 2007. The seminar hosted by Dr. Liang Guo-Yuan, president of the GERI.
6. BAROC held 57 training courses on "Banking Industry Employee Safety and Health Management On-the-job Training" from May 28 to November 22, 2007, in Taipei, Hsinchu, Taichung, Changhua, Tainan, Kaohsiung and Hualien. A total of 4,066 participants from 50 member institutions attended the training courses.

7. BAROC held 68 training courses on “Banking Industry Occupational Emergency Assistant Personnel On-the-job Training” from June 4 to October 29, 2007 in Taipei, Hsinchu, Taichung, Changhua, Tainan, Kaohsiung and Hualien. A total of 3,859 participants from 52 member institutions (including Taiwan Cooperative Bank) attended the training courses.
8. To keep members updated on the new “UCP600” that was formally implemented on July 1, 2007, the Association held seminars of “Analysis of UCP600 and ISBP amendment focus and trade practice” and on “Trade companies’ UCP600 guideline” in the second conference room of the Association on June 12 and 13, 2007, respectively. Representatives of the member institutions were invited to participate in the seminar.
9. The Judicial Yuan, in order to amend insolvency law, advocated and collected comments of the “Liquidation of debt” draft from various industries. The seminar on “procedure of liquidation of debt” was held by the Judicial Yuan in the second conference room of the Association on June 22, 2007. Relevant representatives of the Judicial Yuan and the banking sectors were invited to the seminar.
10. To enhance the understanding of financial institutions on the IC card network application security mechanism and its system development, the “IC card network application security conference” and “IC card network application security system development conference” were held in June and October 2007, respectively.
11. A forum on the “Impact and correspondence on the domestic financial industry from Doha talks” was held in the second conference room of the Association on July 16, 2007. Wang Chien-Ping, head of multilateral trade group of the International Trade Bureau, Ministry of Economic Affairs Bureau was invited to host the conference.
12. To provide the member institutions with the relevant credit operation laws and practical experience of cross-strait and OBU, BAROC held the “Bank’s overseas credit practice operation seminar” in the second conference room of the Association on August 23, 2007.
13. To allow every industry to understand the transaction mechanism and the legal relation of credit cards, and to further enhance their understanding of criminal credit card methods, the BAROC appointed the TABF to hold the 15th and 16th “Credit card business and legal affair seminar” at Taipei Tien Lai Spring Resort on September 20, 21, 27 and 28, 2007. Some 100 people, including judges, prosecutors, and representatives of the Banking Bureau of FSC and of member institutions of BAROC participated in the seminar.



14. To meet the provision amendment of the civil law-property and its implementation method (secured property), the Ministry of the Interior announced and implemented the relevant mortgage regulations, transfer lease, etc. registration book format on September 28, 2007. There were still difficulties at the initial operation, and to avoid affecting financial operations, the Association held the “2007 land registration rules-new mortgage contract format seminar” in the second conference room of the Association, on October 5, 2007. Personnel from the office of the monetary authorities were invited.
15. To enhance the professional abilities of auditors, the Association held the “2007 Tokyo audit business trip seminar” on October 8 and the “New Basel Capital Accord auditor seminar” on December 18, 2007 in the second conference room of the Association. Summary reports on both seminars (including the deliberated contents and the suggestions) were presented to the industry for reference.
16. To encourage further communication and the exchange of information on financial dispute cases and consumer issues disposal principal, BAROC corresponded with the Banking Bureau of FSC to appoint TABF to hold “Consumer dispute case of national consumer protection bank officers seminar” at Hotel Royal Chiao His, on November 1 and 2, 2007. There were around 50 people participated in the seminar, including consumer protection officers, representatives of CPC, representatives of the Banking Bureau of the FSC and the representatives of the financial industry.
17. BAROC and Taiwan’s Technology Integration Service Center held the “Bank Tellers financing seminar on intellectual property” in the second conference room of the Association, on November 21, 2007. Representatives of the member institutions were invited to participate in the seminar.
18. BAROC held the 5th “Consumer debt liquidation regulations practice seminar” in the second conference room of the Association, on November 23 to December 5, 2007. Representatives of member institutions were invited to participate in the seminar.
19. On November 27, 2007, BAROC invited Professor Chang Chin-Oh from National Chengchi University to speak on “Current Situation and Prospect of Taiwan Real Estate Market”. Representatives from member institutions were invited to participate in the lecture.
20. To increase electronic transaction security, and deliberate on the changes of old certificate expiry dates, replacement operation measures and technical specifications, etc., BAROC held “FEDI certificate replacement ad hoc seminar” in the second conference room of the Association, on November 28, 2007. Representatives of member institutions were invited to participate.

21. BAROC held the “Prevention of international fraud cases” seminar in the second conference room of the Association on December 20, 2007. Representatives of member institutions were invited to participate.

