

2006 Annual Report



Table of Contents

| | |
|---|-----------|
| Letter to Shareholders | 01 |
| Bank Profile | 04 |
| Corporate Governance | 06 |
| 1. Organization Structure..... | 06 |
| 2. Information on Directors, Supervisors and Executive Officers..... | 09 |
| 3. Corporate Governance Implementation Status | 32 |
| 4. Information on CPA Professional Fee | 43 |
| 5. Information on Replacement of CPA..... | 44 |
| 6. Independence Information of CPA..... | 44 |
| 7. Changes in Shareholding | 44 |
| 8. Information on Top Ten Shareholders Who are Related Parties..... | 46 |
| 9. Ownership of Investee Companies by Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank..... | 47 |
| Fund Raising Status | 48 |
| 1. Capital & Share..... | 48 |
| 2. Financial Debentures..... | 53 |
| 3. Preferred Stock, Overseas Depository Receipts, Employee Stock Option, Acquisitions or Disposition of Other Financial Institution | 56 |
| 4. Fund Utilization Plan and Execution Status | 56 |
| Operational Highlights | 57 |
| 1. Business Description | 57 |
| 2. Employee Analysis..... | 68 |
| 3. Corporate Responsibility and Ethical Behavior..... | 69 |
| 4. Facilities of Information Technology..... | 71 |
| 5. Labor Relations | 73 |
| 6. Major Contracts | 74 |
| 7. Information on Financial Assets Securitization | 74 |
| Financial Highlights | 75 |
| 1. Condensed Balance Sheets and Income Statements, Name of CPAs and Audit Opinions | 78 |
| 2. Financial Analysis and Capital Adequacy Ratio..... | 85 |

Table of Contents

| | |
|---|------------|
| 3. Supervisors' Report for the 2006 Financial Statements | 85 |
| 4. Financial Statements for 2006 and 2005 | 85 |
| 5. Audited Consolidated Financial Statements for 2006..... | 85 |
| 6. Financial Difficulties Experienced by the Bank and Affiliated Enterprises | 85 |
| Analysis of the Financial Status and Operating Results & Risk Management..... | 86 |
| 1. Financial Status..... | 86 |
| 2. Results of Operation..... | 88 |
| 3. Cash Flow | 89 |
| 4. The Impact of Major Capital Expenditure During 2006 on the Bank's Financial and Business Operations..... | 90 |
| 5. Reinvestment Plans for 2006..... | 91 |
| 6. Risk Management | 92 |
| 7. Contingency Plan | 100 |
| 8. Other Important Matters..... | 100 |
| Special Notes | 101 |
| 1. Information on Affiliated Enterprises | 101 |
| 2. Private Placement of Securities | 107 |
| 3. Shares Acquired or Disposed of by subsidiaries..... | 107 |
| 4. Other Necessary Supplements | 107 |
| 5. Details of any event with material impact on shareholders' equity or the share price as defined in Item 2, Paragraph 2, Article 36 of the Securities and Exchange Law..... | 107 |
| Bank Directory | 108 |

I. Letter to Shareholders

In 2006, global commodities observed mild price hike, while long-term interest rates were relatively low, enabling the global economy to maintain moderate but stable growth. However, the outlook for 2007 indicates that growth will slow down in major economies including U.S.A., Euro Zones, Japan and Asia (exclude Japan). On the domestic side, growth in export, production and money supply expects either to slow down or decline, causing leading and coincident indicators to fall off, and monitoring indicators have gradually declined from early 2006. The economic indicators showed a “blue” light in December for the first time after the SARS epidemic in 2003, signaling recession. The economic growth rate was 4.62% in 2006, which is expected to drop to 4.30% in 2007. Nevertheless, the domestic economy will benefit from the decrease in the world petrol prices and stable labor and stock markets environment.

The Bank made no major change in existing organization except that it set up the Wealth Management Department in August 2005 to be solely responsible for managing and expanding wealth management businesses. The Bank also set up its first flagship Wealth Management Center, operating under the Songchiang Branch, in June 2006 to offer customers a blanket asset allocation and financial consultation services. As of December 31, 2006, the Bank has set up 10 Wealth Management Centers.

Information relating to the Bank’s results of operation, status of budget execution, financial condition, profitability and credit rating for 2006 and the 2007 business plan, external operating factors and future development strategies are summarized as follows:

1. 2006 Business Results & Budget Execution

Given our team effort and dedication, as of December 31, 2006, total deposits were NT\$280,493 million, achieving 97.97% of the budget (NT\$286,294 million) and an increase of \$39,686 million or 16.48% from 2005. Total loans were NT\$187,101 million, attaining 95.93% of the budget (NT\$195,041 million) and an increase of \$27,625 million or 17.32% from 2005. Foreign exchange volume was US\$3,369 million, accounting for 91.2% of the budget (US\$ 3,694 million) and an increment of US\$225 million or 7.16% from 2005.

2. Financial Condition & Profitability

For the year ended December 31, 2006, net interest and transaction fee income was \$9,096 million and \$1,514 million, respectively. Other non-interest income amounted to \$173 million. Hence, the total net income was \$10,783 million. After reductions of bad debts reserve of \$4,104 million and operating expenses of \$6,333

Letter to Shareholders

million so as to enhance existing financial structure, net income before tax for the year ended December 31, 2006 was NT\$ 346 million.

3. Credit Rating

Taiwan Ratings Corporation (henceforth “TRC”), under its perpetual observation, gave its positive recognition on the Bank’s overall operating results. TRC announced on December 8, 2006 the Bank’s long and short-term ratings to stand at twA- and twA-2, respectively and outlook “Stable”. The ratings reflected our effort in establishing a niche position in consumer banking and above-average performance in core profitability.

4. 2007 Business Plan

Our major business directions for 2007 are to equip ourselves to offer total banking and financial solutions, improve customer satisfaction and meet customers’ diverse financial needs. In addition to enhancing deposit-taking operations to fund our operating capital, we will continue to expand our loan businesses as well as develop new consumer banking products. In order to reduce the NPL ratio, we will strengthen our post-lending credit management to improve the quality of loans. Meanwhile, we aim to offer premium wealth management services and enhance the development of trust products to satisfy customers’ financial planning requirements. In line with the implementation of the New Basel II standards commencing 2007, the Bank has put in place a standard risk control system to evaluate credit, market and operational risks with the objective of improving the capital adequacy ratio and heightening the overall asset quality. Our optimal goal is to minimize risks while maximizing profits.

In 2007, besides carrying out the various business plans to offer customer-oriented financial services, we have formulated a KPI-based performance review policy to effectively guide our employees towards accomplishing the set goals. Our business targets for 2007 are to attain: Total deposits for NT\$310,165 million, total loans for NT\$216,690 million, foreign exchange transactions for US\$3,522 million, fee income from wealth management services for NT\$525 million and a total number of 2.98 million credit cards in circulation.

5. External Factors & Future Development Strategies

On September 27, 2006, the Executive Yuan approved the “Financial Markets Package Program”, being the Phase I Three-year Head-start Project of Taiwan’s Economic Development Visions for 2015” with the aim of enhancing the competitive mechanisms and constructing a multi-faceted, world-class and reliable

Letter to Shareholders

financial environment. It also presented eight package projects, which emphasize the added value, innovation and thriving development of the financial markets. Banks, securities dealers and insurance firms are included in the program. All of these are highly significant in facilitating economic growth.

Our future developments will direct at accomplishing the 2007 business goals to enhance our three pillars of strength including corporate banking, consumer banking and wealth management. Meanwhile, we will increase the weighting of investments in capital markets, aggressively develop e-banking services and offer customers the guarantee of perpetual services. In the longer term, we will speed up expanding and adjusting our service network to increase the scale of operations. We will implement centralized processing to improve our operating efficiency and construct a comprehensive financial management mechanism to service our clients.

We thank you and value your long-term support and look forward to receiving your encouragement for the coming years. Our entire team will maintain the management concept of “Enthusiasm”, “Soundness”, “Efficiency” and “Innovation” to deliver exceptionally brilliant feats of performance.

Chairman: Shiang-Chang Lee

President: Jeff Lin

II. Bank Profile

1. Date of Establishment: December 31, 1991

2. History

(1) Major Milestones

Union Bank of Taiwan was the third private-owned bank approved by the government to be established in the awakening of banking liberalization and globalization. The founders of the Bank shared a common interest of running a perpetual business and together they set up the preparatory office on March 29, 1989 and business operation initiated on January 21, 1992. The Bank was officially listed on the OTC on September 19, 1995 and the Taiwan Stock Exchange Corporate on June 29, 1998, and has now become a widely acclaimed and recognized listed company. The Bank has set up the Ho Chi Minh City Representative Office in Vietnam and Hong Kong Representative Office in Hong Kong for internationalization on February 25, 1998 and August 24, 1999, respectively.

For the purpose of expanding our business channels and the scale of operations, the Bank has accepted the main assets, liabilities, and business operation of Chung Shing Bank unconditionally on March 19, 2005. Up to the printing date of the annual report, the Bank operates through 78 domestic branches and offices in major cities including 41 in Taipei, 12 in Taoyuan and Hsinchu, 10 in Taichung and Changhua, 7 in Chiayi and Tainan and 8 in Kaohsiung and Pingtung. We intend to have the nine discontinued offices of Chung Shing Bank reinstated in three years to generate higher distribution value.

(2) Merger & Acquisition, reinvestment relative enterprises and reorganization for the Past Year and Current Year Up to the Printing Date of the Annual Report

Besides being devoted to developing our core business, we have also made investments in several financial and non-financial businesses. Our investee companies include Union Bills Finance Bills Corp., Union Finance International & Leasing (HK) Ltd., Union Securities Investment Trust Co., Ltd., Union Securities Investment Consulting Co., Ltd., Union Insurance Broker Co., Ltd., Union Information Technology Co., Ltd. and Union Finance International (HK) Ltd., all engage in finance related businesses.

Bank Profile

Unionbank Futures Corp. went into liquidation on June 22, 2006 due to poor operation.

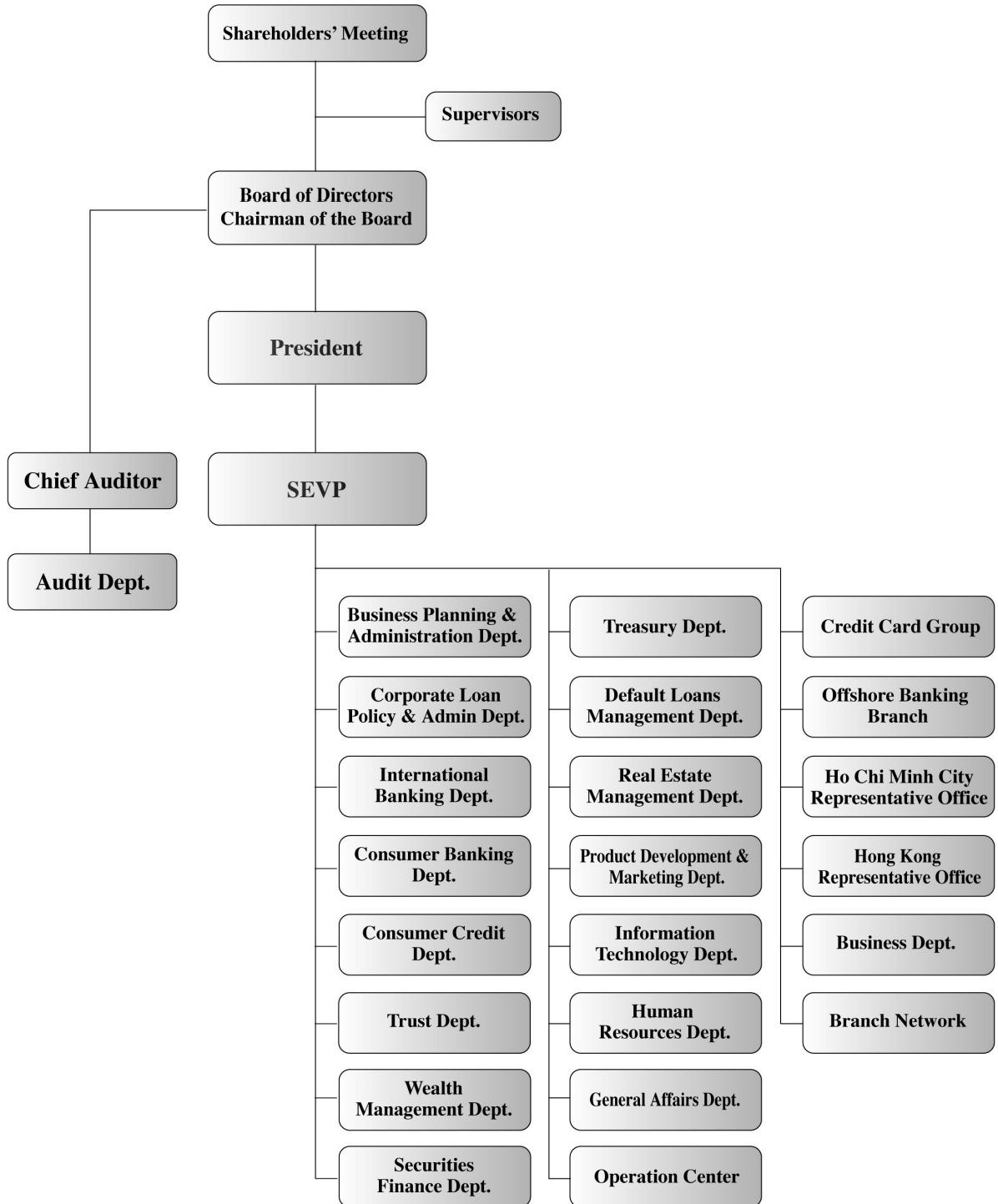
(3) Major Change in or Transfer of Shareholding of Directors, Supervisors and Persons Requiring to Register Such Change Pursuant to Article 25-3 of the Banking Law and Changes in Management Rights and Methods or Other Significant Changes

The Bank has embraced the corporate philosophy “Enthusiasm”, “Soundness”, “Efficiency” and “Innovation” since its establishment to offer financial and banking services that match public demand. We have assigned professional managers to manage each major business division. Our shareholder composition only changed slightly in 2006. There was no major transfer or change in shareholding of Directors, Supervisors or persons requiring to register such change pursuant to Article 25-3 of the Banking Law and we do not anticipate any major change in the near future.

III. Corporate Governance

1. Organizational Structure

(1) Organizational Chart



Corporate Governance

(2) Responsibilities of each department:

Audit Department:

Responsible for performing internal audit, planning of internal controls systems and review of credit applications.

Business Planning & Administration Department:

Responsible for the Bank's organizational system, execution of budgets, risk management and deposit-taking and remittance businesses.

Corporate Loan Policy & Administration Department:

Responsible for the promotion and management of corporate banking businesses.

International Banking Department:

Responsible for foreign exchange businesses and the preparation to establish and management of overseas branches.

Consumer Banking Department:

Responsible for the promotion and management of consumer banking businesses.

Consumer Credit Department:

Responsible for the promotion and management of consumer credit businesses.

Trust Department: Responsible for trust business, custodian bank and certification services.

Wealth Management Department:

Responsible for the promotion of wealth management businesses and administration of wealth management personnel.

Securities Finance Department:

Responsible for entrusted trading, underwriting and purchase of marketable securities.

Corporate Governance

Treasury Department:

Responsible for the Bank's fund appropriation and assets and liabilities management.

Default Loans Management Department:

Responsible for collecting and managing the Bank's non-performing loans and provision of legal consultation services.

Real Estate Administration Department:

Responsible for the appraisal of real estate collaterals and management of collateral received for loans.

Product Development & Marketing Department:

Responsible for the planning and promotion of e-Commerce businesses.

Information Technology Department:

Responsible for the design, execution and maintenance of the Bank's computer system.

Human Resources Department:

Responsible for the managing the Bank's human resource affairs.

General Affairs Department:

Responsible for procurement, fixed asset management and cashier.

Operation Center:

Responsible for data entry, accounting and file management for the various departments.

Credit Card Group:

Responsible for the promotion of and services for credit cards and participating merchants.

2. Information on Directors, Supervisors, and Executive Officers

(1) Directors and Supervisors

a. General Information

| | | | | | | | | | | | December 31, 2006 | | |
|----------------------|--|---------------------|-------|-----------------------------|-----------------------------|----------------------|--|----------------------------------|--|--|--|----------------|--------------|
| Title | Name | Date of Appointment | Term | Date of Initial Appointment | Shareholding at Appointment | Current Shareholding | Current Shareholding of Spouse & Minors Children | Shareholding under Other's title | Prime Experience & Education | Current Positions in the Bank and Other Company | Other Executives, Directors or Supervisors are Spouse or within second-degree Relatives of Consanguinity to Each Other | | |
| | | | | | | | | | | | Title | Name | Relation |
| Chairman | Shiang-Chang Lee | 2006.06.09 | 3 Yrs | 1991.12.10 | 1,152,207 0.063% | 1,152,207 0.063% | 2,108,700 0.116% | - - | National Taiwan University President of UBOT | Director of Union Finance & Leasing (International) Corp. Director of UFI Director of Union Capital (Cayman) Co. | - | - | - |
| Managing Director | Zhen-Xong Jiang | 2006.06.09 | 3 Yrs | 1991.12.10 | 4,597,043 0.252% | 4,597,043 0.252% | - - | - - | National Defense Medical School Commissioner of International Rotary Club | Executive Director of Union Optronics Corp. Supervisor of Union Bills Finance Corp. | - | - | - |
| Managing Director | Yu-Pang Co., Ltd., Representative: Jia-Yi Wang | 2006.06.09 | 3 Yrs | 1994.06.01 | 18,962,581 1.039% | 18,962,581 1.039% | - - | - - | Judicial Training Program, The Judges and Prosecutors Training Institute President of Supreme Court | - | - | - | - |
| Director & President | Union Enterprise Construction Co., Ltd. Representative: Jeff Lin | 2006.06.09 | 3 Yrs | 1991.12.10 | 71,684,310 3.927% | 71,684,310 3.927% | 5,572,921 0.305% | - - | Master Degree Qualified, National Taiwan University Director of Union Dyeing and Finishing Co. Ltd. | Director of The Liberty Times Supervisor of Lung Shan Lin Enterprise Co., Ltd. Supervisor of Union Recreation Enterprise Corp. Managing Director of Union Dyeing and Finishing Co., Ltd.; Director of Union Finance & Leasing (International) Corp. Managing Director of Union Bills Finance Corp. Director of UFI | Director | Sue-Ere C. Lin | Mother & Son |

Corporate Governance

| Title | Name | Date of Appointment | Term | Date of Initial Appointment | Shareholding at Appointment | Current Shareholding | Current Shareholding of Spouse & Minors Children | Shareholding under Other's title | Prime Experience & Education | Current Positions in the Bank and Other Company | Other Executives, Directors or Supervisors are Spouse or within second-degree Relatives of Consanguinity to Each Other | | |
|----------|--|---------------------|-------|-----------------------------|-----------------------------|----------------------|--|----------------------------------|--|---|--|----------|--------------|
| | | | | | | | | | | | Title | Name | Relation |
| Director | Chung-Li Investment Co., Representative: Yao-Nan Lai | 2006.06.09 | 3 Yrs | 1994.06.01 | 35,454,283 1.942% | 35,454,283 1.942% | 809,166 0.044% | - - | National Taiwan University Chairman of Union Bills & Finance Corp | - | - | - | |
| Director | Chung-Li Investment Co., Representative: Sue-Feng Cao | 2006.06.09 | 3 Yrs | 1994.06.01 | 35,454,283 1.942% | 35,454,283 1.942% | 3,523 0.000% | - - | Taipei Commercial Academy Director of Tien-Sheng Investment Co., Ltd. | Chairman of Hung-Bung Construction Enterprise Co., Ltd. Director of Tien-Sheng Investment Co., Ltd. Director of Chung-Li Investment Co., Ltd. Supervisor of Union Realestate Management Corp. | - | - | - |
| Director | Union Recreation Enterprise Corp. Representative: Sue-Ere C. Lin | 2006.06.09 | 3 Yrs | 1997.06.01 | 26,577,782 1.456% | 26,577,782 1.456% | 77,286,891 4.234% | - - | Taipei Commercial Academy Chairman of Union Enterprise Construction Co., Ltd. | Supervisor of The Liberty Times Chairman of Union Recreation Enterprise Corp. Chairman of Union Enterprise Construction Co., Ltd. Chairman of Hong-Kou Construction Co., Ltd. Director of Lian-Gi Investment Co., Ltd. Chairman of Union Dyeing and Finishing Co. Ltd. Director of Green Island Hotel Co., Ltd. Director of Yu-Pang Co., Ltd. Director of Yung-Hsuan Co. Ltd. | Director / President | Jeff Lin | Mother & Son |
| Director | Jin-Fu Liu | 2006.06.09 | 3 Yrs | 1991.12.10 | - - | - - | - - | - - | Taipei Technical Academy Chairman of Li-Chang Ceramics Co., Ltd. | Director of Lien-Han Industrial Co., Ltd. Director, Li-Chang Ceramics Co., Ltd. | - | - | - |

Corporate Governance

| Title | Name | Date of Appointment | Term | Date of Initial Appointment | Shareholding at Appointment | Current Shareholding | Current Shareholding of Spouse & Minors Children | Shareholding under Other's title | Prime Experience & Education | Current Positions in the Bank and Other Company | Other Executives, Directors or Supervisors are Spouse or within second-degree Relatives of Consanguinity to Each Other | | |
|---------------------|---|---------------------|-------|-----------------------------|-----------------------------|----------------------|--|----------------------------------|--|---|--|------|----------|
| | | | | | | | | | | | Title | Name | Relation |
| Director | Si-Yong Lin | 2006.06.09 | 3 Yrs | 1991.12.10 | 16,934,581 0.928% | 16,934,581 0.928% | 1,494,018 0.082% | - - | National Taiwan Normal University Director of Hong-Bung Construction Enterprise Co., Ltd. | Director of Jen-Yo Investment Co. Ltd. Director of Union Dyeing and Finishing Co., Ltd. Director, Sun-Che Investment Co., Ltd. Director of Pai-Sheng Investment Co., Ltd Director of Chu-Pao Investment Co., Ltd. Chairman of Green Island Hotel Co., Ltd. Director of Union Realstate Management Corp. Director of Hong-Peng Construction Enterprise Co., Ltd. Director of Lung-Shan-Lin Enterprise Co. Ltd. Director of Hong-Bung Construction Enterprise Co., Ltd. Director of Union Optronics Corp. | - | - | - |
| Resident Supervisor | Yu-Quan Development Co., Ltd. Representative: Yu-Quan Lee | 2006.06.09 | 3 Yrs | 1997.06.01 | 8,807,889 0.483% | 8,807,889 0.483% | 3,505,303 0.192% | - - | National Taiwan Normal University Supervisor of First Commercial Bank | Chairman of TWT Communication Corp. Director of Taiwan 1 st Multiple Media Co., Ltd. Chairman of Tien-How Construction Co., Ltd. Director of Yu-Quan Development Co., Ltd., | - | - | - |

Corporate Governance

| Title | Name | Date of Appointment | Term | Date of Initial Appointment | Shareholding at Appointment | Current Shareholding | Current Shareholding of Spouse & Minors Children | Shareholding under Other's title | Prime Experience & Education | Current Positions in the Bank and Other Company | Other Executives, Directors or Supervisors are Spouse or within second-degree Relatives of Consanguinity to Each Other | | |
|------------|--|---------------------|-------|-----------------------------|-----------------------------|----------------------|--|----------------------------------|--|---|--|------|----------|
| | | | | | | | | | | | Title | Name | Relation |
| Supervisor | Pao-Hsing Investment Co., Ltd. Representative: Zhen-Lu Lin | 2006.06.09 | 3 Yrs | 2006.06.09 | 90,610,217 4.964% | 90,610,217 4.964% | 287,308 0.016% | - - | National Taiwan University; President of Formosa Transnational Attorneys At Law | - | - | - | |
| Supervisor | Ming-Shing Ho | 2006.06.09 | 3 Yrs | 2000.06.01 | 32,100 0.002% | 32,100 0.002% | 229,278 0.013% | - - | Soochow University; SEVP of Union Bills Finance Corp. | President of Union Bills Finance Corp. | - | - | - |

Corporate Governance

b. Major Shareholders of Institutional Shareholders

| Name of Shareholder | Major Shareholders of Institutional Shareholder |
|---|--|
| Yu-Pang Co., Ltd. | Sue-Ere C. Lin, Hong-Yao Lin, Hong-Pang Lin, Rung-San Lin, Liu Yeh, & Jeff Lin |
| Chung-Li Investment Co., Ltd. | Sue-Feng Cao, Rung-San Lin, Hong-Pang Lin, Tsong-Yu Lee, & Si-Yong Lin |
| Union Enterprise Construction Co., Ltd. | Sue-Ere C. Lin, Hong-Yao Lin, Ya-Juan Lin, Hong-Pang Lin, Rung-San Lin, Liu Yeh, & Jeff Lin |
| Union Recreation Enterprise Corp. | Sue-Ere C. Lin, Hong-Yao Lin, Ya-Juan Lin, Hong-Pang Lin, Rung-San Lin, Liu Yeh, & Jeff Lin |
| Yu-Quan Development Co., Ltd. | Chao-Mei Lee Tsai, Yu-Quan Lee, Pei-Ling Lee, Pei-Shan Lee, Chung-Hwei Lee, Pei-Chun Lee, Kuan-Bing Wu, & Li-Hsueh Lin |
| Pao-Hsing Investment Co., Ltd. | Chiu-Tze Lin, Chuan-Jong Chang, Ciao-Yun Huang, Shiou-Chin Lee |

Corporate Governance

c. Directors' and Supervisors' Training Record

| Title | Name | Date of Training | | Organizer | Course Name | Hours | In compliance with regulatory requirements ^{Note} | Remark |
|------------|------------------|------------------|------------|-------------------------------------|--|-------|--|--------|
| | | From | To | | | | | |
| Chairman | Shiang-Chang Lee | 2001.02.26 | 2001.02.26 | Taiwan Academy of Banking & Finance | The 14 th Symposium for Senior Management | 3 | Yes | |
| | | 2001.05.17 | 2001.05.17 | Taiwan Academy of Banking & Finance | Symposium for Senior Trust Officers | 6 | Yes | |
| | | 2001.06.21 | 2001.06.27 | Union Bank of Taiwan | Create Sales Opportunities Seminar | 4 | Yes | |
| | | 2002.01.31 | 2002.01.31 | Taiwan Academy of Banking & Finance | Case Study on Bank Reform – Also Discussion on the Impact of Changes in Banks' Corporate Governance Standards on Bank Management | 6 | Yes | |
| | | 2004.02.04 | 2004.02.04 | Taiwan Securities Association | Seminar for Senior Securities Dealing Officers | 7.5 | Yes | |
| Director | Jeff Lin | 2006.07.11 | 2006.07.11 | Taiwan Academy of Banking & Finance | Symposium for Senior Trust Officers | 3 | Yes | |
| Supervisor | Ming-Shing Ho | 2005.03.10 | 2005.03.10 | Taiwan Academy of Banking & Finance | Corporate Governance Seminar | 3 | Yes | |

Note: Refer to as to whether the hours, scope, system, arrangement and information disclosure of training courses are in compliance with the “Criteria Governing the Training of Directors and Supervisors of Public Companies”.

d. Professional Knowledge and Independence Information of Directors and Supervisors

| Qualification Name | Over five years of experience in related fields and the following professional qualification (Note 1) | | | Independence Status (Note 2) | | | | | | | | | | Number of serve as an independent director of public companies |
|---------------------------|--|---|---|---------------------------------|---|---|---|---|---|---|---|---|----|--|
| | A | B | C | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Shiang-Chang Lee | | | √ | | | √ | √ | √ | | √ | √ | √ | √ | - |
| Zhen-Xong Jiang | | | √ | √ | | √ | √ | √ | | √ | √ | √ | √ | - |
| Jai-Yi Wang | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | - |
| Jeff Lin | | | √ | | | √ | | √ | | √ | | √ | √ | - |
| Yao-Nan Lai | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | - |
| Su-Feng Cao | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | - |
| Sue-Ere C. Lin | | | √ | √ | √ | | | √ | | √ | | √ | √ | - |
| Jin-Fu Liu | | | √ | √ | √ | √ | √ | √ | | √ | √ | √ | √ | - |
| Si-Yong Lin | | | √ | √ | √ | √ | √ | | | √ | √ | √ | √ | - |
| Yu-Quan Lee | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | - |
| Zhen-Lu Lin | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | - |
| Ming-Hsing Ho | | | √ | | √ | √ | √ | √ | | √ | √ | √ | √ | - |

Note 1

A: Five or more years of experience in Business, Law, Finance, or Corporate Business Related Fields.

B: Judge, Prosecutor, Solicitor, Certified Public Account or professionally qualified and technical person as required by the company.

C: Experience in Business, Law, Finance, Accounting or as required by corporate business.

Note 2

- (1) Not an employee of the Bank; nor an employee of its affiliated enterprises.
- (2) Not a director or supervisor of the Bank or its affiliated enterprises (Does not include the independent directors of the Bank or its parent company or subsidiaries in which the Bank holds more than 50% of the shares).
- (3) Does not directly or indirectly own more than 1% of the Bank's outstanding shares; nor is one of the top ten non-institutional shareholders of the Bank.
- (4) Is not a spouse or within second-degree relation or fifth-degree immediate relation to any person specified in the preceding three criteria.
- (5) Is not a director, supervisor, or employee of a legal entity which directly owns more than 5% of the Bank's issued shares; nor a director, supervisor or employee of the top five legal entities which are owners of the Bank's issued shares.
- (6) Is not a director, supervisor, or manager of a company which has a business relationship with the Bank; nor a shareholder who owns more than 5% of such a company.
- (7) Is not an owner, partner, director, supervisor, manager or spouse of any sole proprietor business, partnership, company or institution which has provided the Bank and its affiliates with financial, business consulting, or legal services.
- (8) Is not a spouse or within second-degree relation to other directors.
- (9) Is not a person under the circumstances specified in Article 30 of the R.O.C. Company Act.
- (10) Is not a government agency, juristic person or its representative pursuant to Article 27 of the R.O.C. Company Law.

