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First Commercial Bank
30, Chung-King S. Road, Sec. 1
Taipei 100-05, Taiwan
Tel: 886-2-2348-1111 Fax: 886-2-2361-0036
http://www.firstbank.com.tw
e-mail: fcb@mail.firstbank.com.tw

Spokesperson
Mr. Po-Chiao Chou
Executive Vice President

Auditor Report
PricewaterhouseCoopers
Tel: 886-2-2729-6666

Rating Agency
Taiwan Ratings Corp.
Tel: 886-2-8722-5800

Highlights

(in millions)	12.31.2006 NTD	12.31.2005 NTD	12.31.2006 USD
Major financial data at year end			
Total assets	**1,574,022**	1,501,047	**48,209**
Bills discounted and loans	**972,045**	890,592	**29,772**
Deposits and remittances	**1,219,889**	1,144,642	**37,363**
Common stock	**46,216**	46,216	**1,415**
Stockholders' equity	**87,125**	76,843	**2,668**
Operating results			
Total revenues	**56,009**	50,358	**1,715**
Total expenses	**42,315**	36,757	**1,296**
Pre-tax income	**13,694**	13,601	**419**
Income tax	**(3,339)**	(3,382)	**(102)**
Cumulative effect of a change in accounting principle	**563**	-	**17**
Net income	**10,918**	10,219	**334**
Capital adequacy ratio			
BIS capital ratio	**11.00%**	10.24%	
World rank			
The Banker - by tier 1 capital (12/05)	**224**	236	
The Banker - by total assets (12/05)	**201**	196	
Distribution network			
Domestic full/mini/sub-branches	**182/6/9**	176/6/11	
Overseas branches/rep. offices/OBU	**12/3/1**	12/3/1	
First Commercial Bank (USA)	**1 main office and 4 branches**	1 main office and 4 branches	
Number of employees	**7,074**	7,192	

*NT$32.65:US$1.00

History

First Commercial Bank has grown strongly and steadily with Taiwan's economic development over the last 100 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transform into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certificate from BSI

Message to Our Shareholders

Michael C. S. Chang
Chairman of the Board

Business Report for 2006

Overview of Financial Industry of Taiwan

Thanks to stable economic expansion in the major countries and the drop in international oil prices, the global economy in 2006 not only surpassed its 2005 performance to grow at a rate of 5.1% but inflationary risk was also kept well within control. Although domestic demand in Taiwan weakened a little because of card-debt problems and the unclear prospects for cross-straits development, external trade performed brilliantly and, with macroeconomic performance in an "externally hot and internally cold" situation, economic growth for the year as a whole reached 4.62%. In this environment the amount outstanding loans by major financial institutions at the end of the year was up only 2.44% compared with the end of 2005, the smallest growth in five years. Vigorous efforts to write off bad loans and allocate reserves brought the nonperforming loan (NPL) ratio in the banking system down to 2.13% and boosted the ratio of NPL coverage to 58.83%. Both of these figures were the best since 2001, showing that operating risk in Taiwan's banking system has declined and asset quality has improved.

Domestic interest rates experienced a slow rise in 2006, with continuous hikes by the Central Bank bringing the overnight call rate to 1.69% at the end of December and the annual average to 1.56%, an increase of 25 bps over a year earlier. Overall, however, the supply of funds in the monetary market remained loose; because of this factor, plus intense competition in the banking industry, the spread between deposit and loan interest rates narrowed from 2.17% at the end of 2005 to 1.77% at the end of 2006. Bank earnings plummeted during the year because the shrinking interest-rate spread eroded profits and because of the aggressive write-off of card debt or increased allocation of reserves by banks that focused on consumer banking. The latest information from the Financial Supervisory Commission puts the 2006 before-tax losses of domestic banks at

Chin-Yun Wu
President

NT$7.42 billion; return on equity (ROE) dropped from 4.81% in 2005 to -0.43% in 2006, while return on assets (ROA) fell from 0.30% to -0.03%. This was the lowest profitability since 2002, when huge write-offs of bad debt, in order to reduce their NPL ratios, caused an annual loss of NT$104.6 billion.

Performance of the Bank

Thanks to the support of our clients and shareholders, plus the efforts of all our employees, the Bank bucked the generally poor profit performance of Taiwanese banks in 2006 and, even in such a tough financial environment, reached its budget target and turned in a before-tax profit of NT$13.694 billion. This performance has been acknowledged by winning a highly respected global award "Bank of the Year 2006" for Taiwan from *The Banker* magazine, a unit of the Financial Times Group in England. Following are descriptions of the Bank's organizational restructuring, results of operating strategies, budget implementation, income and expenditure, and research & development in 2006:

Organizational Restructuring

The Bank carried out an overall organizational restructuring in 2006, retaining the advantages of the business unit framework and picking out the superiority of the original branch system, further heightening the function of branch managers, and unifying responsibility for the operating performance of branches so as to fully leverage the sales channel advantage of the Bank's existing branch units; strengthening solidarity, cooperation, and lateral communication, and providing good customer services that make customers satisfied with the Bank's good and considerate service. In doing this we will assure that there is no compromise on service and will create a win-win-win situation for our customers, employees, and shareholders alike.

Performance of Operating Strategies

Products innovation

The Bank developed "Trusteeship Service for Securitization", participated in the underwriting of the "First OTC International Bond", undertook "Compulsory Trusteeship of the Property of High-ranking Officials of the Executive Yuan and Its Subsidiary Agencies", and other products; inaugurated the "Platinum Business Card", "Preferential Loans for Distribution Services", "Investment Loans for Returning Taiwanese", "Online Financing Service for the Formosa Plastics Network", "Loans for Own-brand Promotion in Overseas Markets", "Bulk Payments for Vietnamese Workers" and other new products; actively pursued the opportunity to be the Mandated Lead Arranger (MLA) for syndicated loans; and expanded the marketing of financial products, thus increasing the Bank's fee income.

Reinforcing Internet banking functions and upgrading information quality

In response to the ubiquitous nature of the Internet and to provide convenience for customers, the Corporate E- Banking has been completely upgraded and the payment of foreign-currency funds via the Internet bank added to its functions. In addition, the Bank has won ISO 27001 information security certification from BSI of the U.K., propelling it toward the new international age of information security.

Deployment of domestic and overseas bases and development of cross-straits businesses

An overall reinforcement of domestic and overseas branch networks has been carried out. Within Taiwan, the Bank relocated offices taken over from farmers' and fishermen's associations and established them as the Kao-Ko, Yung-Kang, Nan-Tun, Chin-Hua, Dan-Shui, and Lin-Kou branches. Overseas, applications were submitted for the establishment of Toronto Branch and Brisbane Branch, and for the upgrading of the Hanoi Representative Office to branch status. This made the Bank's domestic and overseas branch networks even more comprehensive and enabled it to serve its customers better. In response to the booming development of economic and trade ties across the Taiwan Straits, the Bank is vigorously promoting the loan and wealth management business in the Greater China area and building up a closely knit service network made up of Hong Kong Branch, Shanghai Representative Office, Offshore Banking Branch, and domestic branches, and is integrating and expanding its cross-straits marketing team for the all-out promotion of business in the Greater China.

Introduction of a new account-settlement system

The simplification project of a new branch account-settlement system was completed in 2006, not only enhancing the efficiency and quality of account settlement by branches, but also reinforcing internal controls while, at the same time, providing a good foundation for follow-up analysis of operating performance and benefiting the overall operating efficiency.

Strengthening of risk control

To comply with the risk management demands of Basel II, credit, market, and operational risk management tools were continuously developed to further strengthen the monitoring and management of different kinds of risk. The Bank suffered only a slight impact from the cash- and credit-card turmoil that has confronted the banking industry in the past two years. The Bank's NPL ratio at the end of 2006 was only 1.57% and coverage ratio was 52.15%, indicating that its assets quality is better than the average in the banking industry.