22. To assist the credit card industry to further understand the domestic and international counterfeiting dynamic and control, and the current IC credit card application, system



▲ “The new state and outlook of current real estate” seminar.

integration and future development direction, the national IC credit card switching scheme ad hoc office of BAROC held nine courses on credit card counterfeit analysis and multi-purpose applications on December 25 and 26, 2007. There were around 100 people from member institutions who participated in each course.

23. BAROC invited Taiwan’s SWIFT Country Manager — Tracy and SWIFT Product Manager to introduce the latest SWIFT products, and describe the latest product development information of TSU, SWIFTNet Funds in Taiwan, SWIFTNet mail, SWIFTNet Fileact, SWIFTNet Cash reporting, SWIFT for Corporates solution, etc. to the member institutions during every seasons’ SWIFT user meeting in 2007. The relevant SWIFT personnel were regularly invited to explain the SWIFTNet converting guideline and the updated relevant information to improve the relevant domestic talent training.

□. Holding of or Participation in Global Financial Conventions and Exchange Activities

1. To cooperate with the second evaluation work of the Asia/Pacific Group on Money Laundering, the APG visited the Association and reported the relevant matters on February 1, 2007 to help accomplish the evaluation.
2. The Association sent personnel to participate in the IFN Forum annual meetings held in February, April, July, and October, to assist the review of the relevant documentation presented by the organization, and make suggestions focusing on the domestic standard application.
3. The Association sent personnel to participate in the “UN/CEFACT meetings”, held in March and September 2007, to master the latest international standard development trend of financial electronic information.



4. The Association sent personnel to participate in the semi-annual meeting and the relevant seminars, held on April 24 to 27, 2007, in Singapore, and completed UCP600, ISBP and “URDG”.
5. A representative of Belopromstroibank JSC Bank visited the Association, on June 5, 2007 to discuss possible cooperation on project financing, mutual inter-bank lending and construction financing, and syndicated loans.
6. Mr. Click, professor of George Washington University, visited the Association, on June 29, 2007, to exchange opinions on the current Taiwan banking industry situation.
7. The 20th World Chinese Banking Amity Conference was held on September 2 to 4, 2007, in The Grand Hotel, Taipei. It was hosted by the Association’s chairman, Mr. Hsu, and the relevant conference matters were handled by the Overseas Compatriot Affairs Commission and assisted by the Association. More than 100 people from 30 regions participated in the conference.
8. To enhance the domestic banking industry’s participation and influence on the international financial affairs, the Association participated in the SIBOS conference held by the Global Financial Telecommunications Association in Boston on October 1 to 5, 2007. The briefings were reported to the Association.
9. The Association sent representatives to participate in the 24th Annual Meeting and Seminar, held by Asian Bankers Association in Hong Kong, on November 1 and 2, 2007, to expand Taiwan’s financial activities space, and promote the financial industry exchange, liberalization and internationalization.



▲ The 20th World Chinese Banking Amity Conference.

