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# I

## CHAIRPERSON'S STATEMENT

World economic performance plummeted in the last half of 2008 in response to the global financial tsunami that followed the subprime mortgage crisis in the United States. The speed and breadth of the contraction exceeded expectations, bringing a heavy blow to Taiwan's exports and industrial production and having a severe impact on private consumption and investment spending. Taiwan's economic growth rate plunged from 5.4% in the first half of the year to a negative 4.87% in the second half; growth for the year as a whole was estimated at a mere 0.06%, a severe reduction from 5.7% growth recorded in 2007. As corporate losses expanded, the unemployment rate rose

from 3.8% in January to 5.03% in December. Some domestic banks stepped on the Lehman Brothers, Iceland, and other financial land mines, and began to accumulate losses from September; banking profits for all of 2008, however, still showed an improvement of 14.5% over the year before. With the government's continuous reinforcement of financial risk controls and supervision, the non-performing-loan ratio in the banking system fell to 1.54% at the end of the year and the overall financial situation was relatively stable.

The Bankers Association of the Republic of China has always taken as its mission the provision of assistance to the government in implementing financial policy, the promotion of economic development, the coordination of relations among banks, and the advancement of the common interests of the banking industry. To help the government cope with the current financial turmoil and support its "Three Supports" measures in which the government supports banks, the banks



Ms. Susan S. Chang, Chairperson

support enterprises, and enterprises support workers, the Bankers Association established a “Self-regulating Debt Negotiation and Constraint Mechanism for Member Banks,” and “Member Bank Operating Guidelines for the Delayed Payment of Principal and Extension of Payment Terms on Home Loans to Involuntarily Unemployed Workers,” and provided operating capital support to “benevolent enterprises” which promised not to lay off workers during this economic downturn. The Bankers Association coordinated vigorously with member banks for the implementation of these measures so as to help enterprises and the public weather their operating and living difficulties, and to fully realize the results of the government’s economic revitalization and employment promotion policies.

In response to the implementation of the Consumer Debt Clearance Act on Apr. 11, 2008, the Bankers Association mapped out a “mechanism for the handling by financial institutions of preliminary out-of-court negotiations,” as required by Article 151 of the Act, to help borrowers having difficulty making payments. By the end of 2008 debtors had submitted 35,175 applications for preliminary negotiations involving loans worth a total of NT\$60.2 billion to financial institutions. The success ratio of these negotiations topped 70%. At the same time, the Association moved to help its member banks deal with disputes involving structured notes. In addition to reinforcing the functions of its Committee on Banking Consumer Disputes, the Association moved to protect the interests of investors by setting up a Structured Note Dispute Resolution Task Force to work out the form of Lehman structured note disputes and principles for their resolution in order to expedite the handling of structured note cases.

In addition, in accordance with the provisions of Article 51-1 of the Banking Law, the Association carried out training for banking personnel, either on its own or jointly with the Taiwan Academy of Banking and Finance, so as to speed up the implementation of the “Plan for the Development of Taiwan into an Asia-Pacific Financial Center” by reinforcing the development and enhancing the quality of banking professionals. To provide public with financial consultation and information, the Association also set up a Financial Consumption Complaints Window and a Single Window for Credit-Card Complaints to take complaints from customers of member banks. A total of 815 complaints were mediated and arbitrated in 2008, and the related financial information of cash card and credit card, was compiled and posted on the Association’s website for reference by the public.

Looking ahead to 2009 we can expect the global economy to fall into the most severe recession since World War II, and Taiwan's economy too may experience a rare bout of negative growth. Because some enterprises are facing losses and operating difficulties, banks' NPL ratios may rise; and with the repeated interest-rate cuts that the Central Bank instituted from September 2008 bringing interest rates to historic lows, the resulting major contraction in interest-rate spreads will likely strike a heavy blow at profitability in the banking system. Under the new government team that took over in May last year, however, new opportunities of cross-straits financial exchange and interaction have emerged, and once a cross-straits financial regulatory memorandum of understanding is signed Taiwanese financial institutions will have the opportunity to deploy in mainland China. Over the medium and long term, this will be good for the profit performance of the overall banking system.

In years to come the Association will continue coordinating with government policy and the needs of its member banks by carrying out deliberations on financial businesses and regulations, and by asking the competent authorities to revise related laws and regulations when necessary so as to strengthen Taiwan's financial system. At the same time, the Association will negotiate among member institutions to resolve business and operating problems, reinforce financial information disclosure and consumer education and guidance, and serve the role as a bridge between government and member banks, and between member banks and society so that, working together, we can create a win-win-win situation for the government, the banks, and the consumers.

## II 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. 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 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, during 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 session of the 8th General Assembly to elect the 8th Directors and Supervisors on February 8, 2007. The 2nd session of the 8th General Assembly was held to elect the Chairman of the Board; the Managing Director, 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. On July 31, 2008, Mr. Teh-Nan Hsu resigned from being the Chairman of the Board due to job changes. Mr. Yung-Jen Huang, Managing Director of BAROC, became the acting Chairman. BAROC held the 2nd session of the 9th General Assembly to elect the 9th Directors and Supervisors on September 12, 2008. The 3rd session of the 9th General Assembly was subsequently held to elect the Managing Directors and the Chairman of the Board; the Managing Director, Ms. Susan S. Chang, was elected to the position.

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, consultations, 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.

## III

## 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 2008, 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 BAROC

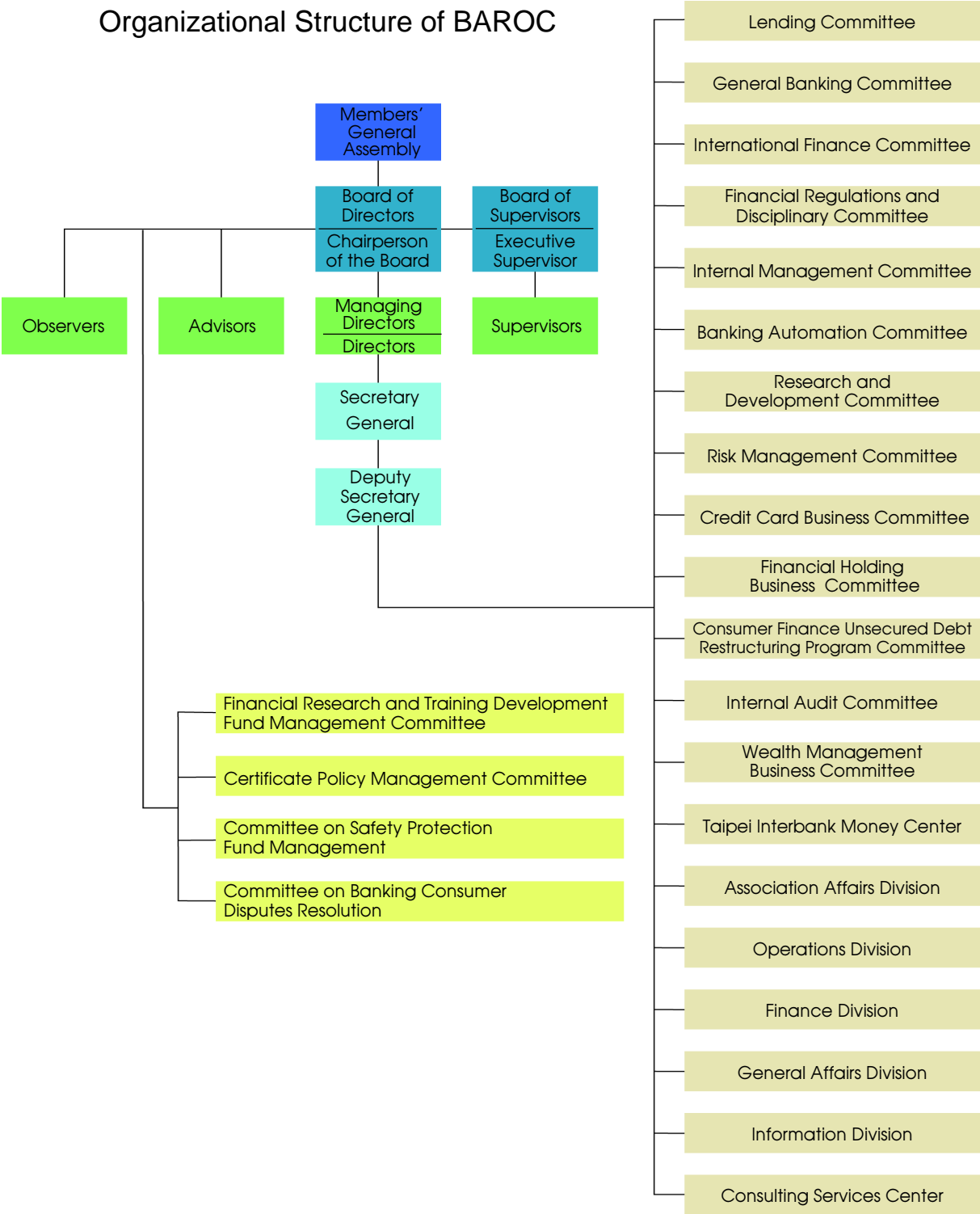
As of December 31, 2008

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	699
Bankers Association of Kaohsiung	2	310
Bankers Association of Taiwan	5	1,882
Bankers Association of Taipei County	1	390
Bankers Association of Taoyuan County		242
Bankers Association of Hsinchu County		42
Bankers Association of Miaoli County		47
Bankers Association of Taichung County		140
Bankers Association of Changhwa County		104
Bankers Association of Nantou County		39
Bankers Association of Yunlin County		50
Bankers Association of Chiayi County		18
Bankers Association of Tainan County		92
Bankers Association of Kaohsiung County		94
Bankers Association of Pingtung County		62
Bankers Association of Ilan County		37
Bankers Association of Hualien County		23
Bankers Association of Taitung County		11
Bankers Association of Penghu County		6
Bankers Association of Keelung City		27
Bankers Association of Hsinchu City	1	77
Bankers Association of Taichung City	2	201
Bankers Association of Chiayi City		54
Bankers Association of Tainan City	1	126



BAROC has a Secretary General and two Deputy Secretary Generals, 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 17 relevant operational committees and 1 interbank money center.

### Organizational Structure of BAROC





## The 9th Board of Directors, Board of Supervisors, Advisors and Observers of BAROC

As of December 31, 2008

Title	Name	Company Affiliation
Chairperson of the Board	Susan S. Chang	Chairperson, Bank of Taiwan
Managing Directors	Ming-Cheng Lin	Chairman, Hua Nan Financial Holdings Co., Ltd.
	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
	Teng-Cheng Liu	Chairman, Taiwan Cooperative Bank
	Jung-Chou Wang	Chairman, Mega Financial Holding Co., Ltd.
	Directors	Ching-Chang Yen
Kenneth C.M. Lo		Chairman, Industrial Bank of Taiwan
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
Eli Hong		President, Far Eastern International Bank
Tseng-Chang Lee		Chairman, Taiwan Shin Kong Commercial Bank
Sheng-Hong Chen		Chairman, Sunny Bank
Thomas C. W. Lee		President, Hwatai Bank
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
Yu-Chang Chen		Chairman, First Financial Holding Co., Ltd.
Jesse Y. Ding		President, EnTie Commercial Bank
Ming-Shien Li		Chairman, Citibank Taiwan Limited
Daniel M. Tsai		Chairman, Taipei Fubon Commercial Bank Co., Ltd.
Jung-Sheng Chou	President, Cosmos Bank, Taiwan	
Shueh-Yun Hu	President, Chunghwa Post Co., Ltd.	

Title	Name	Company Affiliation	
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	
	Yu-De Chuang	President, Yunta Securities Finance Company Limited	
	Sung-Ling Liu	Chairman, Agricultural Bank of Taiwan	
	Yu-Ying Chung	President, Taichung Commercial Bank	
	Chien-Chou Hsu	President, Ta Chong Bank	
	Wu-Hu Chung	President, Bank of Kaohsiung	
	Advisors	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	
Yang-Ching Chao		Chairman, Financial Information Service Co., Ltd.	
Fu-Shiung Hu		Chairman, Joint Credit Information Center	
Chin-Ting Chang		President, Cota Bank	
Cheng-Chih Tai		Deputy Chairman, King Town Bank	
Su-Nien Kao		President, Standard Chartered Bank	
Yao-Shing Wang		Chairman, Land Bank of Taiwan	
Tu-Chin Liu		President, Chinfon Commercial Bank	
Chih-Chiang Fan		Chairman, Taiwan Depository & Clearing Corporation	
Yu-Chi Kuo		Chairman, EnTie Securities Finance Corp.	
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
	Mei-Fang Huang	V.P., Group Legal, Compliance & Secretariat, DBS Bank	
	Yi-Ling Kuo	V.P., Compliance Division, Calyon Bank	

## Major Staff Members of BAROC

As of December 31, 2008

Title/Position in BAROC	Name	Company Affiliation/Full-time or Part-time Appointment in BAROC
Chairperson, Financial Research and Training Development Fund Management Committee	Susan S. Chang	Chairperson, Bankers Association of Republic of China Part-time
Chairperson, Certificate Policy Management Committee	Susan S. Chang	Chairperson, Bankers Association of Republic of China Part-time
Chairperson, Committee on Safety Protection Fund Management	Susan S. Chang	Chairperson, 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
Secretary General	Jiunn-Chih Wang	Full-time
Deputy Secretary General	Yung-Tsao Hsu	Full-time
Deputy Secretary General	Tsong-Ming Wang	Full-time
Secretary	Chin-Chinag Chen	Full-time
Secretary	S. S. Lai	Full-time
Secretary	Shiow-Shyong Hseu	Full-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	Derek, 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, Credit Analysis Office, Bank of Taiwan, Part-time
Chairman, Risk Management Committee	Mao-Shyan Liu	Vice President, Hua Nan Financial Holdings Company, Part-time
Chairman, Credit Card Business Committee	Yi-Che Li	V.P., Citibank, 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	President, Taishin International Bank Part-time
Chairman, Internal Audit Committee	Julie L. Chang	General Auditor, Chinatrust Financial Holding Co., Ltd., Part-time
Chairman, Wealth Management Business Committee	Mei-Ling Cheng	V.P., First Commercial Bank, 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

# IV

## AN OVERVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

### A. Macroeconomic Summary

#### 1. Rapid Weakening in Economic Growth

Taiwan's economic growth in 2008 rapidly declined. The sub-prime mortgage crisis in America rapidly developed to become a financial tsunami that impacted the whole world this year. The speed and extent of global economic decline was more than expected, which significantly weakened domestic export activity and manufacturing production, and resulted in the rapid decline in private investment. Private consumption was limited due to the decreased salary and wealth reduction effect. Domestic GDP dropped by 1.05% in the 3rd quarter of this year, and declined by a record rate of 8.61% in the 4th quarter, resulting in an annual economic growth of only 0.06% for 2008, compared with 5.70 % in 2007.

#### 2. The CPI Pressure Reduced

Due to higher international energy and agricultural raw material prices in the first three quarters of 2008, domestic food prices significantly increased, and the costs of fuel, transportation, and power also significantly increased to reflect the imported crude oil cost, raising the domestic pressure of imported inflation. Along with the global economic downturn, the raw material prices dropped rapidly, the transfer effect of higher imported raw material prices gradually weakened, and the annual growth in the Consumer Price Index (CPI) gradually declined. The Consumer Price Index (CPI) rose by 3.53% in 2008, higher than the growth of 1.80% in 2007. The Wholesale Price Index (WPI) increased by a lower 5.17%, from 6.47% in 2007.

#### 3. Rapid Unemployment Growth

Due to more layoffs or leave without pay being implemented by enterprises, the unemployment rate rapidly increased. In 2008, the average unemployment rate was 4.14%, up by 0.23 percentage points from 2007. The average number of unemployed people in 2008 was 450,000, an increase of 31,000 from 2007. The number of unemployed people in December 2008 alone was 549,000, an increase of 135,000 from December 2007.

#### 4. Rapid Decline in Foreign Trade for the Second Half Year

The standstill in global economic growth and the rapid decline in trade activities in the second half of 2008 has resulted in rapidly declining export orders, lower export activity, and weaker import demand. The export and import figures continued to show a negative growths from September and October. However, due to good performance in the first half of 2008, the export and import figures of 2008 reached US\$255.7 billion and US\$240.8 billion, respectively, representing increases

of 3.6% and 9.8% compared with the previous year's figures. Total trade surplus amounted to US\$14.83 billion, down 45.9% from 2007.

## 5. Favorable Balance of Payments

In 2008, the current accounts registered a surplus of US\$25.02 billion, a decrease of US\$7.95 billion from that of 2007. The financial accounts posted a net outflow of US\$1.78 billion in 2008, a significant decrease of US\$36.88 billion compared with 2007. This was mainly due to the private sector receiving overseas deposits, the banking sector introducing funds from overseas joint banks, and residents continuing the redemption of invested foreign financial products due to the global financial crisis. The capital account posted a net outflow of US\$0.33 billion. As a result, the overall balance of payments showed a surplus of US\$26.27 billion in 2008. The foreign exchange reserves of the Central Bank of China (CBC) stood at US\$291.71 billion at the end of 2008.