Market research

In response to the rapid changes taking place in domestic and international economic and financial conditions, and to meet the needs of business development, in 2006 the Bank directed its research mainly in the direction of forecasting and analysis of economic, financial, and industrial conditions, the potential impact of changes in domestic and overseas financial regulations, and trends in the development of new types of financial products and businesses. The results of this research have been disseminated to related organizations and to all the Bank's employees via video and the Internet.

Budget Implementation, Growth and Profitability

- The average deposits were NT$1,144,124 million, a target of 100.08% and an increase of NT$41,100 million over 2005 or a growth of 3.73%.
- The average loans were NT$893,500 million, a target of 98.72% and an increase of NT$64,388 million from 2005 or a growth of 7.77%.
- The foreign trade finance totaled US$178,543 million, and an achievement of 99.91%, this amount was up US$4,589 million over 2005 or a growth of 2.64%.
- The sale of non-discretionary trust of money, including domestic and offshore funds, collective management account plus foreign securities reached NT$239,779 million, an achievement of 91.34% and an increase of NT$16,360 million over 2005, a growth of 7.32%.
- Custody of funds amounted to NT$276,573 million, reached a target of 79.75%, an increase of NT$16,596 million over 2005 or a growth of 6.38%.
- Revenues and expenses totaled respectively NT$56,009 million and NT$42,315 million, yielding a pre-tax income of NT$13,694 million.

Economic Outlook and Business Targets

Business Plans for 2007

The global economy will continue to grow stably in 2007 and Taiwan's domestic economy will remain in a state of expansion, with growth for the year expected to over 4%. Foreign equity investment in Taiwan and the outward migration of Taiwanese industries are expected to heat up competition in the banking industry, but a rise in profitability is anticipated following the improvement of asset quality and the gradual subsiding of the cash- and credit-card crisis. The Bank's organizational restructuring has taken effect; and besides, striving to optimize business processes and establish a performance orientation with a "customer-first" service culture, during this new year, the Bank will place the emphasis of its operations on the development of business in the Greater China area, syndicated loans, wealth management, and the marketing of financial products. In the face of the intensely competitive market environment, we will not only offer a full spectrum of financial services but will also continue enhancing our risk management and internal control capabilities, and consolidating our existing high-quality assets, so as to reach our budget targets for the year of NT$1,200,631 million in average outstanding deposits and NT$966,511 million in outstanding loans.

Future Development Strategies

To assure the achievement of these targets, our development strategies and key operating directions for the year are as follows:

- Integration of the resources of the First Financial Holding Co. and full application of the Bank's marketing-channel advantage to vigorously carry out cross-marketing and enhance product penetration.

- Use of Hong Kong as an outpost and a springboard for the development of cross-straits business opportunities, and devotion of full efforts to the development of wealth management, and providing composited financing for offshore companies in the Greater China area, so as to strengthen services to Taiwanese businesses overseas.
- Overall heightening of business volume and market share for key products, with special emphasis on the marketing of syndicated loans, foreign exchange, wealth management, and financial products, and boosting of the ratio of commission fee income.
- Active establishment of strategic alliances with high-quality financial institutions, and enhancement of the Bank's product design capabilities and marketing skills.
- Continued readjustment and deployment of domestic and overseas branch units so as to serve as a model for Taiwan's banking industry and as the ideal financial partner for Taiwanese companies all over the world.
- Reinforcement of the risk management mechanism and maintenance of a low NPL ratio and high coverage ratio.
- Continued optimization of working processes so as to release back-office personnel, and strengthening of professional training to enable them to switch to front-office sales jobs.
- Thorough monitoring of expense-budget implementation so as to lower operating costs bank-wide.
- Continued heightening of the ratio of demand deposits and strengthened sale of investment products so as to lower capital costs throughout the Bank.
- Continued establishment of the Basel II risk management mechanism so as to maintain the quality of the Bank's assets.

Influence of the Financial Industry

The Sector Environment

The share of assets held by Taiwan's five largest banks is still less than 40% of the total assets in the banking system as a whole, and there is concern about having too many banks. This situation is exacerbated by the very high degree of similarity in the products and services offered by the different banks; this leads to price competition, which in turn brings about a continuous shrinkage of the spread between deposit and loan interest rates. Since interest income is still the main source of revenue for Taiwan banks, this makes it difficult to boost profits. Whether or not the banks will be able to improve their profit performance in the future will be determined by the extent of their demand for asset quality and their success at adjusting the structure of their operating revenues. In view of this situation, the Bank is striving to readjust the structure of its operating revenues; and last year, by strengthening the development of wealth management and the marketing of financial products, we achieved an 18% growth in commission fee income. This year we will continue our focus on these key businesses in order to create more non-interest income.

The Regulatory Environment

The New Basel Capital Accord is becoming effective in 2007, with a large-scale adoption of quantitative calculation models and a clearer calculation of risk. This is expected, through appropriate risk control and the lowering of capital costs, to expand the flexibility and the dimensions of banking operations. Once the banks have an objective capability for differentiation, they will be able to escape price competition and strengthen their competitiveness; the strength or weakness of a bank will also become increasingly apparent, and those with poor quality will face the pressure of acquisition and this will become an indirect force for consolidation. The Bank is already working on its conformance with the New Basel Capital Accord; this entails boosted investment in R&D, but in the future it will upgrade risk-control capability and facilitate the improvement of profitability. At the same time, the Bank will thoroughly optimize its risk-management mechanism with the aim of achieving the target of strengthened competitiveness.

The Macroeconomic Environment

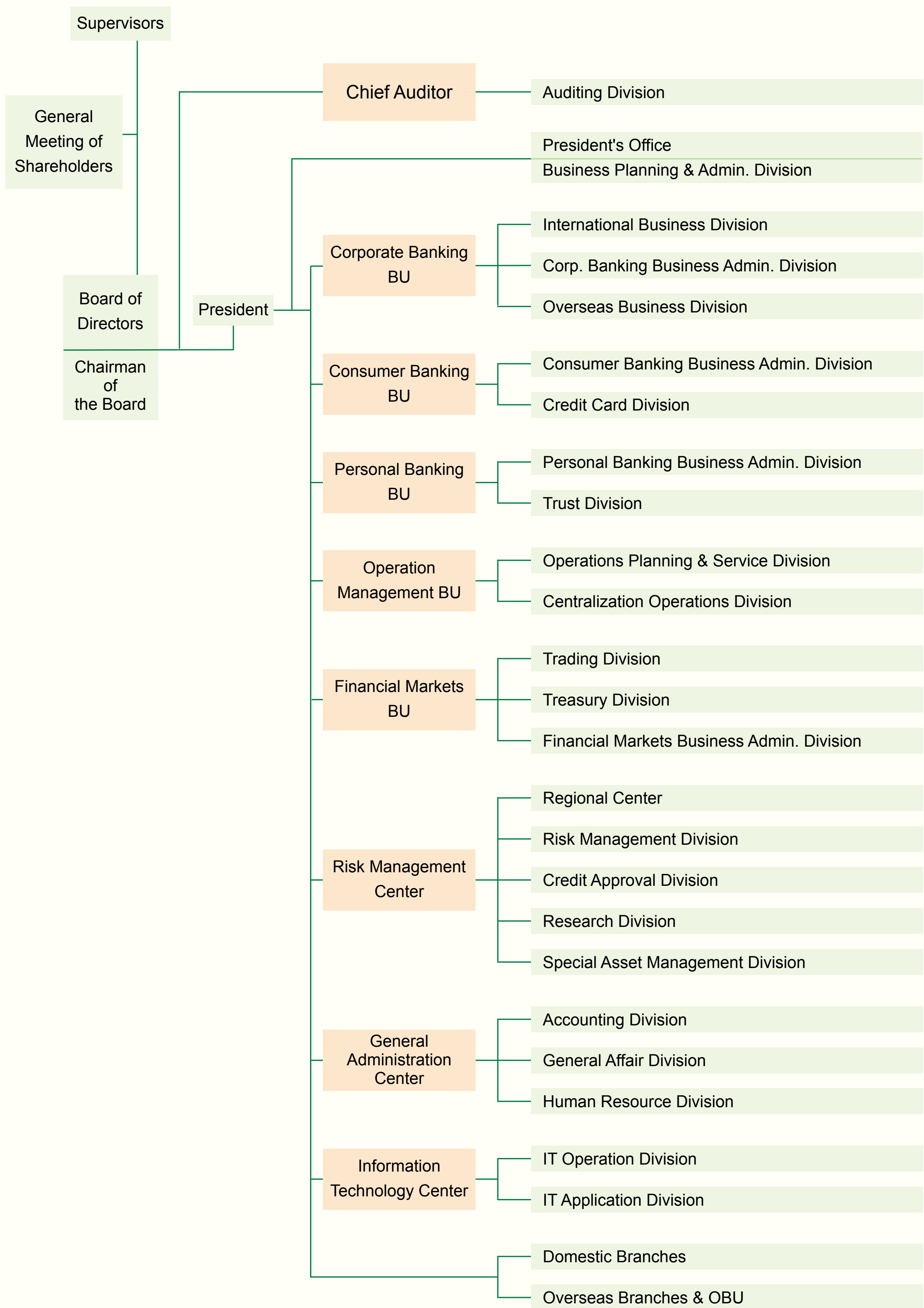
Domestic and international economic performance is expected to remain steady in 2007; but domestic corporate investment intention is not strong, so the growth in loans will be limited. Signs of overheating have appeared in the real estate market recently, leading operators to turn toward a greater emphasis on the control of quality; for this reason, growth in the construction financing and home loan businesses may be slow in comparison with the past. Further, the attitude of bankers toward the extension of unsecured consumer loans will likely continue to be conservative due to the impact of the card-debt turmoil. To sum up the above, the overall scale of loan extension by banks is expected to expand only moderately this year. In fact the Bank began viewing the overseas loan business as a new profit engine last year, and the ratio of before-tax profit contributed by overseas branches has already surpassed 20%. The effort to strengthen the development of overseas businesses, including international syndicated loans and business in the Greater China area, will continue this year.