VIII. Appendices

Appendix 1 Financial and Business Summary of Domestic Banks

as of December 31, 2007

Bank	Deposits (NT\$ million)	Loans (NT\$ million)	Notional Amounts Outstanding of Derivatives (US\$ million)	Assets (NT\$ million)	Equities (NT\$ million)
Bank of Taiwan	2,509,014 (2,176,494)	1,911,604 (1,472,043)	8,098 (5,887)	3,087,269 (2,700,182)	239,988 (210,237)
Land Bank of Taiwan	1,670,174 (1,619,241)	1,436,854 (1,348,209)	465 (652)	1,916,405 (1,855,450)	101,062 (100,071)
Taiwan Cooperative Bank	1,998,654 (1,917,281)	1,719,370 (1,703,126)	5,821 (7,340)	2,440,706 (2,382,381)	102,392 (97,688)
First Commercial Bank	1,287,330 (1,252,513)	1,062,944 (964,335)	23,423 (12,074)	1,710,707 (1,693,732)	90,153 (87,307)
Quana Commercial Bank	1,318,371 (1,308,629)	1,046,100 (1,008,975)	8,836 (6,243)	1,719,297 (1,714,558)	77,998 (76,523)
Chang Gwa Commercial Bank	1,050,190 (1,060,496)	905,467 (861,425)	3,331 (2,083)	1,326,533 (1,366,415)	85,557 (85,500)
Ching Yi Bank	214,779 (-)	132,674 (-)	1,179 (-)	282,356 (-)	50,366 (-)
The Shanghai Commercial - Savings Bank	422,033 (359,049)	284,581 (255,633)	1,200 (1,022)	601,748 (518,872)	60,734 (56,843)
Taipei Fubon Bank	835,647 (802,964)	654,634 (607,445)	54,845 (36,870)	1,144,145 (1,118,886)	75,951 (71,474)
Cathay United Bank	1,020,416 (911,310)	757,510 (666,453)	23,620 (19,198)	1,287,367 (1,177,037)	81,425 (72,515)
The Export/Import Bank of the Republic of China	- (-)	71,024 (61,712)	238 (218)	77,441 (72,765)	18,080 (17,890)
Bank of Kaohsiung	130,526 (123,279)	110,744 (98,120)	69 (188)	156,853 (146,952)	10,461 (10,627)
21st Century International Commercial Bank	1,289,290 (1,116,477)	1,193,997 (1,118,387)	19,184 (23,483)	1,951,405 (1,820,434)	152,865 (151,774)
China Development Industrial Bank	29,834 (19,531)	84,671 (72,951)	17,148 (5,220)	302,961 (273,635)	141,964 (154,882)
Industrial Bank of Taiwan	54,893 (43,043)	58,258 (49,691)	1,627 (2,752)	116,047 (111,959)	27,554 (26,439)
First Capital Commercial Bank	35,808 (-)	25,653 (-)	- (-)	41,241 (-)	4,366 (-)
Chang Gwa Bank	90,772 (87,042)	85,322 (76,299)	29 (26)	103,845 (97,438)	7,192 (7,092)
Taiwan Shin Kong Commercial Bank	329,084 (291,123)	274,208 (232,856)	1,640 (1,817)	385,703 (351,613)	21,190 (19,913)
Sunny Bank	210,391 (216,260)	171,174 (182,586)	51 (24)	244,797 (254,276)	12,629 (13,808)
Bank of Panhsin	146,151 (158,924)	126,274 (140,659)	- (-)	171,934 (191,204)	9,884 (9,659)
Cota Commercial Bank	93,359 (95,675)	79,086 (79,195)	14 (17)	103,575 (108,050)	5,301 (5,322)
Ching Yi Bank of Taiwan	286,768 (296,604)	203,323 (204,699)	604 (440)	363,637 (379,522)	17,205 (18,777)
The Chinese Bank	83,634 (169,720)	63,775 (118,140)	13 (109)	90,676 (197,784)	-32,587 (10,017)



Unit: NT\$million, US\$million

Item Bank	Deposits (NT\$ million)	Loans (NT\$ million)	Notional Amounts Outstanding of Derivatives (US\$ million)	Assets (NT\$ million)	Equities (NT\$ million)
Far Eastern International Bank	281,299 (266,267)	221,362 (222,211)	5,778 (3,941)	360,972 (343,953)	19,040 (19,754)
Yunta Commercial Bank	273,644 (281,145)	239,015 (227,939)	5,415 (869)	345,832 (346,004)	21,935 (14,151)
Bank Sinopac Company Limited	811,336 (766,250)	597,612 (585,961)	36,774 (28,135)	999,939 (996,052)	60,917 (64,082)
E. Sun Commercial Bank	621,534 (529,789)	513,222 (438,440)	7,976 (9,169)	793,935 (739,751)	47,392 (40,979)
Comos Bank, Taiwan	158,200 (209,363)	116,235 (136,926)	35 (75)	206,551 (251,271)	32,666 (16,604)
Bowa Bank	88,495 (165,840)	58,699 (101,815)	0 (-)	82,545 (181,268)	-34,964 (3,792)
Taishin International Bank	730,199 (669,698)	554,011 (519,314)	60,866 (59,292)	922,248 (858,099)	48,485 (39,137)
Ta Chong Bank	240,961 (272,770)	215,122 (238,756)	6,035 (9,418)	314,171 (407,732)	22,875 (14,987)
Jih Sun International Bank	214,344 (213,888)	162,436 (173,728)	1,182 (1,011)	250,195 (266,762)	10,441 (12,079)
EnTie Commercial Bank	209,383 (238,495)	181,624 (221,266)	1,535 (1,612)	286,889 (314,340)	13,039 (16,357)
Chinatrust Commercial Bank	1,100,243 (1,153,181)	795,573 (776,090)	173,686 (131,422)	1,495,246 (1,480,073)	103,403 (70,161)
Chinfon Commercial Bank	86,100 (122,426)	48,132 (69,576)	- (6)	97,596 (145,938)	-692 (7,498)
Taiwan Business Bank	945,385 (883,675)	826,285 (739,515)	1,834 (1,281)	1,127,815 (1,079,762)	40,123 (39,647)
Standard Chartered Bank	390,918 (-)	278,319 (-)	47,200 (-)	486,452 (-)	21,223 (-)
Taichung Commercial Bank	240,894 (243,083)	191,595 (185,242)	287 (52)	263,525 (259,343)	16,178 (7,302)
King's Town Bank	152,379 (171,819)	129,446 (140,407)	- (-)	171,488 (196,620)	11,350 (11,066)

Remarks: 1. Figures in () are data for 2006.

2. The order of the table is based on that of the Financial Business Statistics.

3. The Seventh Commercial Bank was merged into Cathay United Bank on January 1, 2007.

Standard Chartered Bank moved all the company's operations and assets to the subsidiary HsinChu Commercial Bank, on June 30, 2007, and HsinChu Commercial Bank changed its name to Standard Chartered Bank on July 2, 2007.