## B. Status on Monetary Development

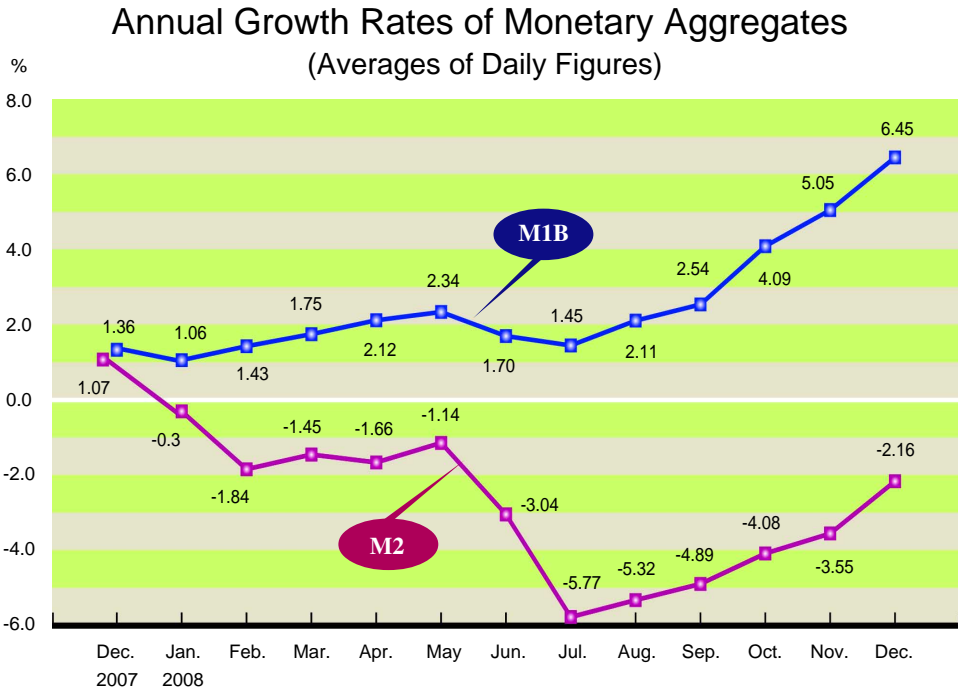
### 1. Monetary Policy First Tightened and Then Eased

In response to the rising prices in the first half of 2008, the CBC adopted a tight monetary policy. The tightening measures included: conducting open market operation to offset the surplus funds and control the money supply at a reasonable level, slightly increasing official rates, appropriately raising deposit reserve rates, and reducing the liquidity of currency amounts and easing the imported inflation pressure of the NT against the US dollar. The international economic and financial situation rapidly worsened in the second half of 2008, and the domestic economy posted a negative growth. It is expected that the risk of a declining economy in the first half of 2009 is still high. Due to the lower domestic inflationary pressure, the monetary policy of CBC was then eased. The easing measures included: reducing the interest rate on five occasions in 2008, from September 26 to the end of December; reducing the deposit reserve rate on September 18, releasing about NT\$200 billion; and expanding the “buy-back operation mechanism” on September 26 to provide the liquidity needed by the financial institutions.

### 2. Monetary Aggregates: Continuing Growth in M2, Negative Growth in M1B

The growth of monetary aggregate M2 slowed in the first three quarters of 2008, and significantly increased in the fourth quarter of 2008, due to the domestic capital inflow. M1B showed a negative growth due to the impacts of the continuous slump of the stock market and the continued flows of demand deposits to time deposits. The annual growth rate of the daily average of M2 in

2008 was 2.67%, lower than the 4.25% in 2007. The figure for M1B in 2008 was -2.94%, compared with 6.44% registered in 2007. The growth rate of 2.67% for M2 fell within the target range of monetary growth of from 2% to 6% for 2008. The target range of monetary growth in 2009 is 2.5% to 6.5%, 0.5 percentage points higher than in 2008.



Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

### 3. Fluctuating Short-term and Long-term Interest Rates

#### (1) Seven Adjustments of Discount Rates by CBC

Owing to the increased inflationary pressures in the first half of 2008, the CBC adjusted interest rates upwards on two occasions. However, the domestic economic growth weakened from the impact of the global economic slowdown in the second half of 2008. Due to the reduced inflationary pressure, to boost domestic demand and improve the employment situation, the CBC lowered the discount rate from September 26, the first time since the 16 upward adjustments of the discount rate in the 4th quarter of 2004. The interest rate was lowered 25bps each time on October 9, October 30, and November 10, and reduced 75bps on December 12, a total of five downward adjustments of the discount rate which dropped by 162.5 basis points. After 2 upward adjustments and 5 downward adjustments of the discount rate in 2008, the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral stood at 2.000%, 2.375% and 4.250%, respectively, at the end of 2008.



## Central Bank's Interest Rates, 2006 to 2008

Unit: % per annum

Effective date of change	Discount rate	Interest rate on accommodations with collateral	Interest rate on accommodations without collateral	Background Information
31 Mar. 2006	2.375	2.750	4.625	<ul style="list-style-type: none"> <li>● Global oil price remains high, prices of oil-related products are still under upward pressure.</li> <li>● Real interest rates remain low and there is timely progress towards a neutral monetary policy to contain inflation.</li> </ul>
30 June 2006	2.500	2.875	4.750	<ul style="list-style-type: none"> <li>● The electricity charges increase; high global oil prices pose upward pressure on prices of oil-related products.</li> <li>● Real interest rates remain low and there is timely progress towards a neutral monetary policy to contain inflation.</li> </ul>
29 Sep. 2006	2.625	3.000	4.875	<ul style="list-style-type: none"> <li>● Real interest rates are still lower than the level of neutral rates.</li> </ul>
29 Dec. 2006	2.750	3.125	5.000	<ul style="list-style-type: none"> <li>● With a pickup in domestic demand, the economy is expected to continue with moderate growth and CPI inflation is seen to edge up in 2007.</li> <li>● The real interest rates remain low; the slight modulation of a monetary policy will be helpful for curbing inflationary risk.</li> </ul>
30 Mar. 2007	2.875	3.250	5.125	<ul style="list-style-type: none"> <li>● There is moderate economic expansion and an increase in consumer prices.</li> <li>● Both excess reserves and monetary growth stay at appropriate levels, and real interest rates remain low.</li> </ul>
22 June 2007	3.125	3.500	5.375	<ul style="list-style-type: none"> <li>● Monetary growth stays at appropriate levels, market rates have trended up.</li> <li>● Increases in the CPI are projected to widen and economic growth is expected to rise in the second half of 2007.</li> </ul>
21 Sep. 2007	3.250	3.625	5.500	<ul style="list-style-type: none"> <li>● Rising CPI inflation, economic growth remains solid and continuously improved the job market.</li> <li>● Monetary growth stays at appropriate levels, real interest rates remain below the neutral level.</li> </ul>
21 Dec. 2007	3.375	3.750	5.625	<ul style="list-style-type: none"> <li>● Rising inflationary pressure, economic growth remains solid and the labor market continues to improve.</li> <li>● Real interest rates are still below the neutral level.</li> </ul>
28 Mar. 2008	3.500	3.875	5.750	<ul style="list-style-type: none"> <li>● Internal crude oil and a large quantity of material prices are high, the inflation risk increases.</li> <li>● Price growth rate is expected to expand this year, real interest rate will be low.</li> </ul>
27 June 2008	3.625	4.000	5.875	<ul style="list-style-type: none"> <li>● Stabilize the prices and control the inflation expectations.</li> <li>● Avoid real interest rate being too low to impact the asset allocation efficiency.</li> </ul>
26 Sep. 2008	3.500	3.875	5.750	<ul style="list-style-type: none"> <li>● Inflation pressure is eased, inflation expectation is lower.</li> <li>● Global economy significantly slows down; it is not good for domestic economic growth.</li> </ul>
9 Oct. 2008	3.250	3.625	5.550	<ul style="list-style-type: none"> <li>● The financial crisis in America and Europe continues to spread, global economic deterioration risk increases sharply.</li> <li>● Promote financial stability.</li> <li>● Major international banks adopt joint actions to lower interest rates.</li> </ul>
30 Oct. 2008	3.000	3.375	5.250	<ul style="list-style-type: none"> <li>● Inflation pressure is eased, inflation expectation is lower.</li> <li>● Economic activity is eased, global economic growth is lower, and the risk increase.</li> </ul>
10 Nov. 2008	2.750	3.125	5.000	<ul style="list-style-type: none"> <li>● Global economy continues to slow down; continued reduction of the interest rate is seen boost the domestic demand and help economic growth.</li> <li>● Prices of energy and a large amount of material significantly recovers. Imported inflation pressure reduces significantly.</li> </ul>
12 Dec. 2008	2.000	2.375	4.250	<ul style="list-style-type: none"> <li>● Inflation pressure subsides.</li> <li>● The risk of lower economic growth is still high.</li> <li>● Continued lowering of the interest rate is seen to help to boost the domestic demand.</li> </ul>



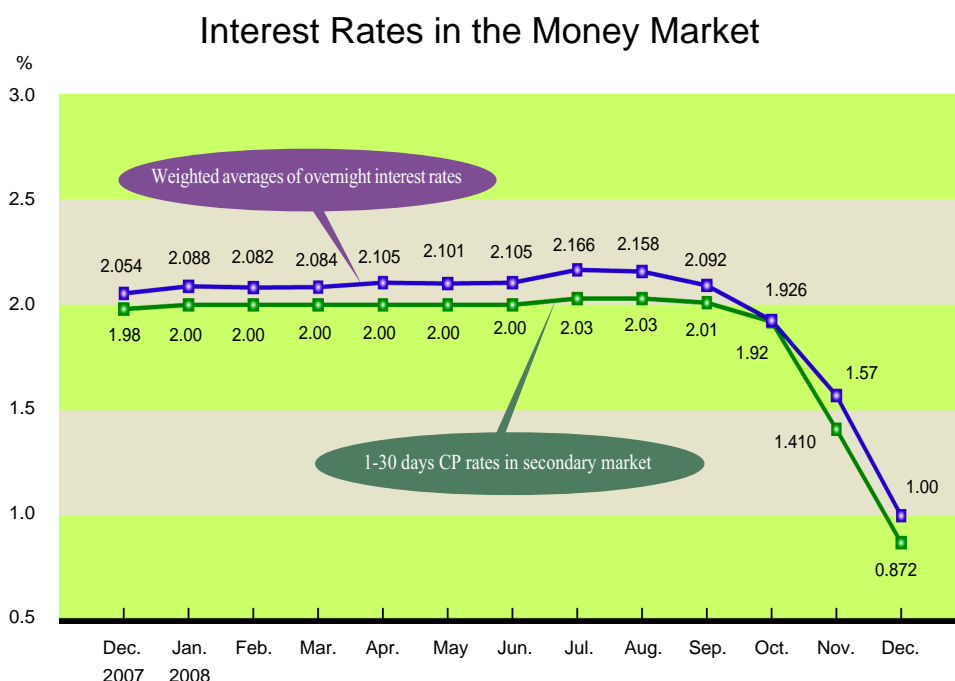
## (2) Slight Rise in Bank Deposit Rates and Loan Rates

Along with CBC's adjustment of the monetary policy, the bank interest rate also showed the trend of increasing first and then decreasing in 2008. The weighted average deposit rate of domestic banks rose to 1.84% in the third quarter of 2008 and it decreased to 1.71% in the fourth quarter, which was 0.01 percentage points higher than that of the fourth quarter in 2007. The weighted average loan rate rose to 3.50% in the third quarter, and decreased to 3.32% in the fourth quarter, which was 0.12 percentage points higher than that of the same quarter in 2007. Since the interest rate spread between bank loans and deposits decreased continuously, the interest rate spread between bank loans and deposits in 2008 was merely 1.61 percentage points.

## (3) Reduction in Money Market Rates

The interbank overnight interest rate in the first 7 months of 2008 showed a slight rise. CBC's continuous reduction of interest rates in the fourth quarter resulted in the rapid decrease of the weighted average of interbank overnight interest rates; the average rate was 0.872% in December 2008, which was 1.182 percentage points lower than the rate of 2.054% 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 decline in the fourth quarter. The interest rate of commercial paper of 1-30 days peaked at 1.73% in December 2008, 0.58 percentage points lower than the rate of 2.31%. The interest rate of commercial paper of 1-30 days in the secondary market decreased by 0.98 percentage points to 1.00% in December 2008 compared with 1.98% in December 2007.

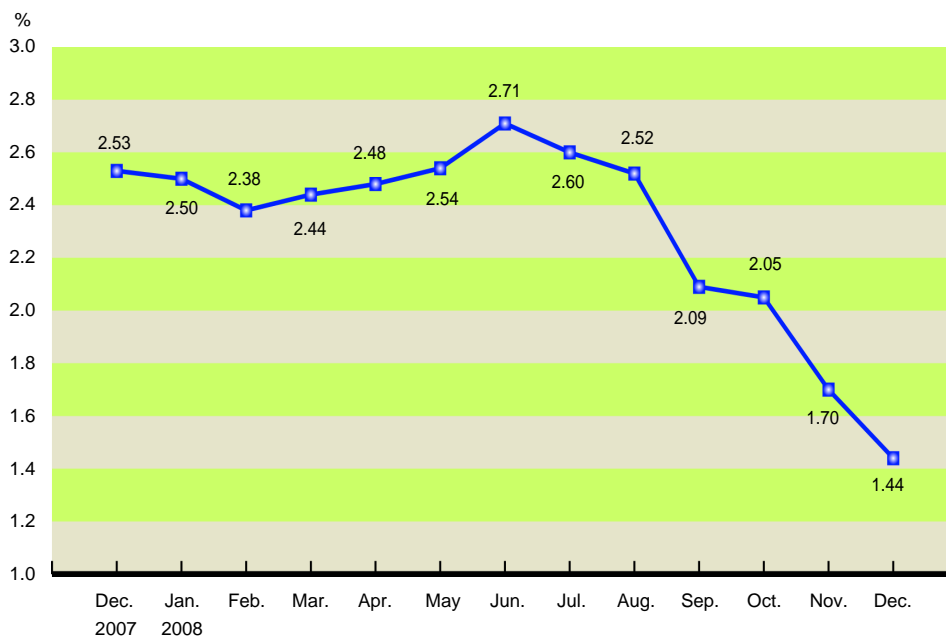


Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

#### (4) Mixed Trends in Bond Market Rates

Due to the impact of the sub-prime mortgage crisis in the beginning of 2008, the Taiwan stock prices significantly declined, parts of funds flowed into the bond market to avoid risks, coupled with the sharp NT appreciation and the influx of international money, the yield rate of the government bonds decreased. Later, driven by the increasing inflation risk and the rising rates, the yield rate increased. After the yield rate reached record levels in mid June in the past four years, with the impact of the Taiwan stock prices continuing to decline and causing worries of economic recession, the yield rate started to decline. Amidst the impacts of the continuous declining Taiwan stock prices, the concentrated bonds, expectations of slowdown inflation and economic recession, the collapse of U.S. financial institutions and CBC's lowering interest rates, the decline in the yield rate of the government bonds accelerated. The yield rate of 10-year government bonds in the secondary market in December 2008 was 1.44%, which was 1.09 percentage points lower than that of the same period in 2007. In addition, the weighted average rate of newly issued 10-year bonds decreased to 1.40% in December 2007 from the rate of 2.72% in June 2008. Compared with the rate of 2.51% in December 2007, the rate in December 2008 was a 1.11 percentage points lower.

#### Interest Rate of 10-Year Government Bonds in the Secondary Market



Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

## Changes in Interest Rates in 2008

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. 2007	3.375	3.750	1.70	3.44	2.054	2.04	2.51	2.53
Jan. 2008	3.375	3.750			2.088	2.05		2.50
Feb.	3.375	3.750			2.082	2.03		2.38
Mar.	3.500	3.875	1.75	3.45	2.084	2.05	2.43	2.44
Apr.	3.500	3.875			2.105	2.08		2.48
May	3.500	3.875			2.101	2.08		2.54
Jun.	3.625	4.000	1.78	3.47	2.105	2.13	2.72	2.71
Jul.	3.625	4.000			2.166	2.13		2.60
Aug.	3.625	4.000			2.158	2.14		2.52
Sep.	3.500	3.875	1.84	3.50	2.092	2.04	2.24	2.09
Oct.	3.000	3.375			1.926	1.98		2.05
Nov.	2.750	3.125			1.410	1.86		1.70
Dec.	2.000	2.375	1.71	3.32	0.872	1.07	1.40	1.44

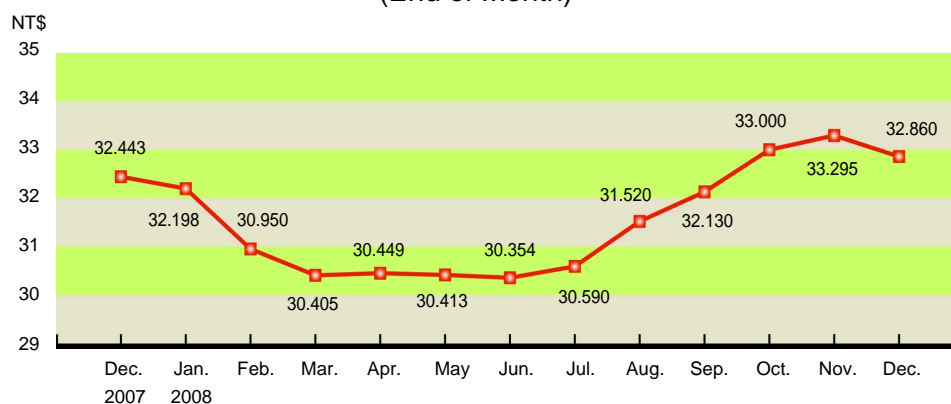
Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

### 4. Mixed Trends in NT\$ Exchange Rate

In the first half of 2008, the US dollar depreciated, the economy slowed down, the US stock market decreased, coupled with the continuous subprime mortgage crisis, the US Federal Reserve Board (the Fed) reduced the interest rate on four occasions with a total of 2.25 percent points, and the US dollar depreciated continuously. Due to the presidential election in Taiwan in March, with the market expecting the cross-strait relationship to improve, the NT dollar interest rate to be higher than the US dollar, and with a large amount of foreign capital inflow; the NT dollar continued to appreciate against the US dollars. In the end of June, the exchange rate reached NT\$ 30.354 per US\$ 1. However, since August, with the U.S reaffirming the strong US dollar policy and coupled with the financial crisis of several US large financial institutions (Lehman Brothers, Merrill Lynch, AIG) in September, the foreign capital continued to flow into the US. Investors worried that there would be a global economic recession, thus they reduced financial leverage operations. As a result,

the higher interest rate currencies became weaker and the global US dollar turned stronger. The continued outflow of foreign capital in the international market and the economic slowdown caused the NT dollar to depreciate against the US dollar. On December 4, the exchange rate reached NT\$ 33.55 per US\$ 1. The exchange rate was NT\$32.860 per US\$1 on December 31, 2008, a depreciation of 1.27% from the rate of NT\$32.443 per US\$1 at the end of 2007.