(2) President, SEVP, Chief Auditor, EVP and Managers of Departments/Branches

December 31, 2006

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|-----------------|---------------|--------------|---------------------------|---|----------------------------------|---|---|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| President | Jeff Lin | 2006.08.02 | 5,572,921 0.305% | - - | - | Master Degree Qualified, National Taiwan University SEVP of UBOT | Director of The Liberty Times Supervisor of Lung-Shan-Lin Enterprise Co., Ltd. Supervisor of Union Recreation Enterprise Corp. Executive Director of Union Dyeing and Finishing Co., Ltd. Director of Union Finance & Leasing (International) Corp. Executive Director of Union Bills Finance Corp. Director of UFI | - | - | - |
| SEVP | Hao-Sen Lee | 1999.08.01 | 223,847 0.012% | 25,220 0.001% | - | Chinese Culture University; EVP of UBOT | Director of Union Bill Finance Corp. Director of Union Information Technology Co., Ltd. Supervisor of Union Finance & Leasing (International) Co., Ltd. | - | - | - |
| SEVP | Herman Tu | 2006.07.01 | 176,567 0.010% | 173,956 0.010% | - | Chinese Culture University; EVP of UBOT | Resident Supervisor of Union Bills Finance Corp. Executive Director of EnTie Securities Finance Co., Ltd. | - | - | - |
| SEVP | Yin-Bor Chan | 2006.07.01 | 312,264 0.017% | - | - | Tam Kang University; EVP of UBOT | Director of Union Bills Finance Corp. | - | - | - |
| Chief Auditor | Yeh-Jye Chang | 1995.07.01 | 141,530 0.008% | 3,038 0.000% | - | School of Finance, Military Academy; Chief of Auditor of UBOT | - | - | - | - |
| EVP & GM of IBD | Patrick Jean | 2006.07.01 | 71,394 0.004% | - | - | National Cheng Chi University; VP and Branch Manager of Taipei Br. | Director of UFI | - | - | - |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|--|-----------------|--------------|---------------------------|---|----------------------------------|--|--|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| EVP & GM of Corporate Loan Policy & Admin. Dept. | Cheng-Yu Liu | 2006.09.01 | - | - | - | Takming College EVP of Taipei Corporate Banking Center of UBOT | - | - | - | |
| EVP & GM of Business Dept. | Ching-Long Tsai | 2006.07.01 | 50,000 0.003% | - | - | National Taiwan University EVP & GM of Trust Dept. of UBOT | - | - | - | |
| EVP & Branch Manager of Taipei Branch | Roger Wang | 2006.07.01 | 177,132 0.010% | 6,147 0.000% | - | National Taiwan University; EVP & GM of IBD of UBOT | Director of UFI | - | - | |
| VP & GM of Business Planning & Admin. Dept. | Yanger Yang | 2006.06.22 | - | - | - | Master Degree, Tunghai University; VP and Deputy GM of Business Planning & Admin. Dept. of UBOT | Director of Lian-An Service Co. Ltd. | - | - | |
| VP & GM of Consumer Banking Dept. | Kuo-Shian Shia | 2005.06.27 | - | - | - | Tamkang University; Manager of Cathay United Bank | Supervisor of Union Insurance Broker Co., Ltd.; Supervisor of Union Insurance Agent Co., Ltd. | - | - | |
| VP & GM of Consumer Credit Dept. | Joy Tang | 2004.03.22 | 57,804 0.003% | - | - | Master of Memphis State University; VP & Deputy GM of Consumer Banking Dept. | Director of Union Securities Investment Consulting Co., Ltd. | - | - | |
| VP & GM of Trust Dept. | Hann-Tsau Tsai | 2006.06.22 | 146,276 0.008% | 2,000 0.000% | - | Chung Yuan Christian University VP & GM of Business Planning & Admin. Dept of UBOT | Supervisor of EbizPrise Inc. | - | - | |
| VP & GM of Wealth Management Dept. | Sophie Hsu | 2005.11.21 | - | - | - | Master Degree Qualified, Canada Royal University; Executive VP of Business Development Dept. of ING | Director of Union Insurance Broker Co., Ltd.; Director of Union Insurance Agent Co., Ltd. | - | - | |
| VP & GM of Securities Finance Dept. | Chin-Ten Chuang | 2005.02.01 | 1,000 0.000% | - | - | Chung Yuan Christian University; Security Brokerage Manager of Chiayi Branch | - | - | - | |
| VP & GM of Treasury Dept. | Tarsicio Tong | 1998.09.01 | 53,858 0.003% | - | - | National Taiwan University; VP & Deputy GM of IBD of UBOT | - | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|---|----------------|--------------|---------------------------|---|----------------------------------|--|---|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & GM of Default Loans Management Dept. | Chong-Shing Wu | 2000.09.11 | 57 0.000% | - | - | National Taiwan University; VP & Deputy GM Loan Policy & Control Dept. of UBOT | Chairman of MSUB | - | - | - |
| VP & GM of Real Estate Administration Dept. | Michael Lee | 2004.03.05 | 42,638 0.002% | - | - | Tatung Institute of Technology; VP & Branch Manager of Hueilong Branch | - | - | - | - |
| GM of Product Development & Marketing Dept. | Tiffany Yu | 2004.02.23 | 40,000 0.002% | - | - | Chung Yuan Christian University; VP & Branch Manager of Breeze Center Mini Branch | Supervisor of Union Securities Investment Consulting Co., Ltd. Director of EnTie Securities Finance Co., Ltd. | - | - | - |
| VP & GM of Information Technology Dept. | Luke Yang | 2006.07.01 | 62,000 0.003% | - | - | Masters degree qualified, National Taiwan University; Deputy GM of IT Dept. of UBOT | Director of Union Information Technology Co., Ltd. Director of Universal Venture Fund Inc. Director of Euroc III Venture Capital Co. Ltd. | - | - | - |
| VP & GM of Human Resources Dept | Michael Lin | 1999.12.01 | 10,000 0.000% | - | - | National Chung Hsing University; VP & Deputy GM of Human Resources Dept. | - | - | - | - |
| VP & GM of General Affairs Dept. | Russell Chang | 2003.10.01 | 112,091 0.006% | - | - | Taiwan Institute of Technology; VP & Deputy GM of General Affairs Dept. | - | - | - | - |
| VP & GM of Operation Center | Shu-Feng Hsueh | 2005.09.06 | 8,000 0.000% | 2,144 0.000% | - | National Cheng Chi University; Assistant Vice President of Hsintien Branch | - | - | - | - |
| Executive Director of Credit Card Group | Celia Chu | 2005.11.21 | - | - | - | Soochow University; VP & GM of Wealth Management Dept. | Director of Union Insurance Broker Co., Ltd. Supervisor of Union Information Technology Co., Ltd. Director of Union Insurance Agent Co., Ltd. | - | - | - |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|---|-------------------|--------------|---------------------------|---|----------------------------------|---|----------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Taoyuan Branch | Jen-Chung Cheng | 2006.07.01 | - | - | - | National Cheng Chi University VP & Branch Manager of Panchiao Branch | - | - | - | |
| VP & Branch Manager of Taichung Branch | Jeng-Ping Liou | 1999.10.25 | 126,789 0.007% | - | - | Graduate School of Da Yeh University; VP & Branch Manager of Yuanlin Branch | - | - | - | |
| VP & Branch Manager of Nanking E. Branch | Ching-Wen Chen | 2006.07.01 | - | - | - | Soochow University; VP & Branch Manager of Shuanho Branch | - | - | - | |
| VP & Branch Manager of Chungli Branch | Chang-Yung Chen | 2000.08.23 | 120,727 0.007% | - | - | National Taipei College of Commerce (Corresponding School) VP & Branch Manager of Neili Branch | - | - | - | |
| VP & Branch Manager of Sanchung Branch | Jack Y. S. Hsu | 1999.08.23 | 199,901 0.011% | - | - | Feng Chia University; VP & Branch Manager of Hsinchung Branch | - | - | - | |
| VP & Branch Manager of East Taipei Branch | Kuo-Pao Kang | 2005.07.01 | - | - | - | National Chaio Tung University; Manager of Cathay United Bank | - | - | - | |
| VP & Branch Manager of Kaohsiung Branch | Poh-Yar Lin | 1997.06.17 | 189,960 0.010% | - | - | National Chia-Yi Senior Commercial Vocational School; Manager of Kaohsiung Bank | - | - | - | |
| VP & Branch Manager of Panchiao Branch | Chi-Pin Chen | 2006.07.01 | 21,503 0.001% | - | - | National Cheng Chi University- Open Junior College of Commerce; VP & Branch Manager of Nankan Branch | - | - | - | |
| VP & Branch Manager of Tainan Branch | Chien-Tsang Chung | 2000.09.08 | 953 0.000% | - | - | Tamkang University; VP & Deputy Branch Manager of Tainan Branch | - | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|--|-----------------|--------------|---------------------------|---|----------------------------------|--|----------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Yuanlin Branch | Jsao-Kung Tung | 2000.09.11 | 142,047 0.008% | 63,324 0.003% | | World Vocational School of Journalism VP & Deputy Manager of Yuanlin Branch | | - | - | - |
| VP & Branch Manager of Jenai Branch | Wu-Lien Peng | 2000.02.21 | 206,741 0.011% | 12,402 0.001% | | National Taipei College of Commerce-Open Junior College of Commerce VP & Branch Manager of Neili Branch | | - | - | - |
| VP & Branch Manager of Nankan Branch | Ching-Chung Lin | 2006.07.01 | 112,140 0.006% | - | | Chinese Culture University VP & Branch Manager of Tatze Branch | | - | - | - |
| VP & Branch Manager of Hsinchu Branch | Tzoan-Yaw Lee | 2000.05.12 | 1,042 0.000% | - | | Chinese Culture University VP & Deputy GM of Loan Policy & Control Dept | | - | - | - |
| VP & Branch Manager of Luchou Branch | Lin-Sheng Yu | 2002.07.09 | 5,000 0.000% | - | | National Taiwan Ocean University Manager of Jih Sun Bank | | - | - | - |
| VP & Branch Manager of Chiujui Branch | Lister Lee | 2000.06.01 | 68,000 0.004% | - | | National Cheng Kung University-Open Junior College of Commerce; Manager of Kaohsiung Bank | | - | - | - |
| VP & Branch Manager of Shuanho Branch | Jeng-Chorng Yeh | 2006.07.01 | - | - | | Open Junior College of Commerce VP & Deputy GM of Corporate Banking Dept. | | - | - | - |
| VP & Branch Manager of Hueilong Branch | Ru-Ji Cheng | 2004.03.05 | 623 0.000% | - | | Feng Chia University; VP & Deputy Manager of Taoyuan Branch | | - | - | - |
| VP & Branch Manager of Chiayi Branch | Chen-Yueh Wu | 2006.09.01 | - | - | | Feng Chia University; VP of China Trust Commercial Bank | | - | - | - |
| VP & Branch Manager of Kungkuan Branch | Wendy Chi | 2001.06.01 | 55,771 0.003% | - | | Graduate School of University of Texas VP & Deputy Branch Manager of Savings Dept. | | - | - | - |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|--|-----------------|--------------|---------------------------|---|----------------------------------|--|----------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Neili Branch | Ching-An Chen | 2000.08.16 | 56,294 0.003% | - | - | Tamhui Industrial & Commercial Management College - VP & Deputy Branch Manager of Taoying Branch | - | - | - | |
| VP & Branch Manager of Chunghsiao Branch | Jane Lu | 2003.10.01 | 119,695 0.007% | - | - | Graduate School of Illinois University - VP & Branch Manager of Tunghua Mini Branch | - | - | - | |
| VP & Branch Manager of Hsinchung Branch | Jeffery Tsai | 2006.06.26 | - | - | - | Graduate School of Fu Jen Catholic University - VP & Deputy Branch Manager of Hsichung Branch | - | - | - | |
| VP & Branch Manager of Fengshan Branch | Keuin-Yung Tsai | 1999.10.25 | 46,424 0.003% | - | - | Feng Chia University - VP & Deputy Branch Manager of Kaohsiung Branch | - | - | - | |
| VP & Branch Manager of Taoying Branch | Cheng-Shou Liou | 1997.07.10 | 193,395 0.011% | - | - | National Taipei College of Commerce-Open Junior College of Commerce - VP & Deputy Branch Manager of Taoyuan Branch | - | - | - | |
| VP & Branch Manager of Lungtan Branch | Han-Chou Chiu | 2006.01.02 | 638 0.000% | - | - | Longhua Technological Academy - VP & Deputy Branch Manager of Taoyuan Branch | - | - | - | |
| VP & Branch Manager of Hsintien Branch | Louis Chen | 1998.02.20 | 69,453 0.004% | - | - | National Cheng Chi University- Open Junior College of Commerce - VP & Deputy Branch Manager of Savings Dept. | - | - | - | |
| VP & Branch Manager of Tatze Branch | Joe Lin | 2006.07.01 | 70,101 0.004% | - | - | - Fu Jen Catholic University - VP & GM of Business Dept. | - | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|---|-----------------|--------------|---------------------------|---|----------------------------------|---|----------------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Chungshean Mini Branch | Li-Jen Wong | 2006.12.01 | 897 0.000% | - | - | National Taiwan University AVP of Business Planning & Admin. Dept. | Director of Gianfranco Laura Co. | - | - | - |
| VP & Branch Manager of Wenshin Branch | Tien-Tsu Chen | 1999.02.08 | 112,492 0.006% | - | - | National Taichung College of Commerce- Open Junior College of Commerce VP & Deputy Branch Manager of Taichung Branch | - | - | - | - |
| VP & Branch Manager of Chenshin Branch | Simon Tang | 2005.08.15 | - | - | - | Soochow University; Manager of Cathay United Bank | - | - | - | - |
| VP & Branch Manager of Chungho Branch | Simon Wang | 2002.12.23 | 41,778 0.002% | - | - | Graduate School of National Cheng Chi University; VP & GM of Business Planning & Admin. Dept. | - | - | - | - |
| VP & Branch Manager of Neihu Branch | Ying-Feng Wang | 2000.01.27 | 155,795 0.009% | 48,618 0.003% | - | Graduate School of Tatung Institute of Technology VP & GM of Human Resources Dept. | - | - | - | - |
| VP & Branch Manager of Dayuan Branch | Wei-Chung Liu | 2006.01.02 | 68,191 0.004% | - | - | Pinzon Commercial/Industrial School VP & Branch Manager of Lungtan Branch | - | - | - | - |
| VP & Branch Manager of Yungho Branch | Hsiu-Yun Su | 2005.03.19 | - | - | - | Graduate School of Dallas Baptist University Manager of Chung Shin Bank | - | - | - | - |
| VP & Branch Manager of Chungkung Mini Branch | Wen-Chien Chien | 2001.01.15 | 87,687 0.005% | - | - | Ming Chuan College; VP & Deputy Branch Manager of Chunghsiao Branch | - | - | - | - |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|--|------------------|--------------|---------------------------|---|----------------------------------|--|----------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Tonghwa Mini Branch | Mei-Chen Yeh | 2003.10.01 | 24,399 0.001% | - | - | National Chung Hsing University AVP of Default Loans Management Dept. | - | - | - | |
| VP & Branch Manager of Shihitung Mini Branch | Chan-Kwan Chen | 2001.10.16 | 37,980 0.002% | - | - | Feng Chia University VP & Deputy Branch Manager of Chunghsiao Branch | - | - | - | |
| VP & Branch Manager of Breeze Center Mini Branch | Chien-Lung Chen | 2006.01.19 | 49,501 0.003% | - | - | Graduate School of Aletheia University AVP of Breeze Center Mini Branch | - | - | - | |
| VP & Branch Manager of Changchun Branch | Chih-Chung Chang | 2005.03.19 | 32,532 0.002% | - | - | National Chaio Tung University VP & Branch Manager of Chengdong Branch | - | - | - | |
| VP & Branch Manager of Sungchiang Branch | Ching-Shan Chang | 2005.03.19 | - | - | - | Graduate School of Fu Jen Catholic University Manager of Chung Shing Bank | - | - | - | |
| VP & Branch Manager of Taan Branch | Lanny Liaw | 2005.03.19 | 13,080 0.001% | - | - | National Taipei College of Commerce; VP & Deputy GM of Trust Dept. | - | - | - | |
| VP & Branch Manager of Yungchi Branch | Ying-Na Hsu | 2006.12.13 | 793 0.000% | 713 0.000% | - | National Cheng Chi University; AVP of Business Planning & Admin Dept. | - | - | - | |
| VP & Branch Manager of Wenlin Mini Branch | Pauline Sheng | 2005.03.19 | 12,000 0.001% | - | - | Tamkang University AVP of International Banking Dept. | - | - | - | |
| VP & Branch Manager of Tungmen Branch | Mimi Lin | 2005.07.01 | - | - | - | National Chung Hsing University Assistant Manager of Cathay United Bank | - | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|---|----------------|--------------|---------------------------|---|----------------------------------|---|-------------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Tunhwa Branch | Shen-Yung Peng | 2005.03.19 | 24,529 0.001% | 8,232 0.000% | - | Van Nung Institute of Industry and Commerce - Chief of National Cash Card Dept. | - | - | - | |
| VP & Branch Manager of Hsihu Branch | Mary Huang | 2006.12.01 | - - | - - | - | National Taipei College of Commerce- Open Junior College of Commerce - AVP of Luchou Branch | - | - | - | |
| VP & Branch Manager of Beitou Branch | Cheng-Tai Rong | 2006.12.01 | 102,150 0.006% | - - | - | Tamsui Oxford University College; - VP & Deputy Branch Manager of Neihu Branch | Director of Proavio Co., Ltd. | - | - | |
| VP & Branch Manager of N. Sanchung Branch | Teh-Chin Tsai | 2005.03.19 | 84,883 0.005% | - - | - | Kai Nan High School of Commercial and Industry; - AVP of Sanchung Branch | - | - | - | |
| VP & Branch Manager of Houpu Branch | Steven Huang | 2005.03.19 | 10,731 0.001% | - - | - | National Taipei College of Commerce - Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manager of N. Chungho Mini Branch | Che-Ming Hsu | 2001.01.15 | 24,000 0.001% | 6,724 0.000% | - | National Taipei College of Commerce- Open Junior College of Commerce - VP & Branch Manager of Yungho Mini Branch | - | - | - | |
| VP & Branch Manager of Hsisheng Branch | Shih-Wen Lu | 2005.03.19 | - - | 3,000 0.000% | - | Takming Junior College of Commerce - Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manager of Shulin Branch | Chi-Chun Wang | 2005.03.19 | 24,492 0.001% | - - | - | National Chung Hsing University - Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manager of Hsichih Branch | Hung-Min Chen | 2005.03.19 | 25,492 0.001% | 247 0.000% | - | Feng Chia University - Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manger of N. Taoyuan Branch | James Tsai | 2005.03.19 | 33,014 0.002% | - - | - | Tamkang University - Chief of Consumer Banking Dept. | - | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|---|-------------------|--------------|---------------------------|---|----------------------------------|--|---|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of N. Chungli Branch | Ping-Ching Chiang | 2005.03.19 | 95,545 0.005% | - - | - - | National Taipei College of Commerce- Open Junior College of Commerce Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manager of N. Taichung Branch | Hui-Fen Chao | 2005.03.19 | 73,526 0.004% | - - | - - | Chihlee Institute of Technology AVP of Wenshin Branch | - | - | - | |
| VP & Branch Manager of Minchuan Branch | Min-Fei Wang | 2005.03.19 | 32,855 0.002% | - - | - - | Chinese Culture University VP & Deputy Manager of Default Loans Management Dept. | - | - | - | |
| VP & Branch Manager of Hsitun Branch | Shih-Yuan Liaw | 2005.03.19 | - - | - - | - - | Hsinming Commercial School Manager of Chung Shing Bank | - | - | - | |
| VP & Branch Manager of Singchung Branch | Chiung-Yu O | 2005.03.19 | 19,640 0.001% | - - | - - | Feng Chia University Manager of Wenshin Branch | - | - | - | |
| VP & Branch Manager of Beitun Branch | Chien-Chung Wu | 2005.03.19 | 19,000 0.001% | - - | - - | Fengyuan Commercial School; Manager of National Cash Card Department | - | - | - | |
| VP & Branch Manager of S. Yuanlin Branch | Wu-Yuan Chen | 2005.03.19 | 38,000 0.002% | - - | - - | National Open University AVP of National Cash Card Dept. | - | - | - | |
| VP & Branch Manager of East Chiayi Branch | Shan-Chih Yen | 2005.03.19 | 47,173 0.003% | 3,531 0.000% | - - | Graduate School of Chiayi University; AVP of National Cash Card Dept. | - | - | - | |
| VP & Branch Manager of Fucheng Branch | Yao-Tsung Kao | 2006.12.04 | 43,697 0.002% | - - | - - | Soochow University VP & Branch Manager of Chihkan Branch | - | - | - | |
| VP & Branch Manager of Fongyuan Branch | Ta-Yu Chin | 2006.12.04 | - - | - - | - - | Tamsui College VP & Deputy Branch Manager of Wenshin Branch | Director of Body Reform International Liability Co., Ltd. | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|--|-----------------|--------------|---------------------------|---|----------------------------------|---|----------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Fuchiang Branch | Pi-Jen Wu | 2005.12.01 | - | - | - | Kuochi Junior College of Commerce VP & Deputy Branch Manager of Fuchiang Branch | - | - | - | |
| VP & Branch Manager of Kaiyuan Branch | Roger Chang | 2005.03.19 | 53,620 0.003% | - | - | National Open University Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manager of S. Tainan Branch | Hsien-Ming Yen | 2005.03.19 | - | - | - | Feng Chia University; Manager of E-Sun Bank | - | - | - | |
| VP & Branch Manager of Lingya Branch | Feng-Li Lin | 2005.03.19 | 32,000 0.002% | - | - | Feng Chia University; VP & Deputy Branch Manager of Kaohsiung Branch | - | - | - | |
| VP & Branch Manager of N. Kaohsiung Branch | Miao-Hui Yeh | 2005.03.19 | 66,632 0.004% | - | - | Graduate School of New York University VP & Deputy Branch Manager of Chiuju Branch | - | - | - | |
| VP & Branch Manager of Sanmin Branch | Ming-Chang Wang | 2005.03.19 | 32,767 0.002% | - | - | National Cheng Chi University Chief of Consumer Banking Dept. | - | - | - | |
| VP & Branch Manager of Wuchia Branch | James Ho | 2005.03.19 | 42,792 0.002% | - | - | Graduate School of National Chung Hsing University VP & Deputy Branch Manager of Fengshan Branch | - | - | - | |
| VP & Branch Manager of Pingtung Branch | Yuen-Song Lin | 2006.09.01 | - | - | - | Ping Tung Commercial/Industrial School Manager of Chung Shing Bank | - | - | - | |
| VP & Branch Manager of Hoping Branch | Yu-Yii Lin | 2006.01.19 | 127,627 0.007% | 15,055 0.001% | - | National Cheng Chi University (Corresponding School) VP & Branch Manager of Tayuan Branch | - | - | - | |

Corporate Governance

| Title | Name | Date Elected | Shareholding (Shares & %) | Shareholding of Spouse & Minor Children | Shareholding under others' title | Education/Experience | Also Serve Concurrently As | Managers are Spouse or Within Second-degree of Consanguinity to Each Other | | |
|--|-----------------|--------------|---------------------------|---|----------------------------------|--|----------------------------|--|------|----------|
| | | | | | | | | Title | Name | Relation |
| VP & Branch Manager of Yongchun Branch | Wen-Hui Lin | 2006.07.19 | 34,846 0.002% | - | - | Tamkang University VP & Deputy Branch Manager of Taipei Branch | - | - | - | |
| VP & Branch Manager of Tenshin Branch | Ming-Chao Liu | 2006.12.27 | - | - | - | National Cheng Chi University VP & Deputy Branch Manager of Sangchun Branch | - | - | - | |
| VP & Branch Manager of Ankang Branch | Kuen-Cheng Chou | 2007.02.08 | - | - | - | National Chung Hsing University VP & Deputy Branch Manager of Nanking E. Branch | - | - | - | |

Corporate Governance

(3) Remuneration of Directors, Supervisors, President and SEVP for 2006

a. Director's Remuneration

Unit: NT Thousand Dollar; December 31, 2006

| Title | Name | Directors' Remuneration | | | | | | Total of (A, B,C) as a % of Net profit after tax | | Remuneration of Part-time Employees | | | | | | | | Total of (A, B,C,D, E) as a % of Net profit after tax | | Remuneration from Investee Companies Excluding Subsidiaries |
|--------------------|--|-------------------------|---|--|---|-------------------------------------|---|--|---|---|---|--|----------------|---|----------------|--|---|---|---|---|
| | | Remuneration (A) | | Earning Distribution for Director's Remuneration (B) | | Costs Incurred to Perform Duties(C) | | | | Salaries, Bonus and Special Allowance (D) | | Earnings Distribution for Employees' Bonus (E) | | | | Total No. of Shares Issued for Employee Stock Option (F) | | | | |
| | | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | The Bank | | All Companies in the Consolidated Statement | | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | |
| | | | | | | | | | | | | Cash Dividend | Stock Dividend | Cash Dividend | Stock Dividend | | | | | |
| Chairman | Shiang-Chang Lee ^{Note 1} | | | | | | | | | | | | | | | | | | | |
| | C.C. Huang ^{Note 1} | | | | | | | | | | | | | | | | | | | |
| Executive Director | Zhen-Xong Jiang | | | | | | | | | | | | | | | | | | | |
| Executive Director | Yu-Pang Co., Ltd. (Representative: Jia-Yi Wang) | | | | | | | | | | | | | | | | | | | |
| Director | Union Enterprise Construction Co., Ltd. (Representative : Jeff Lin ^{Note 2}) | | | | | | | | | | | | | | | | | | | |
| Director | Chung-Li Investment Co., Ltd. (Representative : Yao-Nan Lai) | 14,846 | 14,846 | 0 | 0 | 1,685 | 1,765 | 5.41% | 5.73% | 7,597 | 7,597 | 0 | 0 | 0 | 0 | 0 | 0 | 7.89% | 8.35% | - |
| Director | Chung-Li Investment Co., Ltd. (Representative : Sue-Feng Cao) | | | | | | | | | | | | | | | | | | | |
| Director | Union Recreation Enterprise Corp. (Representative : Sue-Ere C. Lin) | | | | | | | | | | | | | | | | | | | |
| Director | Jin-Fu Liu | | | | | | | | | | | | | | | | | | | |
| Director | Si-Yong Lin | | | | | | | | | | | | | | | | | | | |

Note 1 : Directors and supervisors were re-elected on June 9, 2006. Mr. Shiang-Chang Lee succeeded Mr. C.C. Huang as the Chairman. Upon being elected as the Chairman to the Board, Mr. Shiang-Chang Lee not longer serves concurrently as the President.

Note 2 : Mr. Jeff Lin previously served concurrently as the SEVP and was elected the President on August 2, 2006.

Note 3 : Remuneration to the driver amounted to \$853,000.

Corporate Governance

| Range of Remuneration Paid to Directors of the Bank | Number of Directors | | | |
|---|---------------------|---|----------------------|---|
| | Total of (A+B+C) | | Total of (A+B+C+D+E) | |
| | UBOT | All the Companies in the Consolidated Statement | UBOT | All the Companies in the Consolidated Statement |
| Less than NT\$ 2,000,000 | 8 | 8 | 7 | 7 |
| NT\$2,000,000 (inclusive) ~ NT\$5,000,000 | 1 | 1 | 2 | 2 |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 | 0 | 0 | 0 | 0 |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 | 1 | 1 | 1 | 1 |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 | 0 | 0 | 0 | 0 |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 | 0 | 0 | 0 | 0 |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 | 0 | 0 | 0 | 0 |
| Over NT\$ 100,000,000 | 0 | 0 | 0 | 0 |
| Total | 10 | 10 | 10 | 10 |

b. Supervisor' Remuneration and Range

| Title | Name | Supervisors' Remuneration | | | | | | Total of (A+B+C) as a % of Net profit after tax | | Remuneration from Investee Companies Excluding Subsidiaries |
|---------------------|--|---------------------------|---|--|---|-------------------------------------|---|---|---|---|
| | | Remuneration (A) | | Earning Distribution for Director's Remuneration (B) | | Costs Incurred to Perform Duties(C) | | UBOT | All Companies in the Consolidated Statement | |
| | | UBOT | All Companies in the Consolidated Statement | UBOT | All Companies in the Consolidated Statement | UBOT | All Companies in the Consolidated Statement | | | |
| Resident Supervisor | Yu-Quan Development Co., Ltd. Representative : Yu-Quan Lee | 746 | 4,717 | 0 | 0 | 0 | 0 | 0.24% | 1.63% | - |
| Supervisor | Pao-Hsing Investment Co., Ltd. Representative : Zhen-Lu Lin | | | | | | | | | |
| Supervisor | Ming-Hsing Ho | | | | | | | | | |

Corporate Governance

| Range of Remuneration Paid to Supervisors of the Bank | Number of Supervisors | |
|--|------------------------------|--|
| | Total of (A+B+C) | |
| | UBOT | All the Companies in the Consolidated Statement |
| Less than NT\$ 2,000,000 | 3 | 2 |
| NT\$2,000,000 (inclusive) ~ NT\$5,000,000 | 0 | 1 |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 | 0 | 0 |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 | 0 | 0 |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 | 0 | 0 |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 | 0 | 0 |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 | 0 | 0 |
| Over NT\$ 100,000,000 | 0 | 0 |
| Total | 3 | 3 |

c. President, SEVP and Chief Auditor's Remuneration and Range

| Title | Name | Remuneration | | Bonus & Special Allowance | | Employees' Bonus from Earnings | | | | | | | | Total of the First Three Items | | Total as a % of Net profit after tax | | Total No. of Shares Issued for Employee Stock Option | | Remuneration from Investee Companies Excluding Subsidiaries |
|---------------|-----------------------------------|--------------|---|---------------------------|---|--------------------------------|----------------|--------|---------------|---|----------------|--------|--------|--------------------------------|---|--------------------------------------|---|--|---|---|
| | | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | The Bank | | | | All Companies in the Consolidated Statement | | | | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | The Bank | All Companies in the Consolidated Statement | |
| | | | | | | Cash Dividend | Stock Dividend | | | Cash Dividend | Stock Dividend | | | | | | | | | |
| | | | | | | Shares | Market Price | Amount | Cash Dividend | Shares | Market Price | Amount | | | | | | | | |
| President | Jeff Lin ^{Note1} | 16,893 | 16,893 | 5,705 | 5,745 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,598 | 22,638 | 7.39% | 7.81% | 0 | 0 | - | |
| | | | | | | | | | | | | | | | | | | | | Shiang-Chang Lee ^{Note2} |
| SEVP | Jeff Lin ^{Note1} | | | | | | | | | | | | | | | | | | | |
| SEVP | Hao-Sen Lee | | | | | | | | | | | | | | | | | | | |
| SEVP | Herman Tu | | | | | | | | | | | | | | | | | | | |
| SEVP | Yin-Bor Chan | | | | | | | | | | | | | | | | | | | |
| SEVP | Juan-Chieh Haung ^{Note3} | | | | | | | | | | | | | | | | | | | |
| Chief Auditor | Yeh-Jye Chang | | | | | | | | | | | | | | | | | | | |

Note 1 : Mr. Jeff Lin was promoted to the President on August 2, 2006

Note 2 : Mr. Shiang-Chang Lee was elected the Chairman on June 9, 2006.