Central Trust of China was merged into Bank of Taiwan on July 1, 2007.

First Credit Cooperative of Taipei became First Capital Commercial Bank on July 1, 2007.

Chinatrust Commercial Bank took over all operations, assets, and liabilities of Hualien Business Bank on September 8, 2007.

ABN AMRO Bank took over all operations, assets, and liabilities (not including retained assets and liabilities) of Taidong Business Bank on September 22, 2007.

Fuhwa Commercial Bank changed its name to Yunta Commercial Bank on September 23, 2007.

Citi Bank (Taiwan) (The subsidiary of Citi Bank Group established in Taiwan) took over all operations, assets, and liabilities of Bank of Overseas Chinese on December 1, 2007.

Source: Banking Bureau, Financial Supervisory Commission, Executive Yuan.

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Region	Countries	Institutions	Total	Branches	Representative Offices	Other
Asia-Pacific	Mainland China		8	-	7	1
	Japan		6	6	-	-
	Indonesia		8	-	1	7
	India		1	1	-	-
	Palau		1	1	-	-
	Cambodia		1	1	-	-
	Hong Kong		26	15	2	9
	Thailand		6	-	3	3
	Malaysia		4	2	-	2
	Philippines		29	2	2	25
	Vietnam		32	7	12	13
	Singapore		7	6	1	-
	Australia		4	4	-	-
	Macau		3	1	-	2
		Subtotal		136	46	28
West Asia	Bahrain		1	-	1	-
Europe	Belgium		1	-	-	1
	Poland		1	-	1	-
	French		1	1	-	-
	United Kingdom		6	5	1	-
	Netherlands		1	1	-	-
		Subtotal		10	7	2
North America	Canada		9	2	-	7
	U.S.A.		74	23	1	50
		Subtotal		83	25	1
Central and South America	Brazil		1	-	1	-
	Panama		3	2	1	-
	Salvador		1	1	-	-
		Subtotal		5	3	2
Africa	South Africa		1	1	-	-
Grand Total			236	82	34	120

Source: Banking Bureau, Financial Supervisory Commission, Executive Yuan, February 2008.



Appendix 3: Number of Branches and Representative Offices of Foreign Banks in ROC by Region and Country

As of December 31, 2007

Region	Countries	Institutions	Foreign Banks with Branches in Taiwan	Branches	Representative Offices
Asia-Pacific	Japan		3	4	-
	Hong Kong		2	10	2
	Thailand		1	3	-
	Philippines		1	1	2
	Singapore		3	3	-
	Australia		1	1	-
	Subtotal		11	22	4
Europe	Belgium		2	4	-
	Spain		-	-	1
	French		3	4	1
	United Kingdom		2	2	-
	Netherlands		2	28	-
	Swiss		1	1	1
	Sweden		-	-	1
	Germany		1	1	2
	Subtotal		11	40	6
North America	U.S.A.		8	19	3
	Canada		1	1	1
	Subtotal		9	20	4
Africa	South Africa		1	1	-
Grand Total			32	83	14

Source: Banking Bureau, Financial Supervisory Commission, Executive Yuan, February 2008.

Appendix & Chronology of (a)or * vents in 2007

- January 19 Training seminar on Identification of the Authenticity of New National ID Card was held at 14:30 to 17:00 in the Bank Association, Kaohsiung City (Address: Conference room, 5F, No. 77, : i-; en Rd., Tsuing Dist., Kaohsiung City).
- January 25 The 24th Joint Meeting of the 8th Board of Directors and Supervisors was held.
- February 8 The 2nd Ad Hoc Board of Directors meeting of the 8th General Assembly was held.
- March 29 The 25th Joint Meeting of the 8th Board of Directors and Supervisors was held.
- April 11 The “Margin financing seminar of digital content and cultural creative industry”, hosted by the Ministry of Economic Affairs, was held at 14:00 at the Association.
- April 26 The 6th Board of Directors meeting of the 8th General Assembly was held.
- April 24-27 The meeting of International Chamber of Commerce Bank Technology Practice Committee was held in Singapore. The Association was represented by Mr. Chen Yong-Fu.
- May 8 The Association re-developed the application content and procedure of “e-commerce business volume table” to correspond with the development of the e-commerce flow and the e-finance changes. The seminar was held in the second conference room of the Association at 14:30.
- May 11 The “Current domestic and foreign economic and financial situation” seminar was held in the second conference room of the Association at 14:00 to 17:00, hosted by Dr. : iang Guo-Yuan, president of the GERI.
- May 31 The 26th Joint Meeting of the 8th Board of Directors and Supervisors was held.
- June 12 The second “e-commerce business volume table” seminar was held in the second conference room of the Association at 10:00.
- June 12-13 The “UCP practice seminar” was held in the second conference room of the Association .
- June 22 The Judicial Yuan, in order to amend insolvency law, advocated and collected comments of the “ : iquidation of debt ” draft from various industries. The “procedure of liquidation of debt” seminar was held by the Judicial Yuan at 14:00 to 17:00. Judge, ; ang Jin-: ong (Office of the Judicial Yuan for the civil B dge and acting President) and the relevant representatives of the Judicial Yuan and the banking sectors were invited to exchange opinions.
- June 25 To enhance the understanding of financial institutions on the IC card network application security mechanism and its system development , the “IC card network application security conference” was held.
- June 28 The 27th Joint Meeting of the 8th Board of Directors and Supervisors was held.
- July 1 BAROC held the seminar on “UCP600” to help member institutions gain a clearer understanding of the new rules.
- July 16 The “Impact and correspondence on the domestic financial industry from Doha talks” was held in the second conference room of the Association at 14:00 to 17:00. ; ang Chien-Ping, head of multilateral trade group of the International Trade Bureau, Ministry of Economic Affairs Bureau was invited to host the conference.
- July 26 The 28th Joint Meeting of the 8th Board of Directors and Supervisors was held.
- August 30 The 29th Joint Meeting of the 8th Board of Directors and Supervisors was held.