Credit-rating Results

Rating Institution	Published Date	LT	ST	Outlook
Taiwan Ratings Co.	June 26, 2006	twAA-	twA-1	Stable
Fitch	November 30, 2006	BBB+	F2	Stable
Moody's	October 31, 2006	A3	P-1	Stable
Standard & Poor's	June 26, 2006	BBB+	A-2	Stable

In the new year we will continue placing emphasis on the development of key businesses, on product innovation, on customer satisfaction, and on the upgrading of operating quality with the aim of continuing to increase the Bank's profitability and expand asset scale and market share in 2007. Our objective is to become a model for Taiwan's banking industry and the most competitive international bank serving Chinese communities, and to continue creating sustainable value that is shared by our shareholders, customers, and employees alike.

Organization Chart



January 2007

Board of Directors and Supervisors

Title	Name	Date of First Appointment	Education and Career Background	Other Current Position
Chairman of the Board	Michael C. S. Chang	Jan. 16'06	▪ M.S. Public Finance, National Chengchi University Practicing CPA; Standing Supervisor, FCB; Chairman, Bank of Overseas Chinese; Chairman, Taiwan Business Bank	Chairman, First Financial Holding Co., Ltd. ("FFHC"); Chairman, First Commercial Bank (USA) ; Director, Taiwan Asset Management Corp.
Managing Director	Hsien-Chuan Huang	July 13'06	▪ LL.M., Meiji University, Japan Chief Auditor, FCB; Chairman, National Investment Trust Co., Ltd.	Director and President, FFHC
Managing Director	Teng-Lung Hsieh	July 13'06	▪ National Taichung Institute of Commerce General Auditor, Bank of Taiwan	Director, FFHC; EVP, Bank of Taiwan
Managing Director	Hsien-Feng Lee	July 13'06	▪ Ph. D., Bieldfeld University, Germany Director, Farmers Bank of China	Director, FFHC; Associate Professor of Dept. of Economics, National Taiwan University
Managing Director	Tien-Yuan Chen	Oct. 22'97	▪ B.A., Tamkang University Chairman, Taiwan Coca-Cola Co., Ltd.	Director, FFHC; Chairman, Golden Garden Investment Co., Ltd.; Chairman, Golden Gate Motor Co., Ltd.
Director	Chin-Yun Wu	July 13'06	▪ Tatung Institute of Commerce and Technology SVP & General Manager of Corporate Banking Dept. and Regional Center, FCB; EVP, FCB	President, FCB; Director, CDIB & Partners Investment Holding Corp.
Director	Chau-Jung Kuo	June 21'02	▪ Ph.D., in Economics, National Chengchi University Council Member of Council for Economic Planning and Development, Executive Yuan	Chair and Professor of Dept. of Finance, National Sun Yat-Sen University
Director	Yih-Cherng Yang	July 19'00	▪ M.A., National Taiwan University Managing Director and Standing Supervisor, China Bills Finance Corp.	President, Small Business Integrated Assistance Center
Director	Jen-Hui Hsu	July 8'03	▪ Ph.D. University of Southern California Commissioner of National Treasury Agency, MOF; Associate professor and Chair of Dept. of Economics, Shih Hsin University	Dean and professor of Dept. of Public Policy and Management, Shih Hsin University
Director	Ruei-Chun Chang	Feb. 12'04	▪ Ph. D., National Chiao Tung University Professor of Dept. of Computer & Information Science, National Chiao Tung University	Chief Technology Auditor, Acer Production Value Lab.
Director	Chin-Yuan Kung	Dec. 23'05	▪ National Taipei University of Technology Chairman, Leader Real Estate Development Co., Ltd.; Director, Taiwan Business Bank	Director, FFHC; Supervisor, Draco Group
Director	Albert K. C. Ting	July 13'06	▪ MBA, Massachusetts Institute of Technology Vice Chairman, CX Technology Corp.	Director, FFHC; Chairman, CX Technology Corp.; Chairman, Alexander Leed Risks Service Inc.
Director	Chieh-Shin Sung	Apr. 6'05	▪ Tsoyin Senior High School Associate, FCB; Chairman, Industrial Union of FCB	Senior Associate of Business Division, FCB
Standing Supervisor	Yung-Sun Wu	Sep. 16'04	▪ B.A., Soochow University Professor, Soochow University; Professor and Head of The Management Science Graduate Institute, National Chiao Tung University; Supervisor, China United Trust & Investment Corp.; Supervisor, FFHC	Advisor, Taiwan Fuhbic Corp.
Supervisor	Lung-Cheng Pan	July 19'00	▪ M.A., The Graduate Institute of Management Sciences, Tamkang University Director of Bureau of Monetary Affairs, MOF	EVP, Central Deposits Insurance Corp.
Supervisor	Li-Shu Lee	July 13'06	▪ B.A., National Chung Hsing University Chief of Statistics Office, Examination Yuan	Supervisor, FFHC; Director General of Dept. of Statistics, MOF
Supervisor	Lynette L. T. Chou	July 13'06	▪ Ph. D., University of Houston, C.T. Bauer College of Business, U.S.A. Chair and Associate Professor of Dept. of Accounting, National Chengchi University	Supervisor, FFHC; Professor of Dept. of Accounting, National Chengchi University
Supervisor	Kao-Chen Chuang	Feb. 14'07	▪ B.A. National Chengchi University Manager of Sung Chiang and Hsin Chuang Branches, Bank of Taiwan	Supervisor, FFHC; SVP & General Manager of Economic Research Office, Bank of Taiwan