Note 3 : Mr. Juan-Chieh Huang retired on July 1, 2006.

Note 4 : Total remuneration to the driver was \$1,715,000.

| Range of Remuneration Paid to Executive Officers of the Bank | Total Number of Executive Officers | |
|--|------------------------------------|---|
| | UBOT | All the Companies in the Consolidated Statement |
| Less than NT\$ 2,000,000 | 3 | 3 |
| NT\$2,000,000 (inclusive) ~ NT\$5,000,000 | 5 | 5 |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 | 0 | 0 |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 | 0 | 0 |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 | 0 | 0 |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 | 0 | 0 |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 | 0 | 0 |
| Over NT\$ 100,000,000 | 0 | 0 |
| Total | 8 | 8 |

d. Bonus to Executive Officers: None.

Corporate Governance

(4) Remuneration Policy

- a. Remuneration to the Bank's Directors and Supervisors include transportation allowance, meeting attendance fees and salaries. All remuneration is paid on a fixed basis. Remuneration to Directors for 2005 and 2006 was -0.22% and 5.41% of net income after tax, respectively.
- b. Remuneration to the Bank's President and SEVP is made in accordance with their respective experience, quality, involvement in and contribution to the Bank's operation and industry standards. The Board of Directors has the final say on the remuneration in accordance with the procedures stipulated in the Bank's Articles of Incorporation. Besides monthly base salaries and allowances, executive officers may be eligible for the annual and performance bonus depending on the annual results of operation and individual performance. Total remuneration to executive officers for 2005 and 2006 was -0.64% and 7.39% of net income after tax, respectively.

3. Corporate Governance Implementation Status

(1) Board of Directors

The Board of Directors hosted 13 meetings in 2006. Attendance by Directors and Supervisors is as follows:

| Title | Name | Attendance in Person | Proxy | Attendance Rate (%) | Note |
|---------------------|--|----------------------|-------|---------------------|---------------------|
| Chairman | Shiang-Change Lee | 13 | 0 | 100% | Re-elected |
| Chairman | C.C. Huang | 6 | 0 | 85.71% | Retired from office |
| Managing Director | Zhen-Xong Jiang | 13 | 0 | 100% | Re-elected |
| Managing Director | Yu-Pang Co., Ltd. (Representative: Jia-Yi Wang) | 13 | 0 | 100% | Re-elected |
| Director | Union Enterprise Construction Co., Ltd. (Representative: Jeff Lin) | 10 | 0 | 76.92% | Re-elected |
| Director | Chung-Li Investment Co., Ltd. (Representative: Yao-Nan Lai) | 13 | 0 | 100% | Re-elected |
| Director | Chung-Li Investment Co., Ltd. (Representative : Sue-Feng Cao) | 4 | 1 | 66.67% | New Appointment |
| Director | Union Recreation Enterprise Corp. (Representative : Sue-Ere C. Lin) | 3 | 3 | 23.08% | Re-elected |
| Director | Jin-Fu Liu | 5 | 5 | 38.46% | Re-elected |
| Director | Si-Yong Lin | 12 | 0 | 92.31% | Re-elected |
| Resident Supervisor | Yu-Quan Development Co., Ltd. (Representative: Yu-Quan Lee) | 5 | 0 | 38.46% | Re-elected |
| Supervisor | Pao-Hsing Investment Co., Ltd. (Representative : Zhen-Lu Lin) | 10 | 0 | 76.92% | Re-elected |

Corporate Governance

| Title | Name | Attendance in Person | Proxy | Attendance Rate (%) | Note |
|------------|---------------|-------------------------|-------|------------------------|------------|
| Supervisor | Ming-Hsing Ho | 11 | 0 | 84.62% | Re-elected |

Other supplementary notes:

1. The Bank has not instituted Independent Directors.
2. The Bank has put in place the “Rules Governing Board of Directors’ Meeting”, which stipulate that the board meeting shall be convened at least once every other month. Notice and details of the meeting shall be made in writing and sent out to each Director and Supervisor. The Rules stipulate that Directors attending the meeting in person shall recuse themselves in case of conflict of interest situations. All Directors shall strictly comply with the provision.
3. The 6th Board of Directors and Supervisors were re-elected on June 9, 2006. The 5th and 6th Board of Directors convened 7 and 6 meetings, respectively.
4. Conflict of interest situations relating to proposals put forward in the Board of Directors meetings for 2006 included 8 cases of loans and 5 cases of office premise rental. Conflict of interest situations arise as the Director or Supervisor is the responsible person or Director of the company. Related counter parties included: Shiang-Chang Lee, Jeff Lin, Jia-Yi Wang, Zhen-Xong Jiang, Yao-Nan Lai, Sue-Feng Cao, Sue-Ere C. Lin, Jin-Fu Liu and Si-Yong Lin. All have either recused themselves or have not participated in the vote or acted as the proxy on behalf of other Directors. All other Directors attending in the meeting in person have participated in the vote.

(2) The Bank has not instituted an Audit Committee.

(3) Compulsory disclosure in accordance with Principles Governing Corporate Governance

Practices of Banks : Please refer to the Bank’s official website at <http://www.ubot.com.tw>

(4) The Bank's Corporate Governance Practice and Discrepancies With Standard Corporate Governance Practices of Banks

| Item | Execution Status | Reasons of Discrepancies Between the Bank's Corporate Governance Practice and Standard Corporate Governance Practices of Banks |
|---|---|--|
| <p>1. The Bank's shareholder structure and shareholder rights</p> <p>(1) Ways in which the Bank handles shareholders' recommendations or disputes.</p> <p>(2) Ways in which the Bank regularly monitors the list of key shareholders who have management control of the Bank, or those who have ultimate control of key shareholders.</p> <p>(3) Ways in which the Bank establishes proper risk control mechanisms and firewalls between the Bank and its affiliated enterprises.</p> | <p>(1) Problems related to shareholders' suggestions and disputes are handled by the Bank's designated personnel, which may refer the issue to the relevant departments to address.</p> <p>(2) In accordance with the information detailed in the Shareholder Register current on the ex-dividend date, report changes in shareholding with the Taiwan Stock Exchange Corp. on a monthly basis pursuant to Article 25 of the Securities Exchange Act to keep track of the shareholding status of major shareholders.</p> <p>(3) The Bank has put in place the "Standards Governing Supervision and Control by the Union Bank of Taiwan Over Subsidiaries", which stipulate the risk management policies applicable between the Bank and its subsidiaries. In addition, all related party transactions are carried out in accordance with regulatory requirements.</p> | <p>The Bank's practices are in accordance with the relevant requirements. There is no material discrepancy.</p> |
| <p>2. Composition and responsibilities of Directors:</p> <p>(1) Institution of Independent Directors.</p> <p>(2) Regular evaluation of external auditors' independence.</p> | <p>(1) Currently, the Bank has not instituted Independent Directors. However, the qualifications of all current Directors meet the requirements set forth in the "Standards Governing Qualifications of the Responsible Person of Banks" stipulated by the Financial Supervisory Commission.</p> <p>(2) The Board of Directors evaluates, on a regular basis the independence status of the Bank's external auditors.</p> | <p>(1) The Bank has not instituted Independent Directors.</p> <p>(2) No material discrepancy.</p> |

Corporate Governance

| Item | Execution Status | Reasons of Discrepancies Between the Bank's Corporate Governance Practice and Standard Corporate Governance Practices of Banks |
|---|--|--|
| <p>3. Composition and responsibilities of Supervisors:</p> <p>(1) Institution of Independent Supervisors.</p> <p>(2) Communication between Supervisors and the Banks' employees and shareholders.</p> | <p>(1) The Bank has not instituted Independent Supervisors. However, the qualifications of all current Supervisors meet the requirements set forth in the "Standards Governing Qualifications of the Responsible Person of Banks" stipulated by the Financial Supervisory Commission.</p> <p>(2) The Bank's Supervisors attend the Board of Directors' meetings on a regular basis to monitor the Bank's operations and communicate with employees from time to time. The Bank's official website provides the avenue for communication between shareholders and Supervisors.</p> | <p>(1) The Bank has not instituted Independent Supervisors.</p> <p>(2) No material discrepancy.</p> |
| <p>4. Establishment of communication channels with stakeholders</p> | <p>In accordance with the Banking Law, the Bank has documented stakeholder information and ensures that communication between the Bank and stakeholders is free and open to facilitate sound development of the Bank.</p> | <p>No material discrepancy.</p> |
| <p>5. Information Disclosure</p> <p>(1) Establishment of corporate website to disclose information regarding the Bank's financials, business and corporate governance status.</p> <p>(2) Other information disclosure channels (e.g. English website, appointing responsible people to handle information collection and disclosure, appointing spokesperson, webcasting investor conference)</p> | <p>(1) The Bank's financial information and corporate governance practices and other information requiring disclosure prescribed by the securities commission are disclosed on a regular basis on the Bank's official website at www.ubot.com.tw</p> <p>(2) A designated department is assigned to be in charge of the collection and disclosure of information published on the Bank's corporate website.</p> <p>(3) The Bank has appointed a spokesperson and acting spokesperson to make official statement.</p> <p>(4) The annual report is prepared each year, disclosing the relevant information in accordance with the "Standards Governing Information to be published in the Annual Report of Banks".</p> | <p>No material discrepancy.</p> |

Corporate Governance

| Item | Execution Status | Reasons of Discrepancies Between the Bank's Corporate Governance Practice and Standard Corporate Governance Practices of Banks |
|---|--|--|
| 6. Operations of the Bank's audit committee and other committees of the Board of Directors | <p>(1) The Bank has appointed a Chief Auditor, overseeing the Bank's internal audit affairs. The seniority of the Chief Auditor is equivalent to that of the SEVP. The Internal Audit Department reports directly to the Board of Directors and is responsible for monitoring the operations of the respective business units.</p> <p>(2) To enhance existing management mechanism, the Bank has set up the Assets and Liabilities Management Committee, Automated Services Committee, Investment and Credit Assessment Committee and NPL and Bad Debt Clearance Committee. All proposals made by these committees are put forward in accordance with the relevant procedures.</p> | The Bank has not instituted an independent Audit Committee. |
| <p>7. Please describe discrepancies between the status of the Bank's corporate governance practices and the "Standard Corporate Governance Practices of Banks"</p> <p>In general, there is no major discrepancy between the Bank's corporate governance practices and Standard Corporate Governance Practices of Banks such as, establishment of the relevant policies including regulatory compliance, internal control and internal audit, a window for employees to offer comments and feedbacks for the Bank's management to refer to, customer service center dealing with customer complaints and improving service efficiency and the contingency plan to deal with major disasters and accidents. The Bank will carefully review our corporate governance practices to improve our management results and effects.</p> | | |
| <p>8. The Bank's social responsibilities (such as human rights, employee welfare, environmental conservation, community participation, supplier relations, monitoring and stakeholder rights), the adopted policies and measures and status of performing social responsibilities:</p> <p>(1) The Bank reviews employees' salaries and welfare policy for the best interest of employees. There is no labor agreement or dispute in place since the inception of establishment.</p> <p>(2) The Bank, Union Bills Finance Co., Ltd. and our affiliated enterprises jointly formed the "Union Culture & Art Foundation" in April 1998 with the mission of engaging in cultural, educational and charitable activities and the objective of facilitating cultural and educational exchange through cultural and art events, public speeches and the various symposiums.</p> <p>(3) Adopted the Chang-Chun Park No. 2 from 1997. The park was rated the best community park many years in a row.</p> <p>(4) Offer citizens assistance to resolve their debt issues via a customer service hotline in line with the government's policy on debt negotiation and repayment agreement.</p> | | |

| Item | Execution Status | Reasons of Discrepancies Between the Bank's Corporate Governance Practice and Standard Corporate Governance Practices of Banks |
|------|--|---|
| 9. | <p>Other important information to facilitate better understanding of the Bank's corporate governance practices (e.g. Directors' and Supervisors' training records, Directors' and Supervisors' attendance of the Board of Director's meetings, the implementation of risk management policies and risk evaluation measures, the implementation of consumers/customers protection policies, the implementation of directors recusing themselves in case of conflicts of interests situations, purchasing insurance for directors and supervisors.):</p> <p>(1) The Bank has put in place the “Rules Governing Board of Directors’ Meeting”, which stipulate that the board meeting shall be convened at least once every other month. Notice and details of the meeting shall be made in writing and sent out to each Director and Supervisor. The Rules stipulate that Directors attending the meeting in person shall recuse themselves in case of conflict of interest situations. All Directors shall strictly comply with the provision.</p> <p>(2) The Bank published Directors and Supervisors’ training record and attendance in the board meeting from time to time on the Market Observation Post System (http://newmops.tse.com.tw).</p> <p>(3) Risk management policy and execution of the risk evaluation standards: The Bank has put in place a Risk Management Policy, appointed a Risk Control Unit and clearly set out the responsibilities of the respective risk control groups. In relation to risk evaluation standards, the Bank’s trading system offers realtime risk pricing, quota control and stop-loss functions to evaluate and control the market risks with the Bank’s open positions. On the other hand, the construction of an internal credit risk model is currently under way.</p> <p>(4) The Bank has taken out deposit insurance to safeguard the interest of deposit holders.</p> <p>(5) In May 2006, the Bank has participated in the Taiwan Academy of Banking and Finance’s project “Evaluation of the Effects of Consumer Protection Work by Banks”. Consumers may use the evaluation results as the reference for selecting their bank while banks are drawn to emphasize consumer rights and the various protection measures. The objective is to establish a transparent, fair and secure banking environment.</p> <p>(6) Customers may offer comments or lodge complaints on the website. The Bank’s responsible department will re-direct the issues to the relevant department for handling and follow-up.</p> <p>(7) The Bank has stipulated the organization and responsibilities chart of the Shareholders’ Meeting, Board of Directors and Executive Officers, who are required to conduct business in accordance with the relevant authority levels.</p> | |

(5) Corporate Governance Principles and Searching of the Relevant Regulations

Please refer to the Market Observation Post on <http://newmops.tse.com.tw> for corporate governance information.

(6) Other material information:

Please refer to material information published on the Market Observation Post on <http://newmops.tse.com.tw>

(7) Internal Controls Execution Status

- a. Where an independent auditor is appointed to perform audit on the internal control system, the auditor’s report shall be disclosed: Not applicable.

b. Statement of Internal Control:

Union Bank of Taiwan
Statement of Internal Controls System

March 22, 2007

On behalf of Union Bank of Taiwan, we hereby state that from January 1, 2005 to December 31, 2005, we has duly complied with the “Enforcement Regulations for Bank Internal Audit Control System” in establishing its internal system, implementing risk management, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Supervisors. With respect to the securities business, evaluation of the effectiveness of the design and implementation of its internal control systems described in the “Regulations Governing the Establishment of Internal Control Systems be Service Enterprises in Securities and Futures Markets”, promulgated by the Securities and Futures Bureau, Financial Supervisory Commission. After prudent evaluation, except for items listed in the schedule, the internal control and legal compliance systems of each department have been in effect during year, this Statement will be included as the main content of the Bank’s annual report and prospectus, and be published to the public. If there is any illegal activity such as fraud or concealment, liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Law will be involved.

Chairman: Shiang-Chang Lee

President: Jeff Lin

Chief Auditor: Yeh-Jye Chang

Compliance Officer: Chong-Shing Wu

Weaknesses With the Internal Control System and the Improvement Plan

(Current as at December 31, 2006)

| Weakness | Improvement Measures | Projected Completion Date |
|--|---|----------------------------------|
| 1. Deposit/remittance officers of branches failed to process seized deposits properly, resulting in the Bank's loss. Bank officers are urged to process these transactions in accordance with the operational procedures and relevant internal control procedures. | The Audit Department has corrected the branch concerned, requiring it to rectify its operating procedures. Release of seized deposits shall be made upon approval by the relevant supervisors. Business Planning & Admin Dept. made written announcements to the branches and offices requiring them to deal with seized deposits in accordance with the Bank's operation manual and word processing procedures. Supervisors are required to thoroughly review and control the process and ensure that the standard procedures are followed to reduce operational risks. | Completed on Oct 23, 2006 |
| 2. Failed to update the seal registered on the inner front page of the deposit passbook while accepting account holder's application to alter the seal. Other branches have accepted customer withdrawal according to the "old" seal registered with the bank, resulting in account dispute and complaint made by the account holder to the competent authority. Supervisors shall thoroughly oversee that seal alteration is carried out in accordance with the procedures to prevent customer dispute. | The Bank's seal registration system was made available across all branches starting April 2006. All withdrawals and other related services shall be processed in accordance with the seal registered in the system instead of the seal registered in the deposit passbook. The seal registered in the system shall be updated and the application be logged in the system immediately upon accepting the account holder's application to alter or report loss of the registered seal. Supervisors shall ensure that these procedures are strictly carried out to prevent the Bank's loss in the event of a dispute. | Completed on April 3, 2006 |
| 3. Consumer banking supervisors were alleged to collect sales bonus from other employees and recruit lower level employees for higher positions in order to use the salary discrepancy for other purposes. Branches are required to ensure that staff recruitment and the employment contract are processed in accordance with company procedures and prevent similar events from recurring. | The Consumer Banking Dept. has reinforced the importance of the "Employee Integrity and Ethical Conduct" in the nation-wide meetings for supervisors of consumer banking centers and branch managers held in December 2006. Supervisors and managers are urged to ensure compliance by employees and reinforce the importance of compliance to employees to prevent similar incidences from recurring. | Completed on December 31, 2006 |
| 4. Credit Collection supervisors were found to collect part of the credit collection officers bonus for public use and process the commission refund payment without going through proper internal control procedures. Branches shall ensure internal control in this area and prevent similar incidences from recurring. | The Default Loans Management Dept. has informed employees of all levels to comply with the relevant company procedures in the internal meeting. Bonus payment to credit collection officers may only be credited to eligible employee's account and not be appropriated for public use. Part of the operations were transferred to the Credit Management Dept. in September 2006 for centralized processing in order to enhance | Completed on September 11, 2006 |

Corporate Governance

| Weakness | Improvement Measures | Projected Completion Date |
|--|---|--------------------------------|
| | internal control management and prevent similar incidence from recurring. | |
| <p>5. Errors associated with the Bank's advertised interest rates in the system at some point in time during the day enable some customers to gain from interest rate spread through Internet Banking. Ensure that the computer system and human verification are enhanced to effectively carry out the relevant internal control design and prevent human errors.</p> | <p>1. Enhance computer system controls:</p> <p>(1) Enhance the verification mechanism for entry of interest rates into the system. Interest rate changes shall not exchange 2% against the existing rate. The Treasury Dept. may update the interest rate data without further consent provided that such change is made within the acceptable range. The system will reject any change falling outside the acceptable range and ask the verifier to confirm whether the data is to be uploaded for approval or discarded of. Where E000 has not processed the interest rate update, all other related transactions such as currency exchange or remittance etc will be rejected.</p> <p>(2) The Bank's sell rate must be higher than the buy rate.</p> <p>(3) Currency spread is subject to proper verification.</p> <p>2. Enhance reviewer's and report verification mechanisms:</p> <p>(1) All exchange rate changes shall be approved first and be reviewed prior to updating the data in the system. Authority to input and upload exchange rates shall be segregated. A printer shall be installed at the exchange rate upload workstation for printing of the exchange rate data for verification.</p> <p>(2) Request the International Banking Dept. to print a "Batch Audit Report" for review by the Treasury Dept. on the next day to ensure that exchange rates are updated in a proper manner and free of error.</p> | Completed on February 15, 2007 |

Corporate Governance

(8) Legal violations and the Company's response for the past two years

| Item | Description | Status of Improvement |
|---|--|--|
| (1) Within the past one year, a responsible person or professional employee, violated the law in the course of business, resulting in an indictment by a prosecutor | - | - |
| (2) A fine was levied on the Bank for violations of the Banking Law. | <p>1. A fine was levied on the Bank by SFB for not announcing within two days from December 30, 2000 that the Bank's subsidiary, Union Capital (Cayman) Corp., has acquired and disposed of common stocks issued by Union Semi-Conductors Technology Corp., which amounted to more than NT\$300 million.</p> <p>2. The Bank has failed to collect the written consent of the responsible person of the online stores for the credit card business, instead, the Bank has collected the personal details and credit history of the responsible person from the Joint Credit Investigation Center.</p> | <p>1. The Bank has made a declaration on Aug 4, 2005 and will carry out the procedures in accordance with the regulatory requirements.</p> <p>2. The Bank has carried out the procedures in accordance with regulatory requirements.</p> |
| (3) Misconduct occurred that resulted in the Financial Supervisory Commission's imposing strict corrective measures. | - | - |
| (4) Punishment imposed by the Financial Supervisory Commission, Executive Yuan in accordance with Paragraph 1, Article 16 of the R.O.C. Banking Act | - | - |
| (5) Accidents occurring as a result of a fraud, major non-recurring incidence or failure to comply with the Guidelines for Maintaining the Security of Financial Institutions, as a result of which individual or accumulated losses during the year amounted to NT\$ 50 million or more and therefore the nature and amount of loss for which shall be disclosed | - | - |
| (6) Other necessary disclosures prescribed by the Financial Supervisory Commission, Executive Yuan | - | - |

(9) Material resolutions of a shareholders meeting or a board of directors meeting during the current fiscal year up to the date of printing of the annual report

- a. Major resolutions and the execution status relating to major resolutions in the 2006 Shareholders' Meeting:
 - i. Accumulated deficit loss for 2005: resolved and fully executed.
 - ii. Amendment to the Articles of Incorporation: resolved and awaiting approval by the competent authority
 - iii. Capital increase by cash: resolved to be conducted in line with business requirements.
 - iv. Capital increase by private placement of shares: resolved and currently seeking the appropriate counterpart.
 - v. Re-election of the 6th Board of Directors and Supervisors: Please refer to pages 9-12 for the list, which is submitted to the competent authority for review and alteration of registration.
- b. Major resolutions of Board of Directors' Meeting
 - i. Major resolutions of the Board of Directors' meeting for 2006:
 - A. The 5th Board of Directors approved the 2006 Budget in the 31st meeting convened on Feb 22, 2006.
 - B. The 5th Board of Directors approved the amendments to the Articles of Incorporation in the 32nd meeting convened on Mar 15, 2006.
 - C. The 5th Board of Directors approved to liquidate the Union Futures Co., Ltd. in the 33rd meeting convened on Mar 29, 2006.
 - D. The 5th Board of Directors resolved to put forward the proposal for capital increase by cash in the Shareholders' Meeting to obtain authorization in the 34th meeting convened on Apr 26, 2006.
 - E. In the 36th meeting of the 5th Board of Directors convened on June 8, 2006, Mr. Shiang-Chang Lee was elected the Acting Chairman.
 - F. Managing Directors were elected in the 1st meeting of the 6th Board of Directors held on June 14, 2006. It was resolved in the meeting to write off bad debts amounting to \$1,931,551,588 and dispose of the property located at No. 292 and No 292-1, Lot Shih-Tang, Neihu, Taipei.
 - ii. Major resolutions in the 2007 Board of Directors Meeting
 - A. In the 8th meeting of the 6th Board of Directors held on Mar 25, 2007, the Board

Corporate Governance

resolved to approve the amendments to the Bank's organization structure and establish the Telephone Credit Collection Center under the Default Loans Management Dept. The Board also resolved to issue subordinate debentures with a 5.5-year (incl.) maturity for the maximum amount of NT\$ 4 billion.

B. In the 9th meeting of the 6th Board of Directors held on April 25, 2007, the Board resolved to request the Shareholders' approval to authorize the Board to proceed with the capital increase by issuance of new shares, make amendments to the Articles of Incorporation, issue mortgage backed securities and change audit engagement in accordance with corporate governance procedures.

(10) During the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.

(11) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of persons connected with the company's financial report

| Title | Name | Date of Appointment | Date of Discharge | Reason of Resignation or Discharge |
|------------------|------------------|---------------------|-------------------|--|
| Chairman | C.C. Huang | 1994.06.01 | 2006.06.09 | Retired |
| President | Shiang-Chang Lee | 1995.07.01 | 2006.06.09 | Elected the Chairman in the Shareholders' Meeting convened on June 9, 2006 |
| Chief Accountant | Hann-Tsau Tsai | 2002.12.23 | 2006.06.22 | Transfer to serve as the GM of the Trust Department |

4. Information on CPA Professional Fee

(1) Professional Charges Information

| CPA Firm | Name of CPAs | | Auditing Fee | Non-Auditing Fee | | | | | Is the auditing period for a complete fiscal year | | | Remark |
|-----------------|---------------|---------|--------------|------------------|-----------------------|-----------------|----------------|----------|---|----|--------------|--------|
| | | | | Policy Design | Business Registration | Human Resources | Other (Note 1) | Subtotal | Yes | No | Audit Period | |
| Deloitte Touche | Terence Huang | Y.J. Wu | \$5,880 | - | - | - | \$1,100 | \$1,100 | v | - | 2006 | |

Note: Non-auditing fees refer to auditing fees paid in 2006 for assessment on the Bank's internal audit system in accordance with the "Enforcement regulations for bank internal audit control system"

Corporate Governance

(2) Change of audit engagement and that the audit fee for the year of change is less than that charged for the year prior to the change: Not applicable.

(3) Auditing fee is 15% or more below the fee charged for the previous year: None.

5. Information on replacement of CPA: None

6. Name, title and the period of the service of the Chairman, President and Executive Officers in charge of the Bank's financial or accounting affairs who have served a position in the CPA firm to which the independent auditor(s) belong or its affiliated enterprises during the past year: None.

7. Changes in shareholding and share pledges of Directors, Supervisors, Executive Officers and any person requiring to declare his/her registration of shares pursuant to Article 25.3 of the Securities and Exchange Law:

| Title | Name | 2006 | | Current Year up to March 31, 2007 | |
|-------------------|--------------------------------|--|---|--|---|
| | | Shareholding Increase (Decrease) | Share Pledges Increase (Decrease) | Shareholding Increase (Decrease) | Share Pledges Increase (Decrease) |
| Supervisor | Pao-Hsing Investment Co., Ltd. | 3,715,000 | - | - | - |
| Executive Officer | Michael Lee | (9,000) | - | - | - |
| Executive Officer | Tiffany Yu | (27,000) | - | - | - |
| Executive Officer | Yanger Yang | 62,000 | - | - | - |
| Executive Officer | Michael Lin | (26,000) | - | - | - |
| Executive Officer | Shu-Feng Hsueh | (2,000) | - | - | - |
| Executive Officer | Chang-Yung Chen | 2,000 | - | - | - |
| Executive Officer | Chi-Pin Chen | (20,000) | - | (5,000) | - |
| Executive Officer | Chien-Tsang Chung | (15,000) | - | - | - |
| Executive Officer | Wendy Chi | (30,000) | - | - | - |
| Executive Officer | Ching-An Chen | (22,000) | - | - | - |
| Executive Officer | Louis Chen | (1,000) | - | - | - |
| Executive Officer | Li-Jen Weng | 897 | - | - | - |
| Executive Officer | Chan-Kwan Chen | (20,000) | - | - | - |

Corporate Governance

| Title | Name | 2006 | | Current Year up to March 31, 2007 | |
|-------------------|----------------------------------|--|---|--|---|
| | | Shareholding Increase (Decrease) | Share Pledges Increase (Decrease) | Shareholding Increase (Decrease) | Share Pledges Increase (Decrease) |
| Executive Officer | Chih-Chung Chang | - | - | (18,000) | - |
| Executive Officer | Lanny Liaw | - | - | (13,080) | - |
| Executive Officer | Ying-Na Hsu | 793 | - | - | - |
| Executive Officer | Cheng-Tai Rong | 102,150 | - | - | - |
| Executive Officer | Shih-Wen Lu | (19,000) | - | - | - |
| Executive Officer | Wen-Hui Lin | 34,846 | - | - | - |
| Executive Officer | Kuen-Cheng Chou | - | - | 539 | - |
| Major Shareholder | Chu-Pao Investment Co., Ltd. | 27,622,000 | - | - | - |
| Major Shareholder | Chi-Shun Investment Co., Ltd. | (71,000) | - | - | - |
| Major Shareholder | Kun-Che Investment Co., Ltd. | 4,864,000 | - | - | - |
| Major Shareholder | Hung-Hsiang Investment Co., Ltd. | 3,039,000 | - | - | - |
| Major Shareholder | Pai-Sheng Investment Co., Ltd. | 2,982,000 | - | - | - |
| Major Shareholder | Chien-Yuan Investment Co., Ltd. | 8,187,000 | (18,000,000) | - | - |
| Major Shareholder | Wei-Chih Investment Co., Ltd. | 5,957,000 | - | - | - |
| Major Shareholder | Tien-Sheng Investment Co., Ltd. | (150,000) | - | - | - |
| Major Shareholder | Quan-Cheng Investment Co., Ltd. | 14,872,000 | - | - | - |
| Major Shareholder | Bai-Ing Investment Co., Ltd. | 12,668,000 | - | - | - |
| Major Shareholder | Quan-Sheng Investment Co., Ltd. | 28,619,358 | - | - | - |
| Major Shareholder | S.S. Yeh | 680,000 | - | - | - |

Note: 1. Shareholding information of any person requiring to register the change in his/her shareholding is not included in the above Table where no change occurs.