- September 18 The first “Practical manual of the banking industry risk factors” conference was held at 9:00 to 16:00.
- September 21 The 1st Board of Directors meeting of the 9th General Assembly was held.
- September 28 There were several correction and withdrawal cases on the banking industry handling mortgage registration procedure. In order to avoid affecting the scheduling of the business sector funds, the “2007 land registration rules-new mortgage contract format seminar” was held. The authority representatives and the industry were invited to exchange opinions.
- October 5 To meet the provision amendment of the civil law-property and its implementation method (secured property), the Ministry of the Interior announced and implemented the relevant mortgage regulations, transfer lease, etc. registration book format on September 28, 2007. There were still difficulties at the initial operation, and to avoid affecting financial operations, the authorities personnel were invited to advocate and promote. The conference was held in the second conference room at 9:00.
- October 8 The FSC inspection bureau formed the overseas delegation with representatives of TABF, 14 domestic FHCs, 24 banks and financial information companies in June 2007, and exchanged ideas on the financial industry auditing and Act feasibility with the Japanese Sumitomo Mitsui, Mizuho and Shinsei, etc. banks. The issues discussed included: internal audit organization, improving of audit quality, inspection skill and computer audit, and the various operation auditing. The content can be used as a reference for the domestic banks. To assist the banks who weren’t able to participate to understand the relevant content and allow the members to be familiar with the operation, the record team that participated in this delegation was invited to host this seminar, provide descriptions and suggestions for the domestic and international audit trend. The “2007 Tokyo audit business trip seminar” was held at the second conference room of the Association at 9:00 to 11:50.
- October 25 The 1st Joint Meeting of the 9th Board of Directors and Supervisors was held.
- November 1-2 The 24th Asian Bankers Association Annual Meeting was held in Hong Kong by the Asian Bankers Association. BAROC was represented by Director Ou, Shing-Shiang from Bank of Taiwan.
- November 2 The second “Practical manual of the banking industry risk factors” conference was held at 9:00 to 16:00.
- November 27 “The new state and outlook of current real estate” seminar hosted by Dr. Chang Chin-Oh, Professor of NCCU was held in the second conference room of the Association at 14:00 to 17:00.
- November 28 To assist the member units to understand the changing and operating mechanism of the FEDI system certificate specifications, the “FEDI certificates replacement ad hoc conference” was held at 9:30 to 16:00.
- December 6 The 2nd Joint Meeting of the 9th Board of Directors and Supervisors was held.
- December 18 In accordance with the new Basel Capital Accord implementation schedule regulated by FSC, the various banks should report the capital adequacy rate audit report by the end of 2007 and disclose the information and review starting from 2008. To enhance the professional abilities of the auditors, the “New Basel Capital Accord auditor seminar” was held in the second conference room of the Association.