**New Taiwan Dollar Spot Exchange Rates**  
(End of Month)

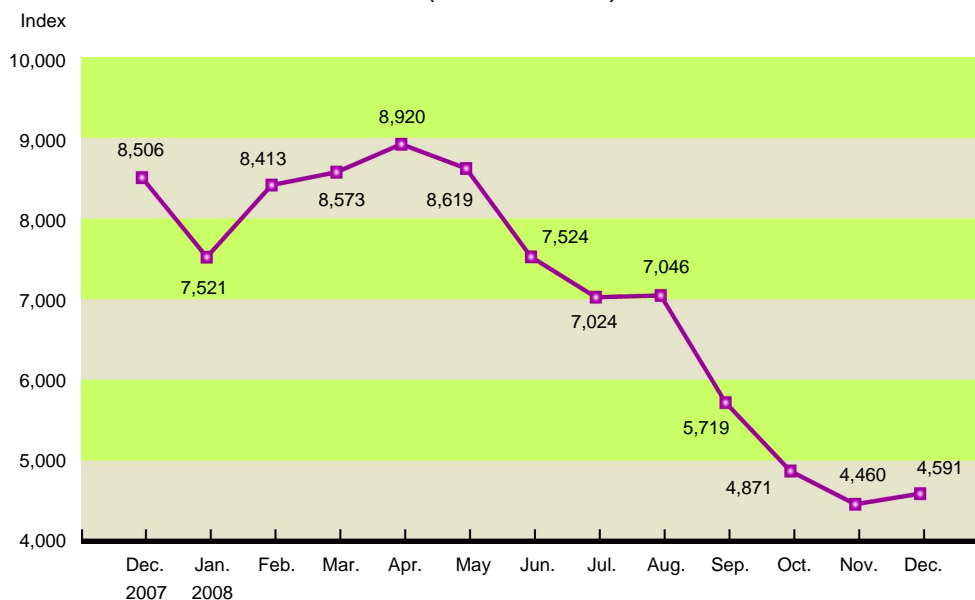


Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

## 5. Severe Decline in Taipei Stock Market

In January 2008, the stock market price decreased to 7,408 points on January 23 due to the impact of the plunging international stock market and foreign capital outflow. Later, during the presidential election, candidates released beneficial policies. After the election, investors were optimistic about the opening up of cross-strait economic and trade prospects, and the celebration of the presidential inauguration on May 20. The Taipei stock market price rose to 9,295 points on May 19. After May 20, the market started to face selling pressure due to profit-taking. Then the global financial turmoil continued to spread; large US financial institutions began falling apart one by one due to financial difficulties; and the crisis quickly spread to Europe and emerging countries. These caused global credit crunch, and global stock markets continued to plunge. With foreign capital institutions facing the pressure of a large amount investor capital outflow, a large amount of capital flowed out from global emerging markets and the Taipei stock market. The worsening of the foreign capital outflow further led to the plunge of the Taipei stock market. The index reached the low point of 4,090 on November 20. Later, with the rebound of international stock markets and the incentives of the government actively expanding domestic demands, the stock market price rose to 4,591 points on December 31, 2008. This was, however, still lower by 46.03% from the 8,506 points at the end of 2007.

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



Source: "Major Indicators," Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, February 2009.

## C. Status of the Financial Markets

### 1. Money Market

#### (1) Interbank Call-Loan Market

In 2008, trading in the interbank call-loan market amounted to NT\$16,609.7 billion, which was NT\$3,628.6 billion lower than the amount in 2007, reflecting an annual decline of 17.9%. Domestic banks and bill financing companies were the major borrowers, accounting for 73.72% and 11.86% of total trading, respectively. With respect to lenders, domestic banks with abundant liquidity remained the largest providers of funds, accounting for 72.18% of total transactions. The branches of foreign banks in Taiwan, with a share of 16.59% of total transactions, constituted the second largest lenders while medium and business banks, with a share of 5.76%, 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 2008 increased to

NT\$6,948.6 billion, representing an increase of NT\$453.5 billion or 6.98% from the amount of the previous year. The increase was caused by the relatively big increase of commercial paper and treasury bills by 8.92% and 172.73%, respectively.

### Issuance of Bills and Notes

Unit: NT\$ billion

Item \ Period	2008	2007	Change	
			Amount	%
Treasury Bills	240	88.0	152.0	172.73
Bankers' Acceptances	33.3	38.2	-4.9	-12.83
Negotiable Certificates of Deposit	600.6	791.7	-191.1	-24.14
Commercial Paper	6,074.7	5,577.2	497.5	8.92
Total	6,948.6	6,495.1	453.5	6.98

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2009.

#### (ii) Secondary Market

The total trading volume of bills amounted to NT\$ 46, 204.1 billion in 2008, an increase of 6.96% compared with NT\$43,196.2 billion in 2007. Of this amount, bankers' acceptances registered the largest percentage increase at 516.43%, while commercial paper registered the largest volume increase at NT\$1,702.5 billion and accounted for the largest share of 85.24% among the total trading volume of bills. The total trading volume increased NT\$3,007.9 billion in 2008 compared with 2007.

### Transactions of Bills in the Secondary Market

Unit: NT\$ billion

Item \ Period	2008	2007	Change	
			Amount	%
Treasury Bills	2,074.0	1,318.5	755.5	57.30
Bankers' Acceptances	307.6	49.9	257.7	516.43
Negotiable Certificates of Deposit	4,437.2	4,145.0	292.2	7.05
Commercial Paper	39,385.3	37,682.8	1,702.5	4.52
Total	46,204.1	43,196.2	3,007.9	6.96

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2009.

## 2. Capital Market

### (1) Bond Market

#### (i) Primary Market

To be in line with the demand of treasury fund adjustments, the construction of the bond yield curve, and the promotion of indicator interest, the government continued to regularly carry out the fixed distribution policy in 2008. The issuance of government bonds therefore increased by 4.27%. The municipal government bonds were bonds issued by the Bank of Kaohsiung as the Kaohsiung city government raised debt funds to repay the debt that was about to expire, which caused an increase of NT\$19.7 billion. Due to the high yield rate of government bonds and the inflation factors in the first half of 2008, in order to lock the insurance cost, each bond raising unit issued bonds, and some companies even adopted multiple bond methods to reduce insurance costs, so the insurance amount expanded more. In the second half of the year, the domestic economy slowed down and the inflation pressure eased. While the insurance of corporate bonds significantly declined, it still increased by 76.63% (NT\$124.6 billion). In financial bonds, due to CBC's amendment of "The bank's capital adequacy management approach," it was regulated that all the banks have to report the BIS of every quarter to CBC, from 2007. The issuance of financial bonds had a larger increase in 2007. The issuance of financial bonds decreased by 16.26% (NT\$31.3 billion) in 2008, compared with the previous year. The new central government bond issues accounted for 46.22%, or NT 410 billion, of all total new bond issues.

### Issuance of Bonds

Unit: NT\$ billion

Item \ Period	2008	2007	Change	
			Amount	%
Central Government Bonds	410.0	393.2	16.8	4.27
Local Government Bonds	28.7	9.0	19.7	218.89
Corporate Bonds	287.2	162.6	124.6	76.63
Bank Debentures	161.2	192.5	-31.3	-16.26
Total	887.1	757.3	129.8	17.14

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2009.



## (ii) Secondary Market

In 2008, because the domestic demand continued to weaken, financial sectors bought a large number of government bonds, and that suppressed the yield rates, and the willing for the traders to invest decreased. Therefore, the trading volume of the bond market also declined and the total amount was NT\$135,406.5 billion, a considerable decrease of 30.09%, in comparison with 2007. In bond transactions, over 98% were government bonds, and the trading volume reached NT\$133,753.9 billion, a decrease of 30.42% in comparison with 2007. Those were followed by corporate bonds whose trading volume reached NT\$1,283.3 billion, an increase of 25.8% compared with the previous year. Bank Debentures ranked third, with trading volume of NT\$205.4 billion, an increase of 20.19%. Beneficiary certificates ranked fourth, with trading volume totaling NT\$81.9 billion, a significant decrease of 49.51% in comparison to the previous year. As for foreign bonds, the trading volume reached NT\$82 billion, down by 4.54% in comparison to the previous year.

### Transactions of Bonds in the Secondary Market

Unit: NT\$ billion

Item \ Period	2008	2007	Change	
			Amount	%
Government Bonds	133,753.9	192,241.7	-58,487.8	-30.42
Corporate Bonds	1,283.3	1,020.1	263.2	25.80
Bank Debentures	205.4	170.9	34.5	20.19
Beneficiary Certificates	81.9	162.2	-80.3	-49.51
Foreign Bonds	82.0	85.9	-3.9	-4.54
Total	135,406.5	193,680.8	-58,274.3	-30.09

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2009.

## (2) Stock Market

In 2008, due to the continuing spread of the global financial turmoil, the continued plunge in international stock market, the significant reduction in international monetary funds, and the resulting significant reduction in the global economic growth expectation of 2009, Taiwan's GDP also continued to show a negative growth for two quarters starting from the third quarter of 2008. This resulted in the plunge of the Taiwan stock market, with the index dropping to 4,496.38 points at the end of the year. The yearly average weighted stock price index was 7,024.06 (with 1966 as the base year), down 17.46% from that of the previous year. The total trading value of the year

decreased to NT\$26,115.4 billion, a decrease of 20.97% over the value at the end of 2007. A total of 718 company listings were registered on the Taiwan Stock Exchange as of the end of 2008, with a total market value of NT\$ 11,706.5 billion, a significant decrease of 45.62% over the value at the end of 2007.

### Statistics of the TSE Market

Unit: NT\$ billion

Item \ Period	2008	2007	Difference in absolute terms	Difference in percentage terms(%)
Number of companies listed in TSE (year end)	718	698	20	2.87
Total trading value of the year	26,115.4	33,043.9	-6,928.5	-20.97
Stock price index (TAIEX) (year average)	7,024.06	8,509.56	-1,485.50	-17.46
Market value	11,706.5	21,527.3	-9,820.8	-45.62

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2009.

#### D. Economic and Financial Outlook for 2009

According to the economic forecast released in February 2009 by Global Insight Inc., the worsening U.S secondary mortgage turmoil and the impact of the global financial tsunami have resulted in the plunge of the global economy. While the world had adopted an active monetary and financial policy to resist the plunging economy, the incentive measures have still yet to show a significant effect as each sector of the economy had been impacted too much by the crisis. It is expected that the major industrial countries will go into recession next year, and the global economic growth rate will decrease from 2.3% to 1.2%, which is the most serious recession after World War II. The Fed has lowered the interest rate to near zero, President Obama signed the US\$ 787 billion economic revitalization project and announced housing market stabilization measures to boost the economy and slow down the continuous decline in US housing prices. The effects, however, remain to be seen. US economic growth rate is expected to decrease from 1.3% in the previous year to -2.7% in 2009. Japan was also affected by the exchange rate appreciation and global economic recession, with its economic growth rate expected to decrease from -0.7% to -3.3%. EU countries were also affected by the global economic recession, with its economic growth rate expected to decrease from 0.7% to -2.4%. Although China loosened its macro-control policy

and actively promoted expansion of a domestic demand project, its the export growth still declined. As a result, China's economic growth rate is expected to decrease from 9.0% to 5.9%, which is the lowest standard since the beginning of the economic reform 30 years ago. The economic growth rates of other countries also declined to new lows. South Korea, Taiwan, Hong Kong and Singapore also showed negative growth.

Driven by the economy of industrial countries, the domestic economy comprehensively declined in 2008. Global wealth significantly diminished, unemployment population increased extensively, and foreign demand radically decreased, which resulted in the more serious impact on export that accounted for 60% of the domestic GDP. The foreign demand for private fixed investment sharply decreased, and with too much production capacity or reduced capital expenditures, most suppliers will continue to show a two digit decline. The continuous high unemployment rate, and decreased income and wealth will both lead the private consumption becoming more conservative. Only the promotion of construction projects, the expansion of domestic demand budget, and the rapid development of public constructions are expected to give positive contribution to the economy and reduce the risks of economic recession. The economic growth is expected to be -2.97% in 2009.

In terms of commodity prices, along with the declining domestic and international economy and the decreasing demands, international crude oil and raw materials prices have decreased significantly to reduce the production cost. The DGBAS predicted that the wholesale price index would decrease by 6.36% in 2009. Consumer prices will show fluctuation this year. With oil prices no longer at high levels and with many businesses stimulating shopping by promoting various discount strategies and other services, the official estimates expect the decrease in consumer price index for 2009 to be 0.8%.

With the impact of the financial tsunami and the rapidly worsening global economy, many countries lowered their interest rates. The U.S Fed decreased the interest rate to 0-0.25%, Japan to 0.1%, the U.K to 1.0%, and EU to 2.0%. Currently, the monetary policy of most countries continue to reduce the interest rate if there is still space, and adopt a quantify loosening policy. This is the same for Taiwan. CBC has continuously lowered the discount rate on seven occasions, from September 26, 2008 to February 18, 2009, for a total decrease of 2.375 percentage points; to reach a level of 1.25%, which is the lowest in the previous four years. Due to the fact that there has been no improvement in the economic situation, it is expected that CBC will continue to ease monetary policy.

To create a favorable financial environment, the government continues to strengthen the risk control and supervision of financial institutions. The ratio of non-performing loans of the overall financial sector decreased to 1.54% by the end of 2008. Due to the favorable profit performance of the banks in the first half of 2008, although the financial turmoil expanded, some banks were mistakenly involved in Lehman Brothers, Iceland and the global financial turmoil events which resulted in domestic banks showing losses from September to December. The total annual profit of domestic banks still reached NT\$44.36 billion, an increase of 14.5% in comparison with 2007. It is expected that with the poor economic situation, most enterprises will face substantial losses and operating difficulties, and overdue loans may increase while the interest rates drop sharply, thereby reducing profits. However, the cross-strait financial development has shown new opportunities. If the cross-strait financial restrictions and regulations are loosened, it will speed up the opening up measures; thereby in the long term, contributing to a better profitability performance.



# V MAJOR FINANCIAL MEASURES

## A. Financial Business Operations

1. To protect the rights and benefits of the investors, fulfill the implementation of the laws and regulations system and reflect the actual risk of the bonds issued, the Financial Supervisory Commission, Executive Yuan (hereinafter as FSC) approved partial article amendment of the “Approach for banks issuing financial bonds” on March 6, 2008, and promulgated its implementation on March 17, 2008. Three articles were amended.
2. The CBC adjusted upwards 0.125 percent points on the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral on March 28, and June 27, 2008, respectively. However, driven by the international financial tsunami and to enhance domestic economy and expand domestic demand, the CBC lowered the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral on September 26, October 9, October 30, November 10, and December 12, respectively. After the adjustments of the official rate in 2008, the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral were 2.000%, 2.375% and 4.250% on December 12, 2008, respectively.
3. To solve the credit card debt issue, the FSC approved and promulgated the consumer debt clearing regulation on April 11, 2008. According to Article 151 of the regulation, the debtor shall present his/her financial list and request consultation to the largest financial institution in writing before claiming rehabilitation or liquidation. If the consultation does not stand, then he/she may claim rehabilitation or liquidation to the court.
4. Due to the changes in the economic and social environment, the service industry accounted for a gradually higher ratio to domestic gross product. The service items of increasing industrial banks’ investment shall be considered to promote the development. The FSC amended the “Industrial bank investment production business scope” on June 25, 2008.
5. To encourage banks to establish long term partnership with small and medium-sized





enterprises, and to create another niche market, the FSC invited the CEPD, Ministry of Economic Affairs, CBC, SME Credit Guarantee Fund, the SME Association, Bank Association and domestic banks to join the meeting to promote the relevant matters of the “Domestic banks handling SME loan project”, and designed the 4th year (July 1, 2008 ~ December 31, 2009) implementation contents on August 29, 2008. It is expected that NT\$ 300 billion of SME loans will be increased by the end of 2009.

6. To stabilize the financial system, strengthen the confidence of depositors and the quality of financial institutions, and promote the sound and sustainable development of the financial market, the FSC announced on October 28, 2008 that savings of the depositors in financial institutions will have full protection until December 31, 2009. The protection measures are applied to institutions that have savings insurance, covering the regulation Article 12.1 and 12.2 of the deposit insurance act.
7. To speed up the mortgage rate reflecting CBC’s lower interest measures, the CBC, the Ministry of Finance, the FSC and 11 major mortgage banks on November 12, 2008 reached an agreement that within three months, starting from that today, index-based mortgage accounts can apply to the banks to adjust the frequency of their mortgage interest rate. It can be changed to 1 month from every season (or half a year); however, each person can only change the frequency once.