2. Counterparty to which the above shares were transferred and pledged is not a related party.

8. Information for Top Ten Shareholders Being the Related Parties as Defined in Statements of Financial Accounting Standards No. 6

| Name | Shareholding | | Spouse & Minor Shareholding | | Shareholding in Others' Title | | Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6 | | Note |
|---|---------------------------|--------------|-----------------------------|-----------|-------------------------------|---|--|-----------------------------|------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Chu-Pao Investment Co., Ltd. Responsible Person: Si-Yong Lin | 107,807,490 16,934,581 | 5.91 0.93 | - 1,494,018 | - 0.08 | - | - | Pai-Sheng Investment Co., Ltd. | The same responsible person | |
| Chi-Shun Investment Co., Ltd. Responsible Person: C. D. Chen | 95,597,698 - | 5.24 - | - | - | - | - | - | - | |
| Kun-Che Investment Co., Ltd. Responsible Person: Y. C. Huang | 95,027,203 - | 5.21 - | - | - | - | - | - | - | |
| Hung-Hsiang Investment Co., Ltd. Responsible Person: S.S. Yeh | 93,946,947 19,080,330 | 5.15 1.05 | - | - | - | - | Wei-Chih Investment Co., Ltd. | The same responsible person | |
| Pai-Sheng Investment Co., Ltd. Responsible Person: Si-Yong Lin | 93,462,866 16,934,581 | 5.12 0.93 | - 1,494,018 | - 0.08 | - | - | Chu-Pao Investment Co., Ltd. | The same responsible person | |
| Chien-Yuan Investment Co., Ltd. Responsible Person: C.C. Chang | 93,175,434 - | 5.10 - | - | - | - | - | - | - | |
| Pao-Hsing Investment Co., Ltd. Responsible Person: C. T. Lin | 90,610,217 - | 4.96 - | - | - | - | - | - | - | |
| Wei-Chih Investment Co., Ltd. Responsible Person: S.S. Yeh | 87,199,926 19,080,330 | 4.78 1.05 | - | - | - | - | Hung-Hsiang Investment Co., Ltd. | The same responsible person | |
| Tien-Sheng Investment Co., Ltd. Responsible Person: Sue-Feng Cao | 87,098,721 3,523 | 4.77 - | - | - | - | - | - | - | |
| Sue-Ere C. Lin | 77,286,891 | 4.23 | - | - | - | - | - | - | |

Corporate Governance

9. Ownership of Investee Companies by Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank

Unit: Shares; %; December 31, 2006

| Investee Companies ^{Note} | UBOT Investment | | Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank | | Total Investments | |
|---|-----------------|------------|--|-----------|-------------------|-----------|
| | Shares | % | Shares | % | Shares | % |
| Union Bills Finance Corp. | 126,576,000 | 42.76% | 40,500,038 | 13.63% | 167,076,038 | 56.39% |
| Union Finance International (HK) Ltd. | 30,000,000 | 99.999994% | 2 | 0.000006% | 30,000,002 | 100.00% |
| Union Information Technology Co., Ltd. | 4,999,614 | 99.99% | - | - | 4,999,614 | 99.99% |
| Union Finance & Leasing (International) Co., Ltd. | 100,000,000 | 100.00% | - | - | 100,000,000 | 100.00% |
| Union Securities Investment Trust Co., Ltd. | 10,500,000 | 35.00% | 900,000 | 3.00% | 11,400,000 | 38.00% |
| Union Securities Investment Consulting Co., Ltd. | 1,000,000 | 100.00% | - | - | 1,000,000 | 100.00% |
| Union Insurance Broker Co., Ltd. | 2,800,000 | 100.00% | - | - | 2,800,000 | 100.00% |
| Union Real-Estate Management Corp. | 2,000,000 | 40.00% | 1,500,000 | 30.00% | 3,500,000 | 70.00% |
| Morgan Stanley Union Bank Assets Management Corp. (MSUB) | 1,323,000 | 49.00% | - | - | 1,323,000 | 49.00% |
| EnTie Securities Finance Company | 65,206,250 | 12.15% | 632,685 | 0.116% | 65,838,935 | 12.27% |
| Taiwan Assets Management Corp. | 10,000,000 | 0.57% | - | - | 10,000,000 | 0.57% |
| Universal Venture Fund Inc. | 2,190,520 | 2.74% | - | - | 2,190,520 | 2.74% |
| Taiwan Financial Asset Service Corporation | 5,000,000 | 2.94% | - | - | 5,000,000 | 2.94% |
| Financial Information Service Company | 9,577,000 | 2.39% | - | - | 9,577,000 | 2.39% |
| Euroc III Venture Capital COL. | 3,000,000 | 5.00% | - | - | 3,000,000 | 5.00% |
| NCTU Spring I Technology Venture Capital Investment Corporate | 2,130,000 | 5.00% | - | - | 2,130,000 | 5.00% |
| Debt Instrument Depository and Clearing Co., Taiwan | 235,504 | 0.08% | 471,008 | 0.17% | 706,512 | 0.25% |
| Taiwan Futures Exchange Corporate | 4,075,000 | 2.04% | - | - | 4,075,000 | 2.04% |
| Taipei Forex Inc. | 160,000 | 0.81% | - | - | 160,000 | 0.81% |
| Global Securities Finance Corp. | 3,942,458 | 0.53% | - | - | 3,942,458 | 0.53% |
| Lian-An Service Corp. | 125,000 | 5.00% | - | - | 125,000 | 5.00% |
| Save Con International Inc. | 63,448 | 0.07% | - | - | 63,448 | 0.07% |
| Taiwan Power Company, Ltd. | 394,879 | 0.001197% | - | - | 394,879 | 0.001197% |
| Hua Eng Venture Capital Co., Ltd. | 777,600 | 4.55% | - | - | 777,600 | 4.55% |
| Global Communication Semiconductor, Inc. | 1,388,889 | 1.56% | - | - | 1,388,889 | 1.56% |
| Sun Asset Management Corp. | 386,376 | 6.50% | - | - | 386,376 | 6.50% |

Note: Investments made in accordance with Article 74 of the Banking Law.

IV. Fund Raising Status

1. Capital & Shares

(1) Sources of Capital

| Date | Issued Price | Authorized Capital | | Paid-in Capital | | Remark | |
|----------|--------------|--------------------|----------------|-----------------|----------------|-------------------|-------|
| | | Shares | Amount (\$) | Shares | Amount (\$) | Source of Capital | Other |
| Dec 2006 | 10 | 2,488,926,389 | 24,889,263,890 | 1,825,394,074 | 18,253,940,740 | Listed shares | |
| Feb 2007 | 10 | 2,488,926,389 | 24,889,263,890 | 1,825,394,074 | 18,253,940,740 | Listed shares | |

| Type of Shares | Authorized Capital | | | Remark |
|----------------|--------------------|------------------|---------------|---------------|
| | Issued Shares | Un-Issued Shares | Total | |
| Common Stock | 1,825,394,074 | 663,532,315 | 2,488,926,389 | Listed shares |

(2) Shareholder Composition

December 31, 2006

| Shareholder Quantity | Government Agencies | Financial Institutions | Other Legal Entities | Individuals | Foreign Institutions & Individuals | Total |
|---------------------------|------------------------|---------------------------|-------------------------|-------------|--|---------------|
| Number of shareholders | 6 | - | 77 | 35,085 | 31 | 35,199 |
| Shareholding (shares) | 6,809 | - | 1,229,685,459 | 573,191,667 | 22,510,139 | 1,825,394,074 |
| Shareholding (%) | 0.00% | - | 67.366% | 31.401% | 1.233% | 100% |

Fund Raising Status

(3) Distribution of Shareholding

Par value NT\$10; December 31, 2006

| Class of Shareholding | Number of Shareholders | Shareholding (Shares) | Shareholding (%) |
|------------------------------|-------------------------------|------------------------------|-------------------------|
| 1 ~ 999 | 16,827 | 3,490,209 | 0.19 |
| 1,000 ~ 5,000 | 7,880 | 18,550,400 | 1.01 |
| 5,001 ~ 10,000 | 2,682 | 20,556,584 | 1.12 |
| 10,001 ~ 15,000 | 4,944 | 62,720,666 | 3.43 |
| 15,001 ~ 20,000 | 588 | 10,714,354 | 0.59 |
| 20,001 ~ 30,000 | 678 | 17,103,748 | 0.94 |
| 30,001 ~ 50,000 | 470 | 18,761,504 | 1.03 |
| 50,001 ~ 100,000 | 443 | 31,155,607 | 1.71 |
| 100,001 ~ 200,000 | 348 | 47,986,625 | 2.63 |
| 200,001 ~ 400,000 | 154 | 43,632,590 | 2.39 |
| 400,001 ~ 600,000 | 50 | 24,619,712 | 1.35 |
| 600,001 ~ 800,000 | 27 | 18,550,668 | 1.02 |
| 800,001 ~ 1,000,000 | 22 | 19,863,022 | 1.09 |
| Over 1,000,001 | 86 | 1,487,688,385 | 81.50 |
| Total | 35,199 | 1,825,394,074 | 100.00 |

Note: The Bank has not issued preferred stocks.

Fund Raising Status

(4) List of Major Shareholders

December 31, 2006

| Shareholding | Shares | % |
|---|---------------|----------|
| Name of Major Shareholder | | |
| Chu-Pao Investment Co., Ltd. | 107,807,490 | 5.91 |
| Chi-Shun Investment Co., Ltd. | 95,597,698 | 5.24 |
| Kun-Che Investment Co., Ltd. | 95,027,203 | 5.21 |
| Hung-Hsiang Investment Co., Ltd. | 93,946,947 | 5.15 |
| Pai-Sheng Investment Co., Ltd. | 93,462,866 | 5.12 |
| Chien-Yuan Investment Co., Ltd. | 93,175,434 | 5.10 |
| Pao-Hsing Investment Co., Ltd. | 90,610,217 | 4.96 |
| Wei-Chih Investment Co., Ltd. | 87,199,926 | 4.78 |
| Tien-Sheng Investment Co., Ltd. | 87,098,721 | 4.77 |
| Sue-Ere C. Lin | 77,286,891 | 4.23 |
| Union Enterprise Construction Co., Ltd. | 71,684,310 | 3.93 |
| Hong-Bung Construction Enterprise Co., Ltd. | 49,927,983 | 2.74 |
| Quan-Cheng Investment Co., Ltd. | 45,338,534 | 2.48 |
| Lin Rung San Foundation of Culture and Social Welfare | 41,782,660 | 2.29 |
| Chung-Li Investment Co., Ltd. | 35,454,283 | 1.94 |
| Bai-Ing Investment Co., Ltd. | 34,025,558 | 1.86 |
| Quan-Sheng Investment Co., Ltd. | 28,619,358 | 1.56 |
| Union Recreation Enterprise Corp. | 26,577,782 | 1.46 |
| S.S. Yeh | 19,080,330 | 1.05 |
| Yu-Pang Co., Ltd. | 18,962,581 | 1.04 |

Note: List of shareholders with over 1% shareholding or those on the Top 10 Shareholder List.

Fund Raising Status

(5) Market Price, Net Worth, Earnings and Dividend Per Share & Relative for the Past Two Years

| Year | | 2005 | 2006 | 2007.03.31 |
|-----------------------------|--------------------------------------|----------------------------------|---------------|---------------|
| Item | | | | |
| Market Price Per Share (\$) | Highest | 12.5 | 9.39 | 9.60 |
| | Lowest | 9.05 | 7.43 | 7.63 |
| | Average | 10.23 | 8.44 | 8.71 |
| Net Worth Per Share (\$) | Before Distribution | 10.04 | 10.22 | 10.03 |
| | After Distribution | 10.04 | 10.22 | 10.03 |
| Earnings Per Share | Weighted Average Shares | 1,782,375,362 | 1,825,966,891 | 1,828,015,585 |
| | Earnings Per Share | (1.94) | 0.17 | (0.20) |
| Dividends Per Share | Cash dividends | | - | - |
| | Stock Dividends | Dividends from retained earnings | - | - |
| | | Dividends from capital reserve | - | - |
| | Accumulated Unappropriated Dividends | | - | - |
| Return on Investments | Price/Earning Ratio (Note 1) | (5.27) | 49.65 | (43.55) |
| | Price/Dividend Ratio (Note 2) | - | - | - |
| | Cash dividends yield rate (Note 3) | - | - | - |

Note 1 : P/E ratio = Average Closing Share Price for the Current Fiscal Year / Earnings Per Share.

2 : P/D ratio = Average Closing Share Price for the Current Fiscal Year / Cash Dividends Per Share.

3 : Cash Dividend Yield to Maturity = Cash Dividends Per Share / Average Closing Share Price for the Current Fiscal Year.

(6) Dividend Policy and Implementation Status

The Bank has set out the dividend policy in the Articles of Incorporation: Please refer to Appendix 1.

The Bank has not made a proposal for distribution of dividend, employee bonus and Directors and Supervisors' remuneration for 2006.

(7) Impact of the proposal for stock dividend distribution on the Bank's operations results and earnings per share: None

(8) Employee Bonus and Directors' and Supervisors' Remuneration:

a. The percentage or coverage of employee bonus and the Directors' and

Fund Raising Status

Supervisors' remuneration: According to in the Bank's Dividend Policy.

- b. The information about the Board of Directors' meeting has resolved to distribute employees' bonus:
 - i. Distribution of cash bonus and stock bonus to employees and remuneration to directors and supervisors: None.
 - ii. Ratio of the proposed number of stock dividends for distribution to employees as a percentage of capital increase by earnings capitalization: Not applicable.
 - iii. Earnings per share after taking into account employees' bonus and directors' and supervisors' remuneration: Not applicable.
 - iv. Earnings per share after taking into account stock dividend (based on market price) distribution to employees: Not applicable.
- c. Bonus to employees and remuneration to directors and supervisors from the retained earnings of the previous fiscal year.
 - i. Distribution of employee bonus and Directors' and Supervisors' remuneration from previous year's earnings: None.
 - ii. Proposal for distribution of employee bonus and Directors' and Supervisors' remuneration passed in the Board of Directors' Meeting and differences: None.

(9) Share Repurchases: None

Fund Raising Status

2. Financial Debentures

| Type | First subordinated bank debentures issued in 2002 | First unsecured convertible bank debentures issued in 2004 | First subordinated bank debentures issued in 2004 |
|--|--|--|---|
| Date & No. Approved by Central Competent Authority | Tai-Tsai-Rong-(2)-Zi No. 0910043331 Sep 17, 2002 | Jin-Kuan-Jen-(1)-Zi-No. 0930134267 Jul 30, 2004 | Jin-Kuan-Yin-(2)-Zi-No. 0930032639 Nov 10, 2004 |
| Issue Date | Nov 14, 2002 | Sep 13, 2004 | Dec 23, 2004 |
| Face Value | \$1,000,000 \$5,000,000 \$10,000,000 \$50,000,000 | \$100,000 | \$1,000,000 \$5,000,000 \$10,000,000 |
| Place of Issue | Domestic | Domestic | Domestic |
| Currency | New Taiwan Dollars | New Taiwan Dollars | New Taiwan Dollars |
| Issue Price | Issued At Par Value | Issued At Par Value | Issued At Par Value |
| Total Amount | \$3,500,000,000 | \$3,000,000,000 | \$1,500,000,000 |
| Interest Rate | Fixed rate at 3.80% | 0% | Average one year time savings deposit rate of First Bank, Hua Nan Bank, Chang Hwa Bank, Land Bank, Taiwan Cooperative Bank and Bank of Taiwan plus 1% |
| Term | 5 Years Maturity Date: Nov 14, 2007 | 5 Years Maturity Date: Sep 13, 2009 | 5.5 Years Maturity Date: Jun 23, 2010 |
| Order of Redemption | Subordinate | Primary | Subordinate |
| Guarantor | - | - | - |
| Trustee | - | Trust Dept. of EnTie Bank | - |
| Underwriter | - | KGI | - |
| Auditor | S.S. Lai | S.S. Lai | S.S. Lai |
| CPA | Deloitte & Touche T.R. Lee/ Z.Y. Chang | Deloitte & Touche Terence Huang/ Z.Y. Chang | Deloitte & Touche Terence Huang/ Z.Y. Chang |
| Certifying Financial Institution | FuBon Bills Finance Corp. | Without physical issuance | FuBon Bills Finance Corp. |
| Method of Redemption | Repaid in full upon maturity | Repaid in full upon maturity | Repaid in full upon maturity |
| Unredeemed Balance | \$3.5 billion | \$2.605 billion | \$1.5 billion |
| Paid-in Capital For the Previous Fiscal Year | \$14.889 billion | \$14.889 billion | \$14.889 billion |
| After-tax Net Worth for the Previous Fiscal Year | \$ 16.541 billion | \$16.72 billion | \$16.72 billion |
| Performance | Normal | Normal | Normal |
| Redemption or Early Redemption | - | Refer to Articles 18 & 19 of the Prospectus for provisions governing issuance and conversion of debentures | - |
| Conversion & Exchange Conditions | - | Refer to Article 11 of the Prospectus for provisions | - |

Fund Raising Status

| Type | First subordinated bank debentures issued in 2002 | First unsecured convertible bank debentures issued in 2004 | First subordinated bank debentures issued in 2004 |
|--|---|---|---|
| | | governing issuance and conversion of debentures | |
| Restrictions terms | Nil | Nil | Nil |
| Fund Utilization Plan | Improve existing financial structure and the capital adequacy ratio | Improve existing financial structure and the capital adequacy ratio | Improve existing financial structure and the capital adequacy ratio |
| Balance of issued debentures before adding the declared issue amount as a percentage of after-tax net worth for the previous fiscal year (%) | 21.16% | 36.51% | 45.48% |
| Whether it is accounted for as regulatory capital and type | Accounted for as Tier II Capital | Not included as capital | Accounted for as Tier II Capital |
| Name of rating agency, date and result of rating | - | - | - |

Fund Raising Status

| Type | Second subordinate bank debenture issued in 2004 | First subordinated bank debentures issued in 2005 | First subordinated bank debentures issued in 2006 |
|--|--|---|--|
| Date & No. Approval by Central Competent Authority | Jin-Kuan-Yin-(2)-Zi- No. 0930032639 Nov 10, 2004 | Jin-Kuan-Yin-(2)-Zi-No. 0940031436 Nov 14, 2005 | Jin-Kuan-Yin-(2)-Zi-No. 0940031436 Nov 14, 2005 |
| Issue Date | Dec 28, 2004 | Dec 6, 2005 | Nov 7, 2006 |
| Face Value | \$1,000,000 \$10,000,000 \$50,000,000 | \$10,000,000 | \$10,000,000 |
| Place of Issue | Domestic | Domestic | Domestic |
| Currency | New Taiwan Dollars | New Taiwan Dollars | New Taiwan Dollars |
| Issue Price | Issued At Par Value | Issued At Par Value | Issued At Par Value |
| Total Amount | \$3,500,000,000 | \$2,000,000,000 | Class A:\$1,200,000,000 Class B:\$800,000,000 |
| Interest Rate | Fixed rate at 3.55% | Fixed rate at 2.60% | Class A: Fixed rate at 2.60%. Class B: Fixed rate for 1-year time deposit offered by Bank of Tawan+0.3% |
| Term | 5.5 Years Maturity Date: Jun 28, 2010 | 5.5 Years Maturity Date: Jun 6, 2011 | Class A: 5.5 Years Class A: Maturity Date- May 7, 2012 Class B: 7 Years Class B:Maturity Date- Nov xx, 2013 |
| Order of Redemption | Subordinate | Subordinate | Subordinate |
| Guarantor | - | - | - |
| Trustee | - | - | - |
| Underwriter | - | - | - |
| Auditor | S.S. Lai | S.S. Lai | S.S. Lai |
| CPA | Deloitte & Touche Terence Huang/ Z.Y. Chang | Deloitte & Touche Terence Huang/ Y.J. Wu | Deloitte & Touche Terence Huang/ Y.J. Wu |
| Certifying Financial Institution | FuBon Finance Bills Corp. | International Finance Bills Corp. | Without physical issuance |
| Method of Redemption | Repaid in full upon maturity | Repaid in full upon maturity | Repaid in full upon maturity |
| Unredeemed Balance | \$3.5 billion | \$2 billion | \$2 billion |
| Paid-in Capital For the Previous Fiscal Year | \$14.889 billion | \$15.171 billion | \$18.254 billion |
| After-tax Net Worth for the Previous Fiscal Year | \$16.72 billion | \$18.731 billion | \$18.334 billion |
| Performance | Normal | Normal | Normal |
| Redemption or Early Redemption | - | - | - |
| Conversion & Exchange Conditions | - | - | - |
| Restrictions terms | - | - | - |
| Fund Utilization Plan | Improve existing financial structure and the capital | Improve existing financial structure and the capital | Improve existing financial structure and the capital adequacy ratio |

Fund Raising Status

| Type | Second subordinate bank debenture issued in 2004 | First subordinated bank debentures issued in 2005 | First subordinated bank debentures issued in 2006 |
|--|--|---|---|
| | adequacy ratio | adequacy ratio | |
| Balance of issued debentures before adding the declared issue amount as a percentage of after-tax net worth for the previous fiscal year (%) | 66.42% | 69.97% | 82.27% |
| Whether it is accounted for as regulatory and type | Accounted for as Tier II Capital | Accounted for as Tier II Capital | Accounted for as Tier II Capital |
| Name of rating agency, date and result of rating | - | - | - |

3. Preferred Stock, Overseas Depository Receipts, Employee Stock Option, Acquisitions or Disposition of Other Financial Institutions: None.

4. Fund Utilization Plan and Execution Status

(1) Details of past launch or private placements of marketable securities and financial debentures

- a. Details: Please refer to “Fund Raising Status (2)- Issuance of Financial Debentures” for the date and reference number of the approval letter issued by the competent authority (Pages 53 - 56).
- b. Purpose: Primarily to improve the financial structure and capital adequacy ratio.
- c. Fund utilization status: The subordinate financial debentures issued by the Bank were to supplement Tier 2 Capital. Unsecured convertible bonds issued in 2004 were to be utilized as our medium and long-term operating capital.

(2) Status of past launch or private placement of marketable securities and financial debentures

- a. All fund raising plans have been fully executed with targets accomplished.
- b. Please refer to pages 75~84 for the various financial information and changes in the capital adequacy ratio for years from 2002 to 2006.

V. Operational Highlights

1. Business Description

(1) Main Businesses

a. Primary Business Activities of the Respective Business Units

- i. To accept all types of deposits.
- ii. To extend corporate loans, discount bills and notes, issue of domestic letters of credit and conduct accounts receivable factoring.
- iii. To handle exports, imports, foreign remittances, foreign currency loans and guarantees.
- iv. To extend mortgage, auto loans, personal loans and other consumer credits, and to provide credit cards services.
- v. Wealth management, trust, custodian business, safe-deposit box rental and certification services for marketable securities.
- vi. To trade marketable securities and futures on behalf of customers.
- vii. To act as collecting and paying agent for peripheral financial services including public facilities expenses, remittances and taxes.
- viii. To conduct other relevant businesses authorized by the competent authority.

b. Operation Highlight

- i. Deposits

Unit: NT\$ Million

| Type | December 31, 2006 | | December 31, 2005 | | Comparison | |
|------------------------|-------------------|---------|-------------------|---------|------------------------|----------------|
| | Amount | % | Amount | % | Increase (Decrease) | Growth Rate |
| Checking Deposit | 3,225 | 1.09% | 3,370 | 1.24% | (145) | -4.30% |
| Demand Deposit | 24,342 | 8.21% | 20,517 | 7.55% | 3,825 | 18.64% |
| Demand savings Deposit | 58,247 | 19.64% | 51,677 | 19.01% | 6,570 | 12.71% |
| Time Deposit | 76,835 | 25.90% | 74,640 | 27.46% | 2,195 | 2.94% |
| Time Savings Deposit | 133,955 | 45.16% | 121,566 | 44.74% | 12,389 | 10.19% |
| Total | 296,604 | 100.00% | 271,770 | 100.00% | 24,834 | 9.14% |

Operational Highlights

ii. Loans

Unit: NT\$ Million

| Type | December 31, 2006 | | December 31, 2005 | | Comparison | |
|--------------------------------------|-------------------|--------|-------------------|--------|------------------------|----------------|
| | Amount | % | Amount | % | Increase (Decrease) | Growth Rate |
| Short-term Loans & Overdraft | 14,619 | 7.15 | 22,547 | 12.65 | (7,928) | -35.16% |
| Short-term Secured Loans & Overdraft | 17,741 | 8.67 | 12,160 | 6.82 | 5,581 | 45.90% |
| Medium-term Loans | 25,027 | 12.23 | 30,948 | 17.37 | (5,921) | -19.13% |
| Medium-term Secured Loans | 15,318 | 7.49 | 15,140 | 8.50 | 178 | 1.18% |
| Long-term Loans | 18,424 | 9.01 | 11,844 | 6.65 | 6,580 | 55.56% |
| Long-term Secured Loans | 113,430 | 55.45 | 85,535 | 48.01 | 27,895 | 32.61% |
| Total | 204,559 | 100.00 | 178,174 | 100.00 | 26,385 | 14.81% |

iii. Foreign Exchange

Unit: US\$ Million

| Type | December 31, 2006 | | December 31, 2005 | | Comparison | |
|---------------------|-------------------|--------|-------------------|--------|------------------------|----------------|
| | Amount | % | Amount | % | Increase (Decrease) | Growth Rate |
| Exports | 138 | 4.10 | 166 | 5.28 | (28) | -16.87% |
| Imports | 254 | 7.54 | 265 | 8.43 | (11) | -4.15% |
| Foreign Remittances | 2,977 | 88.36 | 2,713 | 86.29 | 264 | 9.73% |
| Total | 3,369 | 100.00 | 3,144 | 100.00 | 225 | 7.16% |

Operational Highlights

iv. Trust & Wealth Management

Unit: NT\$ Million

| Type | | December 31, 2006 | | December 31, 2005 | | Comparison | |
|-------------------|--|-------------------|--------|-------------------|--------|------------------------|----------------|
| | | Amount | % | Amount | % | Increase (Decrease) | Growth Rate |
| Trust | Non-discretionary Money Trust Invested in Foreign Securities | 17,159 | 8.64 | 9,991 | 4.86 | 7,168 | 71.74% |
| | Non-discretionary Money Trust Invested in Domestic Funds | 7,838 | 3.95 | 5,881 | 2.86 | 1,957 | 33.28% |
| | Pre-need Trust | 2,080 | 1.05 | 1,173 | 0.57 | 907 | 77.32% |
| | Other Trusts | 257 | 0.13 | 106 | 0.05 | 151 | 142.45% |
| | Securities Trust | 108 | 0.05 | 108 | 0.05 | 0 | 0.00% |
| | Real Estate Trust | 2,054 | 1.03 | 1,016 | 0.49 | 1,038 | 102.17% |
| | Subtotal | 29,496 | 14.85 | 18,275 | 8.88 | 11,221 | 61.40% |
| Ancillary Service | Custody of Funds | 76,897 | 38.71 | 82,894 | 40.27 | (5,997) | -7.23% |
| | Other Custodian Business | 59,858 | 30.13 | 69,300 | 33.67 | (9,442) | -13.62% |
| | Certification Business | 32,400 | 16.31 | 35,352 | 17.18 | (2,952) | -8.35% |
| | Subtotal | 169,155 | 85.15 | 187,546 | 91.12 | (18,391) | -9.81% |
| Total | | 198,651 | 100.00 | 205,821 | 100.00 | (7,170) | -3.48% |

v. Credit Cards

| Type | December 31, 2006 | December 31, 2005 | Change | |
|--------------------------|-------------------|-------------------|------------------------|----------------|
| | NT\$'000/ Card | NT\$'000/ Card | Increase (Decrease) | Growth Rate |
| Cards in Circulation | 2,932,337 | 2,939,652 | (7,315) | -0.25% |
| Credit Amount | 64,263,312 | 67,329,422 | (3,066,110) | -4.55% |
| Cash Advance Amount | 6,422,494 | 18,162,881 | (11,740,387) | -64.64% |
| Accounts Receivables | 33,789,008 | 41,655,230 | (7,866,222) | -18.88% |
| Revolving Credit Balance | 22,513,458 | 30,194,627 | (7,681,169) | -25.44% |
| Sales Amount | 84,412,977 | 66,207,254 | 18,205,723 | 27.50% |

Operational Highlights

vi. Total Revenue

| Business | % of Total Revenue 2006 | % of Total Revenue 2005 | Changes (%) |
|-------------------|----------------------------|----------------------------|-------------|
| Corporate Banking | 12.55 | 11.19 | 1.36 |
| Consumer Banking | 17.94 | 13.42 | 4.53 |
| Consumer Credit | 7.40 | 12.22 | -4.81 |
| Auto Loans | 7.50 | 7.73 | -0.23 |
| Trust | 0.51 | 0.55 | -0.04 |
| Wealth Management | 1.21 | 0.63 | 0.58 |
| Securities | 0.81 | 0.57 | 0.24 |
| Credit Cards | 35.12 | 40.77 | -5.65 |
| Other | 16.96 | 12.92 | 4.04 |
| Total | 100.00 | 100.00 | |

(2) Business Plan for 2007

a. Deposits

- i. Raise NTD and foreign currency deposits to achieve set targets.
- ii. Increase demand deposits and strengthen structure of deposit by improving employees' marketing capabilities and actively promote new businesses including act as collecting and paying agent for bill payments, payroll transfer, consideration payment for capital increase, disbursement of dividends, securities payments, tuition fees and general corporate payments.
- iii. Improve service quality and professional competency of employees to increase the Bank's competitive advantages and strengthen customer royalty.

b. Corporate Banking

- i. Expand the scope of operation and take advantage of market opportunities by continually attracting new clients and promoting new businesses.
- ii. Utilize the depository mechanism of credit guarantee funds and acquire quality collateral for credit protection.
- iii. Aggressively expand new clients such as small and medium enterprises while keeping existing clientele, and close off credit and (or) less profitable loan accounts

Operational Highlights

to ensure steady growth in loans and enlarge the Bank's profit potential.