Appendix +: , list of (member Banks of BAROC

As of December 31, 2007

Institution	Position	Name	Telephone	Fax	Address	Web Site
Bank of Taiwan	Chairman President	Jer-shyong Tsai Tse-Cheng Lo	(02)23493456	(02)23315840	No.120, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C.	www.bot.com.tw
Land Bank of Taiwan	Chairman President	Fan-Chih Wu Ching-Nien Tsai	(02)23483456	(02)23757023	No.46, Kuan Chien Road, Taipei, Taiwan 100, R.O.C.	www.landbank.com.tw
Taiwan Cooperative Bank	Chairman President	Teh-Nan Hsu An-Shiung Chen	(02)23118811	(02)23890704	No.77, Kuan Chien Road, Taipei, Taiwan 100, R.O.C.	www.tcb-bank.com.tw
First Commercial Bank	Chairman President	Michael C.S. Chang Chin-Yun Wu	(02)23481111	(02)23892967	No.30, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C.	www.firstbank.com.tw
Hua Nan Commercial Bank	Chairman President	Ming-Cheng Lin David J.Y. Lee	(02)23713111	(02)23316741	No.38, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C.	www.hncb.com.tw
Chang Hwa Commercial Bank	Chairman President	Yung-San Lee Huai-Chou Chen	(02)25362951	(02)25716871	No.57, Section 2, Chungshan North Road, Taipei, Taiwan 104, R.O.C.	www.chb.com.tw
Citibank Taiwan Limited	Chairman President	Ming-Shien Li Kuo-Ling Kuan	(02)23715181	(02)23814056	No.8, Shiangyang Road, Taipei, Taiwan 100, R.O.C.	www.booc.com.tw
The Shanghai Commercial & Savings Bank, Ltd.	Chairman President	Hung-Ching Yung Yi-Jen Chiu	(02)25817111	(02)25318501	No.2, Section 1, Minchuan East Road, Taipei, Taiwan 104, R.O.C.	www.scsb.com.tw
Taipei Fubon Commercial Bank Co., Ltd.	Chairman President	Daniel M. Tsai Jesse Y. Ding	(02)27716699	(02)27736769	23F., No.169, Sec. 4, Ren-ai Rd, Taipei, Taiwan 106, R.O.C.	www.taipeifubon.com.tw
Cathay United Bank	Chairman President	Gregory K.H. Wang Tsu Pei Chen	(02)87226666	(02)87898789	No.7, Songjen Road, Taipei, Taiwan 110, R.O.C.	www.cathaybk.com.tw
The Export- Import Bank of the Republic of China	Chairman President	Sheng-Yen Lii Ming-Jen Chen	(02)23210511	(02)23940630	8F., No.3, Nan Hai Road, Taipei, Taiwan 100, R.O.C.	www.eximbank.com.tw
Bank of Kaohsiung	Chairman President	Wu-Hsiung Chou Wu-Hu Chung	(07)5570535	(07)5580529	No.168, Po Ai 2nd Road, Kaohsiung, Taiwan 813, R.O.C.	www.bok.com.tw
Mega International Commercial Bank Co., Ltd.	Chairman President	Shen-Chih Chen Yu-Tsai Tsai	(02)25633156	(02)23569169	No.123, Section 2, Chung Hsiao East Road, Taipei, Taiwan 100, R.O.C.	www.megabank.com.tw
Agricultural Bank of Taiwan	Chairman President	William Huang Wei-Hao Ding	(02)23805100	(02)23805252	No.71, Kuan Chien Road, Taipei, Taiwan 100, R.O.C.	www.agribank.com.tw
China Development Industrial Bank	Chairman President	Angelo J.Y. Koo Jeffrey Suen	(02)27638800	(02)27660047	No.125, Section 5, Naking East Road, Taipei, Taiwan 105, R.O.C.	www.cdibank.com
Industrial Bank of Taiwan	Chairman President	Kenneth C. M. Lo Henry W. Pang	(02)23451101	(02)87893568	No.97, Sung Jen Road, Taipei, Taiwan 110, R.O.C.	www.ibt.com.tw
Taiwan Business Bank	Chairman President	Jin-Fong Soo Hsin-Ji Huang	(02)25597171	(02)25507942	No.30, Ta Cheng Street, Taipei, Taiwan 103, R.O.C.	www.tbb.com.tw
Standard Chartered Bank	Chairman President	Chih-Wei Wu Kan-Che Mai	(03)5245131	(03)5250977	No. 106, Zhongyan Road, HsinChu, Taiwan 300, R.O.C.	www.standardchartered.com.tw
Taichung Commercial Bank	Chairman President	Shiu-Nan Huang Yu-Ying Chung	(04)22236021	(04)22240748	No.87, Minchuan Road, Taichung, Taiwan 403, R.O.C.	www.tcbbank.com.tw
King's Town Bank	Chairman President	Song-Huei Su Ming-Tai Chen	(06)2139171	(06)2136885	No.506, Section 1, His Men Road, Tainan, Taiwan 700, R.O.C.	www.ktb.com.tw