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Executive Officers

Title	Name	Date of First Appointment	Education and Career Background	Other Current Position
President	Chin-Yun Wu	May 1'06	■ Tatung Institute of Commerce and Technology SVP & General Manager of Corporate Banking Dept. and Regional Center, FCB; EVP, FCB	Director, CDIB & Partners Investment Holding Corp.
EVP of Corporate Banking BU	Shoei-Jiunn Chang	Feb. 15'07	■ B.A., Fu Jen University SVP & General Manager of Hsin-Chu Regional Center and Corp. Banking Business Admin Div., FCB	
EVP of Operation Management BU	Jin-Der Chiang	Jan. 8'04	■ M.A., Tamkang University VP & General Manager of Singapore Branch, FCB; SVP & General Manager of Information Technology Dept. and Savings Dept., FCB	Supervisor, Taipei Forex Incorp.; Director, National Investment Trust Co., Ltd.
EVP of Consumer & Personal Banking BU	Shwu-Mei Shiue	Mar. 17'06	■ B.A., National Taiwan University SVP & General Manager of Treasury Dept. and Personal Banking Dept., FCB	Director, East Asia Real Estate Management Co., Ltd.; Advisor & Head of Risk Management Dept., FFHC
EVP of Financial Markets BU	Hsin-Shih Hung	Mar. 17'06	■ B.A., National Taiwan University VP & General Manager of Treasury Dept., FCB; SVP & General Manager of Treasury Division, FCB	Director, First Taisec Securities Inc.
EVP of Risk Management Center	Po-Chiao Chou	Sep. 16'04	■ B.A., National Cheng Kung University VP & General Manager of Accounting Dept. and General Affair Dept., FCB; SVP & General Manager of General Affair Division, FCB	Supervisor, Tang Eng Iron Works Co., Ltd.; Supervisor, National Investment Trust Co., Ltd.
EVP of General Administration Center	Ying-Hsiung Lin	Jan. 8'04	■ B.A., National Taiwan University SVP & General Manager of Credit Card Dept., Personal Banking Dept. and Business Development Dept., FCB	Advisor & General Manager, FFHC; Director, National Investment Trust Co., Ltd.
EVP of Information Technology Center	Jason Ko	Sep. 16'04	■ M.A., George Washington University SVP & General Manager, Information Technology Division, FCB	Advisor & Head of Information Technology Dept., FFHC
Chief Auditor	Ding-Yuan Yeh	Sep. 23'04	■ B.A., National Chengchi University SVP & General Manager, Auditing Dept., FCB	Chief Auditor, FFHC; Supervisor, National Investment Trust Co., Ltd. and FCB Leasing Co., Ltd.

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Banking Operations

Scope of Operations

Banking Business Line

1. Receive all kinds of deposits.
2. Issue financial bonds.
3. Extend loans.
4. Discount bills and notes.
5. Invest in securities.
6. Engage in domestic remittances.
7. Engage in acceptance of commercial drafts.
8. Issue local letters of credit.
9. Guarantee the issuance of corporate bonds.
10. Engage in domestic guarantee business.
11. Act as collecting and paying agent.
12. Act as agent to sell government bonds, treasury bills, corporate bonds, and stocks.
13. Act as securities underwriter.
14. Engage in securities trading on its own account.
15. Engage in rental safe deposit box.
16. Engage in agency services related to the business listed on business license or approved by the competent authorities.
17. Engage in credit card business.
18. Act as agent to sell gold bullions, gold and silver coins.
19. Purchase and sale of gold bullions, gold and silver coins.
20. Engage in import and export of foreign trade, outward and inward remittances, foreign currency deposits, foreign currency loans and guarantee business of foreign currency.
21. Purchase and sale of foreign currency cash and travelers checks.
22. Engage in derivative financial products approved by the competent authorities.
23. Engage in trust business as regulated.
24. Handle the investment in foreign securities under non-discretionary trust of money service.
25. Handle the investment in domestic securities investment trust funds under non-discretionary trust of money service.
26. Purchase and sale of government bonds.
27. Act as broker, dealer, registrar, and underwriter for short-term debt instruments.
28. Provide financial consultation service for financing.
29. Act as agent to sell charity lottery tickets approved by the competent authorities.
30. Engage in foreign exchange margin trading.
31. Purchase and sale of corporate bonds and financial bonds.
32. Engage in wealth management business.

Trust Business Line

1. Trust Business
   - Trust of money
   - Trust of loans and related security interests
   - Trust of securities
   - Trust of real estate
   - Trust of superficies
   - Handling discretionary investment business by means of trust
2. Affiliated business
   - Act as agent for issuance, transfer, registration of securities, and for distribution and payment of dividends and bonuses.
   - Provide consultation services for securities issuance and subscription.
   - Provide registration for securities.
   - Act as trustee for issuance of bonds and engage in agency services related to the business.
   - Provide custody services.
   - Act as custodian of securities investment trust funds.
   - Provide consultation services in connection with investments, financial management and real estate development.
   - Handle full discretionary investment business on a consignment basis.
   - Other related business approved by the competent authorities.

Main Figures for Business Operations

		2006 NT$,000	%	2005 NT$,000	%
Deposits at year end					
Current Deposits	Checking deposits	40,892,120	3.1	41,504,160	3.2
	Demand deposits	220,035,109	16.5	221,408,283	17.2
	Savings deposits	355,455,943	26.6	338,847,729	26.3
	Sub-total	616,383,172	46.2	601,760,172	46.7
Time Deposits	Time deposits	286,375,718	21.4	225,999,692	17.5
	Time savings deposits	316,054,502	23.7	315,820,879	24.5
	Sub-total	602,430,220	45.1	541,820,571	42.1
Others	Due to banks	34,444,007	2.6	43,331,896	3.4
	Overdrafts from banks	2,134,070	0.2	1,424,371	0.1
	Call loans from banks	80,173,203	6.0	99,813,325	7.7
	Sub-total	116,751,280	8.7	144,569,592	11.2
Total		**1,335,564,672**	**100.0**	**1,288,150,335**	**100.0**
Loans at year end					
Corporate		521,929,360	54.1	488,029,914	55.2
Consumer		284,810,402	29.5	257,627,797	29.1
In foreign currencies by domestic branches		43,210,158	4.5	43,624,476	4.9
By foreign branches		110,626,698	11.5	91,863,562	10.4
Import-export negotiations		3,758,831	0.4	3,244,034	0.4
Total		**964,335,449**	**100.0**	**884,389,783**	**100.0**
Foreign Trade and Payment (US$,000)					
FX buy	Export negotiations and collections	6,672,751	3.7	6,661,111	3.8
	Inward remittances	82,495,216	46.2	81,321,248	46.7
	Sub-total	89,167,967	49.9	87,982,359	50.6
FX sell	Import L/Cs and collections	5,932,269	3.3	5,972,786	3.4
	Outward remittances	83,443,252	46.7	79,999,684	46.0
	Sub-total	89,375,521	50.1	85,972,470	49.4
Total		**178,543,488**	**100.0**	**173,954,829**	**100.0**
Total Revenues					
Interest income		42,937,557	76.7	36,964,726	73.4
Fees and commissions		5,568,819	9.9	4,712,278	9.4
Gains on financial assets and liabilities		1,902,266	3.4	1,130,647	2.2
Income from equity investments accounted for under the equity method		405,122	0.7	400,284	0.8
Foreign exchange gains		882,604	1.6	1,481,302	2.9
Other non-interest income		4,312,581	7.7	5,668,885	11.3
Total		**56,008,949**	**100.0**	**50,358,122**	**100.0**
Total Expenses					
Interest expenses		22,556,811	53.3	17,353,047	47.2
Fees and commissions		1,073,596	2.5	952,882	2.6
Provisions		4,735,859	11.2	4,320,502	11.8
Business and administrative expenses		13,585,526	32.1	13,784,511	37.5
Other non-interest expenses and losses		363,270	0.9	346,045	0.9
Total		**42,315,062**	**100.0**	**36,756,987**	**100.0**