- iv. Enhance credit checks and assessment procedures as well as computerize credit data to provide real-time information management. Continually make good use of existing system to keep track of the current status of credit accounts, ensure the accuracy of information, and simplify the process to obtain the relevant analytical statistics.

c. Consumer Banking

- i. Attract potential customers while maintaining existing clients. Aggressively develop new consumer banking products and refine current products.
- ii. Extend loan business soundly and also improve the quality of loans.
- iii. Enhance advance control of non-performing loans and lower NPL ratio.
- iv. Build up the corporate image as a quality service provider by offering customers the most efficient and satisfactory service. Also pay attention to cost-benefit analysis for cost saving.

d. Foreign Exchange

- i. Continue to promote export usance L/C forfaiting and O/A factoring.
- ii. Steadily expand on securities investing and actively participate in international syndication to enlarge profit.
- iii. Undertake bond positions to derive spread from interest or asset swaps and transfer credit risks.

e. Trust & Wealth Management

- i. Obtain the Bank's market share by pursuing business opportunities in securities certification and custody of funds actively.
- ii. Integrate business with the Credit Card Center by promoting pre-need trust, trust of online bill payment service, money trust of technology transfer and trust for storage fees of Umbilical Cord Blood.
- iii. Jointly promote the trust for proceeds of real estate purchasing/selling and derived businesses with mortgage businesses conducting by consumer banking department.
- iv. Cooperate with corporate banking to promote land trust, construction financing trust and other derived businesses.
- v. In line with customer demands and market trends, actively research and develop new trust products such as gift voucher trust.
- vi. Enhance planning of marketing channels, maintaining current customers and attracting new clients in order to expand the operation scale of wealth management

Operational Highlights

and the size of managed assets. Start with fulfilling the needs of customers in personal financial management, and further assist clients with allocating assets to accomplish short-, medium- and long-term financial goals.

- vii. Aggressively introduce selected financial products, propel integrated marketing projects, expand the sales team and enrich personnel competency and professional capabilities to improve overall productivity.

f. Credit Card

- i. Develop technology of contactless chip to provide customers with secure and convenient credit card service while doing consuming. Promote services and products in different sales channels including the petrol station, cinemas and supermarkets to enable cardholders to enjoy the convenience of high-tech payment tool.
- ii. Offer cardholders with value-added services by developing multifunctional credit card.
- iii. Specifically provide platinum card holders with various benefits, exclusive events and VIP services.
- iv. Cultivate up-scale customers by enhancing services to VIP cardholders and scheduling the infinite card launch.
- v. Package bank cards through demassification marketing. Expand new clientele by encouraging referral of new customers by current cardholders.
- vi. Aggressively enlarge market share by increase the number of cards in circulation. Meanwhile, enhance retention of departing cardholders and plan promotional events.

g. Treasury

- i. Create profits, margin and capital gain by undertaking investments with high growth potential while keeping transaction risks at an acceptable level.
- ii. Cooperate with branches through TMU to seek potential customers and offer them with diverse products in order to satisfy their financial demands and increase profit of the Bank as well.

(3) Market Analysis

a. Growth potential, demand and supply for future market

In 2006, in light of the inflationary pressure caused by high raw material prices for copper, nickel, crude oil and crop, the Central Bank has increased the interest rate four times in a row to adjust the overflowing of funds in the domestic financial market. Nevertheless, it was not easy to enlarge spread since most financial institutions still engaged in price war due to economic and competitive factors.

Operational Highlights

The blow of the credit/cash card crisis at the end of 2005 has made domestic financial institutions put emphasis on corporate banking and syndication therefore the growth of outstanding loan observed a slow down. As of December 31, 2006, the balance of loans extended by domestic financial institutions amounted to \$18.69 trillion, the growth rate has decreased to 2.87% comparing to 2005. The aftermath of the credit/cash card crisis, the ethical crisis that followed and the shrinking of consumer credit by financial institutions has resulted in a moderate growth of 3.42% in general consumer loan at the end of 2006 against 2005. In line with project of promoting SME loans by domestic banks conducted by the government since 2005, the balance of SME loans reached \$2.83 trillion at the end of 2006, an increase of 10.65% against 2005. It is not easy to find new clients in corporate banking when most domestic banks focus on corporate banking market, hence, the profit margin is expected to be lower if the bank is unable to exploit new market effectively. On the other hand, given the steady increase in national income per capita while banks are seeking for more profitable business, wealth management services are becoming the new focus in banking business.

In 2006, profitability and the composition of operating revenue of domestic banks observed significant changes such as profit derived from offshore banking business was increasing. Not only because has the cash/credit card crisis adversely impacted profit of domestic banks, but also because restrictions on direct trading between Taiwan and China made the OBU as the only path for Taiwanese investors. It can be expected that profit generated from OBU operations will continue to increase and competition in the domestic banking market will be intense.

Given that the government has actively urged domestic banks to improve asset quality and financial structure, banks are seen to continually deal with non-performing loans and write off bad debts. As of December 31, 2006, the NPL ratio was reduced to 2.13% while the bad debt coverage ratio was upped to 58.83%. In spite of the adverse impact on profitability by writing off a significant amount of bad debt in 2006, banks still expect an improvement in profit in 2007.

On the other hand, merger among financial institutions remains popular under the government's constant promotion and the trend of active participation by foreign financial institutions in domestic market.

In general, since the cash/credit card crisis was seen easing in 4th quarter of 2006, the impact of writing off bad debts against earnings is expected to be reduced, and the economy of 2007 is expected to grow moderately, which will benefit the overall banking industry. However, the competition in domestic financial market remains intense, local banks will have to differentiate businesses, develop new products and expand overseas presence.

b. Competitive Niche

Operational Highlights

Under the principle of sound management and risk diversification, our direction in the corporate banking business will focus on promoting accounts receivable factoring and financing and bills and notes discounting. The bank will also focus on extending simple SME loans and legal property auction loans for corporate clients, which offer high profit margin to ensure profitability growth while keeping control of asset quality.

As the interest rate climbing, the Bank now emphasize the selection of collateral and evaluation credit rating and capability of repayment of lenders to ensure asset quality and control credit risk at a reasonable level. Also, the Bank continues to develop new products and enter cross-industry strategic alliances to expand our consumer banking business and pursue growth of profit.

For deposits and remittance, in addition to implement marketing activities for the bank and to act as collecting and paying agent for peripheral financial services to solicit more demand deposits and strengthen deposit structure, the bank will devote resources to enhance service quality and professional competency of employees to improve the bank's competitiveness and revive customer royalty.

Wealth management services have targeted customers with high net worth assets. Take individual customers' financial needs as the starting point, we not only offer them with investment consulting services by well trained and experienced specialists, but assist customers to make appropriate asset allocation at different stages of their life to fulfill the short-, medium- and long-term financial goals as well as satisfy their various financial needs.

In light of the fact that the public is becoming more informed about trust products in recent years, we continue to innovate trust products, integrate existing channels and other financial instruments. Besides, consumer trusts we offer including trust of construction site and building financing, trust for proceeds of real estate purchasing/selling, pre-need trust and money trust of online payment services, technology transfer money and gift voucher. We also centrally manage trust accounts for fulfill different demands of customers.

For the securities business, the Bank engages mainly in securities brokerage, which is thriving thanks to the upturn in securities market. Besides recruiting more salesperson to find potential clientele, we aggressively solicit institutional investors.

For derivatives business, the Treasury Department works with branches in visiting existing customers for identifying customers and knowing customers' needs and risk preferences in order to design more competitive portfolios and offer them customized products in the future.

A demassification marketing approach has being adopted by consumer credit business. We plan a diverse range of loan products offering flexible repayment options and enabling customers to utilize funds by their own needs. On the other hand, we keep

Operational Highlights

controlling assets quality and enhance after-sale credit management through the credit assessment procedures.

c. Strength and Weakness of Future Developments and the Responsive Measures:

(A) Strength

- A. The diminishing impact of cash/credit card crisis and the rising domestic consumption will not only benefit the banking industry in profitability or business expansion but relieve banks gradually from the pressure of making a significant bad debts reserve.
- B. The global economic outlook is expected to have a moderate growth, which will benefit overseas investments and operating profitability of domestic enterprises. Therefore, it will be helpful for development of domestic banking industry and offshore banking as demand of corporate funding increases.
- C. Given rich supply of bank capital, shrink of the consumer banking market and intensifying competition in corporate banking, banks will expand actively wealth management businesses. In recent years, because of the increase in the variety of financial instruments and investment channels, relatively low interest rates and the public's increasing awareness for wealth management, wealth management business is expected to continue growing in 2007, which will be a major contribution to operating revenue of the bank.

(B) Weaknesses

- A. The bank will pay more attention to credit risks controlling to prevent the NPL ratio from worsening again in case of costs of funds for banks and interest costs for customers getting higher because of the upward interest rates.
- B. Since the market is overflowed with funds and price competition is still intense, it is difficult to increase spread and profit will be narrowed.
- C. The overall banking operation and profitability would still be affected by the impact of the cash/credit card crisis and uncertainties associated with the repayment of debts and formulation of the Bankruptcy Act in 2007.
- D. Uncertainties over the cross-strait relationships not only impair the development of cross-strait trades but also speed up retrieval of foreign investments. Inability to provide direct financing services will cause domestic banks to lose business opportunities brought upon by Taiwanese investors. On the other hand, as the government has imposed heavy restrictions on investments in Mainland China, Taiwanese enterprises have to make investments through a third country, which makes the credit risks control harder for banks.

(C) Responses

Operational Highlights

- A. Due to rapid changes in the current financial environment and a variety of new services and products offered by banks, risk control seems to be much more important in line with the implementation of the Basel II standards. The bank is actively enhancing global competitiveness to construct a sound control system that appropriately evaluates credit, interest rate, market and operational risks to improve overall asset quality.
- B. The availability of a wide range of global financial instruments facilitates sound development of the wealth management business and increasing demand. Current low interest rates make banks to find alternative sources of revenues to supplement interest revenue. And it is also ideal to segment customer groups to offer them with optimal financial services. Wealth management, therefore, remains the focus of banking industry in 2007. The bank offers exclusive services of wealth management to upscale VIP customers and works on fulfilling individual customers' financial needs.
- C. In line with the project conducting by government to promote SME loans, the bank aim to enlarge market share with higher margin. In respect of mortgage and small-sum credit products, cutting costs through simplified procedures and standardized operations, reducing the NPL ratio by targeting customers with good credit and engaging in cross-selling with affiliated enterprises will be our goals in order to achieve a balance of risk and return.
- D. Continue developing consumer banking business as well as corporate banking. Expand online services aggressively and enhance contact with customers through channel diversity to improve contribution of customer and to enhance services of wealth management by cross-industry strategic alliances and integrating personal financial products.

(4) Financial Instruments Study and Summary of Business Developments:

- a. Major financial instruments and additional business units, the scale of operation and profitability status for the past two years and current year up to the printing date of the annual report:

For business developments, Wealth Management Department was set up on September 15, 2005, responsible for overseeing wealth management operations, business planning and management of wealth management specialists. Under the Wealth Management Department are three sections including Product Development, Business Promotion and Business Management. As of December 31, 2006, the Bank operates 10 VIP Wealth Management Centers and manages 79 full-time financial consultants and 12,589 accounts. The total managed assets amounted to \$42,630 million which generating operating income for \$212 million.

Operational Highlights

b. R&D Expenditure and Results for the Past Two Years and Future R&D Plans:

i. R&D Expenditure & Results:

Unit: NT\$ Thousand

| Year | 2005 | 2006 |
|-----------------|------|--------|
| R&D Expenditure | 0 | 84,683 |

Note: The 2006 R&D expenditure figures have not been audited by independent auditors.

- ii. Upon completing the development of e-banking services for individuals in 2005, we have spent two years in developing online corporate banking services and e-ATM services for the bank's current customers as well as customers of other banks. As the end of 2006, the two systems were in the preliminary test phase prior to going live in early 2007 and will be the foundation for future projects to enhance customized services and bank-customer relationship.

After the corporate e-banking system going live, the bank will be able to offer more convenient online financial services to meet variety customer demands. Moreover, the e-ATM system will provide inter-bank transaction services, enabling us to serve customers of other banks. In the initial launch stage, we will focus on promoting systems and enhance the service functions based on customer demands.

(5) Plan of Short- and Long-term Business Development

- a. Short-term plan: Please refer to pages 35 & 36, section of Business Plan for 2007.
- b. Long-term plan:
- i. Actively set up new branches to expand current channels and increase market share to bring up network effects.
 - ii. Develop customer-oriented product strategies to facilitate market segmentation to offer current and potential customers with multi-functional financial services.
 - iii. To increase contribution of customers, market share of wealth management business and size of assets managed by the bank, we will focus on soliciting customers with high net worth assets and interacting with customers.
 - iv. Strengthen the bank's image through integrating media and products and managing both external and internal advertisement.

Operational Highlights

2. Employee Analysis

(1) Employee Data for the Past Two Years and Current Year Up to the Printing Date of the Annual Report:

| Year | | 2005 | 2006 | Current up to Mar. 31, 2007 |
|--|--|-------|-------|-----------------------------|
| Number of Employees | Permanent | 3,639 | 3,635 | 3,577 |
| | Temporary | 0 | 0 | 0 |
| | Other | 0 | 0 | 0 |
| | Total | 3,639 | 3,635 | 3,577 |
| Average Age | | 31.34 | 31.81 | 32.04 |
| Average Year of Service | | 3.58 | 4.22 | 4.42 |
| Education | Doctorate | 0 | 0 | 0 |
| | Master | 4.59 | 4.62 | 4.56 |
| | University (College) | 80.88 | 82.53 | 83.11 |
| | Senior High School | 14.12 | 12.63 | 12.11 |
| | Junior High School & Under | 0.41 | 0.22 | 0.22 |
| Type of Professional Certification Held by Employees | Class B Manager of Labor Safety & Health Affairs | 72 | 93 | 87 |
| | Life Insurance Salesperson Registration Certificate | 962 | 1,013 | 1,242 |
| | Basic Internal Control Proficiency Test | 1,283 | 1,341 | 1,483 |
| | Class C Accounts Clerk | 83 | 83 | 137 |
| | Class C Manager of Labor Safety & Health Affairs | 4 | 4 | 6 |
| | Class A Manager of Labor Safety & Health Affairs | 3 | 5 | 9 |
| | Land Administration Agent (Certificate of Land Registration Agent) | 3 | 3 | 4 |
| | Investment-linked Insurance Broker | 100 | 120 | 259 |
| | Fire Safety Administration | 41 | 46 | 48 |
| | Basic Proficiency Test for International Banking Officers | 163 | 167 | 188 |
| | Basic Proficiency Test for Trust Officers | 281 | 288 | 329 |
| | Proficiency Test for Trust Officers | 1,041 | 1,087 | 1,229 |
| | First Aid Officer | 38 | 107 | 111 |
| | Property Insurance Salesperson Registration Certificate | 124 | 153 | 436 |
| | Financial Planner Proficiency Test | 363 | 369 | 414 |
| | Bills Dealer Certificate | 17 | 19 | 29 |
| | Futures Dealer | 138 | 159 | 219 |
| | Advanced Proficiency Test for Trust Officers | 28 | 29 | 31 |
| Securities Investment Analyst | 0 | 2 | 2 | |

Operational Highlights

| Year | | 2005 | 2006 | Current up to Mar. 31, 2007 |
|------|---|------|------|--------------------------------|
| | Securities Investment Trust and Consulting Salesperson Registration Certificate | 47 | 57 | 99 |
| | Senior Securities Dealer | 45 | 48 | 108 |
| | Securities Dealer | 126 | 133 | 192 |

Note: Exclude 2 employees from offshore branches.

(2) Expenditure for Training Program in 2006

The bank organized internal training seminars and had employees attend external training programs to enrich staff competency.

| Item | Internal Program | External Program | Total |
|--|------------------|------------------|--------|
| Number of Employees Trained | 6,821 | 1,019 | 7,840 |
| Total Training Expense (NT\$ thousand) | 16,320 | 5,023 | 21,343 |

(3) Rules of Employee Behavior and Ethics

The bank has put in place the “Employment Standards” and “Employee Service Rules” to govern employees’ behaviors and dedication for works while servicing in the bank. Employees are expected to highly respect teamwork, comply with regulations and code of conduct in performing their duties.

(4) Protection for Work Environment and Employee Safety

The Bank has complied with the relevant regulations set forth by the competent authorities and the Bankers’ Association to prevent the occurrence of potential disaster or minimize the damages that may result. The Bank has set in the place the “Safety & Health Work Procedures” and convenes the “Labor Safety & Health Committee” meeting on a regular basis. The Bank also performs tests on work environment and conducts relevant employee safety and first aid training programs in accordance with the rules and regulations.

3. Corporate Responsibilities and Ethical Behavior

- (1) “Union Culture & Art Foundation”, founded by Union Bank of Taiwan, Union Bills Finance Co., and the affiliated enterprises jointly in April 1998, with the mission of engaging in cultural, educational and charitable activities. The objective of the Foundation is to facilitate educational and cultural exchange through art and cultural events, educational speech and seminars. With the full support and authorization of the Foundation and Liberal Times’ media sponsorship, the bank has administered the “Union Artist of the Year” program, aiming at uncovering and encouraging young

Operational Highlights

emerging artists and offering them a platform for artistic creation with large-sum prize money and national art exhibitions. The “Union Impression Award” was established in 2003 with the prize money for 1st place as high as NT\$ 400,000. The award is intended to offer Taiwanese artists a broader stage for performance. The “Taiwan Artists Achievement Award” was established to show appreciation for senior artists’ contribution to Taiwan’s art. A senior artist was nominated each year by the selection committee to serve as the role model for young artists.

- (2) To benefit art lovers in Taiwan, the Foundation arranges nation-wide art exhibition tours starting January each year to showcase the masterpieces from the “Union Artist of the Year” program and “Impression Award”. The organizer has also prepared documentary shows for visitors to see artwork creation process of the award winning artists.
- (3) Actively participate in community events. The Bank adopted The Chang Chun Park No. 2 (renamed Resident Park No. 2 on January 1, 2006) in 1997. The Park was rated a distinctive park amongst other community parks in Taipei city many years in a row since 2000. The park received the “Silver Diamond Award” and the “Annual Perpetual Development Park Award” in 2005 and 2006, respectively. Also, residents there usually gather in the park to celebrate festive holidays and memorial days.
- (4) The “Eight Fortunes Association” was a charity alliance formed by eight charity groups to provide services to the handicapped, women, senior citizens, rare disease patients, native Taiwanese, blue collar workers and AIDS patients...etc. The Bank holds the belief of helping the minority group and launched the “Eight Fortunes Credit Card”, donating 0.3% of each credit card purchase to the charity fund.
- (5) Cooperated with the “Taitung Bunun Tribe Foundation” to launch special credit card offers: cardholders will receive a set of accommodation voucher at the Bunun Tribe for every \$1,900 donation to this Foundation via credit card. The program enable cardholders make good deeds to help educate the indigenous children by making donation, and cardholders are provided with the chance to relax and enjoy the beautiful countryside scenery.
- (6) The Bank cooperated with “PChome Women Shopping” and “Taiwan Child Sex Labors Termination Association” to promote the “Mercy Credit Card Bonus” event. The Bank donates NT\$100 towards the fund for each 1,000 bonus points donated by the credit cardholder to help children in need, teenage girls, and women.
- (7) The entire financial environment underwent tremendous changes in last year due to the cash/credit card crisis. Recently, the Bank has adopted stricter credit control and actively wrote-off bad debts. The quality of assets has been significantly improved. In the future, the Bank will still work with the concept of “Perpetual operation and customer focus” and remain dedicated to better service level and market

competitiveness. We aim to expand our service to offer enterprises and the general public more convenient and sound financial services, and to elaborate capabilities in long-term operation and to improve profitability.

4. Facilities of Information Technology

(1) Maintenance and Hardware & Software of major IT systems:

- a. Neihu Computer Room: One IBM z/890-150(z/OS, CICS & IMS/DB) server and z/800-001 backup server, two Shark 800 hard disk drives, two 3745 communication controllers, one 2074 terminal controller, one set of 3590 and 3490 tape drive each, three ATM front-end processors (NCR-UNIX), one backup device, fourteen IBM RS/6000 (AIX、DB2、WebSphere), one IBM i520(i5/OS、Quick EDD) and 74 PC servers.
- b. Mingsheng Computer Room: One IBM 9672-RA6(z/OS、CICS、IMS/DB) remote backup server, one Shark F20 hard disk drive, one 3745 communication controller, one 3174 back-end controller, one set of 3590 and 3490 tape drive each, one ATM front-end processor (NCR-UNIX), two IBM RS/6000(AIX、DB2、WebSphere), one IBM AS/400-720(i5/OS、Quick EDD) and seven PC servers.
- c. Network: Two CISCO 7502 routers, two CISCO 7507 routers, two CISCO 3660 routers, one CISCO 5509 & one 5505 switch and 100MPS optical fiber for connecting the Neihu and Minsheng computer rooms. Branches use CISCO 2600/2800 routers and connect to the Neihu computer room via an exclusive line with ISDN as the backup connection.
- d. The Bank has repair and maintenance agreements with the vendors for the hardware and software above.

(2) Future Plan

- a. Main server database to be upgraded to HALDB to improve processing efficiency and capacity.
- b. Compile difficult Chinese vocabulary and set up the Chinese word creation system.
- c. Increase the column width and perform tests on various systems in preparation for the 100th year of Republic of China.
- d. Replace servers of call centers and install backup device.
- e. Upgrade the Central Bank fund appropriation system.
- f. Install the Check Clearing & Credit History Inquiry System.
- g. Integrate e- banking systems for corporate clients and the backup devices.
- h. Upgrading of network switches.

Operational Highlights

- i. Develop batch payroll transfer programs in the new terminal system.
 - j. Develop an integrated credit assessment and approval system.
 - k. Construct models of standard approach and probability of default in accordance with the New Basel Capital Accord (Basel II).
 - l. Data warehouse developing of the 2007 new earnings sub-system.
 - m. Switching of mater and subsidiary accounts (8 digits to 9 digits).
 - n. WebATM system development.
 - o. Software of ATM delivering system development.
 - p. Change inter-bank connecting agreement from X.25 to TCP/IP.
 - q. Projects for new foreign exchange system- branches, regional centers and OBU.
 - r. FXMM- exchange rate selection sub-system development.
 - s. FXMM- Margin Trade sub-system development.
 - t. SWIFTNet PHASE II project.
 - u. Construction of the property appraisal reporting and management system.
 - v. Annual budget management system- phase II development.
 - w. Integration of procurement, cashier, accounting, budgeting (Notes) operations.
 - x. Bankers' association financial XML Project (ICP Phase II: Expansion).
 - y. Upgrading of external firewalls.
 - z. Construction of managing system for computer equipment.
- (3) Emergency and Security Protection Measures
- a. Construct on-site backup device at Neihu computer room with Minsheng computer room serving as the remote backup support.
 - b. Off-site media backup and storage of important documents, separately at Neihu and Minsheng computer rooms.
 - c. Install access control system, surveillance cameras, line control, fire safety equipment and environmental security systems to protect the IT equipment.
 - d. Using intrusion detector, setting internal/external firewalls and anti-spam system, scanning virus, horse or spy programs, updating virus-code and system patch to ensure Internet and data transmission security.
 - e. Formulate the "Plan for Union Bank of Taiwan IT Security Contingency" and conduct rehearsals of on-site and remote backup and fire safety in accordance with the "Plan for Union Bank of Taiwan IT Disaster Contingency" annually.

5. Labor Relations

- (1) Execution status of employee welfare and retirement policy, labor agreements and protection of employee welfare:
 - a. The Employee Welfare Committee deducts 0.5% of employees' monthly salaries and appropriates 0.1% of operating revenue to administer employee welfare affairs such as Mother's Day Fair and special allowances for marriage, funeral, births (including spouse) and major accidents.
 - b. In accordance with the Social Insurance Policy, the Bank administers Labor Insurance, National Health Insurance and Group Insurance (including term life insurance, group accident insurance, worker's accident insurance, occupational injury insurance, cancer insurance and hospital and medical insurance for employees and their families).
 - c. Offer deposits, loans and unsecured consumer loan for staff at special rates.
 - d. The Employee Welfare Committee disburses bonus to employees on holidays of Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival.
 - e. Employee Retirement Policy has been set that any employee reaching retirement age or eligible for retirement pursuant to the Bank's retirement policy is entitled to receive the retirement payout under the old pension system (Labor Standards Act). On the other hand, the Bank makes monthly contributions to individual retirement accounts for employees who apply for new pension system.
 - f. The Bank has set up rules for governing labor-management committee to maintain sound labor relation and currently no labor dispute occurred.
- (2) Loss incurred as a result of labor disputes in the past year and current year up to the printing date of annual report, the amount of estimated potential loss and the bank's responses. Where it is impossible to make a reasonable estimate, provide the reason:

Though the Bank has not been involved in a labor dispute that resulted in a loss, we will review and evaluate the various welfare policies for the best interest of our employees and there is currently no labor dispute to be negotiated.

6. Major Contracts

| Nature of Contract | Concerned Parties | Contract Period | Content | Restriction on Contract |
|----------------------------|---------------------------------------|--------------------------------|--|---|
| Deposit Insurance Contract | Central Deposit Insurance Corporation | Apr. 27, 1994 | Performance bond agreement for the solvency of financial institution in paying depositors | The maximum insured amount for each depositor at the same financial institution is NT\$ 1 million |
| Bankers Blanket Insurance | Cathay Century Insurance Co.,Ltd. | Jan. 21, 2007 to Jan. 21, 2008 | <ol style="list-style-type: none">1. Infidelity of employees2. Property on premises3. Property in transit4. Forgery or alteration of check & securities5. Counterfeited currency6. Damage to offices and content7. Fault of securities or written document | The access fee and maximum claim amount apply to each type of accident |

7. Securitization Commodities approved by the competent authority and relevant information launched in accordance with Financial Asset Securitization Act or Real Estate Securitization Act in recent years: None

Financial Highlights

VI. Financial Highlights

1. Condensed Balance Sheets and Income Statements, Name of CPAs and Audit Opinions

(1) Condensed Balance Sheets

Unit: NT\$ in thousand

| Year Item | Financial Data for the Past Five Years (Note) | | | | | Current Year Up to Mar 31, 2007 |
|---|---|--------------------|--------------------|--------------------|--------------------|---------------------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Cash & cash equivalent, Due from Central Bank and Interbank Call Loan | \$16,201,409 | \$20,962,684 | \$23,764,678 | \$28,864,831 | \$40,128,185 | \$32,708,786 |
| Financial assets a fair value through profit or loss | 7,301,827 | 9,475,118 | 7,526,589 | 10,009,127 | 4,873,587 | 4,423,495 |
| Securities purchased under re-sale agreements | - | - | 9,180,055 | 10,311,415 | 3,820,626 | 3,977,187 |
| Financial assets available for sale | 1,132,199 | 245,832 | 3,028,946 | 7,072,617 | 5,997,931 | 4,476,265 |
| Discounts & loans | 108,609,034 | 120,815,370 | 141,367,952 | 182,118,196 | 207,070,571 | 210,742,935 |
| Accounts Receivable | 18,778,409 | 29,210,204 | 38,708,022 | 44,028,153 | 36,748,767 | 34,669,679 |
| Held-to-maturity investment | 2,534,377 | 2,800,935 | 5,486,681 | 19,756,961 | 31,027,509 | 34,301,873 |
| Stock investments accounted for under the Equity Method | 2,822,932 | 3,191,679 | 3,737,442 | 3,521,089 | 2,837,358 | 2,929,823 |
| Property & equipment | 2,917,408 | 2,760,877 | 2,345,382 | 8,963,594 | 8,761,361 | 8,702,495 |
| Intangibles | - | - | - | 2,757,500 | 2,757,500 | 2,757,500 |
| Other Financial Assets | 1,064,693 | 1,307,159 | 1,270,633 | 3,870,435 | 3,910,339 | 3,704,114 |
| Other Assets | 14,182,441 | 13,725,978 | 10,616,722 | 7,418,905 | 13,435,702 | 13,034,424 |
| Total Assets | 175,544,729 | 204,495,836 | 247,033,102 | 328,692,823 | 361,369,436 | 356,428,576 |
| Call loans & due to banks | 1,599,665 | 5,832,135 | 4,712,951 | 26,652,827 | 31,817,010 | 27,691,772 |
| Deposits & Remittance | 149,958,821 | 173,518,839 | 205,035,613 | 250,662,221 | 275,747,909 | 270,842,902 |
| Financial liabilities at fair value through profit or loss | - | - | - | 4,090 | 34,457 | 29,837 |
| Securities sold under re-purchase agreements | - | - | 2,687,438 | 12,247,692 | 11,904,491 | 16,600,284 |
| Borrowing from Central Bank and Other Banks & Financial Bills Payable | 3,500,000 | 3,500,000 | 11,194,000 | 13,105,400 | 15,083,700 | 15,081,400 |
| Preferred Stock Liabilities | - | - | - | - | - | - |
| Pension Fund Liabilities | 5,780 | 5,998 | 6,026 | - | 7,428 | 8,810 |
| Other Financial Liabilities | 3,996,915 | 3,348,984 | 3,754,743 | 6,700,480 | 7,293,031 | 6,947,321 |
| Other Liabilities | 1,283,022 | 1,569,709 | 911,585 | 986,371 | 797,987 | 892,399 |

Financial Highlights

| Year Item | | Financial Data for the Past Five Years (Note) | | | | | Current Year Up to Mar 31, 2007 |
|-------------------------------------|---------------------|---|-------------|-------------|-------------|-------------|---------------------------------------|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Total Liabilities | Before Distribution | 160,344,203 | 187,775,665 | 228,302,356 | 310,359,081 | 342,686,013 | 338,094,725 |
| | After Distribution | 160,344,203 | 187,775,665 | 228,302,356 | 310,359,081 | 342,686,013 | 338,094,725 |
| Capital | | 14,889,264 | 14,889,264 | 15,171,292 | 18,253,942 | 18,277,979 | 18,280,662 |
| Capital Surplus | | 1,398 | 39,016 | 57,783 | 63,733 | 60,296 | 59,913 |
| Retained Earnings | Before Distribution | 579,855 | 1,900,803 | 3,500,428 | 42,651 | 348,465 | (18,418) |
| | After Distribution | 579,855 | 1,900,803 | 3,500,428 | 42,651 | 348,465 | (18,418) |
| Unrealized Loss on Financial Assets | | - | - | - | - | (39,132) | (34,791) |
| Cumulative translation adjustments | | 68,476 | 58,705 | 21,433 | 50,141 | 43,820 | 54,490 |
| Shareholders' Equity- Other | | (338,467) | (167,617) | (20,190) | (76,725) | (8,005) | (8,005) |
| Total Shareholders' Equity | Before Distribution | 15,200,526 | 16,720,171 | 18,730,746 | 18,333,742 | 18,683,423 | 18,333,851 |
| | After Distribution | 15,200,526 | 16,720,171 | 18,730,746 | 18,333,742 | 18,683,423 | 18,333,851 |

Note: All financial data have been audited by independent accountants except for those for Quarter 1, 2007 which have been reviewed.