## B. Financial Holding Companies

1. The FSC referred to the regulations of “criteria of the listed companies’ annual reports” and amended Article 10, 22, and 24 of the “annual report criteria required to be recorded in the financial holding companies” on March 12, 2008 to strengthen corporate governance and the disclosure of remuneration to directors and supervisors, relationships of the top 10 (shareholding percentage) shareholders, and the disclosure of the effectiveness of private fund raising projects.
2. Since the “Notice items of listed financial institutions implementing treasury stock” has drawn up the capital adequacy rate standard to be reached by the banks, bill, securities, and insurance subsidiaries of the financial holding companies shall reach, and with all subsidiaries meeting the standard, the financial holding company’s capital adequacy rate can be maintained above the statutory criteria. Taking into account financial institutions’ sound finance and flexible financial operations, Article 1, 6 and 9 of the notice item was amended on September 18, 2008.

3. To strengthen the supervision and management of financial holding companies and shareholders with control rights, set up the total investment management measures of financial holding companies and their subsidiaries, fulfill the implementation of financial and other industries' separation policy, and further develop the joint marketing operational efficiency of financial industries and strengthen their management, the Legislative Yuan approved the amendment of the Financial Holding Company Act on December 30, 2008. The focus of this amendment included: strengthening the management mechanism of the financial holding company's share, loosening the bank subsidiary to obtain other investments, establishing investment management measures, strengthening the joint marketing synergy and management mechanism, and amending the issuance share regulation of financial holding companies and the subsidiaries.
4. To allow the calculation method of domestic financial holding groups' capital adequacy rate to be consistent with the world, and to be in line with the adjustment of the capital adequacy rate calculation method for the insurance industry, the FSC approved the amendment of four articles of "financial holding company consolidated capital adequacy management approach", and implemented it starting from the end of 2008.

### C. Foreign Exchange Management

1. To be in line with the opening up of offshore banking units (OBUs) to handle foreign currency check saving business, the amendment of "measures for financial business permits between Taiwan and mainland China" to open up OBUs to handle the accounts receivable diverted by the transactions occurring in mainland China, and the third regional corporation handling credit, the CBC promulgated on March 20, 2008 that starting from April 1, 2008, OBU shall fill in the report according to regulations when handling foreign currency check deposit business, relevant business, and financial status information.





2. To comply with the Ministry of Economic Affairs' amendment of the "review principle for investment and technical cooperation in mainland China", the CBC on September 5, 2008 promulgated measures relevant to the bank industry's handling of investors' remittance of investment funds to mainland China. The CBC stipulated that if the total investment amount is US\$1 million or lower, the bank sector can handle it by itself. However, if the amount is more than US\$ 1 million, the bank sector shall first confirm the approved investment documents of the Ministry of Economic Affairs, and audit the relevant documents that shall be submitted before handling.

#### D. Financial Institutions Management

1. In view of the specialty and timeliness of the purpose for establishing a transition bank, the FSC — with the aim of achieving smooth operations and maintaining financial stability — referred to the transition bank regulations of the U.S. and Japan according to Article 34.2 of the Deposit Insurance Act, considered relevant administrative operating procedures, and on February 21, 2008 set up the "management methods for the establishment and business of transitional banks", with a total of 23 articles.
2. To facilitate a more open and transparent sale procedure of non-performing loans of financial institutions, and to enhance the full development of the market mechanism, the FSC on March 3, 2008 set up the "Notice items for financial institutions selling non-performing loans" to be followed by financial institutions. In addition, considering that foreign banks are only the subsidiaries of the foreign head office in Taiwan, according to the regulation of the notice item, the item of the decision and result of the sales shall be submitted to the board, in practical operation, it is difficult to handle, therefore, the 8th Article content "the head office personnel of foreign bank subsidiaries in Taiwan may be responsible for the notice item regulations" were added on November 12, 2008.
3. To strengthen the disclosure of remuneration to directors and supervisors, the FSC referred to the "criteria of the listed companies' annual reports", and amended Articles 10, 22, and 24.
4. In view of the insufficient disclosure of financial statements in capital adequacy, the FSC referred to the norms of the third pillar market discipline of the new Basel capital accord and the practical disclosure experience of international banks. It requested banks to set up the "capital adequacy and risk management section" on their website, starting from April 2008, to disclose the relevant information of the capital adequacy and risk management system.

5. To follow the world trend of focusing on financial stability and issuing financial stability reports, and to strengthen the legal operating target of “promoting financial stability”, the CBC referred to the international currency fund and various countries’ practical central bank method; generated information on developments in the domestic and international financial situation every half year, analyzed the risks that might impact domestic financial system; summarized and designed financial stability reports; provided them to competent authorities, market participants and to society as references; and promulgated the “2007 financial stability report” on June 27, 2008 for the first time.
6. To reasonably regulate the business scope of financial institutions’ mini-branch, reduce financial institutions’ regulatory uncertainties, and clarify the laws and regulations, the FSC amended and promulgated Article 2 of the “provisions for financial institutions establishing mini-branch” on August 19, 2008.
7. To enable foreign financial institutions to participate in handling domestic financial institutions according to Article 25 of the Banking Act and apply for the demands for establishing commercial banks, the FSC approved and amended the “Establishment standard for commercial banks” in the 222nd committee meeting on October 16, 2008, and promulgated and amended Articles 4 and 5 on October 28, 2008.
8. To fulfill the policy of “the government stands up for banks, and the banks stand up for enterprises” of the Executive Yuan, the FSC requested BAROC to inform its member banks to accurately implement the “BAROC members debt consultation and liabilities mechanism”, and undertake the complaint mechanism extended by enterprise debt claims starting from November 18, 2008. The FSC hopes to establish that mechanism to avoid normal functioning enterprises from being impacted by improper fund functioning of banks.
9. The FSC, the Ministry of Finance and CBC met on December 24, 2008 to promulgate and amend the special insurance fee charging matters of the “relevant measures of adopting deposit full amount protection”. To maintain the stability of the interbank monetary market, and strengthen the bank’s lending activity with the full deposit amount protection measures, the banks’ loaning energy will be strengthened, the basic amount of the special insurance fee was adjusted, and the basic rate and excess charge rate were reduced. For the insured institutions with capital adequacy ratio over 8% and with an NPL ratio of below 2.5% (or with an NPL ratio of below 3%, and lower than the month before), if the growth rate of the average

balance of two months is over 0.5% (including), the institution's basic insurance fee and the excess charge insurance fee of that month do not need to be charged. The amendments are implemented starting from December 1, 2008.

10. To enhance the competitiveness of the financial market, to strengthen the warning mechanism, financial supervision and company governance measures, to allow banks' retreat mechanism to be more legalized, to fulfill social fairness and justice, to observe the actual demand of the financial market and the suggestions presented by various industries, and to comply with domestic and international laws and regulations, some parts of the "Banking Act" amendment were amended and promulgated on December 30, 2008.

## E. Cross-Strait Financial Relations

1. The FSC on March 14, 2008 amended and promulgated Article 4 and added Articles 11.1 and 13.1 of the "measures for financial business permits between Taiwan and mainland China" (hereinafter as the business permits measures) to open up overseas subsidiaries of domestic financial holding companies and to allow banks to invest in mainland Chinese areas, provided the shareholding ratio shall not exceed 20%. In addition, the scope limitations of domestic banks' OBUs and overseas branches in handling cross-strait financial business were eased to attract Taiwanese and international enterprises to use OBUs and overseas branches as the fund mitigation center.
2. The FSC approved the application of Fubon Financial Holdings for its overseas subsidiary Fubon Bank (Hong Kong) to invest in Xiamen Commercial Bank in mainland China on April 3, 2008. It was the first case of a domestic financial holding company investing in a bank in a mainland Chinese region through an overseas subsidiary.
3. To encourage the entry of more mainland Chinese tourists and expand the mini-three-links policy, the CBC and the FSC set up the "management and liquidation methods of RMB in the Taiwan area" on June 27, 2008, and repealed the "business outline of financial institutions in Kinmen and Matsu handling RMB transactions".
4. The FSC on June 27, 2008 amended "measures for currency issued in mainland Chinese areas to enter or exit Taiwan" and amended its name to "permit measures for currency issued in mainland China are to enter or exit Taiwan". At the same time, in accordance with Articles 38.1 and 38.5 of the Taiwan and mainland Chinese people relationship Act, the FSC promulgated "limited amount of currency issued in mainland China to enter or exit Taiwan".

Starting from June 27, 2008, the amount of currency allowed to enter the Taiwan area has been limited to RMB\$ 20,000. However, financial institutions that have been approved by CBC to handle RMB transactions are covered by this regulation.

5. The CBC on June 30, 2008 gave approval to 14 banks to handle the business of RMB exchange. These included the Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank, Chang Hwa Commercial Bank, First Commercial Bank, Hwa Nan Commercial Bank, Yuanta Commercial Bank, Taipei Fubon Commercial Bank, Cathy United Bank, Chinatrust Commercial Bank, Shanghai Commercial & Savings Bank, Kinmen Credit Cooperative, Mega International Commercial Bank, and Taiwan Business Bank. The CBC also approved 67 foreign currency exchange centers to handle the RMB exchange business.
6. According to the “cross-strait postal agreement” signed on November 4, 2008, the future cross-strait postal cooperative scope will include the “postal currency exchange” business. In response to the demand of Chunghwa Post Co. handling cross-strait postal currency exchange business”, Article 5.2.2 of the “measures for financial business permits between Taiwan and mainland China” added “Chunghwa Post Co., Ltd.” as the financial institution that has to handle the money wiring business from mainland China.

幣別	單位	買入	賣出
美元	CASH	1:20.25	1:20.25
美元	USD	1:20.25	1:20.25
馬克	DEM	1:1.66	1:1.66
日圓	CASH	1:166.67	1:166.67
日圓	JPY	1:166.67	1:166.67
瑞士法郎	CHF	1:7.03	1:7.03
港幣	CASH	1:7.75	1:7.75
港幣	HKD	1:7.75	1:7.75
英鎊	GBP	1:16.67	1:16.67
加拿大幣	CAD	1:20.25	1:20.25
法國法郎	FRF	1:6.55	1:6.55
新加坡幣	SGD	1:16.67	1:16.67
荷蘭幣	NLG	1:20.25	1:20.25
澳幣	AUD	1:16.67	1:16.67
比利時法郎	BEF	1:6.55	1:6.55
瑞典幣	SEK	1:16.67	1:16.67

## VI

# 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 Chunghwa Post Co., trust and investment companies, and life insurance institutions. At the end of 2008, there were 418 financial institutions in Taiwan compared with 417 at the end of 2007. The number of domestic banks was reduced by two, credit departments of Farmers' Associations increased by three, trust and investment corporations

### Number of Financial Institutions in Taiwan

Unit: Number

Year	Total <sup>1</sup>		Monetary Institutions													Other Financial Institutions					
			CBC	Deposit Money Banks												Chunghwa Post Company	Trust and Investment Companies		Life Insurance Institutions <sup>4</sup>		
				Domestic Banks		Medium Business Banks		Local Branches of Foreign Banks <sup>2</sup>		Credit Cooperatives		Credit Departments of Farmers' Associations		Credit Departments of Fishermen's Associations			Head Office	Branches <sup>2</sup>	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 <sup>2</sup>	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
2008	418	5,991	1	37	3,140	1	124	32	141	27	271	264	813	25	42	1	1,321	-	-	30	139

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, Chunghwa Post Co.

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, January 2009.

decreased by one (Standard Chartered International Bank Bear Asia Trust Investment Corp. on December 27, 2008), and life insurance agencies increased by one. The number of branches of financial institutions rose by 14, bringing the total number to 5,991 at the end of 2008, up from 5,977 a year earlier.

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

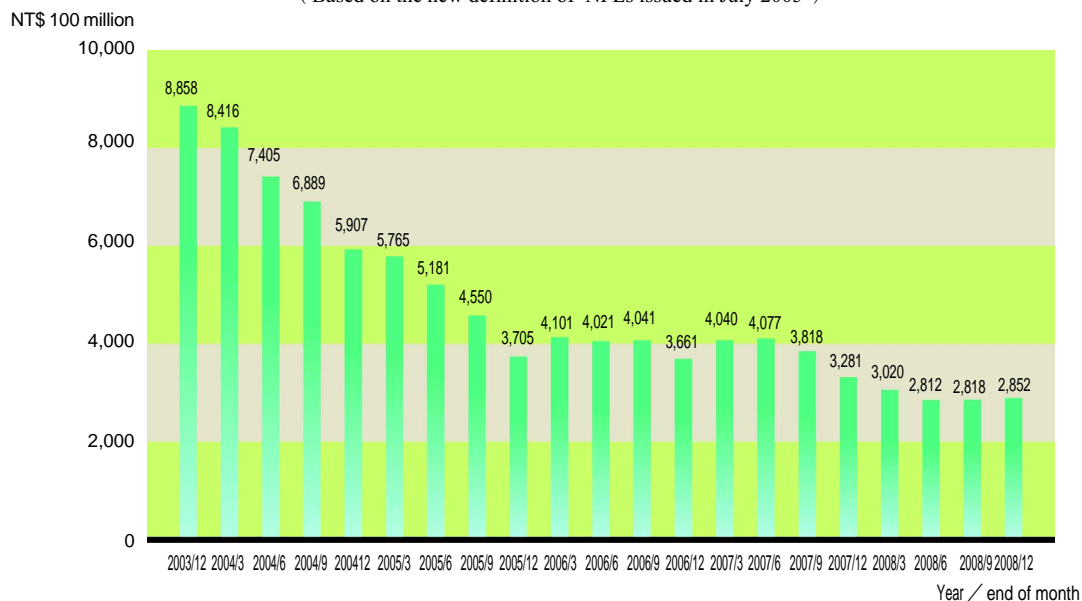
Due to a gradual improvement in the asset quality and financial structure of domestic financial institutions, the domestic banks' non-performing loans (NPLs) have gradually declined. NPLs amounted to NT\$285.2 billion at the end of December 2008, compared with NT\$328.1 billion at the end of December 2007, a reduction of NT\$42.9 billion or 13.08%. The ratio of NPLs dropped by 0.3 percentage points to 1.54% by the end of December 2008 compared with 1.84% at the end of December 2007.

Furthermore, the coverage ratio (of allowances for bad debts) at the end of December 2008 was 69.48%, or an increase of 10.65 percentage points, compared with 58.83% in the fourth quarter of 2006, an increase of 4.66 percentage points compared with 64.82% in the fourth quarter of 2007. This indicates an increased resiliency to risk for the domestic banks.

Since 1999, 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

### Non-performing Loans of Local Financial Institutions

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

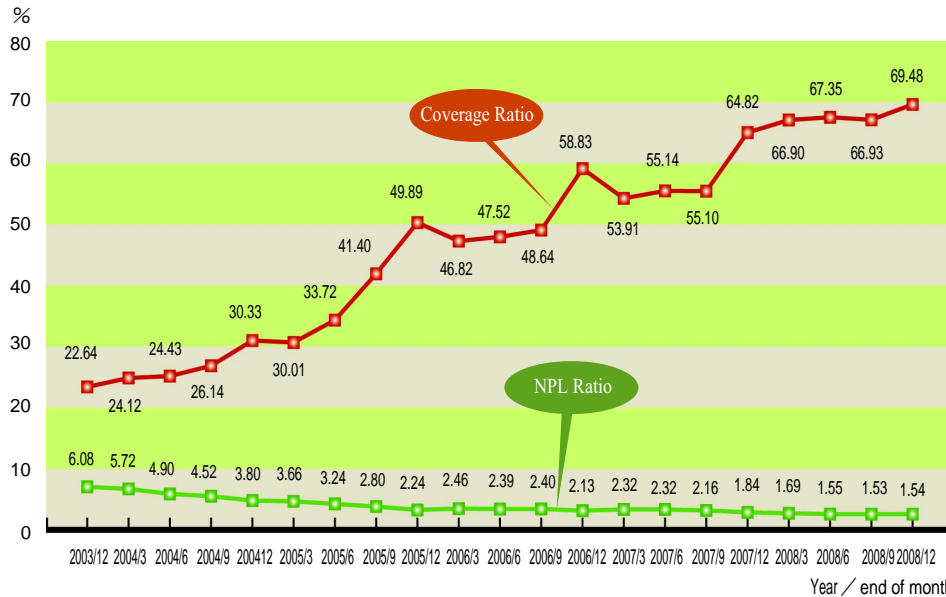


Source: The website of the Banking Bureau, Financial Supervisory Commission, Executive Yuan(www.banking.gov.tw)



## NPL Ratio and Coverage Ratio of Local Financial Institutions

( 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)

2008 amounted to NT\$2.1307 trillion. Of this amount, NT\$254.8 billion were revenues resulting from the reduction of the Gross Business Revenue Tax and reserve requirement ratio. The other NT\$1.8759 trillion, which was approximately 7.4 times the former number, came from earnings of the banks. The actual bad debts written off in 2008 amounted to NT\$132.8 billion, a decrease of NT\$76.7 billion from the NT\$209.5 billion recorded in 2007. The ratio of NPLs also dropped to 1.54% by the end of December 2008 as compared with 1.84% at the end of December 2007. The declining trend of both bad debt and ratio of NPLs indicate an improvement and stability in the financial strength of domestic banks.

### C. Major Operations of the Banking System

#### 1. Deposit Operations

Driven by the spread of the US sub-prime mortgage turmoil, many major developing countries continued to have financial crisis, and foreign funds slowly flowed into Taiwan in the second half of 2008. Therefore, the total deposits of major financial institutions (including all deposit money banks and Chunghwa Post Co.) showed an increase in 2008. By the end of 2007, the outstanding balance of deposits of major financial institutions amounted to NT\$27.98 trillion, an increase of NT\$1,769 billion or 6.75% from the end of 2007. Time and savings deposits took the biggest share, at 45.23%. Due to the impact of the international financial tsunami, the international stock market plunged, and the domestic stock market also showed a decrease. Other than net balances for demand deposits, repurchase agreements and monetary market mutual funds, which decreased by 1.84%, 0.75 %,



and 12.90%, respectively, the variety of other deposits all increased. Time and savings deposits recorded the largest increase, at NT\$1,351.4 billion, or 11.96% for the year, followed by foreign exchange deposits at an increase of 349.8 billion, or 17.04%.