NT$,000		2006	2005
Trust Business			
Balance at year end	Custody of funds and discretionary investment assets	356,612,280	339,332,594
	Domestic trust assets	74,385,826	68,820,343
	Foreign trust assets	128,197,552	101,684,318
	Trustee accounts	45,288,251	34,575,371
	Family wealth trust assets	1,662,703	1,359,336
	Corporate employees' saving plan trust assets	995,399	927,387
	Real estate trust assets	2,676,294	1,425,522
	Securities trust assets	34,968,533	12,315,842
	Project trust assets	789,755	513,461
	Collective management accounts	3,809,581	4,089,083
Transaction Volume	Registrar for issuance of securities	914,092,789	1,270,111,414
Investment Business			
Bills outright buy and sell (OB/OS)		27,401	8,702,069
Bills repurchase/resale (RP/RS)		-	7,320,357
Bills underwriting		3,337,500	4,387,500
Credit Card Business			
Number of cards outstanding		599,551	743,013
Transaction volume		18,697,659	21,305,061
Revolving credit card debt		2,609,162	3,717,233
Wealth Management Business			
Deposits		288,625,431	-
Mutual funds		95,732,914	-
Bills/bonds		10,143,148	-
Derivative financial products		19,586,936	-
Insurance products		10,284,694	-

Market Analysis

Multinational Network The Bank, century-old, is a large bank with a rich native feature of Taiwan, and the pace of its internationalization has accelerated along with the outward extension of the island's economic power. At the end of 2006, the Bank had 188 branches country-wide as well as 20 business locations in major International financial centers such as London, New York, Tokyo, Hong Kong, Singapore, and the Southeast Asian countries that have had such strong potential for development in recent years. The Bank derived 20% of its profit from overseas branches in 2006.

The Supply Side

Future Market Supply, Demand and Growth Because of the difficulty of pushing forward of financial consolidation in Taiwan, the increasingly narrow interest margin brought on by excessive competition among banks is not easy to change, and price-cutting competition among local banks is becoming fiercer by the day due to their high ratio of product similarity. Moreover, it shows that the acquisition of small- and medium-sized local banks by foreign financial institutions is becoming more active, helping those banks to become the major market force in providing personal wealth management services to those at the top of the economic pyramid and financial products to Taiwanese businesses around the world.

The Demand Side

The cash- and credit-card turmoil has led to a substantial reduction in the demand for consumer financial products, but the development of Taiwan's economy over the past 50 years has created a group of people whose wealth has accumulated rapidly and who have become affluent because of rising land prices and increasing stock values. Further, domestic interest rates have been low for years, leading to a constantly increasing demand for the sending of capital abroad in search of higher returns. Because of these factors, the provision for clients with a service platform for investment consultation, tax planning, and asset management products has become a key development strategy for just about all banks in Taiwan.

In the area of corporate finance, the global deployment of domestic productive enterprises for the purpose of enhancing competitiveness has long since become a trend, and the locomotive force for domestic economic growth has gradually diversified from manufacturing into telecommunications services, shipping and warehousing, biotechnology, software design, digital content, and other creative industries. Besides pursuing ways to keep up with the pace of these Taiwanese enterprises by providing financial products to satisfy their demand for short- and long-term capital both at home and abroad, the domestic banking industry needs to break away from its traditional emphasis on the model of credit extension secured by tangible collateral and design a new loan framework that will enable them to grasp the flow of funds and goods, and to take advantage of opportunities in this new type of business.

Competitive Niche, Favorable and Unfavorable Factors in Development Prospects, and Responsive Measures

A widespread network of business locations, large number of customers, and a century-long heritage of stable operation are competitive advantages of the Bank that are clear to everybody. Within the rapidly changing external operating environment, however, in its development over the long term, the Bank may meet with the following circumstances:

Favorable Factors

- The write-off of bad loans over the past several years has brought a major improvement in the transparency of asset quality; and with strict examination by risk control units, the Bank should be possible to maintain asset quality in the future.
- The implementation of the New Basel Capital Agreement will highlight the operating value of banks that emphasize risk management; when the Bank's use of risk management tools becomes mature, therefore, the Bank will become more nimble in its product pricing strategy and be able to reduce its allocation of reserves as well as calculate the performance of each unit more accurately. This will boost the Bank's competitiveness to a higher level.
- After privatized, the Bank has been able to recruit outstanding personnel from top domestic and foreign schools every year. Those capable staff equipped with the latest professional financial know-how plus in infusion of the Bank's superior tradition will surely become a vanguard of its operation moving forward toward the aim of "transcends competition and opens new horizons".

Unfavorable Factors

- Many uncertainties remain on Taiwan's financial reform, and the excessive competition in the banking industry is unlikely to see any improvement within the next few years.
- Mainland China is one of the main destinations for overseas deployment by Taiwanese enterprises; but in political relations no model for cross-straits interaction has been established, and this inevitably constricts the room in which domestic banks have for development.

Responsive Measures

While the Bank's operations cannot avoid being influenced by the above-mentioned factors, the following responsive measures have been formulated:

- Enhancing the conventional products of SMEs loans, foreign exchange, and trust businesses.
- Expansion of the scope of joint marketing under the financial holding company framework.
- Startup of four major profit engines under the frame of Business Unit: domestic and international syndicated loans, the Greater China market business, the financial marketing business, and the wealth management business.

Business Plans for 2007

Corporate Banking BU

The ideal financial advisor for Taiwanese businesses throughout the world, and a leading Taiwanese bank in the international syndicated loan business

- The sales of high-profit and high-commission products will be introduced and performance in the utilization of resources enhanced, particularly in areas of factoring, foreign exchange, and syndicated loans.
- The Bank will use the advantages of the domestic and overseas channels, and its vast customer base to focus on Taiwanese businesses in the Greater China area, so as to expand business opportunities in the foreign exchange and derivatives businesses.
- The Bank aims to regain its position as top of Taiwan's "Big Three" commercial banks in the loan business.
- The Bank will target Taiwanese businesses in Taiwan, Hong Kong, and mainland China in deepening its customer relationships.
- Self-compensating financing will be the main focus among different loan products; and loans' quantity and quality will be equally emphasized.
- The information systems of domestic and overseas branches will be integrated for the provision of global funds-flow services.

Consumer Banking BU

Provision of service to the ends of the earth; reinforcement of channel value; achievement of a compound annual growth rate of over 6% for the coming three years

- At least two core products will be developed or improved each year.
- Image entry and new consumer e-Loan systems will be completed.
- Brand-building and advanced CRM techniques will be used to implement marketing programs.
- Various consumer-loan products will be promoted by life-cycle marketing.

Personal Banking BU

Personal wealth-management services will be developed and a market-leading position will be established for the "First Wealth Management" brand, so that the Bank will come to be recognized as the leader in wealth management.

- Primary customer-base positioning: High-net-worth VIP financial-management customers will be cultivated.
- Expansion of the financial-management base: The customer base will be deepened and the number of clients will be increased.
- Customer differentiation management: All-segment customer services will be provided and differentiated marketing will be carried out.
- Product strategic alliances: The asset management business and the market of Hong Kong will be developed.
- Expansion of domestic and overseas markets: The FCB's domestic market position will be consolidated and business opportunities in the Greater China area developed.
- Adjustment of the income structure: Equal emphasis will be given to "trading commissions" and "account balance management fees".

Operation Management BU

An outstanding service platform will be built up, helping to make it Taiwan's most convenient and reliable bank.

- Close cooperation with different Business Units will be used to manifest the team spirit in expanding the scale of demand deposits as a means of reducing capital costs.
- Time-deposits customers will be shifted to invest in financial-management products so as to increase sources of commission income.
- A complete product and channel network will be established, customized products will be designed, marketing channels will be expanded, professional personnel training will be strengthened, and business opportunities will be created so as to achieve a win-win situation for the Bank and its customers.
- Centralized operations such as image file management and blank-check production will be completed.
- Electronic channels such as PDA and MOD will be developed.