(2) Condensed Income Statements

Unit: NT\$ in thousand

| Year Item | | Financial Data for the Past Five Years (Note) | | | | | Current Year Up to Mar 31, 2007 |
|---|--|---|-------------|-------------|--------------|-------------|---------------------------------------|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Net interest | | \$4,532,726 | \$6,117,975 | \$8,391,491 | \$10,807,616 | \$9,095,588 | \$1,814,898 |
| Net revenues other than interest | | 858,231 | 815,286 | 1,047,472 | (4,359,876) | 1,687,535 | 341,598 |
| Bad Debt Expense on Loan | | 2,619,726 | 537,750 | 2,527,027 | 4,759,364 | 4,104,184 | 1,006,043 |
| Operating Expense | | 4,199,949 | 4,925,438 | 5,425,260 | 6,534,898 | 6,332,613 | 1,480,657 |
| Profit (Loss) Before Tax of Continuing Operations | | (1,428,718) | 1,470,073 | 1,486,676 | (4,846,522) | 346,326 | (330,204) |
| Profit (Loss) After Tax of Continuing Operations | | (1,361,285) | 1,320,948 | 1,599,625 | (3,457,777) | 296,536 | (366,883) |
| Profit (Loss) of Discontinued Operations (Net of Tax) | | - | - | - | - | - | - |

Financial Highlights

| Year Item | Financial Data for the Past Five Years (Note) | | | | | Current Year Up to Mar 31, 2007 |
|---|---|-----------|-----------|-------------|---------|---------------------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Extraordinary Profit (Loss)(Net of Tax) | - | - | - | - | - | - |
| Cumulative Effects of Accounting Changes (Net of Tax) | - | - | - | - | 9,278 | - |
| Net Profit (Loss) | (1,361,285) | 1,320,948 | 1,599,625 | (3,457,777) | 305,814 | (366,883) |
| Earnings (Loss) Per Share | (\$0.94) | \$0.91 | \$1.07 | (\$1.94) | \$0.17 | (\$0.20) |

Note: All financial data have been audited by independent accountants except for those for Quarter 1, 2007 which have been reviewed.

(3) Name of CPAs and the Audit Opinion

| Year | CPA Firm | Name of Independent Auditors | Audit Opinion |
|------|-------------------|------------------------------|-----------------------------|
| 2002 | T N Soong & Co. | T.R. Lee/ Z.Y. Chang | Qualified opinion (note) |
| 2003 | Deloitte & Touche | Terence Huang/ Z.Y. Chang | Qualified opinion (note) |
| 2004 | Deloitte & Touche | Terence Huang/ Z.Y. Chan | Qualified opinion (note) |
| 2005 | Deloitte & Touche | Terence Huang/ Y.J. Wu | Revised unqualified opinion |
| 2006 | Deloitte & Touche | Terence Huang/ Y.J. Wu | Qualified opinion (note) |

Note: A qualified audit opinion was issued on the Bank's decision to amortize loss incurred from selling its non-performing loans on a straight-line basis over 60 months pursuant to the Financial Institutions Merger Act.

Financial Highlights

2. Financial Analysis and Capital Adequacy Ratio

(1) Financial Analysis

Unit: NT\$ in thousand

| Item | | Year | Financial Analysis for the Past Five Years (Note) | | | | | Current Year Up to Mar 31, 2007 |
|--|---|------|---|-----------|-----------|-----------|-----------|---------------------------------------|
| | | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Operating Capability | Loans to Deposits Ratio (%) | | 83.95 | 78.96 | 77.15 | 73.22 | 75.72 | 78.58 |
| | Non-performing Loan Ratio (%) | | 4.12 | 3.84 | 2.52 | 3.76 | 2.41 | 3.27 |
| | Interest Expense to Average Total Deposits | | 2.59 | 1.58 | 1.37 | 1.68 | 2.02 | 0.60 |
| | Interest Revenue to Average Total Loans | | 7.20 | 7.47 | 8.30 | 9.32 | 7.89 | 1.63 |
| | Total Asset Turnover (times) | | 0.0307 | 0.0339 | 0.384 | 0.0196 | 0.0298 | 0.0061 |
| | Average Net Income Per Employee | | 2,432 | 2,621 | 3,398 | 1,772 | 2,966 | 603 |
| | Average Earnings Per Employee | | (614) | 499 | 575 | (950) | 84 | (103) |
| Profitability | Return on Tier 1 Capital (%) | | (9.27) | 8.79 | 7.93 | (32.77) | 2.55 | (2.39) |
| | Return on Assets (%) | | (0.75) | 0.70 | 0.71 | (1.20) | 0.09 | (0.10) |
| | Return on Equity (%) | | (8.58) | 8.28 | 9.02 | (18.66) | 1.65 | (1.98) |
| | Net Income Ratio (%) | | (25.25) | 19.05 | 16.95 | (53.63) | 2.84 | (17.01) |
| | EPS (\$) | | (0.94) | 0.91 | 1.07 | (1.94) | 0.17 | (0.20) |
| Financial Structure | Total Liabilities to Total Assets Ratio (%) | | 91.34 | 91.82 | 92.42 | 94.42 | 94.83 | 94.86 |
| | Fixed Assets to Shareholders' Equity Ratio (%) | | 19.19 | 16.51 | 12.52 | 48.89 | 46.89 | 47.47 |
| Growth Rate | Asset Growth Ratio (%) | | (5.27) | 16.49 | 20.80 | 33.06 | 9.94 | (1.37) |
| | Profitability Growth Ratio (%) | | (2,560.72) | (202.89) | 1.14 | (426.00) | (107.15) | (195.34) |
| Cash Flow | Cash Flow Ratio (%) | | 65.23 | - | - | 7.20 | 32.87 | 6.79 |
| | Cash Flow Adequacy Ratio (%) | | 375.85 | - | - | - | 56.79 | 50.47 |
| | Cash Flow Reinvestment Ratio (%) | | 0.70 | 0.73 | 0.28 | - | - | 5.46 |
| Liquid Reserve Ratio (%) | | | 9.52 | 11.60 | 13.02 | 11.56 | 9.73 | 9.06 |
| Balance of Secured Loans to Related Parties | | | 4,942,921 | 5,367,679 | 6,559,695 | 5,521,913 | 6,147,411 | 6,070,377 |
| Total Secured Loans to Related Parties As a Percentage of Total Loans | | | 4.48 | 4.41 | 4.60 | 2.94 | 2.88 | 2.80 |
| Scale of Operation | Market Share of Asset (%) | | 0.68 | 0.73 | 0.83 | 1.05 | 0.95 | 0.94 |
| | Market Share of Net Worth (%) | | 0.94 | 1.03 | 1.06 | 0.98 | 0.89 | 0.87 |
| | Market Share of Deposits (%) | | 0.75 | 0.82 | 0.91 | 1.24 | 1.31 | 1.28 |
| | Market Share of Loans (%) | | 0.80 | 0.85 | 0.90 | 1.07 | 1.19 | 1.20 |
| Return on Assets, Return on Equity, Net Income Ratio, Earnings Per Share, Return on Tier I Capital and Average Earnings Per Employee for were higher in 2006 than in 2005 primarily due to the recognition of deferred loss incurred on disposal of non-performing loans in 2005, which caused a decrease in net income after tax. | | | | | | | | |

Note 1: All financial data have been audited by independent accountants except those for Quarter 1, 2007 which have been reviewed.

Note 2: Financial ratios are computed as follows:

Financial Highlights

1. Operating Capability

- (1) Loans to Deposits Ratio = $\text{Total Loans} / \text{Total Deposits}$ (exclude re-deposits at the Post Office).
- (2) Non-performing Loan Ratio = $\text{Total NPL} / \text{Total Loans}$.
- (3) Interest Expense to Average Total Deposits = $\text{Total Interest Expense} / \text{Average Total Deposits}$.
- (4) Interest Revenue to Average Total Loans = $\text{Total Interest Revenue} / \text{Average Total Loans}$.
- (5) Total Asset Turnover = $\text{Net Operating Revenue} / \text{Total Assets}$.
- (6) Average Net Income Per Employee = $\text{Net Operating Revenue} / \text{Total No. of Employees}$.
- (7) Average Earnings Per Employee = $\text{Net Income After Tax} / \text{Total No. of Employees}$.

2. Profitability

- (1) Return on Tier 1 Capital = $\text{Net Income Before Tax} / \text{Average Total Tier 1 Capital}$.
- (2) Return on Assets = $\text{Net Income After Tax} / \text{Average Total Assets}$.
- (3) Return on Equity = $\text{Net Income After Tax} / \text{Average Net Shareholders' Equity}$.
- (4) Net Income Ratio = $\text{Net Income After Tax} / \text{Net Income}$.
- (5) Earnings Per Share = $(\text{Net Income After Tax} - \text{Preferred Stock Dividend}) / \text{Weighted Average Issued Shares}$.

3. Financial Structure

- (1) Total Liabilities to Total Assets Ratio = $\text{Total Liabilities} / \text{Total Assets}$.
- (2) Fixed Assets to Net Worth Ratio = $\text{Fixed Assets} - \text{Net} / \text{Shareholders' Equity} - \text{Net}$.

4. Growth Rate

- (1) Asset Growth Ratio = $(\text{Total Assets as at the end of this year} - \text{Total Assets as at the end of last year}) / \text{Total Assets as at the end of last year}$.
- (2) Profitability Growth Ratio = $(\text{Net income before tax for the current year} - \text{Net income before tax for the past year}) / \text{Net income before tax for the past year}$.

5. Cash Flow

- (1) Cash Flow Ratio = $\text{Net cash from operating activities} / (\text{Call loans to banks} + \text{Commercial paper payable} + \text{Change in fair value of financial liabilities through the income statement} + \text{Repurchase securities payable} + \text{Liabilities} - \text{current portion due within one year})$.
- (2) Cash Flow Adequacy Ratio = $\text{Net cash from operating activities for the past five years} / (\text{Capital expenditure} + \text{Cash dividends})$ incurred for the past five years.
- (3) Cash Flow Reinvestment Ratio = $\text{Net cash from operating activities} / \text{Net cash from investing activities}$.

6. Liquid Reserve Ratio = $\text{Liquid Assets Statutorily Required} / \text{Reserve for Liabilities}$.

7. Scale of Operation

- (1) Market Share of Assets = $\text{Total Assets} / \text{Total Assets of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}^*$.
- (2) Market Share of Net Worth = $\text{Net Worth} / \text{Total Assets of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}^*$.
- (3) Market Share of Deposits = $\text{Total Deposits} / \text{Total Assets of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}^*$.
- (4) Market Share of Loans = $\text{Total Loans} / \text{Total Assets of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}^*$.

*: All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions include all domestic bank, the local branches of foreign banks, Credit Cooperative Associations, Farmers' and Fishermen's Associations and Trust & Investment Corp..

Financial Highlights

(2) Capital Adequacy

(Non-Consolidated Basis)

Unit: NT\$ in thousand

| Item | | Year | Capital Adequacy for the Past Five Years (Note 1) | | | | | Current Year Up to Mar 31, 2007 |
|----------------------------------|-------------------|--|---|-------------------|-------------------|-------------------|-------------------|---------------------------------------|
| | | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| Regulatory Capital | Tier 1 Capital | Common Stock | 14,889,264 | 14,889,264 | 14,889,264 | 18,253,942 | 18,257,379 | 18,277,978 |
| | | Irredeemable non-cumulative preferred stock | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Non-cumulative subordinate debentures with no maturity date | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Capital collected in advance | 0 | 0 | 306,000 | 0 | 20,600 | 2,300 |
| | | Capital Surplus (excl. fixed asset revaluation increment surplus) | 1,398 | 39,016 | 33,811 | 63,733 | 60,296 | 60,296 |
| | | Legal Reserve | 1,809,297 | 504,806 | 901,090 | 1,380,978 | 16,067 | 16,067 |
| | | Special Reserve | 75,049 | 75,049 | 999,713 | 2,119,450 | 26,584 | 26,585 |
| | | Cumulative Profit/Loss | -1,089,827 | 1,327,652 | 1,609,309 | -3,447,196 | 305,814 | 42,217 |
| | | Minority Shareholding | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Other Shareholders' Equity | 25,271 | 35,239 | 1,243 | -26,584 | 43,820 | 19,698 |
| | | Less: Goodwill | 0 | 0 | 0 | 2,757,500 | 2,757,500 | 2,757,500 |
| | | Less: unamortized loss on sale of delinquent loans | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Less: deduction items | 2,186,905 | 2,230,167 | 2,358,898 | 2,385,062 | 2,042,419 | 1,951,371 |
| | | Total Tier 1 Capital | 13,523,547 | 14,640,859 | 16,381,533 | 13,201,761 | 13,930,641 | 13,736,270 |
| | Tier 2 Capital | Irredeemable Cumulative Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Cumulative subordinate debentures with no maturity date | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Fixed asset revaluation increment surplus | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 45% of unrealized gain on financial assets available for sale | 0 | 0 | 0 | 0 | 12,552 | 3,426 |
| | | Convertible bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Operating reserve and allowance for bad debts | 1,886,060 | 288,800 | 153,134 | 63,814 | 738,216 | 0 |
| Long-term subordinate debentures | | 2,800,000 | 2,100,000 | 6,400,000 | 7,793,412 | 7,908,334 | 7,383,334 | |
| Redeemable preferred stocks | 0 | 0 | 0 | 0 | 0 | 0 | | |

Financial Highlights

| Item | Year | Capital Adequacy for the Past Five Years (Note 1) | | | | | Current Year Up to Mar 31, 2007 | |
|---|----------------------------|---|-------------|-------------|-------------|-------------|---------------------------------------|-------------|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | | |
| | | The sum of irredeemable non-cumulative preferred stocks and non-cumulative subordinate debentures with no maturity in excess of 15% of total Tier 1 Capital | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Less: deduction items | 1,891,642 | 2,086,016 | 2,358,897 | 2,385,061 | 1,975,394 | 1,951,305 |
| | | Total Tier 2 Capital | 2,794,418 | 302,784 | 4,194,237 | 5,472,165 | 6,683,708 | 5,435,454 |
| Tier 3 Capital | | Short-term subordinate debentures | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Redeemable preferred stock | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Total Tier 3 Capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Regulatory Capital | | 16,317,965 | 14,943,643 | 20,575,769 | 18,673,926 | 20,614,349 | 19,171,724 | |
| Risk-weighted Assets | Credit Risk | Standardized Approach | 120,191,510 | 135,983,019 | 158,993,550 | 197,017,419 | 208,439,122 | 206,525,039 |
| | | Internal Ratings-Based Approach | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Asset Securitization | 0 | 0 | 0 | 0 | 0 | 0 |
| | Operational Risk | Basic Indicator Approach | 0 | 0 | 0 | 0 | 0 | 16,114,664 |
| | | Standardized Approach/Alternative Standardized Approach | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Advanced Measurement Approach | 0 | 0 | 0 | 0 | 0 | 0 |
| | Market Risk | Standardized Approach | 9,078,388 | 9,175,963 | 6,959,300 | 13,496,275 | 9,281,313 | 6,673,576 |
| | | Internal Model Approach | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Risk-weighted Assets | | 129,269,89 | 145,158,98 | 165,952,85 | 210,513,69 | 217,720,43 | 229,313,278 |
| | Capital Adequacy Ratio | | 12.62% | 10.29% | 12.40% | 8.87% | 9.47% | 8.36% |
| Tier 1 Capital/Risk Assets | | 10.46% | 10.09% | 9.87% | 6.27% | 6.40% | 5.99% | |
| Tier 2 Capital/Risk Assets | | 2.16% | 0.21% | 2.53% | 2.60% | 3.07% | 2.37% | |
| Tier 3 Capital/Risk Assets | | 0 | 0 | 0 | 0 | 0 | 0 | |
| Common Stocks/Total Assets | | 8.48% | 7.28% | 6.14% | 5.55% | 5.06% | 5.13% | |
| Please explain the reasons for changes (if any) in the capital adequacy ratios for the past two years except for changes under 20%: | | | | | | | | |

Note 1: All financial ratios have been audited by independent auditors except those for Quarter 1, 2007 which were unaudited figures.

Note 2: The ratios are computed as follows:

1. Core equity = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital
2. Total risk-weighted assets = Credit risk weighted assets + (operational risk + market risk) capital appropriation × 12.5.
3. Capital adequacy ratio = Regulatory capital / Total risk-weighted assets.
4. Tier 1 Capital to Risk Assets Ratio = Tier 1 Capital / Total risk-weighted assets.
5. Tier 2 Capital to Risk Assets Ratio = Tier 2 Capital / Total risk-weighted assets.
6. Tier 3 Capital to Risk Assets Ratio = Tier 3 Capital / Total risk-weighted assets.
7. Common Stock to A Total Assets Ratio = Common Stock / Total Assets.

Financial Highlights

Note 3: The Basel I standards are applicable during the period from 2002 to 2006. The ratios are computed as follows:

- (1) 50% of the Basel I capital deduction items are accounted for as deduction items under Tier 1 Capital deduction items and the remaining 50% are accounted for as deduction items under Tier 2 Capital.
- (2) Basel I Credit Risk Requirement- listed as the capital requirement to cover credit risk under the “standardized approach”.

(Consolidated Basis)

Unit: NT Thousand

| Item | | Year | Capital Adequacy for the Past Five Years (Note1) | | | | |
|--------------------|----------------|--|--|-------------------|-------------------|-------------------|-------------------|
| | | | 2002 | 2003 | 2004 | 2005 | 2006 |
| Regulatory Capital | Tier 1 Capital | Common Stock | 14,889,264 | 14,889,264 | 14,889,264 | 18,253,942 | 18,257,379 |
| | | Irredeemable non-cumulative preferred stock | 0 | 0 | 0 | 0 | 0 |
| | | Non-cumulative subordinate debentures with no maturity date | 0 | 0 | 0 | 0 | 0 |
| | | Capital collected in advance | 0 | 0 | 306,000 | 0 | 20,600 |
| | | Capital Surplus (excl. fixed asset revaluation increment surplus) | 1,398 | 39,016 | 33,811 | 63,733 | 60,296 |
| | | Legal Reserve | 1,809,297 | 504,806 | 901,090 | 1,380,978 | 16,067 |
| | | Special Reserve | 75,049 | 75,049 | 999,713 | 2,119,450 | 26,584 |
| | | Cumulative Profit/Loss | -1,089,828 | 1,328,471 | 1,609,533 | -3,446,896 | 305,814 |
| | | Minority Shareholding | 1,628,122 | 1,928,544 | 2,083,463 | 2,113,161 | 0 |
| | | Other Shareholders' Equity | 22,421 | 35,239 | 1,243 | -26,584 | 43,820 |
| | | Less: Goodwill | 0 | -7,613 | 5,466 | 2,757,500 | 2,757,500 |
| | | Less: unamortized loss on sale of delinquent loans | 0 | 0 | 0 | 0 | 0 |
| | | Less: deduction items | 1,073,981 | 982,720 | 1,037,620 | 836,976 | 960,842 |
| | | Total Tier 1 Capital | 16,261,732 | 17,810,056 | 19,781,031 | 16,863,308 | 15,012,218 |
| | Tier 2 Capital | Irredeemable Cumulative Preferred Stock | 0 | 0 | 0 | 0 | 0 |
| | | Cumulative subordinate debentures with no maturity date | 0 | 0 | 0 | 0 | 0 |
| | | Fixed asset revaluation increment surplus | 0 | 0 | 0 | 0 | 0 |
| | | 45% of unrealized gain on assets available for sale | 0 | 0 | 0 | 0 | 12,552 |
| | | Convertible bonds | 0 | 0 | 0 | 0 | 0 |

Financial Highlights

| Item | Year | Capital Adequacy for the Past Five Years (Note1) | | | | | |
|--|---|---|-------------|-------------|-------------|-------------|-------------|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| | Operating reserve and allowance for bad debts | 2,178,141 | 504,278 | 437,868 | 320,575 | 803,520 | |
| | Long-term subordinate debentures | 2,800,000 | 2,100,000 | 6,400,000 | 7,434,300 | 7,602,934 | |
| | Redeemable preferred stocks | 0 | 0 | 0 | 0 | 0 | |
| | The sum of irredeemable non-cumulative preferred stocks and non-cumulative subordinate debentures with no maturity in excess of 15% of total Tier 1 Capital | 0 | 0 | 0 | 0 | 0 | |
| | Less: deduction items | 778,718 | 838,569 | 1,037,619 | 836,976 | 893,817 | |
| | Total Tier 2 Capital | 4,199,422 | 1,765,709 | 5,800,249 | 6,917,900 | 7,525,189 | |
| | Tier 3 Capital | Short-term subordinate debentures | 0 | 0 | 0 | 0 | 0 |
| | | Redeemable preferred stock | 0 | 0 | 0 | 0 | 0 |
| | | Total Tier 3 Capital | 0 | 0 | 0 | 0 | 0 |
| | Regulatory Capital | | 20,461,154 | 19,575,765 | 25,581,280 | 23,781,208 | 22,537,407 |
| Risk-weighted Assets | Credit Risk | Standardized Approach | 138,025,272 | 150,461,977 | 178,839,212 | 215,021,523 | 223,100,007 |
| | | Internal Ratings-Based Approach | 0 | 0 | 0 | 0 | 0 |
| | | Asset Securitization | 0 | 0 | 0 | 0 | 0 |
| | Operational Risk | Basic Indicator Approach | 0 | 0 | 0 | 0 | 0 |
| | | Standardized Approach/Alternative Standardized Approach | 0 | 0 | 0 | 0 | 0 |
| | | Advanced Measurement Approach | 0 | 0 | 0 | 0 | 0 |
| | Market Risk | Standardized Approach | 19,218,750 | 15,964,817 | 26,104,063 | 30,360,513 | 19,417,625 |
| | | Internal Model Approach | 0 | 0 | 0 | 0 | 0 |
| | Total Risk-weighted Assets | | 157,244,023 | 166,426,794 | 204,943,275 | 245,383,036 | 242,517,632 |
| | Capital Adequacy Ratio | | | 11.76% | 12.48% | 9.69% | 9.29% |
| Tier 1 Capital/Risk Assets | | | 10.70% | 9.65% | 6.87% | 6.19% | |
| Tier 2 Capital/Risk Assets | | | 1.06% | 2.83% | 2.82% | 3.10% | |
| Tier 3 Capital/Risk Assets | | | 0 | 0 | 0 | 0 | |
| Common Stocks/Total Assets | | | 8.95% | 7.27% | 7.27% | 7.53% | |
| Please explain the reasons for changes (if any) in the capital adequacy ratios for the past two years except for changes | | | | | | | |

Financial Highlights

Note 1: All financial ratios have been audited by independent auditors except those for Quarter 1, 2007 which were unaudited figures.

Note 2: The ratios are computed as follows:

1. Regulatory capital = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital
2. Total risk-weighted assets = Credit risk weighted assets + (operational risk + market risk) capital appropriation $\times 12.5$.
3. Capital adequacy ratio = Regulatory capital / Total risk-weighted assets.
4. Tier 1 Capital to Risk Assets Ratio = Tier 1 Capital / Total risk-weighted assets.
5. Tier 2 Capital to Risk Assets Ratio = Tier 2 Capital / Total risk-weighted assets.
6. Tier 3 Capital to Risk Assets Ratio = Tier 3 Capital / Total risk-weighted assets.
7. Common Stock to A Total Assets Ratio = Common Stock / Total Assets.

Note 3: The Basel I standards are applicable during the period from 2002 to 2006. The ratios are computed as follows:

- (1) 50% of the Basel I capital deduction items are accounted for as deduction items under Tier 1 Capital deduction items and the remaining 50% are accounted for as deduction items under Tier 2 Capital.
- (2) Basel I Credit Risk Requirement- listed as the capital requirement to cover credit risk under the "standardized approach".

3. Supervisors' Report for the 2006 Financial Statements

Union Bank of Taiwan Co., Ltd.

Supervisors' Report

The Board of Directors have prepared and submitted to us the Bank's Financial Statements and Consolidated Financial Statements for 2006, including the Balance Sheets, Statements of Income and Changes in Shareholders' Equity, which have been audited by the CPA firm Deloitte & Touche. The above mentioned reports have been examined by and determined to be correct and accurate by the undersigned, the supervisors of Union Bank of Taiwan. According to Article 219 of the Company Law, we hereby submit this report.

Resident Supervisor: Yu-Quan Development Co., Ltd.

Representative: Yu-Quan Lee

Supervisor: Pao-Hsing Investment Co., Ltd.

Representative: Zhen-Lu Lin

Supervisor: Ming-Hsing Ho

March 21, 2007

4. **Financial Statements and Independent Auditors' Report: Refer to Appendix 1.**
5. **Financial Difficulties Experienced by the Bank and Its Affiliated Enterprises In the Past Year and Current Year up to the Printing Date of the Annual Report: None.**
6. **Financial Difficulties Experienced by the Bank and Its Affiliated Enterprises In the Past Year and Current Year up to the Printing Date of the Annual Report: None.**

Analysis of the Financial Status and Operating Results & Risk Management

VII. Analysis of the Financial Status and Operating Results & Risk Management

1. Financial Status

Unit: NT\$ in thousand

| Item | Year | December 31, 2006 | December 31, 2005 | Difference | |
|---|------|----------------------|----------------------|--------------|---------|
| | | | | Amount | % |
| Cash & cash equivalent, Due from Central Bank and Interbank Call Loan | | \$40,128,185 | \$28,864,831 | \$11,263,354 | 39.02 |
| Financial assets at fair value though profit or loss | | 4,873,587 | 10,009,127 | (5,135,540) | (51.31) |
| Securities purchased under re-sale agreements | | 3,820,626 | 10,311,415 | (6,490,789) | (62.95) |
| Financial assets available for sale | | 5,997,931 | 7,072,617 | (1,074,686) | (15.20) |
| Discount & loans | | 207,070,571 | 182,118,196 | 24,952,375 | 13.70 |
| Accounts Receivable | | 36,748,767 | 44,028,153 | (7,279,386) | (16.53) |
| Held-to-maturity investment | | 31,027,509 | 19,756,961 | 11,270,548 | 57.05 |
| Stock investments accounted for under the Equity Method | | 2,837,358 | 3,521,089 | (683,731) | (19.42) |
| Property & equipment | | 8,761,361 | 8,963,594 | (202,233) | (2.26) |
| Intangibles | | 2,757,500 | 2,757,500 | - | - |
| Other Financial Assets | | 3,910,339 | 3,870,435 | 39,904 | 1.03 |
| Other Assets | | 13,435,702 | 7,418,905 | 6,016,797 | 81.10 |
| Total Assets | | 361,369,436 | 328,692,823 | 32,676,613 | 9.94 |
| Call loans & due to banks | | 31,817,010 | 26,652,827 | 5,164,183 | 19.38 |
| Deposits & Remittance | | 275,747,909 | 250,662,221 | 25,085,688 | 10.01 |
| Financial liabilities at fair value through profit or loss | | 34,457 | 4,090 | 30,367 | 742.47 |
| Securities sold under re-purchase agreements | | 11,904,491 | 12,247,692 | (343,201) | (2.80) |
| Borrowing from Central Bank and Other Banks & Financial Bills Payable | | 15,083,700 | 13,105,400 | 1,978,300 | 15.10 |
| Preferred Stock Liabilities | | - | - | - | - |
| Pension Fund Liabilities | | 7,428 | - | 7,428 | - |
| Other Financial Liabilities | | 7,293,031 | 6,700,480 | 592,551 | 8.84 |
| Other Liabilities | | 797,877 | 986,371 | (188,384) | (19.09) |
| Total Liabilities | | 342,686,013 | 310,359,081 | 32,326,932 | 10.42 |
| Capital | | 18,277,979 | 18,253,942 | 24,037 | 0.13 |

Analysis of the Financial Status and Operating Results & Risk Management

| Item | Year | December 31, 2006 | December 31, 2005 | Difference | |
|--|------|----------------------|----------------------|------------|---------|
| | | | | Amount | % |
| Capital Surplus | | 60,296 | 63,733 | (3,437) | (5.39) |
| Retained Earnings | | 348,465 | 42,651 | 305,814 | 717.01 |
| Unrealized Loss on Financial Assets | | (39,132) | - | (39,132) | - |
| Cumulative translation adjustments | | 43,820 | 50,141 | (6,321) | (12.61) |
| Shareholders' Equity- Other | | (8,005) | (76,725) | 68,720 | 89.57 |
| Total Shareholders' Equity | | 18,683,423 | 18,333,742 | 349,681 | 1.91 |
| Description: | | | | | |
| <ol style="list-style-type: none"> 1. The increase in cash & cash equivalent, due from Central Bank and interbank call loan was primarily due to the increase in time deposits held at the Central Bank. 2. The decrease in the financial assets at fair value through profit or loss was primarily due to the decrease in negotiable time deposits. 3. The decrease in re-sale of bills and bonds was mainly due to the reallocation of funds. 4. The increase in held-to-maturity investment was mainly contributed by increased investment in financial bonds. 5. The increase in other assets mainly comprise of the unamortized balance of loss on disposal of nonperforming loans in 2006, which is required to be amortized on a straight-line basis over 60 months pursuant to the Financial Institutions Merger Act. 6. The increase in the financial liabilities at fair value through profit or loss was mainly contributed by the increase in loss of foreign exchange valuation on forwards. 7. The increase in retained earnings was mainly due to the fact that the unamortized balance of loss on disposal of nonperforming loans was written off in full in 2005. 8. The decrease in unrealized loss of financial assets was mainly due to the decrease in unrealized valuation loss on available-for-sale financial assets accounted for under the equity method in accordance with the shareholding percentage. 9. The increase in other shareholders' equity was mainly due to the recognition of unrealized loss on long-term investments in 2005. | | | | | |

Analysis of the Financial Status and Operating Results & Risk Management

2. Results of Operation

Unit: NT\$ in thousand

| Item | 2006 | | 2005 | | Increase (Decrease) | Movement (%) |
|--|-----------|-------------|-------------|---------------|------------------------|-----------------|
| | Amount | | Amount | | | |
| Interest Revenue- Net | | \$9,095,588 | | \$10,807,616 | (\$1,712,028) | (15.84) |
| Non-interest Revenue (Expense)- Net | | 1,687,535 | | (4,359,876) | 6,047,411 | 138.71 |
| Net Service Fee Revenue | 1,513,932 | | 1,573,470 | | (59,538) | (3.78) |
| Gain/Loss on change in fair value of financial assets and liabilities through the income statement | 318,882 | | 691,279 | | (372,397) | (53.87) |
| Amortization of loss on disposal of nonperforming loans | (643,111) | | (6,761,482) | | 6,118,371 | 90.49 |
| Amortization of goodwill | - | | (551,500) | | 551,500 | 100.00 |
| Gain on asset sale—net | 577,608 | | 30,612 | | 546,996 | 1,786.87 |
| Other net non-interest income (loss) | (79,776) | | 657,745 | | (737,521) | (112.13) |
| Bad debt expense | | 4,104,184 | | 4,759,364 | (655,180) | (13.77) |
| Operating expense | | 6,332,613 | | 6,534,898 | (202,285) | (3.10) |
| Wages & salaries | 2,565,208 | | 2,410,648 | | 154,560 | 6.41 |
| Depreciation & amortization expense | 456,513 | | 397,377 | | 59,136 | 14.88 |
| Other business & administrative expense | 3,310,892 | | 3,726,873 | | (415,981) | (11.16) |
| Income (loss) before tax | | 346,326 | | (4,846,522) | 5,192,848 | 107.15 |
| Income tax benefits (expense) | | (49,790) | | 1,388,745 | (1,438,535) | (103.59) |
| Income before cumulative effects of changes in accounting principles | | 296,536 | | (3,457,777) | 3,754,313 | 108.58 |
| Cumulative effects of changes in accounting principles (net of income tax expense totaling \$ 1,488 thousand) | | 9,278 | | - | 9,278 | - |
| Net Income (Loss) | | \$305,814 | | (\$3,457,777) | \$3,763,591 | 108.84 |

Analysis of the Financial Status and Operating Results & Risk Management

Note:

1. The difference between the amount of financial assets and liabilities at fair value through profit or loss for 2006 and 2005 mainly arises from the adoption of the new Statement of Financial Accounting Standards No. 34 “Accounting for Financial Instruments” in 2006, and thus differences arising from different valuation basis.
2. The amortization of recognition of loss on disposal of nonperforming loans in 2006 was less than the 2005 amount mainly due to the fact that the entire amortized balance of loss on disposal of nonperforming loans was written off in 2005.
3. The decrease in goodwill amortization was due to adoption of the Statement of Financial Accounting Standards No. 35 “Accounting for Asset Impairment Loss”, which stipulate that goodwill shall no longer be amortized and be subject to the goodwill impairment test. We have performed such test and ascertain the value of goodwill.
4. The increase in gain on asset sale was mainly due to the increase on gain on disposal of land.
5. Net non-interest income (loss) was less in 2006 due to the provision for impairment loss on collateral and decrease in the net profit on long-term investments accounted for under the equity method.
6. Income tax expense was higher in 2006 due to the decrease in deferred income tax assets arising from the loss on disposal of nonperforming loans.
7. Effects of accounting change mainly arise from the adoption of the new Statement of Financial Accounting Standards No. 34 “Accounting for Financial Instruments”, No. 36 “Presentation and Disclosure of Financial Instruments” and other revised financial accounting standards where relevant.