Institution	Position	Name	Telephone	Fax	Address	Web Site
First Capital Commercial Bank	Chairman President	Cheng-Yi Wang Ya-Tse Tsai	(02)25575151	(02)25573636	No.133, Section 2, Yen Ping North Road, Taipei, Taiwan 103, R.O.C.	www.fccb.com.tw
Hwatai Bank	Chairman President	Min-Hsiung Lin Thomas C.W. Lee	(02)27525252	(02)27775213	No.246, Section 2, Chang An East Road, Taipei, Taiwan 104, R.O.C.	www.hwataibank.com.tw
Taiwan Shin Kong Commercial Bank	Chairman President	Patrick C.J. Liang Tseng-Chang Lee	(02)23895858	(02)23120164	27F., No.66, Section 1, Jhongsiao W. Rd., Taipei, Taiwan 100, R.O.C.	www.skbank.com.tw
Sunny Bank Ltd.	Chairman President	Sheng-Hong Chen San-He Chou	(02)28208166	(02)28233414	No.88, Section 1, Shihpai Road, Taipei, Taiwan 112, R.O.C.	www.sunnybank.com.tw
Bank of Panhsin	Chairman President	Ping-Hui Liu Mark Shieh	(02)29629170	(02)29572011	2F, No.18, Cheng Du Street, Panchiao City, Taipei Country, Taiwan 220, R.O.C.	www.bop.com.tw
Cota Bank	Chairman President	Chun-Tse Liao Ying-Che Chang	(04)22245161	(04)22275237	No.59, Shfu Road, Taichung, Taiwan 400, R.O.C.	www.cotabank.com.tw
Taiwan Post Co.	Chairman President	Yuan-Shuan He Min-Yu Wu	(02)23931260	(02)23911209	No.55, Section 2, Jinshan South Road, Taipei, Taiwan 106, R.O.C.	www.post.gov.tw
Union Bank of Taiwan	Chairman President	Shiang-Chang Lee Jeff Lin	(02)27180001	(02)27174093	No. 109, Section 3, Mingshen East Road, Taipei, Taiwan 105, R.O.C.	www.ubot.com.tw
The Chinese Bank	Chairman President	Lien-Yi Chen Tien-Hsiung Chen	(02)55586666	(02)55588673	No.6, Section 1, Chung Hsiao west Road, Taipei, Taiwan 100, R.O.C.	www.chinesebank.com.tw
Far Eastern International Bank	Chairman President	Douglas T. Hsu Eli Hong	(02)23786868	(02)23779000	No.207, Section 2, Tunhwa South Road, Taipei, Taiwan 106, R.O.C.	www.feib.com.tw
Yuanta Commercial Bank	Chairman President	Ching-Chang Yen Chang-Mirng Her	(02)23801888	(02)23801864	No.4, Section 1, Chung Hsiao West Road, Taipei, Taiwan 100, R.O.C.	www.yuantabank.com.tw/bank
Bank SinoPac Company Limited	Chairman President	Paul C. Lo Angus Chen	(02)25063333	(02)81618485	No.36, Section 3, Nanjing East Road, Taipei, Taiwan 104, R.O.C.	www.banksinopac.com.tw
E. Sun Commercial Bank, Ltd.	Chairman President	Yung-Jen Huang Yung-Hsung Hou	(02)27191313	(02)27138713	No.115, 117, Section 3, Minsheng E. Rd, Taipei, Taiwan 100, R.O.C.	www.esunbank.com.tw
Cosmos Bank, Taiwan	Chairman President	Sheng-Fa Hsui Chien-Chu Hu	(02)27011777	(02)27849848	6F, No.39, Section 2, Tunhwa South Road, Taipei, Taiwan 106, R.O.C.	www.cosmosbank.com.tw
Bowa Bank	Chairman President	Nan-Hua Wang Wen-Hsiung Chang	(02)27568000	(02)27698829	3F, No.161, Section 5, Nanjing E. Rd., Songshan District, Taipei, Taiwan 105, R.O.C.	www.bowabank.com
Taishin International Bank	Chairman President	Thomas T.L. Wu Daniel M. Tsai	(02)25683988	(02)25234551	No.44, Section 2, Chungshan North Road, Taipei, Taiwan 104, R.O.C.	www.taishinbank.com.tw
Ta Chong Bank	Chairman President	Tien-Mao Chen Jerry Chen	(02)87869888	(02)87869800	12F., No.2, Section 5, Hsinyi Road, Taipei, Taiwan 110, R.O.C.	www.tcbank.com.tw
Jih Sun International Bank	Chairman President	Edward K.H. Chen Yu-Tsun Liu	(02)25615888	(02)25217698	No.10, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C.	www.jihsunbank.com.tw
EnTie Commercial Bank	Chairman President	Paul C.H. Chiu Jiunn-Chih Wang	(02)27189999	(02)27187843	2F., No.156, Section 3, Minsheng East Road, Taipei, Taiwan 105, R.O.C.	www.entiebank.com.tw
Chinatrust Commercial Bank	Chairman President	Charles Lo Jia-Wen Chen	(02)27222002	(02)27251499	No.3, Sung Shou Road, Taipei, Taiwan 110, R.O.C.	www.chinatrust.com.tw