Financial Markets BU

A financial products developer

- A derivative product system model will be developed so as to enhance the Bank's product-developing ability and improve profit margins.
- The investment and R&D resources of the First Financial Holding Company will be shared in the upgrading of income from securities investment.
- A financial product marketing channel will be established by using branch network so as to provide customers with a full spectrum of financial products and services.
- The Hong Kong Branch will be used as a bridgehead for the build-up of a marketing network in the Greater China area.
- Financial engineering and the electronic trading platform will be used to enhance the return on financial products designed.
- Multiple channels will be applied to cultivate financial product trading and sales personnel.

Corporate Governance

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Ownership Structure and Shareholders' Equity		
1. the handling of shareholders' suggestions and disputes 2. updating the details of major share-holders of controlling stake in the bank 3. risk assessment and firewalls established against the operations with the affiliates	1. The Bank's sole shareholder is First Financial Holding Co.; communication channels are open. 2. The bank is owned by a single shareholder, and the structure is quite simple. 3. The subject matters are governed by "The Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its Investee Companies".	fully compliant
B. Organization and Responsibilities of the Board of Directors		
1. establishing independent director(s) 2. evaluating the independence of the CPAs periodically	1. None 2. When the Bank employs CPAs to audit financial condition and tax filing each year, it will seek independent statement from the auditor and submits the commissioning of the auditor to the Board of Directors for approval.	1. subject to the implementation of relevant laws and regulations 2. fully compliant
C. Organization and Responsibilities of Supervisors		
1. establishing independent supervisors 2. communications with supervisors by bank employees, and by shareholders	1. It is not required following the revised regulation. 2. The Bank has one standing super-visor, representing all supervisors to work in the office, and designates staff member to handle the related contact matters. The communications with standing supervisor or other supervisors by bank employees and the interested parties are open.	fully compliant
D. Communications with Interested Parties		
	1. To protect the interests of customers, the Bank has established “The Con-sumer Protection Principles and Implementation Guidelines for First Commercial Bank” and has set up a customer feedback hotline and external website, providing for open communication with the interested parties. 2. The Bank’s internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees.	fully compliant

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
E. Disclosure of Information		
1. setting up a website 2. use of other methods	1. Annual report, major financial statements and corporate governance are publicized on the Bank's website. 2. The Bank has set up an English website, where Annual Report, and monthly financial information, etc. are available. A spokesperson system has also been established; Mr. Po-Chiao Chou, EVP is appointed spokesperson.	fully compliant
F. Operation Status of the Nomination or Remuneration Committee	None	subject to the implementation of relevant laws and regulations

G. Description of the Bank's Corporate Governance (including its deficiency with the Corporate Governance Best-Practice Principles for Banks, and the reasons):

All are disclosed as above.

H. Please describe the systems and measures adopted by the Bank in regard to social responsibility (including human rights, employee rights, environmental protection, community participation, supplier relations, monitoring, and material relationship rights)**, and its implementation of social responsibility:**

The Bank has requited the society in recent years with sponsoring numerous cultural and sports activities. It has also provided large scholarships to encourage learning, and has held numerous quality lectures as well as art performances. Together with First Financial Holding Co., the Bank sponsored a charity fair for the public interest to demonstrate its corporate social responsibility. These activities will continue to be organized in the future.

I. Other Information

- Continuing education of directors and supervisors:
  In addition to offering opportunities of advanced education in accordance with the individual wishes of directors, the Bank also provides the relevant information of continuing education programs for their reference.
- Attendance of directors and supervisors at the Board meetings:
  They prepared well to attend the meetings, and provided sufficient and valuable opinions at appropriate times.
- Abstaining from the meetings involving director's or supervisor's own interest:
  They exercised a high degree of self-discipline to withdraw from the proposal discussion, in order to avoid the conflict of interest as regulated by "The Guideline for the Board of Directors Meetings of First Commercial Bank".
- Risk control policy and implementation:
  The Bank has established a risk management policy and has set up a mechanism for risk identification, risk assessment, risk oversight and risk control via a management system with an integrated framework. The Risk Management Committee is in charge of risk review, risk oversight and coordination of all risk related business activities. The primary goal of a consolidated risk management system, adopting a risk-centric approach business operating policy, is to achieve business targets in order to maximize shareholder returns.
- Consumer-protection policy:
  The Bank has set up "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" to assure that consumer interests are protected.

Risk Management Overview

Risk Governance

"The Risk Management Policy" has been established in accordance with the governance structure of "The Risk Management Policy and Guiding Principles for the First Financial Holding Company", the operating strategies of the Bank, and the relevant laws and regulations of the competent authorities in Taiwan.

The Board of Directors: the highest level of risk management oversight.

The Risk Management Committee: reviews risk-related proposals bank-wide, risk management system, risk exposures and limits of authorization, etc.

The Risk Management Center: consists of four divisions and six regional centers; in charge of credit risk, market risk, operational risk and integrated risk.

Risk Measurement, Control and Disclosure

Credit Risk

Strategy and Process

Various internal and external modeling techniques for the scoring and rating of credit risk are gradually being introduced in order to quantify credit risk within the Banks' risk tolerance, and establish objective review standards that conform to the implementation of Basel II. On line credit scoring tools are available for the products of corporate banking, credit cards and mortgages.

Risk Assessment and Reporting

In making credit decisions, a number of factors are considered. We set concentration limits for "a person", "a related person" and "a related enterprise", and the guidelines for "loans by borrower", "loans by conglomerate", "loans by country" and "loans by stocks", etc. The relevant credit risk analysis reports have to be submitted to the Risk Management Committee and the Board of Directors for their reviews regularly. For credit-rating products, their implementation of rating policy and category of customer's rating score have to be submitted to the Risk Management Committee periodically.

Risk Exposure

Risk assets of on-balance sheet
December 31, 2006

Loans by counterparty	Risk weight	NT$,000
Central government	0%	0
Local governments	10%	3,044,455
Domestic banks	20%	33,243,685
Residential mortgages	50%	148,768,382
Others	100%	625,403,523
Total		810,460,045

Risk assets of off-balance sheet
December 31, 2006

Item	NT$,000
Off-balance sheet transactions	52,967,286
Derivative financial instruments	3,280,339
Bills and bonds payable under repurchase agreements (RP)	219,470
Investments in bills and bonds under resale agreements (RS)	828
Total	56,467,923

Risk-hedging Strategy

The excessive concentration of transactions in similar trading products and with the same counterparty is avoided. In addition, respective tools will be taken in managing trading positions and limits of hedging derivate contracts, and in risk evaluation.

Market Risk

Strategy and Process

- Risk management units and business operating lines maintain independence.
- Various market indices and limits are established, and are updated subject to market changes.
- Management methods and monitoring procedures are established in accordance with the nature and characteristics of each specific product.
- The market risk reports are regularly reviewed by the Board of Directors or high-level managers to effectively control risk exposure and adjust risk management policy at appropriate time.

Risk Assessment and Reporting

- Assets and derivative products on or off the balance sheet are at risk of potential losses caused by unfavorable changes in market prices. The "market price" referred to encompasses interest rate, equity, foreign exchange rate, and commodity price, etc.
- The risk-measuring tools of VaR and Greeks are employed to evaluate risk exposure.
- The market risk reports will themselves present the extent of risk exposure, and be used as references by the management executives to timely adjust the risk control policy.

Risk-hedging Strategy

The trading positions of financial products dealt with customers will be properly hedged or squared, and some will be held as risk assets within adequate risk tolerance. The hedging financial dereviates primarily encompass interest rate swaps, cross-currency swaps, options, and interest caps or floors, etc. The fixed-rate loan assets conducted by overseas branches will utilize interest rate swaps to mitigate the fair value risk.