3. Cash Flow

(1) Cash Flow Analysis for the Past Two Years

| Item \ Year | 2006 | 2005 | Increase (Decrease) (%) |
|--|-------|------|-------------------------------|
| Cash flow ratio (%) | 32.87 | 7.20 | 356.53 |
| Cash flow adequacy ratio (%) | 56.79 | - | - |
| Cash reinvestment ratio (%) | - | - | - |
| Analysis of changes: The inflow of cash flows from operating activities was contributed by the decrease in the value of financial assets for trading purposes and accounts receivable collected in 2006, which in turn resulted in higher cash flow and cash flow adequacy ratios against 2005. | | | |

Analysis of the Financial Status and Operating Results & Risk Management

(2) Liquidity Analysis for the Next Year

| Opening Cash ① | Net cash from operating activities ② | Total Cash Outflow ③ | Cash Surplus (Deficit) ①+②+③ | Measures to finance cash deficiency | |
|--|---|-------------------------|---------------------------------|-------------------------------------|----------------|
| | | | | Investment Plan | Financing Plan |
| 7,580,583 | 3,915,688 | (4,816,271) | 6,680,000 | - | - |
| <p>1. Cash flow analysis:</p> <p>(1) Operating activities: The increase was due to business growth and increases in operating revenue and profitability.</p> <p>(2) Investing activities: To meet the business demand of growth in loans.</p> <p>(3) Financing activities: To meet the business demand of growth in loans, expansion of deposits and capital increase.</p> <p>2. Measures to finance cash deficiency and liquidity analysis: None.</p> | | | | | |

4. The Impact of Major Capital Expenditure During 2006 on the Bank's Financial and Business Operations

Major capital expenditure in recent years:

Unit: NT\$ in thousand

| Project | Sources of Funding Actual or Estimated | Date of Completion Actual or Estimated | Total Funding Required | Utilization of Actual or Estimated Source of Funding | | | | | |
|--------------------------|--|--|------------------------|--|-----------|-----------|-----------|------|------|
| | | | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Office equipment | Own funds | 2007.12 | \$960,604 | \$132,156 | \$375,971 | \$150,926 | \$301,551 | \$ - | \$ - |
| Transportation equipment | Own funds | 2007.12 | 212,668 | 9,938 | 44,760 | 107,591 | 50,379 | - | - |
| Other equipment | Own funds | 2007.12 | 399,005 | 176,414 | 192,414 | 8,272 | 21,905 | - | - |
| Land | Own funds | 2007.12 | 5,092,565 | 29,473 | 4,946,487 | 116,605 | - | - | - |
| Building & improvements | Own funds | 2007.12 | 4,047,966 | 46,356 | 3,992,535 | 9,075 | - | - | - |

Expected Benefits from Capital Expenditures:

1. Expected increase in operating revenue, operating expense and operating income: acquisition of office equipment and upgrade of major computer systems in line with business expansion.
2. Other expected benefits: None.

Analysis of the Financial Status and Operating Results & Risk Management

5. Reinvestment Plans for 2006, Main Reasons for Making an Investment Gain or Loss, the Improvement Plan and the Investment Plan for the Next Year

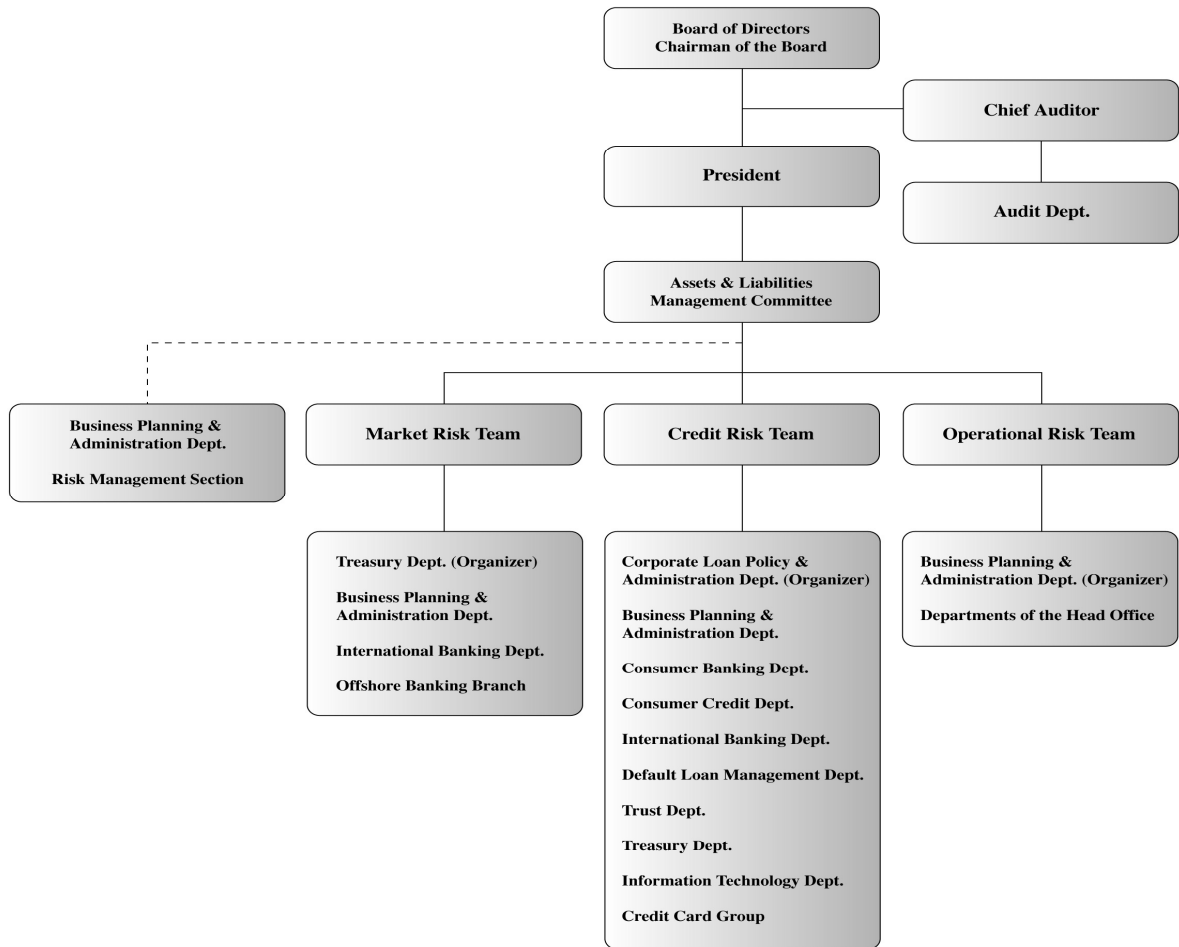
- (1) The purpose of our reinvestment plan is to construct a comprehensive and sound peripheral banking system for the required integration of our product and marketing channels. Our investee companies distribute across a wide range of financial areas covering bills finance, leasing, securities investment trust, securities investment consulting, and insurance agency. Besides achieving an overall positive effects for the Bank's operations, investments in these companies will equip us to offer customers the one-stop shopping option as well as improve the quality of financial services.
- (2) Due to poor profitability outlook for Union Bank Futures Co., Ltd., the Board resolved to liquidate the company on March 29, 2006. The liquidation process was completed on December 28, 2006. The Bank will make more effective use of the capital proceeds received. Business results of other major investee companies are gradually improving. Gain on long-term investments under the equity method for 2006 amounted NT\$107,084 thousand.
- (3) The Bank has no reinvestment plan in the coming year.

Analysis of the Financial Status and Operating Results & Risk Management

6. Risk Management

(1) The Bank's Risk Management Structure and Policy

a. Risk Management Structure



Analysis of the Financial Status and Operating Results & Risk Management

The Bank is confronted with credit risk, market risk, operational risk and liquidity risk. In accordance with the Risk Management Policy approved by the “Assets & Liabilities Management Committee”, three inter-departmental teams namely, the Market Risk Team, Credit Risk Team and Operational Risk Team have been set up with the concerning departments operating under the respective teams, each responsible for the implementation of risk management policies, evaluation of risk situations and construction of the risk management systems.

b. Risk Management Policy

The Bank’s risk management policy aims at safeguarding bank assets, ensuring the quality of assets and financial condition and compliance with regulations. The short-term goal is to compile and gather the risk variables to set up precise quantitative risk indicators. The long-term goal is to build a risk management and evaluation mechanism and implement it on risk pricing, customer relationship management and performance reviews. Our optimal goal is to create the highest possible benefits for our shareholders through appropriate asset allocation.

(2) Methods for Risk Evaluation & Control and Quantification Risk Exposure

a. General periodic disclosure

- i. Credit Risk:** The goal of the Bank’s credit risk policy is to keep the credit risk within a tolerable level through building a quantitative model for integration into the credit assessment procedures. This is to ensure that a balanced risk and return (being the interest margin) level to ensure the benefits and shareholders and depositors as follows:

(A) Gradually build up the credit evaluation system and database and file the credit evaluation information by categories.

(B) Formulate and establish a consistent internal credit rating system, which is linked to interest margin to ensure a reasonable risk and return level.

(C) Modify the credit risk evaluation models and tools with consideration to the macroeconomic conditions, industry prospect and customer attributes to ensure the relevancy of statistics.

Analysis of the Financial Status and Operating Results & Risk Management

- ii. **Market Risk:** The essence of our market risk management policy is to control the Bank's market risk exposure by setting up risk identification, evaluation, monitoring, control and reporting procedures. Besides referring to the relevant risk management principles and mechanisms in the Basel II standards, the Bank plans to construct a risk management system to keep control of our likely risk exposure within an acceptable level. The ultimate goal is to achieve a reasonable level of risk and returns with effective management as follows:
 - (A) Control of the transaction limit: Ensure control of the total threshold amount and cap on single stock investment, counter-party and trading officer in accordance with the authority limit approved by the Board of Directors or senior management.
 - (B) Control of price risk: All open positions are marked to market on a daily basis based on the closing price and subject to the sensitivity analysis (e.g. duration & Delta analysis) and stop-loss control. Supervisors may obtain the relevant statistics from the system for reference.
 - (C) Risk reporting: Provide risk control statistics on open positions on a daily basis, consolidating trans-department and trans-business market risk reports to effectively monitor risk movements.
- iii. **Operational Risk:**
 - (A) Formulate the Bank's operational risk strategy, handling procedures and control principles in line with the relevant operational risks.
 - (B) Construct a database and reporting mechanism in line with potential operational risk exposure. Compile operational risk data by department or business. Document the historical data for future reference on improving the internal control system.
 - (C) Construct backup support and contingency plans for the IT system and human resources to reduce the extent of loss suffered by the Bank and customers in the event of an accident.
- iv. **Liquidity Risk:** Aggressively diversify the sources of funds, improve the

Analysis of the Financial Status and Operating Results & Risk Management

deposit renewal rate and increase the stability of funding to reduce liquidity risk. Conduct analysis on movement and monitor the maturity gap of major open positions to be used as the warning signs for liquidity risk.

b. Disclosure of Credit Risks

i. On-Balance-Sheet Items

Unit: NT\$ in thousand; December 31, 2006

| Item | Applicable Risk Weighting | Total Amount of Risk Assets |
|---|---------------------------|-----------------------------|
| Loans to or guaranteed by Central Government | 0% | 0 |
| Loans to or guaranteed by Local Government | 10% | 146,269 |
| Loans guaranteed by other banks or qualified credit guarantor | 20% | 6,308,341 |
| Secured residential property loan | 50% | 61,877,251 |
| Other | 100% | 135,170,530 |
| Total | | 203,502,391 |

ii. Off-Balance-Sheet Items

Unit: NT\$ in thousand; December 31, 2006

| Item | Total Amount of Risk Assets |
|--|-----------------------------|
| General off balance sheet transactions | 4,802,242 |
| Derivative transactions | 12,680 |
| Securities sold under re-purchase agreements (RP) | 1,016 |
| Securities purchased under re-sell agreements (RS) | 120,793 |
| Total | 4,936,731 |

iii. Asset securitization: None.

Analysis of the Financial Status and Operating Results & Risk Management

c. Capital Reserve Computed under the Standardized Method and Total Amount of Risk Assets:

Unit: NT\$ in thousand; December 31, 2006

| Type of Risk | Capital Provision | Total Amount of Risk Assets ^{Note} |
|---|-------------------|---|
| Interest Rate Risk | 217,326 | 2,716,575 |
| Equity Exposure | 437,694 | 5,471,175 |
| Foreign Exchange Risk | 87,485 | 1,093,562.5 |
| Product Risk | 0 | 0.0 |
| Options accounted for under the Simple Approach | 0 | 0.0 |
| Total | 742,505 | 9,281,312.5 |

Note: Refer to the amount of capital reserve multiplied by 12.5.

d. Maturity Analysis

i New Taiwan Dollar

Unit: NT\$ in thousand; December 31, 2006

| Item | Total | The Amount of Remaining Period to Maturity | | | | |
|----------------------------------|-------------|--|--------------|---------------|-------------------|-------------|
| | | 1 ~ 30 days | 31 ~ 90 days | 91 ~ 180 days | 181 days ~ 1 year | Over 1 year |
| Main capital inflow on maturity | 313,989,005 | 62,661,694 | 18,531,882 | 12,237,790 | 24,682,230 | 195,875,409 |
| Main capital outflow on maturity | 319,977,313 | 30,098,550 | 30,069,252 | 74,043,794 | 138,775,898 | 46,989,819 |
| Gap | (5,988,308) | 32,563,144 | (11,537,370) | (61,806,004) | (114,093,668) | 148,885,590 |

Note: The above amounts included only New Taiwan Dollars amounts held in the onshore branches of the Bank.

Analysis of the Financial Status and Operating Results & Risk Management

ii Foreign Currency

Unit: US\$ in thousand; December 31, 2006

| Item | Total | The Amount of Remaining Period to Maturity | | | | |
|-----------------|-----------|--|--------------|---------------|-------------------|-------------|
| | | 1 ~ 30 days | 31 ~ 90 days | 91 ~ 180 days | 181 days ~ 1 year | Over 1 year |
| Assets | 1,405,166 | 386,442 | 19,451 | 29,030 | 29,166 | 941,077 |
| Liabilities | 1,405,169 | 632,445 | 221,224 | 220,825 | 295,671 | 35,004 |
| Gap | (3) | (246,003) | (201,773) | (191,795) | (266,505) | 906,073 |
| Accumulated Gap | | (246,003) | (447,776) | (639,571) | (906,076) | (3) |

Note: The above Table includes foreign currency (all in USD) assets and liabilities for the Head Office and domestic and offshore offices and branches.

iii Asset and Liabilities Management

- (A) The Bank's assets and liabilities management system comprises of interest rate and maturity gap analysis. Currently, we have the Assets and Liabilities Management Committee in place to offer guidance, give strategic directions and oversee gap management. Besides monitoring movements in interest rates and maturity gaps, the Committee hosts senior management meetings from time to time for overall review where required.
- (B) With respect to the control of NTD and foreign currency interest rate, the Bank has in place a sound trading and fund management system to keep track of the daily movements in deposits and loans and the costs and balances of different terms and types of deposits and loans, analysis of floating- and fixed-interest deposit and loans as well as interest rate and spread analysis. We also use the interest rate adjustment simulation system to formulate and modify our interest rate policy for approval by the Assets and Liabilities Management Committee or convene senior management meetings to make dynamic interest rate adjustment.
- (C) Foreign exchange risk: Besides having in place an independent trading and settlement system with check procedures, we also exercise position, individual trader and stop-loss controls.
- (D) Liquidity risk: Besides keeping strict control over the Bank's cash on hand and inflows and outflows on a daily basis, we also have in place a mechanism for projecting, evaluating, computing and give pre-warnings for funding requirements to meet unexpected demands.

Analysis of the Financial Status and Operating Results & Risk Management

(3) Impact of Changes in Major Domestic and International Policies and Regulatory Amendments on the Financial and Business Status and the Bank's Responses:

To prevent lenders from overusing the available credit, the Bank has strictly complied with the regulatory requirement stipulating that "the total amount of unsecured credit granted to any lender shall not exceed 22 times of his/her monthly income" in extending unsecured credit to lenders. In spite of the fact that the "Consumer Banking Negotiation Mechanism" expired on December 31, 2006, in consideration for our social responsibility, we continue to offer debt repayment options to specific customers with financial difficulties.

(4) Impact of Technological and Industrial Changes on the Financial and Business Status and the Bank's Responses:

In light of the fact that the cost of each e-Banking transaction is far lower than that completed over the counter, all financial institutions are actively promoting their ATM and Internet Banking services to reduce costs. Currently, ATMs, and telephone, mobile and Internet banking services are extremely popular, offering customers more convenient services.

In response to the trends, we have further enhanced our existing automated services such as the brand new "Personal Internet Banking" service that offers individual customers more convenient all-in-one online services including, online bill payments (tuition fee, utility bills, tax payment, parking fees) and fund transactions (subscription, redemption and switching). All the above services offer customers more convenience and increase their willingness to use the services.

(5) Impact of Change in Corporate Image on the Bank and Our Responses:

With our management concept, "Enthusiasm," "Soundness," "Efficiency," and "Innovation", we have delivered exceptional results in credit card and consumer banking businesses. Moreover, we are devoted to improving our market share in the wealth management market. Not only have we set up our flagship Wealth Management Center, we have also been devoted to expanding our service network in the expectation of offering customers more comprehensive and sound total financial services. Our optimal goal is to expand our scale of operation and improve business performance.

Although the 2006 debt card crisis has caused major impact on the domestic banking, we remain the leader for the credit cards business. In spite of the fact that we have exercised tight control over credit risks, the event has nevertheless harmed the Bank's corporate image. In response to this, we have adopted the following measures:

Analysis of the Financial Status and Operating Results & Risk Management

- a. Offer active repayment assistance to card debtors and help them preserve their credit worthiness.
 - b. Enhance customer services, offering them friendly services. Keep customers' needs as top priority and pursue innovation and further refine services.
 - c. In line with regulatory requirements, overcome the hurdle imposed by tightening regulatory measures over the debt card business. Devote resources to write off bad debts to reinstate normal operation and business development in a timely manner.
 - d. Rebuild and improve the Bank's corporate image through ads and promotions.
- (6) Estimated Benefits and Possible Risks of A Potential Merger and the Bank's Responses: Not applicable.
- (7) Estimated Benefits and Possible Risks of Expanding Business Presence and the Bank's Responses:
- Faced with the Phase II merger of financial holding companies, we are fully aware of the importance to expand our service network. As present, we operate 78 domestic branches and hope to increase the number to 87 in three years time to improve our popularity and aid business development.
- Expansion and distribution of the service network will help us to service customers in different service regions. The timing of establishment and training of the branch manager and employees are critical to the successful operation of a branch. A designated unit is responsible for sourcing the appropriate location, overseeing internal refurbishing and dealing with the applications for approval by the competent authority to set up a new branch in the most timely manner. The Human Resources Dept. is responsible for recruiting suitable employees to maximize the benefits.
- (8) Business Concentration Risks and the Bank's Responses:
- Banking operations are closely tied to market and economic conditions. To diversity risks and maintain asset quality, we have set in place customer, industry and country specific risk tolerance levels.
- (9) Impact and Risks of Changes in Management Power and the Bank's Responses: None.
- (10) Litigation or non-litigated events:
1. The majority of on-going litigated events related to the lending business, which has minimal impact on normal business operations.
 2. The Bank and our affiliated enterprise, Union Bills Finance Corp., had a settlement reached with the Taipei National Tax Administration, Ministry of Finance regarding the bond interest administrative measures and agreed that the Administration was to refund 65% and 60% of the tax withheld on bond interest for prior periods.
- (11) Other Critical Risks and the Bank's Responses: None.

Analysis of the Financial Status and Operating Results & Risk Management

7. Contingency Plan:

The Bank has in place the “Union Bank of Taiwan Disaster Contingency Procedures” statutory required including the (1) Contingency plan (2) Customer service measures (3) Information system safety & management; (4) Simulation of the various crises and the handling process. The objective of the contingency procedures is to ensure that a sound disaster recovery mechanism is in place, enhance the preventive measures and effectively facilitate disaster funding to reinstate normal life and social and economic order in a timely manner.

The Bank has in place a crisis management and emerging reporting mechanism to effectively carry out the various disaster recovery and prevention measures. The respective departments shall conduct training and rehearsals in accordance with the “Safety & Prevention Guidelines” and “Safety & Prevention Rehearsal Plan” as well as perform at least two maintenance checks on security facility every year.

8. Other Important Matters: None.

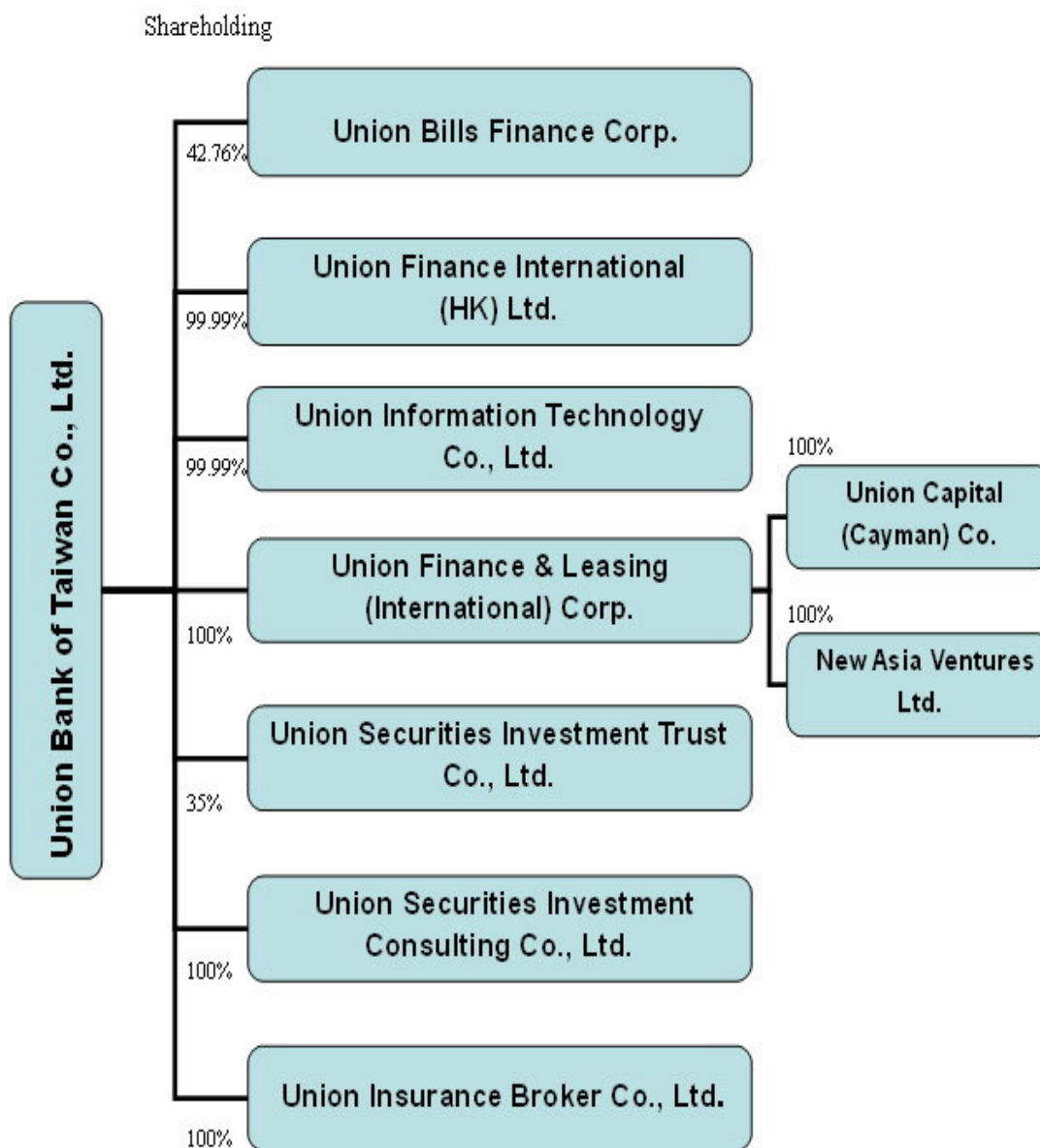
VIII. Special Notes

1. Information on Affiliated Enterprises

(1) Affiliated Enterprises Report

a. Organization Chart of Affiliated Enterprises

Date: December 31, 2006



b. General Information of Affiliated Enterprises

Unit: NT\$ in thousand

| Name of Enterprise | Date of Establishment | Address | Paid-in Capital | Main Business or Production Activities |
|--|-----------------------|--|-----------------|---|
| Union Bills Finance Corp. | 1995.07.19 | 15F, No. 109, Sec. 3, Minsheng E. Road, Taipei, Taiwan | 2,960,000 | <ol style="list-style-type: none"> 1. Brokerage and proprietary trading of short-term bills dealing 2. Notes underwriting, certification, endorsement and guarantee 3. Brokerage and proprietary trading of government bonds dealing 4. Certification, underwriting, brokerage and proprietary trading of financial debentures 5. Proprietary trading of corporate bonds |
| Union Finance International (H.K.) Ltd. | 1996.04.23 | Suites C & D, 8F, Entertainment Building, 30, Queen's Road Central, Hong Kong | 106,589 | Import and export financing |
| Union Information Technology Co., Ltd. | 1998.08.20 | 6F, 399, Rueiguand Road, Taipei, Taiwan | 50,000 | Distribution of computer hardware and software, development of system programs, outsourcing of system construction, website design and e-commerce services |
| Union Finance & Leasing (International) Corp. | 1996.11.11 | 9F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan | 1,000,000 | Installment purchases, leasing and accounts receivable factoring |
| Union Securities Investment Trust Co., Ltd. | 1998.12.22 | 6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan | 300,000 | Securities investment trust |
| Union Securities Investment Consulting Co., Ltd. | 1999.12.14 | 6F-1, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan | 10,000 | Securities investment consulting |
| Union Insurance Broker Co., Ltd. | 1997.08.04 | 3F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan | 28,000 | Personal insurance agency |
| Union Capital (Cayman) Corp. | 1997.07.23 | P. O. Box 1034, George Town, Grand Cayman, Cayman Islands, British West Indies. | 1,644 | Installment purchases and leasing business |
| New Asian Ventures Ltd. | 1997.10.27 | Citco Building, Wickhams Cay, P. O. Box662 Road Town, Tortola, British Virgin Islands. | 1 | Investment, offshore financing, equipment leasing, installment sales and accounts receivable factoring |