### Change in Deposits by Category of Major Financial Institutions

Unit:NT\$ billion

Item \ Year	End of 2008	End of 2007	Change	
			Amount	%
Demand Deposits	7,320.2	7,457.4	-137.2	-1.84
Time & Savings Deposits	12,653.1	11,301.7	+1,351.4	+11.96
Foreign Currency Deposits	2,402.1	2,052.3	+349.8	+17.04
Government Deposits	948.2	932.0	+16.2	+1.74
Postal Savings Deposits	4,232.1	4,039.7	+192.4	+4.76
Repurchase Agreements	419.5	422.7	-3.2	-0.75
Money Market Mutual Funds	2.7	3.1	-0.4	-12.90
<b>Total Deposits</b>	<b>27,977.9</b>	<b>26,208.9</b>	<b>+1,769.0</b>	<b>+6.75</b>

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

## 2. Loans and Investments Operations

The outstanding balance of loans and investments of major financial institutions amounted to NT\$21.33 trillion by the end of 2008, increasing by NT\$705.7 billion, compared with the end of 2007. The growth rate was 3.42%, which showed an increase in comparison with the 2.35% in 2007.

An analysis of the targets of the loans and investments found that the claims on the private sector increased slightly by NT\$304.4 billion or 1.79% compared with the amount in 2007, while claims on public enterprises significantly increased by NT\$281.8 billion or 39.34% and claims on the government radically increased by NT\$119.5 billion or 4.09% compared with the amount in the previous year.

### Loans and Investments by Sector of Major Financial Institutions

Unit:NT\$ billion

Item \ Year	End of 2008	End of 2007	Change	
			Amount	%
Claims on Government	3,040.7	2,921.2	+119.5	+4.09
Claims on Public Enterprises	998.2	716.4	+281.8	+39.34
Claims on Private Sector	17,293.7	16,989.3	+304.4	+1.79
<b>Total Loans and Investments</b>	<b>21,332.6</b>	<b>20,626.9</b>	<b>+705.7</b>	<b>+3.42</b>

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

### 3. Foreign Exchange Operations

The daily average foreign exchange volume traded in 2008 (including bank-customer and interbank transactions) totaled US\$19.367 billion or 4.0% higher than the amount of the previous year. The bank-customer volume traded saw an increase of 2.19% to US\$6.03 billion while interbank transactions grew 4.83% from the previous year to US\$13.337 billion.

In 2008, apart from the trading volume of spot and forwards having decreased 1.91% and 4.01%, respectively, the trading volume of all the other foreign exchange products increased. Cross currency swaps transactions grew the most at 24.05%, followed by swaps transactions which grew by 15.26%. The growth rate of option transactions was the lowest, at 3.76%.

#### Daily Average Volume of Foreign Exchange Transactions Between Banks by Product

Unit: US\$ million

Item \ Year	End of 2008	End of 2007	Change	
			Amount	%
Spot	6,108	6,227	-119	-1.91
Forward	813	847	-34	-4.01
Swaps	5,407	4,691	+716	+15.26
Option	911	878	+33	+3.76
Cross Currency Swaps	98	79	+19	+24.05
<b>Total</b>	<b>13,337</b>	<b>12,722</b>	<b>+615</b>	<b>+4.83</b>

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2009.

### 4. Consumer Finance Operations

The credit card market in Taiwan was liberalized 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, the slow economic condition has made the private consumption continue to decline in recent years, as the growth in the number of circulated credit cards has been gradually declining since 2001 and continued into negative territory in 2006.



The total number of credit cards of 40 financial institutions in circulation at the end of December 2008 was 33.9504 million, a decrease of 6.83% compared with the number of the previous year. The value of transactions through credit cards amounted to NT\$253.662 billion, a decrease of 10.9% from the amount of the previous year. Furthermore, the signed debt amounted to NT\$1,394.056 billion, representing a decrease of 1.37% from the amount of the previous year, while cash advances increased by 11.49% from that of 2007 and amounted to NT\$86.855 billion.

According to the Financial Supervisory Commission, the number of Automated Teller Machines (ATM) installed by the domestic financial institutions numbered 25,560 units at the end of 2008, representing a 1.75% increase compared with 25,121 at the end of 2007. A total of 143.868 million cards were issued by the end of 2008, a decrease of 130 million from the number of the previous year. Some 759.49 million ATM transactions were made in 2008, a 1.1% increase from the number of the previous year. The value of ATM transactions amounted to NT\$11.876 trillion in 2008, 17.44% more compared with the NT\$9.441 trillion 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\$59.68 trillion as of December 2008, representing an increase of 9.13% from the number in December 2007.

The over-the-counter (OTC) market accounted for 98.34% of these transactions while TAIEX made up only 1.66%. Within OTC market transactions, swaps accounted for the loan's share of 70.17% in overall unsettled contracts, followed by forward contracts at 16.34%, while sold and bought options made up 6.10% and 5.73%, respectively. The trade-related contracts made up 99.59% while non-trading related contracts made up 0.41%.

OTC market transactions recorded an increase of 13.30% as of December 2008, compared with December 2007. Within market transactions, swaps accounted for the highest share of 25.92%, followed by forwards at 1.66%. Bought options and sold options both showed a decrease by 19.44% and 22.67% in comparison with the previous year. TAIEX transactions posted a decrease of 65.53% in 2008 compared with the previous year. Bought options showed a great performance with an increase of 82.67%. Futures-long position, futures-short position and sold options showed decreases of 65.02%, 66.77% and 64.56%, respectively. The trade-related contracts increased by 9.3% while non-trading related contracts decreased by 20.65%.

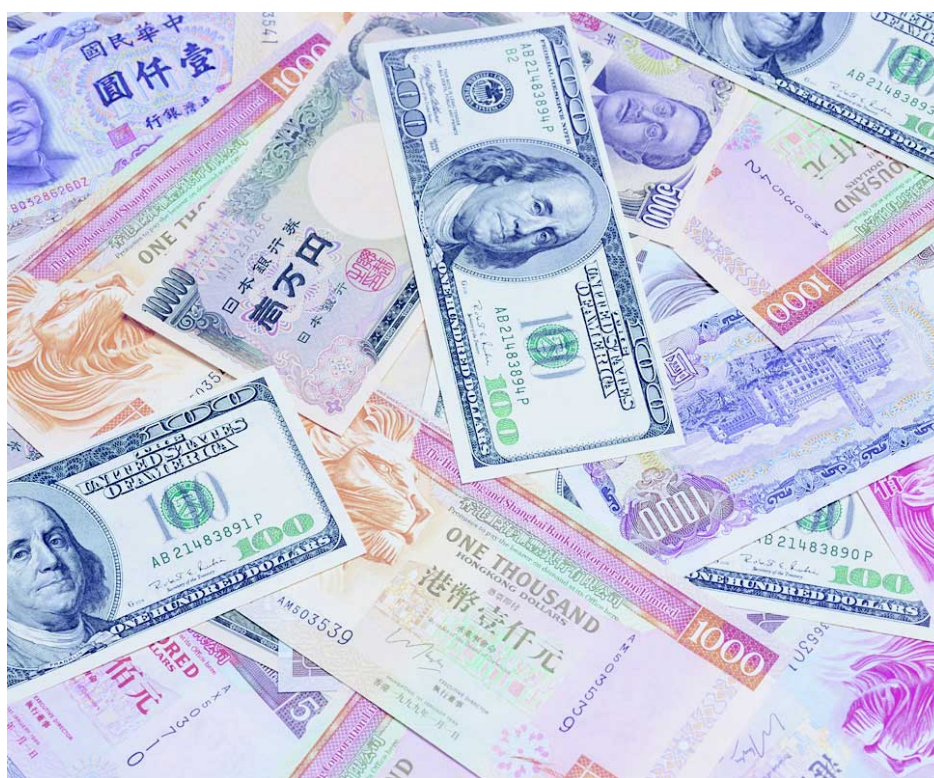
## Notional Amounts Outstanding of Financial Derivatives

Unit: NT\$ 100 million; %

Item	End of 2008		End of 2007		Change	
	Amount	%share	Amount	%share	Amount	%share
<b>I .Notional Amounts</b>	<b>596,790</b>	<b>100.00</b>	<b>546,841</b>	<b>100.00</b>	<b>49,949</b>	<b>9.13</b>
A.OTC (over-the-counter)	586,833	98.34	517,951	94.72	68,882	13.30
1. Forwards	97,528	16.34	95,936	17.54	1,592	1.66
2. Swaps	418,739	70.17	332,538	60.81	86,201	25.92
3. Bought Options	34,168	5.73	42,411	7.76	-8,243	-19.44
4. Sold Options	36,398	6.10	47,066	8.61	-10,668	-22.67
B.Exchange-traded	9,957	1.66	28,890	5.28	-18,933	-65.53
1. Futures-Long	4,845	0.81	13,849	2.53	-9,004	-65.02
2. Futures-Short	4,947	0.83	14,887	2.72	-9,940	-66.77
3. Bought Options	137	0.02	75	0.01	62	82.67
4. Sold Options	28	0.00	79	0.02	-51	-64.56
<b>II.Notional Amounts</b>	<b>596,790</b>	<b>100.00</b>	<b>546,841</b>	<b>100.00</b>	<b>49,949</b>	<b>9.13</b>
A.Total Contracts Held for Trading	594,323	99.59	543,732	99.43	50,591	9.30
B.Total Contracts Held for Other Than Trading	2,467	0.41	3,109	0.57	-642	-20.65

Note: Data in this table includes 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 2009.





## VII 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 2008, four Managing Directors meetings, two Board of Directors meetings, and nine joint Boards of Directors and Supervisory meetings were held, consisting of one ratification, twenty-four reports, eleven reviewed cases, fifty-one discussed proposals, six ad hoc reports, two reviewed ad hoc cases, twenty 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 a notice to member institutions for implementation.

### B. Sponsoring Community Service Activities

1. In 2008, BAROC continued to provide financial and non-financial assistance to cultural and educational organizations as well as to 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, sponsorship of a mental disability activity of the First Social Welfare Foundation, caring for the disadvantaged group activity of the Eden Social Welfare Foundation, and a donation of trees and decorations to the National Day programs.

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 2nd Session of the 9th General Assembly.

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

1. In response to the demand of member operation, BAROC set up the rehabilitation and liquidation operating guideline handled by the member institution according to the consumer debt clearing regulation, and responded with its suggestions.
2. BAROC reviewed and amended the “Example for banking and insurance industry to calculate the annual total fee percentage of advertising credit transaction goods”. After approval by the authorities, the member institutions responded with suggestions.
3. BAROC completed the annual audit report of “Financial Highest Certificate Institution” and Financial Policy Certificate Institution” according to the relevant regulations to ensure financial institution certificate service security, and submitted it to BAROC’s PMA with its suggestions.
4. To assist member institutions to expand the e-commerce business, BAROC assisted the member institutions to promote “Happy Golden Rat Year” e-money Smart Pay red envelope card sets during Chinese New Year.
5. BAROC and Taipei Smart Card Corporation used the existing Easy Cash operating mechanism to promote wireless small amount payment business. The member institutions were notified with the corporation project.
6. BAROC outsourced and reunified the English translation of the “OBU account handling regulation” and “OBU agreement template”, and provided it as a reference for the member institutions and their OBU clients.
7. In order to shorten the domestic U.S dollar fund delivery process, reduce collection risk and cost, and meet up with the authorities to set up a domestic U.S. dollar settlement mechanism, BAROC set up the “selection criteria for domestic U.S. dollar settlement banks”, and handled the selection with TBFA and TDCC. Mega International Commercial Bank was elected, and was subsequently approved by CBC.
8. To encourage foreign exchange personnel to obtain international certificates, BAROC requested the CDCS (Certified Documentary Credit Specialist) exam from ICC. The exam was first held in Taiwan in April, 2008, eliminating the cost and time of going to Hong Kong for the exam. It is expected to increase the standard of foreign exchange personnel of the member institutions to be the same as the rest of the world.
9. BAROC invited the professional managers of SWIFT to brief the RMA relevant schedule and technical advice in the seasonal users’ meeting to allow the domestic member institutions to smoothly convey BKE to RMA. In addition, the RMA conversion statistical information provided by SWIFT headquarters will be sent to the using bank’s RMA conversion progress to remind the member institutions to finish the conversion before the deadline.

10. BAROC provided the member institutions with the “Civil enforcement real estate information log system” and “automation supervision process operation” promoted by the Ministry of Justice to meet and implement individual difficulties, and co-ordinate the communication between the Ministry of Justice and other Ministries.
11. The Taiwan Taipei District Court civil division inquired about the case on “whether there is a standard operation procedure for a bank implementing a court order, and what the procedure is”. BAROC replied with the practical operating condition to the Ministry as a reference to avoid operation trouble for member institutions in the future.
12. For the case regarding withholding tax of the bank industry paying the depositor the interest of the year before, BAROC provided the member institutions’ opinions to the Ministry of Finance for reference. After receiving an explanation in writing by the IRS of Taipei, the member institutions were informed.
13. BAROC set up the “Manual of labor safety and health management program for the financial industry” to meet the labor safety regulations, and to be provided to the member institutions for reference.
14. To strengthen the inter-bank electronic banking security operation, and set up a sound information security system, BAROC included the certification operation and the relevant security measures for IC card internet application system development into the “operation standard for financial institutions handling electronic banking business security control management”. It also complied with the regulation of article 2 of the electronic signature law amending the word “certifying authority” to “certified authority”, and reported to the FSC for future reference.
15. To enhance the stability of banks using financial XML business, BAROC designed improvement measures focusing on the reason for transaction failure, and requested the cooperation of member institutions.
16. In 2008, there were a total of three suppliers who applied for IC card service point’ e-service end product and IC READER with covering function certification (transactions); the BAROC “IC card authorization mechanism and operation certification unit” completed the certification operation.
17. In the case of TBFA’s recommendation with regard to financial institutions’ calculation of capital adequacy rates according to the capital or the issuer’s domestic credit rating to decide the appropriate risk weight, on whether it is the suitable or unsuitable new capital agreement international guideline announced by Basel committee and the FSC. After the comments of the member institutions were gathered, these were reported to TBFA for reference.
18. The LPSC requested of BAROC to comment on the feasibility of the labor pension fund gathering according to article 56.2 of the labor standard law. After deliberations, the comments were reported to LPSC.



19. BAROC amended the “self-regulate regulation for banks handling wealth management and financial product business”. The “strengthen the control and management of structural product business” chapter was added. After BAROC reported the amendments to the FSC, the member institutions were duly informed.
20. The JCIC requested BAROC to comment on whether the foreign exchange transaction breach of contract information inquiry platform was set up. After deliberations, the comments were reported to JCIC.
21. Chinatrust Commercial Bank recommended to BAROC that if banks handle equity derivative product transaction with practical settlement, it shall not apply to the provisions of Article 150 of the Security and Exchange Act. After being approved by the FSC, BAROC informed its member institutions.
22. The IC credit card conversion program reported at the end of 2008 that:
  - (1) A total of 34 banks/organizations had issued IC credit cards, with a total of 13,429,679 cards issued, representing 39.28% of the total credit cards in circulation;
  - (2) With regard to the progress of EMV reader machine conversion, 199,962 reader machines that support IC credit cards had been set up, representing 99.72% of the total number of card readers that had already been installed.
23. The NCCC MasterCard International announced that the first reporting period of electronic records transaction will be reduced from no more than 30 days to 7 days, starting from October 3, 2008. BAROC was requested to set up the local rule for domestic credit card business. After BAROC required the member institutions’ comments, it suggested that NCCC maintain the same regulation in Taiwan, and the credit card institutions were informed.
24. BAROC requested the FSC to provide suggestions on the limited amount regulation of transactions besides credit for the subsidiaries of financial holding companies and the subjects listed in Article 45.1 of the financial holding company law. After the FSC responded, various financial holding companies were informed.
25. Taipei Fubon Commercial Bank asked whether Article 45 of the financial holding company law allowing shareholders to be the guarantor of the financial holding company’s subsidiary is appropriate. After receiving comments from the FSC, various financial holding companies were informed.
26. BAROC requested the FSC to provide comments on whether or not financial holding subsidiaries having joint marketing should use the information according to each contracts’ regulations to avoid different opinions between the industry and the competent authority. After receiving the comments from the competent authorities, various financial holding companies were duly notified.
27. The nine dispute types and handling principle of the Lehman structured note was decided by the BAROC Board. After being submitted to the FSC for approval, the member institutions were duly notified. The

handling principle is as follows:

- (1) The handling scope is only limited to the structured note issued by the Lehman Company which has not yet been redeemed.
  - (2) The dispute type is the behavior type of banks handling the structured note, the relevant case responsibility shall still be judged according to the merits of each case.
  - (3) To actively solve the Lehman structured note dispute case, the member institutions were required to show sincerity to set up a customer dispute center or dispute handling mechanism soon, and they shall actively provide consolation payment, compensation or another reconciliation method according to the nature of the above-mentioned dispute type.
28. To provide the market indicator degree of TAIBOR rate, BAROC added two TAIBOR designated banks - E-Sun Bank and DBS - through the selection process according to the regulation in 2008, and provided them to the member institutions for reference.
29. BAROC responded to member institutions' comments to the competent authority on the impact of this system (i.e., the relevant measures for providing full protection to deposits) in the loan market and member institutions.