Risk Exposure

The market risk exposures, and the capital charges measured by the standardized approach as of December 31, 2006

Risk type	Capital charge (in NT$,000)	Risk assets (in NT$,000)
Interest rate risk	900,996	11,262,450
Equity position risk	404,043	5,050,538
Foreign exchange risk	465,141	5,814,263
Commodity risk	0	0
Treatment of option	663,746	8,296,825
Total	2,433,926	30,424,076

Operational Risk

Strategy and Process

- Predictable and unpredictable operating losses are differentiated and established.
- When errors occur, improvements should be made immediately so that the errors will not be repeated or enlarged.
- A good risk management culture and environment will be built up.
- Each employee at different levels should be responsible for the operational risk of their own job scope so as to establish an effective internal control system.
- All the Bank's operations should conform to internal control and auditing policy, and relevant guidelines.

System Organization and Structure

- The Banks adopts centralized management approach to manage the operational risk and appoints operational supervisors to manage the risk.
- The top risk management officer is Executive Vice President of Risk Management Center and each department's compliance officer is also responsible for operational risk management.

Risk Assessment and Reporting

- Identification and evaluation of the categories, causes, and forms of potential losses by products, activities, process and operational system.
- Identification of operational risk by the standard operating methods.
- Continued follow-up and improvement carried out for different links in the chain of risk.
- Risk control reports are submitted to management levels on a scheduled basis.
- An executive in charge of risk reporting and policy guidance by the respective unit.

Risk-hedging Strategy

- Preparation of the emergency back-up facilities and a business continuity planning process.
- Submission of crisis management reports to the Risk Management Committee on an unscheduled basis.

Liquidity Management

To protect the interests of customers and maintain an appropriate level of liquidity, the Bank has appropriated deposit reserves and liquidity reserves in accordance with the rules established by the Central Bank. Sources and allocation of capital are handled on the principles of diversification and stability. In the utilization of capital excessive concentration is avoided, and the principles in holding assets have to meet the nature of liquidity and profits-generating. When necessary, the Bank may use such liabilities management tools as call loans from other banks, swap transactions and the issuance of negotiable certificates of deposit or applying for financing from the Central Bank to manage liquidity gap.

Corporate Responsibility and Ethical Behavior

Based on the concept of fulfilling its corporate responsibility, the Bank spares no effort in the sponsorship of public-benefit activities.

- The First Education Foundation

  This Foundation has continued the implementation of targeting the promotion of social harmony and carried out social-benefit activities on an ever-larger scale.

  - In March of 2006, it held a **Spring Dawn Concert** in the Kuo-Kwang Conference Hall of the Chinese Petroleum Corp. in Taipei.
  - In November, it held a historic site tour named as **Hundred Years of Red-Hair Fort at Huwei**.
  - In December, it organized four lectures entitled **Revitalize Life** for participation by the public.

- Charity Activities for the Blind

  In September 2006, we held the **2006 First Financial Group Garden Party -Take Care of Eyes, Care for the Blind, Love First,** contributing its social concern to the Cultural and Educational Foundation for the Blind, ORBIS Taiwan, and Taiwan Guide Dog Association.

- Community Involvement

  In November 2006, all employees were urged to get outside and take part in mountain climbing and cleanup activities so as to give the nature a clean space in which to live.

- Customer Scholarship Program

  The Bank paid back to society and burnished its corporate image by offering scholarship to 300 outstanding students in domestic colleges and universities.

Significant Financial Information

Condensed balance sheets

NT$,000	12.31.2006	12.31.2005	12.31.2004	12.31.2003	12.31.2002
Cash and cash equivalents, due from Central Bank and other banks	178,988,134	157,635,062	164,558,112	164,451,494	202,299,950
Marketable and trading securities	-	-	312,279,207	271,553,432	169,437,666
Financial assets at fair value through profit or loss	42,794,967	37,418,248	-	-	-
Investments in bills and bonds under resale agreements	501,616	-	-	-	-
Receivables	21,295,485	22,449,783	31,078,586	38,172,807	26,557,317
Loans, bills purchased and discounted	972,044,580	890,591,804	841,739,112	860,015,753	845,690,454
Available-for-sale financial assets	82,635,713	87,316,092	-	-	-
Held-to-maturity financial assets	213,747,427	235,942,624	-	-	-
Equity investments accounted for under the equity method	2,368,858	2,231,130	-	-	-
Long-term equity investments	-	-	63,322,645	56,974,837	17,916,921
Other financial assets	18,037,044	22,274,750	-	-	-
Properties, plants and equipments	23,386,589	23,848,515	24,136,348	25,427,654	26,901,248
Intangible assets	369,867	203,767	164,952	183,375	220,587
Others assets	17,852,161	21,135,612	24,932,464	25,727,965	20,842,030
Total assets	**1,574,022,441**	**1,501,047,387**	**1,462,211,426**	**1,442,507,317**	**1,309,866,173**
Due to Central Bank and other banks	116,955,966	144,771,206	102,129,745	124,149,358	79,954,611
Financial liabilities at fair value through profit or loss	51,811,768	36,064,034	-	-	-
Bills and bonds payable under repurchase agreements	15,241,566	15,395,150	18,397,061	-	-
Payables	50,027,772	46,675,896	47,410,489	53,086,792	45,134,269
Deposits and remittances	1,219,888,559	1,144,641,851	1,152,808,272	1,137,152,238	1,082,496,151
Financial bonds payable, funds borrowed from Central Bank and other banks	22,181,525	24,233,168	59,494,541	55,476,965	30,799,378
Accrued pension liabilities	1,439,881	1,374,209	1,198,812	934,664	776,496
Other financial liabilities	534,011	2,215,649	-	-	-
Other liabilities	8,815,973	8,833,224	13,154,600	13,806,105	13,420,522
Total liabilities	**1,486,897,021**	**1,424,204,387**	**1,394,593,520**	**1,384,606,122**	**1,252,581,427**
Common stock	46,216,000	46,216,000	46,216,000	46,216,000	38,216,000
Additional paid-in capital	8,660,326	8,660,326	8,660,326	21,966,945	20,042,186
Retained earnings	20,216,598	16,231,462	9,967,095	(13,306,619)	(4,075,242)
Revaluation increments	5,527,177	5,533,543	2,595,838	2,717,000	2,854,711
Unrealized gains or losses on financial instruments	6,252,298	-	-	-	-
Cumulative translation adjustments	253,021	201,669	178,647	307,869	247,091
Total stockholders' equity	**87,125,420**	**76,843,000**	**67,617,906**	**57,901,195**	**57,284,746**
Total liabilities and stockholders' equity	**1,574,022,441**	**1,501,047,387**	**1,462,211,426**	**1,442,507,317**	**1,309,866,173**

Condensed statements of income

NT$,000	2006	2005
Net interest income	20,380,746	19,611,679
Net non-interest income	11,634,526	12,094,469
Provision for credit losses	(4,735,859)	(4,320,502)
Operating expenses	(13,585,526)	(13,784,511)
Income from continuing operations before income tax	13,693,887	13,601,135
Income from continuing operations after income tax	10,354,367	10,218,955
Cumulative effect of a change in accounting principle	563,169	-
Net income	10,917,536	10,218,955
Earnings per share ($)	2.36	2.21

NT$,000	2004	2003	2002
Operating income	47,638,006	47,259,028	53,619,211
Operating expenses	36,138,034	66,806,779	83,940,525
Operating profit (loss)	11,499,972	(19,547,751)	(30,321,314)
Non-operating income (loss)	502,569	662,868	(2,179,555)
Income (loss) before income tax	12,002,541	(18,884,883)	(32,500,869)
Net income (loss)	9,967,095	(13,306,619)	(24,724,311)
Earnings (losses) per share ($)	2.16	(3.32)	(6.47)

note: According to the "Guidelines Governing the Preparation of Financial Reports by Public Banks", certain accounts of 2005 financial statements have been reclassified.