Special Notes

- c. Relationship between business operations of affiliated enterprises: None.
- d. Information on Directors, Supervisors and President of Affiliated Enterprises

Unit: Shares; %; December 31, 2006

| Name of Enterprise | Title | Name of Representative | Shareholding | |
|---------------------------|----------------------|---|--------------|--------|
| | | | Shares | % |
| Union Bank of Taiwan | Chairman | Shiang-Chang Lee | 1,152,207 | 0.06% |
| | Executive Director | Zhen-Xong Jiang | 4,597,043 | 0.25% |
| | Executive Director | Yu-Bang Co., Ltd. (Representative: Jai-Yi Wang) | 18,962,581 | 1.04% |
| | Director & President | Union Enterprise Construction Co., Ltd. (Representative: Jeff Lin) | 71,684,310 | 3.93% |
| | Director | Chung-Li Investment Co., Ltd. (Representative: Yao-Nan Lai) | 35,454,283 | 1.94% |
| | | Chung-Li Investment Co., Ltd. (Representative: Sue-Feng Cao) | | |
| | Director | Union Recreation Enterprise Corp. (Representative: Sue-Ere C. Lin) | 26,577,782 | 1.46% |
| | Director | Jin-Fu Liu | - | - |
| | Director | Si-Yong Lin | 16,934,581 | 0.93% |
| | Resident Supervisor | Yu-Quan Development Co., Ltd. (Representative: Yu-Quan Lee) | 8,807,889 | 0.48% |
| | Supervisor | Pao-Hsing Investment Co., Ltd. (Representative: Zhen-Lu Lin) | 90,610,217 | 4.96% |
| | Supervisor | Min-Hsing Ho | 32,100 | 0.00% |
| | President | Jeff Lin | 5,572,921 | 0.31% |
| Union Bills Finance Corp. | Chairman | Union Bank of Taiwan (Representative: Kuo-Chang Lee) | 126,576,000 | 42.76% |
| | Executive Director | Union Bank of Taiwan Co., Ltd. (Representative: Jeff Lin) | | |
| | Director | Union Bank of Taiwan (Representative: Yin-Bor Chan) | | |
| | Director | Union Bank of Taiwan (Representative: Hao-Sen Lee) | | |
| | Resident Supervisor | Union Bank of Taiwan (Representative: Herman Tu) | | |
| | Supervisor | Union Bank of Taiwan (Representative: Zhen-Xong Jiang) | | |
| | Executive Director | EnTie Commercial Bank (Representative: Ken-Teng Chang) | 63,288,000 | 21.38% |
| | Director | EnTie Commercial Bank (Representative: Chih Lee) | | |
| | Director | EnTie Commercial Bank (Representative: Chang-Ming Chen) | | |

Special Notes

| Name of Enterprise | Title | Name of Representative | Shareholding | |
|---|----------------------|---|--------------|------------|
| | | | Shares | % |
| | Director | Union Enterprise Construction Co., Ltd. (Representative: Hong-Yao Lin) | 12,404,448 | 4.19% |
| | Director | Hong-Kuo Construction Co., Ltd. (Representative: Ya-Jean Lin) | 12,404,448 | 4.19% |
| | Supervisor | Yu-Pang Co., Ltd. (Representative: Wen-Ming Lee) | 12,404,448 | 4.19% |
| | President | Min-Hsing Ho | 88,000 | 0.03% |
| | | | | |
| Union Finance International (HK) Ltd. | Director | Union Bank of Taiwan (Representative: Jeff Lin) | 30,000,000 | 99.999994% |
| | Director | Union Bank of Taiwan (Representative: Patrick Jean) | | |
| | Director | Union Bank of Taiwan (Representative: Roger Wang) | | |
| | Director | Shiang-Chang Lee | 1 | 0.000003% |
| | Director & President | Amanda Lin | - | - |
| Union Information Technology Co., Ltd. | Chairman | Union Bank of Taiwan (Representative: Qin-Ming Huang) | 4,999,614 | 99.99% |
| | Director | Union Bank of Taiwan (Representative: Hao-Sen Lee) | | |
| | Director | Union Bank of Taiwan (Representative: Luke Yang) | | |
| | Supervisor | Union Bank of Taiwan (Representative: Celia Chu) | | |
| | President | Qin-Ming Huang | - | - |
| Union Securities Investment Trust Co., Ltd. | Chairman | Kun-Che Investment Co., Ltd. (Representative: Cheng-Juh Hsieh) | 2,500,000 | 8.33% |
| | Director | Kun-Che Investment Co., Ltd. (Representative: Chi-Hao Yuei) | | |
| | Director | Kun-Che Investment Co., Ltd. (Representative: Hsiao-Yi Tsai) | | |
| | Director | Kun-Che Investment Co., Ltd. (Representative: Wen-Min Lee) | | |
| | Supervisor | Kun-Che Investment Co., Ltd. (Representative: Su-Huei Hsu) | | |
| | Supervisor | Kun-Che Investment Co., Ltd. (Representative: Chaio-Chuan Tsai) | | |
| | Director | Goldsun Computer Communication Co., Ltd. (Representative: Kuo-Hwa Lee) | 3,000,000 | 10.00% |
| | President | Chi-Huan Lin | - | - |

| Name of Enterprise | Title | Name of Representative | Shareholding | |
|--|------------|---|--------------|---------|
| | | | Shares | % |
| Union Finance & Leasing (International) Corp. | Chairman | Union Bank of Taiwan (Representative: Cheng-Juh Hsieh) | 100,000,000 | 100.00% |
| | Director | Union Bank of Taiwan (Representative: Jeff Lin) | | |
| | Director | Union Bank of Taiwan (Representative: Shiang-Chang Lee) | | |
| | Supervisor | Union Bank of Taiwan (Representative: Hao-Sen Lee) | | |
| | President | Cheng-Juh Hsieh | - | - |
| Union Securities Investment Consulting Co., Ltd. | Chairman | Union Bank of Taiwan (Representative: Chaio-Lian Chien) | 1,000,000 | 100.00% |
| | Director | Union Bank of Taiwan (Representative: Joy Tang) | | |
| | Director | Union Bank of Taiwan (Representative: Yu-Lin Kuo) | | |
| | Supervisor | Union Bank of Taiwan (Representative: Tiffany Yu) | | |
| | President | Chaio-Lian Chien | - | - |
| Union Insurance Broker Co., Ltd. | Chairman | Union Bank of Taiwan (Representative: Chien-Kuo Kuei) | 2,800,000 | 100.00% |
| | Director | Union Bank of Taiwan (Representative: Celia Chu) | | |
| | Director | Union Bank of Taiwan (Representative: Sophie Hsu) | | |
| | Supervisor | Union Bank of Taiwan Co., Ltd. (Representative: Kuo-Shian Shia) | | |
| | President | Chien-Kuo Kuei | - | - |
| Union Capital (Cayman) Corp | Director | Union Finance & Leasing (International) Co., Ltd. (Representative: Shiang-Chang Lee) | 50,000 | 100.00% |
| | Director | Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh) | | |
| New Asian Ventures Ltd. | Director | Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh) | 1 | 100.00% |

e. Operating results of affiliated enterprises:

Unit: NT\$ in thousand except Earnings Per Share (NT\$)

| Name of Enterprise | Paid-in Capital | Total Assets | Total Liabilities | Net Worth | Operating Income | Operating Profit | Net Income (Loss) After Tax | Earnings Per Share After-tax (\$) | Note |
|---|-----------------|--------------|-------------------|-----------|------------------|------------------|-----------------------------|-----------------------------------|--|
| Union Bills Finance Corp. | 2,960,000 | 30,465,427 | 27,225,462 | 3,239,965 | 657,533 | 85,727 | 78,563 | 0.26 | |
| Union Finance International (HK) Ltd. | 106,589 | 356,888 | 221,672 | 135,216 | 28,796 | 6,844 | 8,126 | 0.27 | HKD:TWD exchange rate as at Dec 29, 2006 was 4.2004 ; Average exchange rate for year 2006 was 4.1894 |
| Union Information Technology Co., Ltd. | 50,000 | 201,533 | 94,501 | 107,032 | 390,306 | 57,021 | 44,902 | 8.98 | |
| Union Finance & Leasing (International) Co., Ltd. | 1,000,000 | 3,963,781 | 2,937,337 | 1,026,444 | 509,399 | (15,944) | 14,462 | 0.14 | |
| Union Securities Investment Trust Co., Ltd. | 300,000 | 2,682,437 | 2,580,746 | 101,691 | 45,866 | (27,515) | (93,182) | (3.11) | |
| Union Securities Investment Consulting Co., Ltd. | 10,000 | 11,051 | 462 | 10,589 | 3,155 | (850) | (759) | (0.76) | |
| Union Insurance Broker Co., Ltd. | 28,000 | 63,130 | 7,741 | 55,389 | 155,457 | 16,478 | 13,550 | 4.84 | |
| Union Capital (Cayman) Corp. | 1,644 | 465,283 | 30 | 465,253 | 0 | (4,281) | 17,834 | 356.68 | USD:TWD exchange rate as at Dec 29, 2006 was 32.65; average exchange rate for year 2006 was 32.54333 |
| New Asian Ventures Ltd. | 1 | 111,031 | 30 | 111,001 | 431 | 245 | 5,316 | — | USD:TWD exchange rate as at Dec 29, 2006 was 32.65; average exchange rate for year 2006 was 32.54333 |

(2) The Bank and its affiliated enterprises were not in any financial difficulty in the past year and current year up to the printing date of the annual report.

- 2. Private placement of marketable securities in the past year and current year up to the printing date of the annual report: None.**
- 3. Shares of the Bank held by or disposed of by subsidiaries in the past year and current year up to the printing date of the annual report: None.**
- 4. Other necessary supplements: None.**
- 5. Major events with material impact on shareholders' rights or share price as defined in Article 36.2.2 of the Securities Exchange Act occurred during 2006 and the current year up to the printing date of the annual: None.**

Bank Directory

| 代號 | 單位名稱 Branch Name | 地 址 Address | 電話 Telephone |
|-----|--------------------------|---|-----------------|
| 001 | 營業部 | 台北市承德路1段105號 | (02) 2556-8500 |
| 001 | Business Dept. | No.105, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.) | |
| 002 | 台北分行 | 台北市民生東路3段109號 | (02) 2718-0001 |
| 002 | Taipei Branch | No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | |
| 003 | 桃園分行 | 桃園市縣府路332號 | (02) 339-5300 |
| 003 | Taoyuan Branch | No.332, Sianfu Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.) | |
| 004 | 台中分行 | 台中市中港路2段9-5號 | (04) 2328-5666 |
| 004 | Taichung Branch | No.9-5, Sec.2, Chungkang Rd., Situn District, Taichung City 407, Taiwan (R.O.C.) | |
| 005 | 南京東路分行 | 台北市南京東路2段137號 | (02) 2515-1333 |
| 005 | Nanking East Road Branch | No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | |
| 006 | 中壢分行 | 桃園縣中壢市中央西路1段62號 | (03) 426-5111 |
| 006 | Chungli Branch | No.62, Sec. 1, Jhongyang W. Rd., Jhongli City, Taoyuan County 320, Taiwan (R.O.C.) | |
| 007 | 三重分行 | 台北縣三重市重新路3段10號 | (02) 2977-7666 |
| 007 | Sanchung Branch | No.10, Sec. 3, Chongsin Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.) | |
| 009 | 東台北分行 | 台北市南京東路5段217號 | (02) 2753-0900 |
| 009 | East Taipei Branch | No.217, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | |
| 010 | 高雄分行 | 高雄市光華一路204號 | (07) 226-5353 |
| 010 | Kaohsiung Branch | No.204, Guanghua 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.) | |
| 011 | 板橋分行 | 台北縣板橋市民權路226號 | (02) 2965-6600 |
| 011 | Panchiao Branch | No.226, Mincyuan Rd., Banciao City, Taipei County 220, Taiwan (R.O.C.) | |
| 012 | 台南分行 | 台南市西門路4段271號 | (06) 251-3377 |
| 012 | Tainan Branch | No.271, Sec. 4, Simen Rd., North District, Tainan City 704, Taiwan (R.O.C.) | |
| 013 | 員林分行 | 彰化縣員林鎮中山路1段785號 | (04) 834-7666 |
| 013 | Yuanlin Branch | No.785, Sec. 1, Jhongshan Rd., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.) | |
| 015 | 仁愛分行 | 台北市仁愛路4段401號 | (02) 2781-3366 |
| 015 | Jenai Branch | No.401, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.) | |

Bank Directory

| 代號 | 單位名稱 Branch Name | 地 址 Address | 電話 Telephone |
|-----|---------------------|---|-----------------|
| 016 | 南崁分行 | 桃園縣蘆竹鄉中正路 137 號 | (03) 322-9699 |
| 016 | Nankan Branch | No.137, Jhongjheng Rd., Lujhu Township, Taoyuan County 338, Taiwan (R.O.C.) | |
| 017 | 新竹分行 | 新竹市中正路 107 號 | (03) 524-9966 |
| 017 | Hsinchu Branch | No.107, Jhongjheng Rd., Hsinchu City 300, Taiwan (R.O.C.) | |
| 018 | 蘆洲分行 | 台北縣蘆洲市中正路 80 號 | (02) 2848-5577 |
| 018 | Luchou Branch | No.80, Jhongjheng Rd., Lujhou City, Taipei County 247, Taiwan (R.O.C.) | |
| 020 | 九如分行 | 高雄市九如二路 495 號 | (07) 311-8871 |
| 020 | Chiuju Branch | No.495, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.) | |
| 021 | 雙和分行 | 台北縣永和中正路 222 號 | (02) 2945-9898 |
| 021 | Shuanho Branch | No.222, Jhongjheng Rd., Yonghe City, Taipei County 234, Taiwan (R.O.C.) | |
| 022 | 迴龍分行 | 桃園縣龜山鄉萬壽路 1 段 253 號 | (02) 8209-0808 |
| 022 | Hueilong Branch | No.253, Sec. 1, Wanshou Rd., Gueishan Township, Taoyuan County 333, Taiwan (R.O.C.) | |
| 023 | 嘉義分行 | 嘉義市中山路 285 號 | (05) 228-5908 |
| 023 | Chiayi Branch | No.285, Jhongshan Rd., Chiayi City 600, Taiwan (R.O.C.) | |
| 024 | 公館分行 | 台北市羅斯福路 3 段 272 號 | (02) 2369-2678 |
| 024 | Kungkuan Branch | No.272, Sec. 3, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.) | |
| 025 | 內壢分行 | 桃園縣中壢市中華路 1 段 258 號 | (03) 435-1288 |
| 025 | Neili Branch | No. 258, Sec. 1, Jhonghua Rd., Jhongli City, Taoyuan County 320, Taiwan (R.O.C.) | |
| 026 | 忠孝分行 | 台北市忠孝東路 4 段 223 巷 5 號 2 樓 | (02) 2773-3456 |
| 026 | Chunghsiao Branch | 2F., No.5, Lane 223, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.) | |
| 027 | 新莊分行 | 台北縣新莊市思源路 601 號 | (02) 8522-7799 |
| 027 | Hsinchung Branch | No.601, Sihyuan Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.) | |
| 028 | 鳳山分行 | 高雄縣鳳山市凱旋路 224 號 | (07) 763-8185 |
| 028 | Fengshan Branch | No.224, Kaisyuan Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.) | |
| 029 | 桃鶯分行 | 桃園市桃鶯路 343 號 | (03) 377-9797 |
| 029 | Taoying Branch | No.343, Taoying Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.) | |

Bank Directory

| 代號 | 單位名稱 Branch Name | 地 址 Address | 電話 Telephone |
|-----|-----------------------|---|-----------------|
| 030 | 龍潭分行 | 桃園縣龍潭鄉中正路 245 號 | (03) 470-9188 |
| 030 | Lungtan Branch | No.245, Jhongjheng Rd., Longtan Township, Taoyuan County 325, Taiwan (R.O.C.) | |
| 031 | 新店分行 | 台北縣新店市民權路 100 號 | (02) 2219-9989 |
| 031 | Hsintien Branch | No.100, Mincyuan Rd., Sindian City, Taipei County 231, Taiwan (R.O.C.) | |
| 032 | 大直分行 | 台北市明水路 649 號 | (02) 2532-3836 |
| 032 | Tachin Branch | No.649, Mingshuei Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | |
| 033 | 中山簡易型分行 | 台北市中山北路 2 段 83 號 | (02) 2571-7890 |
| 033 | Chungshan Mini Branch | No.83, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | |
| 034 | 文心分行 | 台中市文心路 4 段 208-1 號 | (04) 2298-0808 |
| 034 | Wenhsin Branch | No.208-1, Sec. 4, Wunsin Rd., North District, Taichung City 404, Taiwan (R.O.C.) | |
| 035 | 健行分行 | 桃園縣中壢市龍岡路 2 段 95 號 | (03) 428-0808 |
| 035 | Chenshin Branch | No.95, Sec. 2, Longgang Rd., Jhongli City, Taoyuan County 320, Taiwan (R.O.C.) | |
| 036 | 中和分行 | 台北縣中和市建一路 150 號 | (02) 8226-5168 |
| 036 | Chungho Branch | No.150, Jian 1st Rd., Jhonghe City, Taipei County 235, Taiwan (R.O.C.) | |
| 037 | 內湖分行 | 台北市瑞光路 399 號 | (02) 2658-6121 |
| 037 | Neihu branch | No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.) | |
| 038 | 大園分行 | 桃園縣大園鄉中正東路 56 號 | (03) 385-0505 |
| 038 | Tayuan Branch | No.56, Jhongjheng E. Rd., Dayuan Township, Taoyuan County 337, Taiwan (R.O.C.) | |
| 039 | 永和分行 | 台北縣永和市永和路 2 段 137 號 | (02) 8660-0808 |
| 039 | Yungho Branch | No.137, Sec. 2, Yonghe Rd., Yonghe City, Taipei County 234, Taiwan (R.O.C.) | |
| 040 | 中港簡易型分行 | 台北縣新莊市中港路 308 號 | (02) 2276-9678 |
| 040 | Chungkung Mini Branch | No.308, Jhonggang Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.) | |
| 041 | 通化簡易型分行 | 台北市通化街 74 號 | (02) 2739-5888 |
| 041 | Tonghwa Mini Branch | No.74, Tonghua St., Da-an District, Taipei City 106, Taiwan (R.O.C.) | |
| 042 | 士東分行 | 台北市士東路 91 巷 1-1 號 | (02) 2875-6161 |
| 042 | Shihtung Branch | No.1-1, Lane 91, Shihdong Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.) | |

Bank Directory

| 代號 | 單位名稱 Branch Name | 地 址 Address | 電話 Telephone |
|-----|---------------------------|--|-----------------|
| 043 | 微風簡易型分行 | 台北市復興南路1段39號2樓 | (02) 8772-2858 |
| 043 | Breeze Center Mini Branch | 2F., No.39, Sec. 1, Fusing S. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | |
| 044 | 長春分行 | 台北市長春路328號 | (02) 2545-5588 |
| 044 | Changchun Branch | No.328, Changchun Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | |
| 045 | 松江分行 | 台北市松江路228號 | (02) 2561-6601 |
| 045 | Sungchiang Branch | No.228, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | |
| 046 | 大安分行 | 台北市敦化南路2段14號 | (02) 2704-9588 |
| 046 | Taan Branch | No.14, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.) | |
| 047 | 永吉分行 | 台北市永吉路306號 | (02) 2748-0329 |
| 047 | Yungchi Branch | No.306, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.) | |
| 048 | 文林簡易型分行 | 台北市士林區文林路758號 | (02) 2835-1818 |
| 048 | Wenlin Mini Branch | No.758, Wunlin Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.) | |
| 049 | 東門分行 | 台北市信義路2段101號 | (02) 2358-2345 |
| 049 | Tungmen Branch | No.101, Sec. 2, Sinyi Rd., Jhongheng District, Taipei City 100, Taiwan (R.O.C.) | |
| 050 | 敦化分行 | 台北市敦化南路1段209-1號 | (02) 8773-3588 |
| 050 | Tunhwa Branch | No.209-1, Sec. 1, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.) | |
| 051 | 西湖分行 | 台北市內湖路1段88號 | (02) 8797-1537 |
| 051 | Hsihu Branch | No.88, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.) | |
| 052 | 北投分行 | 台北市中央北路1段68號 | (02) 2896-6333 |
| 052 | Beitou Branch | No.68, Sec. 1, Jhongyang N. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.) | |
| 053 | 北三重分行 | 台北縣三重市正義北路245號 | (02) 2982-6226 |
| 053 | North Sanchung Branch | No.245, Jhengyi N. Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.) | |
| 054 | 後埔分行 | 台北縣板橋市重慶路77號 | (02) 2964-2777 |
| 054 | Houpu Branch | No.77, Chongcing Rd., Banciao City, Taipei County 220, Taiwan (R.O.C.) | |
| 055 | 北中和簡易型分行 | 台北縣中和市中山路3段122號 | (02) 2221-9698 |
| 055 | North Chungho Mini Branch | No.122, Sec. 3, Jhongshan Rd., Jhonghe City, Taipei County 235, Taiwan (R.O.C.) | |

Bank Directory

| 代號 | 單位名稱 Branch Name | 地 址 Address | 電話 Telephone |
|-----|-----------------------|---|-----------------|
| 056 | 西盛分行 | 台北縣新莊市後港一路 26 號 | (02) 2205-2299 |
| 056 | Hsisheng Branch | No.26, Hougang 1st Rd., Sinhuang City, Taipei County 242, Taiwan (R.O.C.) | |
| 057 | 樹林分行 | 台北縣樹林市中華路 275 號 | (02) 8685-8939 |
| 057 | Shulin Branch | No.275, Jhonghua Rd., Shulin City, Taipei County 238, Taiwan (R.O.C.) | |
| 058 | 汐止分行 | 台北縣汐止市新台五路 1 段 159 號 | (02) 8642-5289 |
| 058 | Hsichih Branch | No.159, Sec. 1, Sintai 5th Rd., Sijhih City, Taipei County 221, Taiwan (R.O.C.) | |
| 059 | 北桃園分行 | 桃園市永安路 191 號 | (03) 339-6262 |
| 059 | North Taoyuan Branch | No.191, Yong-an Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.) | |
| 060 | 北中壢分行 | 桃園縣中壢市元化路 222 號 | (03) 426-1133 |
| 060 | North Chungli Branch | No.222, Yuanhua Rd., Jhongli City, Taoyuan County 320, Taiwan (R.O.C.) | |
| 061 | 北台中分行 | 台中市文心路 3 段 13 號 | (04) 2311-8555 |
| 061 | North Taichung Branch | No.13, Sec. 3, Wunsin Rd., Situn District, Taichung City 407, Taiwan (R.O.C.) | |
| 062 | 民權分行 | 台中市民權路 135 號 | (04) 2220-6789 |
| 062 | Minchuan Branch | No.135, Mincyuan Rd., West District, Taichung City 403, Taiwan (R.O.C.) | |
| 063 | 西屯分行 | 台中市西屯路 2 段 277 號 | (04) 2702-2152 |
| 063 | Hsitun Branch | No.277, Sec. 2, Situn Rd., Situn District, Taichung City 407, Taiwan (R.O.C.) | |
| 064 | 興中分行 | 台中市復興路 1 段 406 號 | (04) 2261-4040 |
| 064 | Singchung Branch | No.406, Sec. 1, Fusing Rd., South District, Taichung City 402, Taiwan (R.O.C.) | |
| 065 | 北屯分行 | 台中市文心路 4 段 701 號 | (04) 2245-2636 |
| 065 | Beitun Branch | No.701, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.) | |
| 066 | 南員林分行 | 彰化縣員林鎮三民街 37 號 | (04) 832-6388 |
| 066 | South Yuanlin Branch | No.37, Sanmin St., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.) | |
| 067 | 東嘉義分行 | 嘉義市公明路 372-1 號 | (05) 229-3922 |
| 067 | East Chiayi Branch | No.372-1, Gongming Rd., Chiayi City 600, Taiwan (R.O.C.) | |
| 068 | 府城分行 | 台南市中正路 92 號 | (06) 229-0866 |
| 068 | Fucheng Branch | No.92, Jhongheng Rd., West Central District, Tainan City 700, Taiwan (R.O.C.) | |

Bank Directory

| 代號 | 單位名稱 Branch Name | 地 址 Address | 電話 Telephone |
|-----|------------------------|--|-----------------|
| 069 | 豐原分行 | 台中縣豐原市府前街 102 號 | (04) 2522-8800 |
| 069 | Fongyuan Branch | No.102, Fucian St., Fongyuan City, Taichung County 420, Taiwan (R.O.C.) | |
| 070 | 富強分行 | 台南市東門路 3 段 15 號 | (06) 260-1268 |
| 070 | Fuchiang Branch | No.15, Sec. 3, Dongmen Rd., East District, Tainan City 701, Taiwan (R.O.C.) | |
| 071 | 開元分行 | 台南市開元路 229 號 | (06) 235-4445 |
| 071 | Kaiyuan Branch | No.229, Kaiyuan Rd., North District, Tainan City 704, Taiwan (R.O.C.) | |
| 072 | 南台南分行 | 台南市金華路 1 段 379 號 | (06) 265-5663 |
| 072 | South Tainan Branch | No.379, Sec. 1, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.) | |
| 073 | 苓雅分行 | 高雄市四維四路 30 號 | (07) 338-6033 |
| 073 | Lingya Branch | No.30, Sihwei 4th Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.) | |
| 074 | 北高雄分行 | 高雄市九如二路 548 號 | (07) 322-3699 |
| 074 | North Kaohsiung Branch | No.548, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.) | |
| 075 | 三民分行 | 高雄市九如一路 73 號 | (07) 389-0258 |
| 075 | Sanmin Branch | No.73, Jiouru 1st Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.) | |
| 076 | 五甲分行 | 高雄縣鳳山市南華路 173 號 | (07) 721-5866 |
| 076 | Wuchia Branch | No.173, Nanhua Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.) | |
| 077 | 屏東分行 | 屏東市民族路 172 號 | (08) 732-6777 |
| 077 | Pingtung Branch | No.172, Minzu Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.) | |
| 078 | 和平分行 | 台北市和平東路 3 段 68-2 號 | (02) 2735-2828 |
| 078 | Hoping Branch | No.68-2, Sec. 3, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.) | |
| 079 | 永春分行 | 台北市忠孝東路 5 段 453 號 | (02) 2748-0188 |
| 079 | Yongchun Branch | No.453, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.) | |
| 080 | 田心分行 | 台北縣三重市忠孝路 3 段 16 號 | (02) 8982-1155 |
| 080 | Tenshin Branch | No.16, Sec. 3, Jhongsiao Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.) | |
| 081 | 安康分行 | 台北縣新店市安康路 2 段 161 號 | (02) 2211-9088 |
| 081 | Ankang Branch | No.161, Sec. 2, Ankang Rd., Sindian City, Taipei County 231, Taiwan (R.O.C.) | |

Bank Directory

| 單位名稱 Name | 地址 Address | 電話 Telephone |
|---|--|-----------------|
| 越南代表辦事處 Ho Chi Minh Representative Office | 越南胡志明市第一郡阮惠大道 8 號 No.8,Nguyen Hue St., Dist.1, Ho Chi Minh City, Vietnam | (848) 732-6777 |
| 香港代表辦事處 Hong Kong Representative Office | 香港中環皇后大道中 30 號娛樂行 8 樓 C-D 室 8F, Unit C-D, Entertainment Building, No.30,Queen's Road Central, Hong Kong | (852) 2521-1678 |
| 聯邦財務有限公司 Union Finance International (HK) Ltd. | 香港中環皇后大道中 30 號娛樂行 8 樓 C-D 室 8F, Unit C-D, Entertainment Building, No.30,Queen's Road Central, Hong Kong | (852) 2521-1678 |
| 業務管理部 Business Planning & Administration Dept. | 台北市民生東路三段 109 號 3-5 樓 3-5F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 企業金融部 Corporate Loan Policy & Administration Dept. | 台北市民生東路三段 109 號 3 樓 3F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 國外部 International Banking Dept. | 台北市民生東路三段 109 號 2 樓 2F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 消費金融部 Consumer Banking Dept. | 台北市南京東路二段 137 號 7 樓 7F., No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | (02) 2515-5756 |
| 理財貸款部 Consumer Credit Dept. | 台北市松江路 228 號 4-5 樓 4-5F., No.228, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | (02) 2563-9393 |
| 信託部 Trust Dept. | 台北市南京東路二段 137 號 3 樓 3F., No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | (02) 2521-6668 |
| 財富管理部 Wealth Management Dept. | 台北市南京東路二段 137 號 3 樓 3F., No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | (02) 2521-6668 |
| 證券金融部 Securities Finance Dept. | 台北市南京東路二段 137 號 2 樓 2F., No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | (02) 2504-0066 |
| 財務部 Treasury Dept. | 台北市民生東路三段 109 號 5 樓 5F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 債權管理部 Default Loans Management Dept. | 台北市民生東路三段 109 號 2 樓 2F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |

Bank Directory

| 單位名稱 Name | 地址 Address | 電話 Telephone |
|--|--|-----------------|
| 不動產管理部 Real Estate Management Dept. | 台北縣新莊市中山路一段 105 號 2 樓 2F., No.105, Sec. 1, Jhongshan Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.) | (02) 8522-7272 |
| 行銷企劃部 Product Development & Marketing Dept. | 台北市中山北路二段 83 號 7 樓 7F., No.83, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.) | (02) 2536-9999 |
| 資訊部 Information Technology Dept. | 台北市內湖區瑞光路 399 號 4 樓 4F., No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.) | (02) 8752-6090 |
| 人事部 Human Resources Dept. | 台北市民生東路三段 109 號 5 樓 5F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 總務部 General Affairs Dept. | 台北市民生東路三段 109 號 11 樓 11F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 作業中心 Operation Center | 台北縣新莊市思源路 601 號 4 樓 4F., No.601, Sihyuan Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.) | (02) 8522-7890 |
| 信用卡中心 Credit Card Group | 台北市內湖區瑞光路 399 號 5 樓 5F., No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.) | (02) 2719-2233 |
| 國際金融業務分行 Offshore Banking Branch | 台北市民生東路三段 109 號 2 樓 2F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |
| 稽核部 Audit Dept. | 台北市民生東路三段 109 號 5 樓 5F., No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.) | (02) 2718-0001 |