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

1. The FSC Banking Bureau set up the "BAROC member self-regulation claims debt consultation and control mechanism. After deliberation and approval by the competent authority, member institutions were duly notified. The statistical information was summarized by the competent authority.
2. The FSC Banking Bureau set up the "temporary supplement principle of the banking industry to cope with the government revival of the economy". After deliberation and approval by the competent authority, member institutions were duly notified. The statistical information was summarized by the competent authority.
3. The FSC Banking Bureau set up the "Operation outline for members to handle the residential housing mortgage payment period extension of involuntarily unemployed labor". After deliberation and approval by the competent authority, member institutions were duly notified. The statistical information was summarized by the competent authority.
4. In response to the financial demand of the original residential housing mortgage account, it was suggested that the banks extend the payment period according to the customer's application; however, it shall not exceed 30 years. After deliberation and approval by the competent authority, member institutions were duly notified. The statistical information was summarized by the competent authority.

5. To provide “local care, and actively serve the small and medium-sized enterprise ad hoc” of the Executive Yuan, BAROC coordinated with various county and city BAROC institutes to provide contact windows and requested 12 banks send personnel to be stationed in various counties’ and city governments’ small and medium-sized enterprise “Real-time care service centers” to provide government care to small and medium-sized enterprise to be localized and in real-time.
6. The FSC gave notification to set up relevant operation handling methods for article 6 and 7 of the “matters that shall be recorded or not be recorded in the personal car loan or mortgage contract” attached to the “consumer debt clearing regulation”. After deliberation, the member institutions were duly notified.
7. The FSC notified BAROC to set up the “award example of financial institutions preventing financial fraud” draft. After the recommendation was approved by the joint meeting of the Board of Directors and Supervisors of BAROC, the competent authority was duly notified.
8. The FSC reviewed the suitability of not filling in the questionnaire and the necessity of whether the questions shall be amended in the “customer care reference example for counter operation”. After BAROC’s deliberation and approval by the competent authority, the member institutions were duly notified.
9. The FSC Banking Bureau requested BAROC to review the marking system of the warning account dismissal reason. The recommendation was reported to the FSC Banking Bureau.
10. The FSC Banking Bureau requested BAROC to deliberate on the legalization and feasibility of the “abnormal account warning notification of the 165 anti-fraud service hot lines” set up by the National Police Agency. The recommendation was reported to the FSC Banking Bureau.
11. The FSC Banking Bureau requested BAROC to deliberate on the “financial institutions handling the abnormal account warning mechanism operation procedure” and the content of the warning notification. The comments were reported to the FSC Banking Bureau, Chunghwa Post. Co., Cooperative Bank, Chinatrust Commercial Bank, Yuanta Commercial Bank, and Taichung Commercial Bank, etc. financial institutions were duly notified to participate in handling the abnormal account warning mechanism operation, and implement trial operation for 3 months, starting from October 20, 2008.
12. BAROC reviewed the meeting records of the CPC’s “criteria of the IC card regulation sample of the savings account contract” many times. After deliberation, the comments were duly disseminated.
13. The FSC deliberated on setting up the limited ATM deposit amount to prevent fraud or the feasibility of using an ATM to illegally obtain money. The recommendations were reported to the FSC, and member institutions were duly notified.

14. The FSC Banking Bureau requested that banks provide solutions to prevent fraud groups from using a “virtual account” to launder money. BAROC reported the operating model, review standard and recommendation to the FSC Banking Bureau, and member institutions were duly notified.
15. The FSC requested that banks address the difficulty of the ATM and enterprise money wiring service operation on long holidays. BAROC reported the recommendations to the FSC.
16. The FSC requested banks to extend business hours to 17:30 every day for five days before the 2009 Chinese New Year (January 19~23, 2009). In addition to presenting recommendations, BAROC also held a meeting on relevant measures and requested various financial institutions and relevant units to cope with the adjustment, and member institutions were duly notified.
17. To be in line with the competent authority’s policy with regard to the opening up of international financial business OBU to handle the foreign currency checking deposit business, BAROC set the ad hoc team to deliberate on the “handling regulation of OBU foreign currency checking accounts” and “contract sample of OBU foreign currency checking accounts”. After being approved by the competent authority, the member institutions were duly notified.
18. The FSC recommended developing “high-ranking manager talents” and “international talents”. BAROC reported the comments to the FSC.
19. Following the approval in early 2009 of the “electronic certificate issuance management regulation”, the FSC Banking Bureau requested the provision of practical methods and opinions for the electronic certificate application safety level. BAROC provided the practical experience and comments to the Banking Bureau.
20. The FSC Banking Bureau requested that BAROC set up a “banking industry WTO ad hoc research team”, and formulate the “organizational guideline for the banking industry WTO ad hoc research team”. The reports were submitted to the FSC Banking Bureau.
21. The FSC Banking Bureau requested that BAROC provide the relevant information on the implementation situation of the Transitional Review Mechanism (TRM) and the questionnaire content made by various countries. After the comments were summarized by the member institutions, the FSC Banking Bureau was duly notified.
22. The FSC Banking Bureau requested that BAROC provide comments about the review of the WTO member country trade policy scheduled in 2008. After summarizing the “BAROC member OBU’s will survey and recommendation”, the FSC Banking Bureau was duly notified.
23. The FSC Banking Bureau requested that BAROC provide information on difficulties or obstacles encountered when expanding to South Korea’s financial market. After the member institutions’ comments were gathered, the FSC Banking Bureau was duly notified.

24. In response to the WTO service consultation and to effectively assist the banking industry to expand the financial market, the FSC Banking Bureau requested that BAROC collect and update the information every half year. BAROC regularly summarized the “list of difficulties and obstacles encountered by the domestic banking industry expanding business in other countries”, and the FSC Banking Bureau was duly notified.
25. The FSC Banking Bureau requested that BAROC deliberate on the column application definition of the Bureau’s internet wealth management business statistical form. After deliberation, the FSC Banking Bureau and member institutions were duly notified.
26. The FSC requested that BAROC present specific comments about the relevant management regulations of the structural product sales business suggested by the CPC for review. After deliberation, the comments were reported to the FSC, and the CPC suggested that matters be included for reference in amending “self-imposed regulation for banks handling wealth management and financial product sales business”.
27. The FSC requested that BAROC provide comments about the relevant legal regulations of the structured note product that the Fair Trade Commission, Executive Yuan wishes to know. After deliberation, the comments were reported to the FSC.
28. The FSC requested that BAROC communicate and properly handle any case in which partial content of the “self-imposed regulation for banks handling wealth management and financial product sales business” may violate the basic rights and labor benefit of the members. BAROC requested that the bank employees provide specific recommendations and invited them to meet for discussion. After the discussion, partial recommendations were included in the amendment items of the self-regulated regulation.
29. To rapidly handle the disputes of the structured financial products, the FSC requested the securities investors and futures trade protection center to actively complete the complaint, and other relevant improvement operation. BAROC set up the structured note sales dispute unit to assist the center in handling the complaint case demand and to speed up the follow-up handling efficiency.
30. The FSC requested that BAROC present comments about the relevant issues about equity derivatives. After deliberation, BAROC respectively reported the current operation situation, analysis and recommendations to the FSC. The FSC approved the policy that when banks are handling the equity relevant derivatives, the stocks, index stock fund, futures and options bought due to risk avoiding demand do not need to be limited to the banks’ limited investment amount. Member institutions were duly notified.
31. In accordance with the instructions of the FSC, BAROC set up the “self-regulated regulation for banks handling derivatives business risk management”. After being approved by FSC, the member institutions were duly notified.

32. The FSC Banking Bureau requested that BAROC deliberate on the relevant issue of the transaction qualification restrictions about the “securities dealer operating derivatives transaction regulation” used by banks handling Taiwan stock equity derivatives. After deliberation, the comments were reported to the FSC.
33. BAROC amended the draft of “credit card business institutions management measures” to be in line with the FSC. After the member institutions comments were summarized, BAROC reported the comments to the FSC for approval.
34. BAROC deliberated the draft of “credit card contract criteria”. After the member institutions comments were summarized, BAROC reported the comments to the FSC.
35. To comply with the demand of the FSC, the CPC and the members’ business, BAROC held relevant meetings of the Alexander credit card dispute. After deliberation, the FSC, the CPC and various credit card business institutions were duly notified. In addition, the information on the Alexander credit card dispute was summarized to provide to the FSC for reference.
36. The FSC Banking Bureau requested that the CPC hold the meeting of the “rights and benefit protection matters of consumers receiving late credit card transaction details and payment notice” on August 21, 2007. After deliberation, the operation difficulty and replacement program were reported to the FSC, and the member institutions were duly notified.
37. The FSC requested that the CPC deliberate on relevant specific measures about the meeting held on March 3, 2008 on “consumer protection matters of the cooperative shops refusing credit card usage due to the spending amount”. BAROC reported the deliberation to the CPC, the FSC, and the member institutions were duly notified.
38. The FSC requested that the CPC refer to the regulation regarding U.S. credit card transactions, and deliberate on the feasibility of including the regulation in the credit card business management as agreed upon during the meeting held on April 18, 2008 on “rights and benefit matters of consumer losing credit cards that do not need be signed when shopping”. After deliberation, the matters were disclosed and the member institutions were duly notified.
39. The FSC requested that the CPC clarify the contract relations between the receiving agency and the travel agent, and focus on the cases in deliberating the relevant measures as discussed during the meeting held on May 14, 2008 on “consumers’ rights and benefits protection matters of Far Eastern airline stop operation”. BAROC held an ad hoc meeting and deliberated on whether or not the payment receiving agency and cooperative shops shall be liable for their products sold or provided. BAROC therefore recommended that the payment receiving agency and the cooperative shops shall include the article in contract content in the future, and the comments were reported to the FSC, and the CPC.

40. The FSC requested that BAROC deliberate on the relevant matters regarding issues pertaining to “appropriate outsourcing regulations of credit card issuance institutions commissioning the cooperative industry to assist in claiming payment” and on “the cooperating period shall be listed in the credit card application”. After deliberation, the comments were reported to the FSC.
41. The FSC requested that the CPC review the meeting on the draft of “credit card contract criteria”. The scholars who participated in the meeting recommended that for credit card applicants whose residential address and contact address are different, the credit card company shall send the approval notification to the applicant’s residential address. After BAROC deliberated on the feasibility, the deliberation was reported to the FSC and various credit card companies were duly notified.
42. The FSC Banking Bureau requested that BAROC deliberate on the 6th implementation strategy and 10th measure item of the CPC’s 2008 consumer protection program, “set up credit card declaration mechanism to fulfill the information declaration mechanism when signing the contract”. After deliberation, BAROC deliberated on the important terms and conditions that shall be included in the applicant’s statement and agreement to replace the credit card declaration mechanism and submitted this to the FSC for approval. Various credit card issuance institutions shall complete the adjustment of credit card application by the end of September, 2008.
43. BAROC requested that the FSC deliberate on the legalization of the Ministry of Finance recommending that cooperative shops’ payment information include the remittance account number and payee information. After the FSC Banking Bureau held the relevant meetings, it requested that BAROC deliberate on the appropriation and necessity when the remittance account is not the cooperative shops’ account. After deliberation, the comments were reported to the FSC Banking Bureau. The FSC notified BAROC in writing as follows: “To ensure the safety of credit card market development, and protect the rights and benefits of the card holders, the payment shall be given directly to the cooperative shop from the payment institution, and not to a third party”. In addition, the recommendation of the Ministry of Finance shall comply with the regulation of Article 30 of the “tax collection act”.
44. To strengthen the risk control of the credit card issuance institutions, the FSC Banking Bureau requested that BAROC investigate the cash advance limit control measure of various credit card issuance institutions, and deliberate on whether or not the cash advance limit may exceed a certain percentage of the credit limit. After deliberation, the comments were reported to the FSC.
45. The FSC requested that BAROC deliberate on the necessity of signing a three party contract when credit card payment receiving institutions handle payment receiving business. After deliberation, the comments were reported to the FSC. BAROC held the meeting and decided that, to avoid the possible risk and defect resulting from a third party being involved in the contract of the payment receiving institutions and the actual cooperative shop, BAROC suggested that the cooperative shop of the



payment receiving institutions shall not commission a third party to cooperate with another cooperative shop. The comments were reported to the FSC. After being approved, various credit card payment receiving institutions were duly notified.

46. The FSC Banking Bureau requested that BAROC handle the suggestion from the Kaohsiung City Hotel Association to amend the SMS notification text sent to “Pre-authorized” travelers after the credit card issuance institution pre-charge an empty credit card certificate for making a reservation at a hotel. After deliberation, the comments were reported to the Hotel Association, and the FSC and various credit card institutions were duly notified.
47. The FSC requested that BAROC deliberate on the relevant measures when taking both the risk of the credit card institutions and the protection of the consumer’s rights and benefits into account, and the disputes derived from credit card transaction. BAROC invited credit card institutions to draw up the “notice item for card holders buying products or services”. After the relevant measures were reported to the FSC, the credit card institutions were duly notified.
48. The FSC requested that BAROC make an amendment regarding the content of the “pre-consultation mechanism outside of the court (draft)” submitted by BAROC earlier. Later on, BAROC drew up “financial institutions handling consumer pre-consultation mechanism outside of the court”. After being approved by the FSC, the member institutions were duly notified.
49. The FSC Banking Bureau requested the setting up of the “operation guideline of reporting the illegal employee information of the banking industry”. After deliberation, BAROC reported to the Board and submitted it to the Banking Bureau for approval. After approval, the member institutions were duly notified.
50. The FSC Banking Bureau requested the setting up of the “self-regulated regulation of the banking industry keeping customer information secret”. After deliberation, BAROC reported to the Board and submitted it to the Banking Bureau for approval. After approval, the member institutions were duly notified.

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

1. BAROC held relevant meetings regarding the “Civil Code inherit partial article amendment draft” and the “articles 1.1 and 1.2 of the Civil Code inherit partial article amendment draft” reviewed by the committee of justice and legal regulation, Legislative Yuan. The member institutions’ comments were summarized and reported to the Ministry of Justice.
2. BAROC deliberated on the amendment by the Justice Yuan of Enforcement Act, Civil Procedure Act

and Non-Civil Procedure Act. After deliberation, BAROC's recommendation was submitted to the competent authority.

3. BAROC attended the “public hearing of the civil law guarantee system” held by the Ministry of Justice on December 25, 2008, and drew up a written paper to describe the industry's stand and recommendation.
4. BAROC inquired on, summarized and deliberated on the member institutions' comments regarding the FSC's new “financial service act” draft to the competent authority.
5. BAROC summarized and drew up the suggested amendment on the implementation regulation of the consumer debt clearing regulation and submitted it to the Justice Yuan. The competent authority and legislative agency were duly notified.
6. Regarding the regulation of Article 14 of the financial holding company act, stating that “when financial holding company chapters need to be changed, the competent authority shall be submitted for approval”, BAROC summarized the practical operation difficulty to request amendment from the FSC.
7. The amendment draft for Article 37 of the financial holding company act was deliberated for the Justice Yuan and the Executive Yuan. After BAROC summarized the member institutions' opinions, BAROC requested amendment by the FSC.
8. BAROC requested that competent authority amend the “management measure for a financial holding company merging capital adequacy”, and extend the annual capital adequacy ratio application period from two months to four months. After being approved by the competent authority, the management measure was amended.
9. BAROC summarized the member institutions' opinions regarding the regulation of Article 5 of the financial holding company investment operation management principle, which stipulates that when investing in a financial holding company, bank, or insurance and securities company, before the shareholding ratio exceeds 25% or having yet obtained over 50% of the board's vote, the personnel shall not be the investing business' director or supervisor, and suggested that the competent authority loosen the relevant regulations.

#### **D. Gathering of Financial Information and Preparation of Research Reports to Meet the Needs for the Development of Financial Businesses**

1. BAROC prepared the “relevant laws and regulations and practical research and analysis of banks handling credit business for overseas corporations and individuals”. After being approved by the Board, the competent authority and member institutions were duly notified.
2. BAROC prepared the “research of bank credit liability system evolution and development trend”. After being approved by the Board, the competent authority and member institutions were duly notified.

3. BAROC commissioned lawyer Lin Ji Heng to prepare the “recommendation draft for the electronic certificate issuance regulation”. After deliberation, the recommendation was reported to the competent authority to maintain the rights and benefits of the member institutions.
4. BAROC commissioned the ARDF to complete the amendment of the questionnaire of the “original loan and account receivable to be included in No. 34 report” to provide to various member institutions for operating reference.
5. BAROC summarized the relevant Chinese financial regulation files and the updated supplement information on the difficulties encountered when the industry expands business in the U.S.A., and reported to the FSC Banking Bureau.
6. To understand the future development of the cross-strait banking industry, Assistant Professor Huang Chi-Rui of the BAROC WTO ad hoc research unit was requested to write the report of “prospect of cross-strait banking industry”. The report was reported to the FSC.
7. The FSC Banking Bureau requested that BAROC prepare the report of “the impact to domestic bank operation and the domestic bank corresponding method of a foreign bank merging with a domestic bank”. The report was reported to the FSC Banking Bureau.
8. The FSC Banking Bureau notified BAROC to prepare the reports on “current bank operating difficulties and corresponding method” and on “domestic bank operating difficulties, corresponding method, and suggested regulation and system amendment questionnaire”. The reports were reported to the FSC Banking Bureau.
9. BAROC requested Lin & Partners Attorney at Law to draw up the relevant professional legal opinions on the “consumer debt clearing regulation” to be provided as reference to the competent authority and the legislature.
10. BAROC commissioned the Yen Tjing Ling Industrial Research Institute, NTU to prepare the report on the “local advanced industry forward development research program”. After being approved by BAROC, the member institutions were duly notified.
11. BAROC published 6 journals in 2008 (No. 43 to No. 48). The reports were sent to the relevant units and the member institutions for reference.