Institution	Position	Name	Telephone	Fax	Address	Web Site
Chinfon Commercial Bank	Chairman President	Shi H. Huang Gregory C.P. Chang	(02)23114881	(02)23141068	No.1, Nanyang Street, Taipei, Taiwan 100, R.O.C.	www.chinfonbank.com.tw
Mega Bills Finance Co., Ltd.	Chairman President	Kuo-Hsiun Chuang Jung-Hsiung Lu	(02)23831616	(02)23822878	2-5F., No.91, Heng Yang Road, Taipei, Taiwan 100, R.O.C.	www.megabills.com.tw
China Bills Finance Corporation	Chairman President	Ming-Jih Lee Cheng-Ching Wu	(02)27021177	(02)27065540	No.14, Section 2, Tunhwa South Road, Taipei, Taiwan 106, R.O.C.	www.cbf.com.tw
International Bills Finance Corporation	Chairman President	Wei-Chi Liu Harvey Liu	(02)25181688	(02)25158430	10F., No.167, Section 2, Nanking East Road, Taipei, Taiwan 104, R.O.C.	www.ibfc.com.tw
Grand Bills Finance Corporation	Chairman President	Tsong-Hhuey Jih Ho-Sheng Wang	(02)87802801	(02)87884031	11F, No.560, Section 4, Chung Hsiao East Road, Taipei, Taiwan 110, R.O.C.	www.grandbill.com.tw
Hua Nan Financial Holding Co., Ltd.	Chairman President	Ming-Cheng Lin David J.Y. Lee	(02)23713111	(02)23310654	No.38, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C	www.hnfhc.com.tw
Fubon Financial Holding Co., Ltd.	Chairman President	Daniel M. Tsai Tien-Shing Kung	(02)66366636	(02)66360111	No.237, Section 1, Jianguo S. Rd., Taipei, Taiwan 106, R.O.C	www.fubongroup.com.tw
China Development Financial Holding Corp.	Chairman President	Chen-I Lin Angelo J.Y. Koo	(02)27638800	(02)27660047	No.125, Section 5, Naking East Road, Taipei, Taiwan 105, R.O.C.	www.cdibh.com
Cathay Financial Holding Co., Ltd.	Chairman President	Hong-Tu Tsai Tiao-Kui Huang	(02)27087698	(02)23252488	16F, No. 296, Section 4, Renai Road, Taipei, Taiwan 106, R.O.C.	www.cathayholding.com.tw
SinoPac Financial Holding Co., Ltd.	Chairman President	S.C. Ho Paul C. Lo	(02)81618888	(02)81618485	No.306, Section 2, Bade Road, Taipei, Taiwan 104, R.O.C.	www.sinopac.com
E. Sun Financial Holding Co., Ltd.	Chairman President	Yung-Jen Huang Yung-Hsung Hou	(02)21751313	(02)27199313	14F, No. 117, Section 3, Minsheng East Road, Taipei, Taiwan 105, R.O.C	www.esunbank.com.tw
Yuanta Financial Holding Co., Ltd.	Chairman President	Ching-Chang Yen Victor Ma	(02)23497988	(02)23754622	9F, No.4, Section 1, Chung Hsiao west Road, Taipei, Taiwan 100, R.O.C.	www.yuanta.com/chinese
Taishin Financial Holding Co., Ltd.	Chairman President	Thomas Wu Ke-Shiao Lin	(02)23268888	(02)37076889	No.118, Section 4, Renai Rd., Taipei, Taiwan 106, R.O.C.	www.taishinholdings.com.tw
Shin Kong Financial Holding Co., Ltd.	Chairman President	Dong-Chin Wu Hong-Chih Chen	(02)23895858	(02)23892868	No. 66, Section 1, Chung Hsiao west Road, Taipei, Taiwan 100, R.O.C.	www.skfhc.com.tw
Mega Financial Holding Co., Ltd.	Chairman President	Shen-Chih Cheng Mckinney Y.T. Tsai	(02)23578888	(02)33938755	20F, No. 123, Section 2, Chung Hsiao East Road, Taipei, Taiwan 100, R.O.C.	www.megaholdings.com.tw
First Financial Holding Co., Ltd.	Chairman President	Michael C.S. Chang Hsien-Chuan Huang	(02)23111111	(02)23119691	No.30, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C.	www.firstholding.com.tw
Jih Sun Financial Holding Co., Ltd.	Chairman President	Kuo-Ho Chen Jui-Hong Tai	(02)25048888	(02)25175408	14F, No. 111, Section 2, Nanjing East Road, Taipei, Taiwan 104, R.O.C.	www.jsun.com.tw
Waterland Financial Holdings	Chairman President	Wei-Chi Liu Harvey Liu	(02)25154567	(02)25010606	4F, No 167, Section 2, Naking East Road, Taipei, Taiwan 104, R.O.C.	www.waterland-fin.com.tw
Yuanta Securities Finance Co.	Chairman President	Li-Chiu Chang Yu-De Chuang	(02)23497988	(02)23755010	6F, No. 4, Section 1, Chung Hsiao West Road, Taipei, Taiwan 100, R.O.C.	www.yuantafinance.com.tw