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

1. 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 2008 was 212, while the number of review cases transferred was 7.

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2. The BAROC one-stop window for credit card claims received a total of 603 appeals (571 calls) in 2008. Of these appeals, 62 were related to the collection of payments; 168 were related to credit card family repayments on behalf of card holders; 25 were related to credit cards being used by others or cash advances being falsely withdrawn; 164 were related to the use of credit cards or fee charges; 44 were related to credit information registered in JCIC; 103 were related to shops with special credit arrangements; and the remaining 37 were classified as others. All the cases were dealt with through the coordination of the window and relevant credit card institutions.
  3. BAROC set up a service hotline for debt consultation to allow people to inquire about the relevant questions of Consumer Debt Clearing Regulations, and received 71,676 calls in 2008, the cases were as follows:
    - 1) 45,603 (63.62%) were direct reply calls.
    - 2) 20,573 (28.7%) were calls about debt clearing issues.
    - 3) 3,826 (5.34%) were calls pertaining to debt restructuring.
    - 4) 1,674 (2.34%) were calls unrelated to debt restructuring.
  4. BAROC communicated with the media and assisted in issuing a news release for all major financial operations and measures. A total of 18 news releases were issued in 2008.
  5. 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 16 such queries in 2008.
  6. To promote the correct money usage concept to the public, and assist member institutions to promote small amount pre-paid card business, BAROC processed the electronic money Smart Pay advertising, "Use the card correctly to end credit card debts" project. It used short TV films, newspaper, magazine and internet and other advertising methods to teach the public about the "Electronic Money Smart Pay" small amount pre-paid card.
  7. BAROC continued to promote IC card consumption debit business to stimulate the usage by cardholders, and create the further growth of consumption debit transaction. The related activities held in 2008 were:
    - 1) Internet cooperative shops IC card consumption debit and electronic money Smart Pay application business opportunity conference.
    - 2) "Do not miss this-free theft insurance gift for using your IC card to shop".
    - 3) "IC card shopping, double gifts feedback" draw.
    - 4) Co-sponsorship by the Fancy World, Window on China theme park and Formosa Fun Coast of the "2008 IC card summer vacation marketing activity".

8. BAROC regularly summarized the debt collection agency list of member institutions that were evaluated and commissioned, the outsourced marketing agency list of member institutions that were evaluated and contracted, and the trusted agency list of BAROC member institutions handling credit card that constituted as outsourced marketing business, and other information. and announced it on the BAROC website to provide to the public for reference.
9. BAROC regularly summarized the various rate standards of the member institutions, the method and standard of the penalty charges for loan pre-clearing of the member institutions, and the interest rate and fee charges retrieval method of the credit card companies, and other information, and announced it on the BAROC website to provide to the public for reference.
10. To cope with the implementation of consumer debt clearing regulation, BAROC drew up 25 questionnaires to provide to the public and financial institutions for reference.
11. BAROC worked with the FSC to participate in the “2008 Taiwan Biotech Month” exhibition held on July 24~27, 2008, and set up booths and sent personnel to assist in promoting relevant financial knowledge at the scene.
12. BAROC participated with the FSC in the “2008 consuming new life series advocacy activity carnival” held in Guanhai Square in Damshuei on September 20, 2008, and sent personnel to assist in promoting relevant financial knowledge at the scene.

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

1. BAROC held a seminar on “consumer debt clearing regulation practical experience” on January 4, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
2. BAROC held a workshop on “Group conventional law practice analyzing” on January 11, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
3. BAROC held a conference on “Japanese financial product transaction law implementation practical operation” on January 23, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the conference.
4. BAROC and CNAIC held the President Hsu Yuan-Dong memorial speech series- “The key of Taiwan and current global financial volatility” on January 24, 2008 in the Taipei International Convention Center. Representatives of the member institutions were invited to participate in the seminar.
5. BAROC held a conference on “Financial Industry Automatic Inspection Manual” in the second conference room of the Association on January 25, 2008. Representatives of the member institutions were invited to participate in the conference.

6. A seminar on “How to do a good job in career management and retirement planning” was held by BAROC in the second conference room of the Association on February 22, 2008. Secretary General, Mrs. Xiao Bi-Yen of SITCA was invited to make a speech. Representatives of the member institutions were invited to participate in the seminar.



▲ Seminar on how to do well in career management and retirement planning.

7. A seminar on “consumer debt clearing regulation implementation” was held by BAROC on March 5, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
8. Three conferences on “BAROC member institutions handling the rehabilitation and clearing operation for consumer debt clearing regulation guidelines” were held by BAROC on March 25, 26 and April 10, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the conference.
9. A conference on “Labor safety and health management & automatic inspection measures amendment” was held by BAROC on April 2, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the conference.
10. BAROC held a seminar on “Prevention of fraudulent accounts’ study and case analysis” on April 9, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
11. BAROC held a conference on “Energy technology service industry refinance promotion” on April 23, July 8, and July 24, 2008 in Taipei, Taichung, and Kaohsiung, respectively. Representatives of the member institutions were invited to participate in the conference.
12. BAROC held 30 courses on “service training for personnel in the trust industry” in Taipei, Taichung, Tainan and Kaohsiung from April to October, 2008. A total of 2,520 people participated in the training.
13. BAROC held a seminar on “domestic real estate market current situation and prospects” on May 16, 2008 in the second conference room of the Association, with Professor Zhuang Meng Han of the



Department of Industrial Economy, Tamkang University as the speaker. Representatives of the member institutions were invited to participate in the seminar.

14. BAROC held a seminar on “RMB authenticity identification” on June 18, and September 14, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.



▲ Seminar on financial legal affair and practical case.

15. To enhance the judicial and investigating personnel's further understanding of the criminal fraud style in credit and trust business, BAROC and the Trust Association of R.O.C commissioned TABF to hold the 5th “Financial Legal Affairs and Practical Experience Case Seminar” on June 26~27, 2008 in Taipei Ambassador. There were about 50 participants.
16. BAROC held a seminar on “Taiwan banking industry's opportunities and challenges in mainland China” on June 27, 2008 in the second conference room of the Association. Chairman Jian Yong Guang of Lee Payson Consultants Limited was the speaker. Representatives of the member institutions were invited to participate in the seminar.
17. BAROC respectively held 76 courses on “Fire management personnel training” in June to November, 2008 in Taipei and other areas. There were a total of 3,516 participants.
18. BAROC held a conference on “Introduction of Hong Kong financial management system and wealth management business” on July 18, 2008 in the cultural and educational center of Taipei Howard. Representatives of the member institutions were invited to participate in the conference.
19. BAROC held the advanced wealth management personnel training courses-“Financial market analysis (market trend) course”, “financial product professional course”, “Taxation and legal affairs professional course” and “business marketing skills” in July to December, 2008 in Taipei, Taichung and Kaohsiung. There were a total of 20 courses held.
20. BAROC held a seminar on “2008 Hong Kong audit business visitation” on August 18, 2008 in the



second conference room of the Association. Members of the visiting group served as lecturers. They presented reports on Hong Kong's financial supervision environment and competent authority supervision, and on various audit methods and procedures, among others, to the member institutions for reference.

21. To assist the member institutions to train EMV IC credit card relevant operation and management personnel, the national IC credit card conversion program office of BAROC held EMV IC credit card introduction, establishment, management and application, and operation system, and 9 other training courses on August 21~22, 2008. The average number of participants for each course was about 95.
22. BAROC held a seminar on "overseas Taiwanese businesspeople and foreign corporate credit business law and practice" on August 25, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
23. BAROC held a seminar on "Labor insurance annuity payment" on September 1, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
24. To enhance the understanding of financial institutions of the common regulation and internet application security mechanism of financial certificate, and to explain the development notice items of the financial XML certificate internet application system, a conference on "integration of financial certificate common regulation and use environment" was held on September 11, 2008 in the second conference room of the Association. Representatives of member institutions were invited to participate.
25. 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 17th and 18th "Credit card business and legal affair seminar" at Taipei Tien Lai Spring Resort on September 18, 19, 25 and 26, 2008. Some 100 people, including judges, prosecutors, and representatives of the Banking Bureau of FSC and of member institutions of BAROC participated in the seminar.
26. BAROC held the "corresponding strategy meeting of banks including the structured note dispute in the dispute mechanism" on October 15, 2008 in the second conference room of the Association to explain the impact and related issues to the member institutions.
27. BAROC held the "2009 global economic financial outlook" on October 24, 2008 in the second conference room of the Association, with Dr. Wu Jong Shu of the Institute of Economics, Academia Sinica as the speaker. Representatives of member institutions were invited to participate.
28. To assist financial institutions in handling the replacement operation and system verification of financial XML certificate renewal, BAROC held the "replacing certificate coordination conference of financial XML RCA, PCA and UCA" on October 29, 2008 to explain the tested case content, the adjusted items of the major system supplier, and the items of various financial institutions to be in line with.

29. BAROC held a conference on “Japan individual financial sales practice and control management operation” on October 30, 2008 in the Center of Public and Business Administration Education, NCCU. Representatives of the member institutions were invited to participate in the conference.
30. To develop the mutual spirit of help in the financial industry and to prevent the relevant international export, import and foreign exchange business fraud, BAROC held the “Seminar on preventing international fraud” on November 6, 2008 in the second conference room of the Association. The seminar specially explained fraud methods and characteristics to increase the awareness of personnel and reduce the losses of the financial industry being deceived. Representatives of the member institutions were invited to participate in the seminar.
31. BAROC held the “Seminar on risk management model establishment and verification” on November 11, 18 and 25, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
32. BAROC held the “Seminar on cross-strait economic and trade situation and investment environment analysis” on November 13, and 14, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
33. BAROC held the “Seminar on Chinese Mainland investment credit risk control management” on November 17, 2008 in the second conference room of the Association, with Mr. Chang Da-Cheng, President of China Credit Information Service, Ltd. and CEO of Ding-Cheng Management Consultation Co. as the speaker. Representatives of the member institutions were invited to participate in the seminar.
34. BAROC held the “Seminar on the understanding and application of guarantee letter’s international regulations” on November 21, 2008 in the second conference room of the Association. There was a total of 56 member institutions signed up and 97 participants.
35. BAROC held the “High-Level Forum on Financial Supervision” on November 26, 2008 in TABF. BAROC members were invited to send representative to participate in the forum.
36. BAROC held the “Seminar on financial inspection and audit” on November 27 and 28, 2008. BAROC members were invited to send representatives to participate in the seminar.
37. BAROC held a seminar on “Basel II three pillar and implementation current situation” on December 2 and 9, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.
38. BAROC held the “Seminar on enterprise financial risk management seminar” on December 3, 10 and 17, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.

39. BAROC held the “Seminar on wealth management practice- agricultural product investment trend and strategy” on December 12, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.

40. BAROC held the “Smart Pay business seminar” on December 15, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.

41. BAROC held the “Workshop on market risk measurement and management practice” on December 16, 23 and 30, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.

42. To continue to promote “national payment (tax) business” and award the financial institutions with good promotion effectiveness, BAROC held the result exhibition and award ceremony of the “national payment (tax) business result publication ceremony” and the “entering the payment diversified electronic financial payment environment” summit forum on December 22, 2008 in the international conference center of national Taiwan University hospital. There were about 450 participants.

43. BAROC held the “Seminar on special refinancing financial product” on December 24, 2008 in the second conference room of the Association. Representatives of the member institutions were invited to participate in the seminar.



▲ Launching of the publication on 2008 electronic financial new century national payment (tax) business result.

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

1. BAROC sent representatives to participate in the semi-annual meeting held by the ICC in Athens, Greece on April 15~16, 2008, and made a presentation at the meeting.

2. BAROC sent personnel to participate in the “UN/CE FACT conference” held in April and November, 2008, the “9th international common criteria annual meeting” held in September, 2008, and the

“Black Hat Japan 2008 seminar and exhibition” held in October. It paid close attention to the development of international financial information to fully understand the set up direction of international XML messages, and process research regarding the relevant issues of information technology and information security.

3. To enhance the futures transaction strategy and operation skills of the domestic special corporate personnel, Taiwan Futures Exchange sent the domestic special corporate personnel to take professional training courses in Hong Kong in May 2008. BAROC sent 7 member representatives to participate in the training.
4. To enhance the participation and impact of the domestic banking industry on international financial affairs, BAROC sent representatives to participate in the “SIBOS 2008 financial business meeting” held by SWIFT on September 15~19, 2008 in Vienna, Austria, and made a presentation at the meeting.
5. The Fed visited BAROC on November 14, 2008. BAROC in addition to sending personnel to meet the Fed personnel, the member institutions which have branches in the U.S.A were also invited to meet the Fed personnel.
6. BAROC sent personnel to participate in the IFX Forum Face to Face meeting held in Orlando, Florida, U.S.A on November 17~20, 2008, assisted the organization for the review of relevant submitted documentation, and focused on the domestic standard application and presented usage suggestions.



▲ The U.S. Wachovia Corporation visits BAROC.

## Appendix 1 : Financial and Business Summary of Domestic Banks

As of December 31, 2008

Bank \ Item	Deposits (NT\$ million)	Loans (NT\$ million)	Notional Amounts Outstanding of Derivatives (US\$ million)	Assets (NT\$ million)	Equities (NT\$ million)
Bank of Taiwan	2,986,303 ( 2,509,014 )	1,981,786 ( 1,911,604 )	10,919 ( 8,098 )	3,492,260 ( 3,087,269 )	219,577 ( 239,988 )
Land Bank of Taiwan	1,785,097 ( 1,670,174 )	1,551,896 ( 1,436,854 )	467 ( 465 )	2,061,106 ( 1,916,405 )	101,876 ( 101,062 )
Taiwan Cooperative Bank	2,069,650 ( 1,998,654 )	1,823,898 ( 1,719,370 )	5,897 ( 5,821 )	2,517,317 ( 2,440,706 )	106,938 ( 102,392 )
First Commercial Bank	1,410,347 ( 1,287,330 )	1,152,060 ( 1,062,944 )	28,918 ( 23,423 )	1,906,756 ( 1,710,707 )	89,491 ( 90,153 )
Hua Nan Commercial Bank	1,403,524 ( 1,318,371 )	1,114,366 ( 1,046,100 )	11,077 ( 8,836 )	1,679,921 ( 1,719,297 )	77,873 ( 77,998 )
Chang Hwa Commercial Bank	1,144,376 ( 1,050,190 )	974,943 ( 905,467 )	2,381 ( 3,331 )	1,411,424 ( 1,326,533 )	82,834 ( 85,557 )
CitiBank	158,899 ( 214,779 )	68,862 ( 132,674 )	203 ( 1,179 )	227,879 ( 282,356 )	49,640 ( 50,366 )
The Shanghai Commercial & Savings Bank	472,363 ( 422,033 )	326,869 ( 284,581 )	1,540 ( 1,200 )	641,554 ( 601,748 )	63,332 ( 60,734 )
Taipei Fubon Bank	983,549 ( 835,647 )	752,384 ( 654,634 )	63,333 ( 54,845 )	1,258,322 ( 1,144,145 )	81,118 ( 75,951 )
Cathay United Bank	1,110,312 ( 1,020,416 )	809,587 ( 757,510 )	27,489 ( 23,620 )	1,349,274 ( 1,287,367 )	82,817 ( 81,425 )
The Export-Import Bank of the Republic of China	- ( - )	78,256 ( 71,024 )	284 ( 238 )	84,993 ( 77,441 )	18,347 ( 18,080 )
Bank of Kaohsiung	160,888 ( 130,526 )	136,244 ( 110,744 )	55 ( 69 )	183,949 ( 156,853 )	9,597 ( 10,461 )
Mega International Commercial Bank	1,378,171 ( 1,289,290 )	1,303,503 ( 1,193,997 )	21,292 ( 19,184 )	2,056,270 ( 1,951,405 )	141,701 ( 152,865 )
China Development Industrial Bank	32,981 ( 29,834 )	78,758 ( 84,671 )	21,055 ( 17,148 )	249,860 ( 302,961 )	122,105 ( 141,964 )
Industrial Bank of Taiwan	63,014 ( 54,893 )	67,256 ( 58,258 )	1,512 ( 1,627 )	123,976 ( 116,047 )	24,763 ( 27,554 )
First Capital Commercial Bank	36,225 ( 35,808 )	26,916 ( 25,653 )	- ( - )	41,342 ( 41,241 )	4,180 ( 4,366 )
Hwaitai Bank	96,220 ( 90,772 )	80,928 ( 85,322 )	67 ( 29 )	109,694 ( 103,845 )	6,700 ( 7,192 )
Taiwan Shin Kong Commercial Bank	359,218 ( 329,084 )	278,853 ( 274,208 )	2,292 ( 1,640 )	403,362 ( 385,703 )	21,092 ( 21,190 )
Sunny Bank	210,670 ( 210,391 )	164,816 ( 171,174 )	115 ( 51 )	238,212 ( 244,797 )	10,755 ( 12,629 )
Bank of Panhsin	145,194 ( 146,151 )	119,632 ( 126,274 )	84 ( - )	167,853 ( 171,934 )	9,693 ( 9,884 )
Cota Commercial Bank	97,214 ( 93,359 )	77,650 ( 79,086 )	62 ( 14 )	106,616 ( 103,575 )	4,707 ( 5,301 )
Union Bank of Taiwan	297,577 ( 286,768 )	178,254 ( 203,323 )	811 ( 604 )	365,640 ( 363,637 )	17,196 ( 17,205 )
The Chinese Bank	- ( 83,634 )	- ( 63,775 )	- ( 13 )	- ( 90,676 )	- ( -32,587 )



Unit : NT\$ million , US\$ million

Bank \ Item	Deposits (NT\$ million)	Loans (NT\$ million)	Notional Amounts Outstanding of Derivatives (US\$ million)	Assets (NT\$ million)	Equities (NT\$ million)
Far Eastern International Bank	296,818 ( 281,299 )	210,523 ( 221,362 )	5,924 ( 5,778 )	361,737 ( 360,972 )	19,411 ( 19,040 )
Yunta Commercial Bank	305,267 ( 273,644 )	235,411 ( 239,015 )	6,598 ( 5,415 )	354,251 ( 345,832 )	18,631 ( 21,935 )
Bank Sinopac Company Limited	815,445 ( 811,336 )	628,204 ( 597,612 )	38,654 ( 36,774 )	984,473 ( 999,939 )	55,255 ( 60,917 )
E. Sun Commercial Bank	689,999 ( 621,534 )	532,833 ( 513,222 )	11,126 ( 7,976 )	844,606 ( 793,935 )	46,264 ( 47,392 )
Comos Bank, Taiwan	135,808 ( 158,200 )	95,355 ( 116,235 )	12 ( 35 )	162,937 ( 206,551 )	19,552 ( 32,666 )
Bowa Bank	- ( 88,495 )	- ( 58,699 )	- ( - )	- ( 82,545 )	- ( -34,964 )
Taishin International Bank	698,221 ( 730,199 )	517,193 ( 554,011 )	51,156 ( 60,866 )	868,890 ( 922,248 )	41,691 ( 48,485 )
Ta Chong Bank	263,851 ( 240,961 )	218,440 ( 215,122 )	4,355 ( 6,035 )	328,470 ( 314,171 )	22,167 ( 22,875 )
Jih Sun International Bank	205,095 ( 214,344 )	136,151 ( 162,436 )	1,049 ( 1,182 )	226,676 ( 250,195 )	8,308 ( 10,441 )
EnTie Commercial Bank	217,107 ( 209,383 )	180,547 ( 181,624 )	1,467 ( 1,535 )	280,466 ( 286,889 )	19,081 ( 13,039 )
Chinatrust Commercial Bank	1,144,339 ( 1,100,243 )	838,473 ( 795,573 )	200,836 ( 173,686 )	1,590,768 ( 1,495,246 )	114,745 ( 103,403 )
Chinfon Commercial Bank	68,525 ( 86,100 )	29,441 ( 48,132 )	97 ( - )	73,082 ( 97,596 )	-13,764 ( -692 )
Taiwan Business Bank	1,018,363 ( 945,385 )	878,770 ( 826,285 )	1,216 ( 1,834 )	1,171,769 ( 1,127,815 )	42,235 ( 40,123 )
Standard Chartered Bank	508,963 ( 390,918 )	309,643 ( 278,319 )	40,465 ( 47,200 )	642,409 ( 486,452 )	31,036 ( 21,223 )
Taichung Commercial Bank	261,811 ( 240,894 )	201,832 ( 191,595 )	453 ( 287 )	286,443 ( 263,525 )	15,884 ( 16,178 )
King's Town Bank	134,960 ( 152,379 )	104,371 ( 129,446 )	171 ( - )	150,906 ( 171,488 )	10,919 ( 11,350 )

Remarks : 1. Figures in ( ) are data for 2007.

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

3. HSBC took over all assets, liabilities, and operations (not including retained assets and liabilities) of the Chinese Bank on March 29, 2008.

DBS Singapore took over all assets, liabilities, and operations (not including retained assets and liabilities) of Bowa Bank on May 24, 2008.

Standard Chartered Bank took over all operations, assets, and liabilities of American Express Taiwan branches on August 1, 2008.

Chinatrust Bills Finance Corporation was merged into Chinatrust Commercial Bank on April 26, 2008.

Hwanan Bills Finance Corporation was merged into Hwanan Commercial Bank on May 24, 2008.

Standard Chartered Bank took over all assets, liabilities, and operations of Asia Trust & Investment Corp. on December 27, 2008.

Sources: the Financial Business Statistics, Banking Bureau, Financial Supervisory Commission, Executive Yuan.

## Appendix 2 : Number of Overseas Branches, Representative Offices and Other Outlets of ROC Financial Institutions by Region and Country

As of December 31, 2008

Unit : Number

Region	Countyies	Institutions	Total	Branches	Representative Offices	Others
Asia-Pacific	Mainland China		8	0	7	1
	Japan		6	6	0	0
	Indonesia		7	0	0	7
	India		2	1	1	0
	Palau		1	1	0	0
	Cambodia		1	1	0	0
	Hong kong		27	16	2	9
	Thailand		6	0	3	3
	Malaysia		5	2	1	2
	Philippines		29	2	2	25
	Vietnam		36	8	12	16
	Singapore		7	6	1	0
	Australia		4	4	0	0
	Macau		2	1	0	1
		<b>Subtotal</b>		<b>141</b>	<b>48</b>	<b>29</b>
West Asia	Bahrain		1	0	1	0
Europe	Belgium		1	0	0	1
	Poland		1	0	1	0
	French		1	1	0	0
	United Kingdom		6	5	1	0
	Netherlands		1	1	0	0
		<b>Subtotal</b>		<b>10</b>	<b>7</b>	<b>2</b>
North America	Canada		10	2	0	8
	U.S.A.		74	23	1	50
		<b>Subtotal</b>		<b>84</b>	<b>25</b>	<b>1</b>
Central and South America	Brazil		1	0	1	0
	Panama		3	2	1	0
	Salvador		1	1	0	0
		<b>Subtotal</b>		<b>5</b>	<b>3</b>	<b>2</b>
Africa	South Africa		1	1	0	0
<b>Grand Total</b>			<b>242</b>	<b>84</b>	<b>35</b>	<b>123</b>

Source : Banking Bureau, Financial Supervisory Commission, Executive Yuan, February 2009.



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

As of December 31, 2008

Unit : Number

Region	Countries	Institutions	Foreign Banks with Branches in Taiwan	Branches	Representative Offices
Asia-Pacific	Japan		3	5	0
	Hong Kong		2	35	2
	Thailand		1	3	0
	Philippines		1	1	2
	Singapore		3	42	0
	Australia		1	1	0
	<b>Subtotal</b>		<b>11</b>	<b>87</b>	<b>4</b>
Europe	Belgium		2	3	0
	Spain		0	0	1
	French		3	4	2
	United Kingdom		2	2	0
	Netherlands		2	21	0
	Swiss		2	4	0
	Swedem		0	0	1
	Germany		1	1	2
	<b>Subtotal</b>		<b>12</b>	<b>35</b>	<b>6</b>
North America	U.S.A.		7	17	3
	Canada		1	1	1
	<b>Subtotal</b>		<b>8</b>	<b>18</b>	<b>4</b>
Africa	South Africa		1	1	0
<b>Grand Total</b>			<b>32</b>	<b>141</b>	<b>14</b>

Source : Banking Bureau, Financial Supervisory Commission, Executive Yuan, February 2009.

## Appendix 4: Chronology of Major Events in 2008

January 25	Two conferences on “Financial Industry Automatic Inspection Manual” were held in the morning and in the afternoon in the second conference room of the Association.
January 31	The 3rd Joint Meeting of the 9th Board of Directors and Supervisors was held.
February 21	Two conferences on “Pre-consultation operating guidelines” were held on February 21 (Thursday) and February 25 (Monday), respectively, in the second conference room of the Association.
February 22	The seminar on “How to do well in career management and retirement planning” was held in the second conference room of the Association at 14:00~17:00. Secretary General, Mrs. Xiao Bi-Yen of SITCA was invited to make a speech.
February 29	The conference on “Q&A for consumer debt clearing regulation mechanism” was held at 9:30 in the second conference room of the Association. The course trained personnel working at the pre-consultation financial institution inquiry service window. Manager, Tang Chiu-Bi was invited as the lecturer.
March 7	The 4th Joint Meeting of the 9th Board of Directors and Supervisors was held.
March 25-26	To enable various member institutions to handle the rehabilitation and clearing operation for consumer debt clearing regulation more smoothly, two conferences on “BAROC member institutions handling the rehabilitation and clearing operation for consumer debt clearing regulation guidelines” were held at 14:00~17:00 on March 25 and 26 (Tuesday and Wednesday).
April 2	The conference on “Labor safety and health management & automatic inspection measures amendment” was held at 13:30~17:00 in the second conference room of the Association.
April 9	The seminar on “Prevention of fraudulent accounts’ study and case analysis” was held at 14:00~17:00 in the second conference room of the Association.
April 10	One more conference on “BAROC member institutions handling the rehabilitation and clearing operation for consumer debt clearing regulation guideline” was held at 9:00~12:00 the second conference room of the Association.

April 23	TMAT and the Center for the study of Banking and Finance, NTU held the “2008 TMAT International Conference on Turnaround Management” in Ching-Yeh Hall of TABF on April 23 (Wednesday) to April 25 (Friday). The theme topic for this conference was “Reconstruction management of sub-prime mortgage crisis and financial institution”.
April 23	To promote enterprises in saving energy and increasing industrial market competitiveness, BAROC rapidly developed the energy technology service industry through the development of ESCO, and held the conference on “ESCO project refinancing advocacy” with the Energy Council, Ministry of Economic Affairs in the second conference room of the Association at 13:30 to 16:30.
April 24	The 2nd Board of Directors meeting of the 9th General Assembly was held.
April 25	To enable financial institutions to smoothly operate pre-consultation operation, four conferences on “pre-consultation clearing projects” were held in the second conference room of the Association.
May 16	The conference on the “current situation and prospect of the domestic real estate market” was held at 14:00~17:00 in the second conference room of the Association. Professor, Zhuang Meng Han of the Department of Industrial Economics, Tamkang University was invited to make a speech.
May 20-22	BEAT, CFA and Taiwan Hakka Forum Association held a symposium on “2008 NTU economic and financial accounting international” in the international conference room of National Taiwan University Hospital on May 20 (Tuesday) to May 22 (Thursday).
May 29	The 5th Joint Meeting of the 9th Board of Directors and Supervisors was held.
June 12	To allow various member units to rapidly grasp and have a full understanding of this latest law information, and to provide the exchange pathway for the industry, the seminar on “Contracting and procurement” was held at 9:00~17:00 in the second conference room of the Association.
June 21	BAROC and the U.S. Bank of New York held “UCP600 Seminar” in the tax personnel training center of the Ministry of Finance at 9:00~17:00 on June 21 (Saturday).

June 26	The 6th Joint Meeting of the 9th Board of Directors and Supervisors was held.
June 30	To enable various case taking financial institutions to understand the method of the amending debt consultation agreement project and the individual consultation consistency project and how to handle them smoothly, a seminar on “Amending debt consultation agreement project and the individual consultation consistency project” was held at 14:30 in the second conference room of the Association.
July 9	To effectively integrate the existing resources and access, and promote the development of the small amount wireless pre-paid card market, BAROC and Taipei Smart Card Corporation used the existing Easy Cash operating mechanism to promote small amount wireless payment business.
July 31	The 7th Joint Meeting of the 9th Board of Directors and Supervisors was held.
July 31	The 1st Board of Managing Directors meeting of the 9th General Assembly was held.
August 28	The 8th Joint Meeting of the 9th Board of Directors and Supervisors was held.
September 11	To enhance the understanding of financial institutions of the common regulations and internet application security mechanism of financial certificates, and explain the development notice items of the financial XML certificate internet application system, the conference on “Integration of financial certificate common regulations and use environment” was held in the second conference room of the Association.
September 12	The 2nd session of the 9th General Assembly was held at 15:00 in the auditorium of the Department of Public Treasury, Bank of Taiwan.
September 12	The 2nd session of the 9th General Assembly was held to elect the 9th Directors and Supervisors. The 3rd Board of Directors meeting of the 9th General Assembly was held to elect the Managing Directors and the Chairman of the Board; the Managing Director, Mrs. Susan S. Chang, was elected as the Chairman of the Board.
September 26	The 9th Joint Meeting of the 9th Board of Directors and Supervisors was held.
October 7	The 2nd Board of Managing Directors meeting of the 9th General Assembly was held in the conference room of the Department of Public Treasury, Bank of Taiwan.

October 23	The 3rd Board of Managing Directors meeting of the 9th General Assembly was held in the conference room of the Department of Public Treasury, Bank of Taiwan.
October 28	The 10th Joint Meeting of the 9th Board of Directors and Supervisors was held.
November 11	The 4th Board of Managing Directors meeting of the 9th General Assembly was held in the conference room of the Department of Public Treasury, Bank of Taiwan.
November 20	The 11th Joint Meeting of the 9th Board of Directors and Supervisors was held.
December 2	The 1st Temporary Joint Meeting of the 9th Board of Directors and Supervisors was held.
December 11	The 12th Joint Meeting of the 9th Board of Directors and Supervisors was held.
December 31	To handle the structured note dispute case and corresponding matters of banks, BAROC's Committee on Banking Consumer Disputes Resolution held the conference on "Disposal of structured note product selling procedure dispute operation" at 9:00~12:00 in the second conference room of the Association.

## Appendix 5: List of Member Banks of BAROC

As of December 31, 2008

Institution	Responsible Person		Telephone	Fax	Address	Web Site
	Position	Name				
Bank of Taiwan	Chairperson President	Susan S. Chang 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	Yao-Shing Wang 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	Teng-Cheng Liu Tien Lin	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	Yu-Chang Chen Ying-Shiung Lin	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	Huai-Chou Chen Wei-Liang Lin	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 President	Daniel M. Tsai Chao-Yang Kao Wei-Ting Han	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-Yann Lii Jun-Bien Chu	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	Wang-Shiu Huang 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	Jung-Chou Wang Kuang-Hsi Hsu	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	Sung-Ling Liu Sung-Hui Su	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 Shao-Liang Liu	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	Kan-Che, Mai Su-Nien Kao	03-5245131	03-5250977	No. 106, Jhongyan 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 Town Bank	Deputy Chairman President	Cheng-Chi Tai Ming-TaiChen	06-2139171	06-2136885	No. 506, Section 1, His Men Road, Tainan, Taiwan 700, R.O.C.	www.ktb.com.tw

Institution	Responsible Person		Telephone	Fax	Address	Web Site
	Position	Name				
First Capital Commercial Bank	Chairman President	Cheng-Yi Wang Jui-Chuan Hsu	02-25575151	02-25573636	No. 133, Section 2, Yen Ping North Road, Taipei, Taiwan 103, R.O.C.	www.bankoftaipei.com.tw
Hwatai Bank	Chairman President	Bo-Yi 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	Tseng-Chang Lee 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.esunnybank.com.tw
Bank of Panhsin	Chairman President	Ping-Hui Liu An-Shiung Chen	02-29629170	02-29572011	2F, No. 18, Cheng Tu Street, Panchiao City, Taipei, Taiwan 220, R.O.C.	www.bop.com.tw
Cota Bank	Chairman President	Chun-Tse Liao Chin-Ting Chang	04-22245161	04-22275237	No. 59, Shfu Road, Taichung, Taiwan 400, R.O.C.	www.cotabank.com.tw
Chunghwa Post Co.	Chairman President	Min-Yu Wu Shueh-Yun Hu	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
Far Eastern International Bank	Chairman President	Chin-Ing Hou 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 Chi-Chang Chen	02-21736699	02-27721909	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	Yo-Tsai Tsai 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 Wu-Lin Tu	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	Wei-Lien Shia Jung-Sheng Chou	02-27011777	02-27849848	6F, No. 39, Section 2, Tunhwa South Road, Taipei, Taiwan 106, R.O.C.	www.cosmosbank.com.tw
Taishin International Bank	Chairman President	Thomas T.L. Wu Daniel 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	Chien-Ping Chen Chien-Chou Hsu	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 Shu-Chao Yang	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	Bai-Mai-Chi Yu-Kang Ding	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
Chinfon Commercial Bank	Chairman President	Lung-Cheng Pan Tu-Chin Liu	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

Note : First Capital Commercial Bank changed its name to Bank of Taipei on January 1, 2009.



Institution	Responsible Person		Telephone	Fax	Address	Web Site
	Position	Name				
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 Corp.	Chairman President	Wei-Chi Liu Chia-Ching Tsai	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 Holdings 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	Mu-Tsai Chen 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 Tsu-Pei Chen	02-27087698	02-23252488	16F, No. 296, Section 4, Renai Road, Taipei, Taiwan 106, R.O.C.	www.cathayholdings.com.tw
Chinatrust Financial Holding Co., Ltd.	Chairman President	Lien-Sung Ku Jia-Wen Chen	02-27222002	02-27234767	18F, No. 3, Sung Shou Road, Taipei, Taiwan 110, R.O.C.	www.chinatrustgroup.com.tw
SinoPac Financial Holdings Co., Ltd.	Chairman President	S.C. Ho Yo-Tsai Tsai	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 Nan-Chou Huang	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	02-27811999	02-27721585	9F, No. 4, Section1, 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 Peng Hsu	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	Jung-Chou Wang Kuang-Shi Hsu	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	Yu-Chang Chen Ming-Jen Chien	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	San-Shiung Hong 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
Taiwan Financial Holding Co., Ltd.	Chairperson President	Susan S. Chang Tse-Cheng Luo	02-23493456	02-23115060	No. 120, Section 1, Chungching South Road, Taipei, Taiwan 100, R.O.C.	www.twfhc.com.tw
Yuanta Securities Finance Co.	Chairman President	Li-Chiu Chang Yu-De Chuang	02-21736833	02-27721101	6F., No. 4, Section 1, Chung Hsiao West Road, Taipei, Taiwan 100, R.O.C.	www.yuantafinance.com.tw