Financial ratios (%)

	2006	2005	2004	2003	2002
Financial structure					
Debt ratio (total liabilities to total assets)	94.46	94.88	95.38	95.99	95.63
Fixed assets to net worth	26.84	31.04	35.70	43.92	46.96
Solvency					
Liquidity reserve ratio	27.20	31.22	30.50	28.13	19.11
Operating performance					
Loans to deposits	79.68	77.81	73.02	75.63	78.12
NPL ratio	1.57	1.72	1.27	1.46	3.77
Total assets turnover (times)	0.02	0.02	0.03	0.03	0.04
Profitability					
ROA (net income to average total assets)	0.71	0.69	0.69	(0.97)	(1.89)
ROE (net income to average shareholders' equity)	13.32	14.15	15.88	(23.10)	(34.96)
Profit margin ratio (net income to operating revenue)	34.10	32.23	20.92	(28.16)	(46.11)
Cash flows					
Cash flow adequacy ratio	683.67	648.25	589.01	516.64	377.89
Capital adequacy					
Capital adequacy ratio	11.00	10.24	10.35	9.00	8.99
Tier-one capital ratio	7.92	7.82	7.26	5.64	5.79
Tier-two capital ratio	3.09	2.42	3.09	3.35	3.20
Market share					
Assets	5.49	5.30	6.04	6.30	6.18
Net worth	4.82	4.47	4.43	3.63	3.45
Deposits	5.45	5.41	6.00	6.34	6.39
Loans	5.41	5.18	5.55	6.16	6.19

Report of Independent Accountants

PRICEWATERHOUSECOOPERS
資誠會計師事務所

To: The Board of Directors and Stockholders of First Commercial Bank Co., Ltd.

We have audited the accompanying balance sheets of First Commercial Bank Co., Ltd. (the Bank) as of December 31, 2006 and 2005, and the related statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Commercial Bank Co., Ltd. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with the "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China.

As described in Note 2 to the financial statements, First Commercial Bank Co., Ltd. has adopted the Statements of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement" and No. 36 "Financial Instruments: Disclosure and Presentation", effective from January 1, 2006. The financial statements for the period from January 1 to December 31, 2005 were not retroactively adjusted but were reclassified to conform with the presentation for the period from January 1 to December 31, 2006.

PricewaterhouseCoopers

March 20, 2007

Balance Sheets

as of December 31, 2006 and 2005

NT$,000	note	2006	2005
Assets			
Cash and cash equivalents	3(1)	$ 38,021,901	$ 38,036,433
Due from Central Bank and other banks	3(2),4	140,966,233	119,598,629
Financial assets at fair value through profit or loss - net	3(3)	42,794,967	37,418,248
Investments in bills and bonds under resale agreements	3(4)	501,616	-
Receivables - net	3(5)	21,295,485	22,449,783
Bills discounted and loans - net	3(6),4	972,044,580	890,591,804
Available-for-sale financial assets - net	3(7)	82,635,713	87,316,092
Held-to-maturity financial assets - net	3(8)	213,747,427	235,942,624
Equity investments accounted for under the equity method - net	3(9)	2,368,858	2,231,130
Other financial assets - net	3(10)	18,037,044	22,274,750
Properties, plants and equipments - net	3(11),(24)		
Cost:			
Land		16,407,512	16,433,473
Buildings		8,294,574	7,900,487
Machinery and equipment		3,126,688	3,258,411
Transportation equipment		892,894	875,520
Other equipment		1,792,063	1,783,275
Leasehold improvement		611,605	590,568
Subtotal		31,125,336	30,841,734
Less: Accumulated depreciation		(7,824,910)	(7,132,659)
Construction in progress and prepayments for equipments		86,163	139,440
Properties, plants and equipments - net		23,386,589	23,848,515
Intangible assets		369,867	203,767
Other assets	3(12),(29), 5	17,852,161	21,135,612
Other assets - total		18,222,028	21,339,379
Total assets		$1,574,022,441	$1,501,047,387
Liabilities and Stockholders' Equity			
Liabilities			
Due to Central Bank and other banks	3(13),4	$ 116,955,966	$ 144,771,206
Funds borrowed from Central Bank and other banks		183,046	233,168
Financial liabilities at fair value through profit or loss	3(14)	51,811,768	36,064,034
Bills and bonds payable under repurchase agreements	3(15)	15,241,566	15,395,150
Payables	3(16)	50,027,772	46,675,896
Deposits and remittances	3(17),4	1,219,888,559	1,144,641,851
Financial bonds payable	3(18)	21,998,479	24,000,000
Accrued pension liabilities	3(19)	1,439,881	1,374,209
Other financial liabilities	3(20)	534,011	2,215,649
Other liabilities	3(21)	8,815,973	8,833,224
Total liabilities		1,486,897,021	1,424,204,387
Stockholders' equity			
Common stock	3(22)	46,216,000	46,216,000
Additional paid-in capital	3(23)	8,660,326	8,660,326
Retained earnings			
Legal reserve	3(25)	6,055,815	2,990,128
Unappropriated earnings	3(26),(29)	14,160,783	13,241,334
Other stockholders' equity			
Revaluation increments	3(24)	5,527,177	5,533,543
Cumulative translation adjustments	3(9)	253,021	201,669
Unrealized gains or losses on financial instruments		6,252,298	-
Total stockholders' equity		87,125,420	76,843,000
Total liabilities and stockholders' equity		$1,574,022,441	$1,501,047,387

*NT$32.65:US$1.00

Statements of Income

for the years ended December 31, 2006 and 2005

NT$,000	note	2006	2005
Interest income		$42,937,557	$36,964,726
Less: Interest expenses		(22,556,811)	(17,353,047)
Net interest income		20,380,746	19,611,679
Net non-interest income			
Net service fee and commission income		4,495,223	3,759,396
Gains or losses on financial assets and financial liabilities			
at fair value through profit or loss	3(3),(14)	1,522,730	837,724
Realized gains or losses on available-for-sale financial assets		371,637	292,923
Realized gains or losses on held-to-maturity financial assets		7,899	-
Income from equity investments accounted for under			
the equity method	3(9)	405,122	400,284
Foreign exchange gains or losses		882,604	1,481,302
Impairment losses		(21,739)	(1,643)
Other non-interest income or losses	3(27),4	3,971,050	5,324,483
Net revenues		32,015,272	31,706,148
Provision for credit losses	3(6)	(4,735,859)	(4,320,502)
Operating expenses			
Personnel expenses		(8,692,165)	(8,957,112)
Depreciation and amortization expenses		(1,138,383)	(983,361)
Other business and administrative expenses		(3,754,978)	(3,844,038)
Income from continuing operations before income tax		13,693,887	13,601,135
Income tax expense	3(29)	(3,339,520)	(3,382,180)
Income from continuing operations after income tax		10,354,367	10,218,955
Cumulative effect of a change in accounting principle	2	563,169	-
Net income		$10,917,536	$10,218,955

Earnings per common share (in dollars)	3(30)				
		Before Tax	After Tax	Before Tax	After Tax
Income from continuing operations		$2.96	$ 2.24	$2.94	$ 2.21
Cumulative effect of a change in accounting principle		0.12	0.12	-	-
Net income		$3.08	$ 2.36	$2.94	$ 2.21

Statements of Changes in Stockholders' Equity

for the years ended December 31, 2006 and 2005

			Retained Earnings		Other Stockholders' Equity			
NT$,000	Common stock	Additional paid-in capital	Legal reserve	Unappropriated earnings	Revaluation increments	Cumulative translation adjustments	Unrealized gains or losses on financial instruments	Total
For the year ended Dec. 31, 2005								
Balance, January 1, 2005	$46,216,000	$ 8,660,326	$ -	$ 9,967,095	$ 2,595,838	$ 178,647	$ -	$67,617,906
Legal reserve appropriated	-	-	2,990,128	(2,990,128)	-	-	-	-
Employee bonus paid	-	-	-	(488,388)	-	-	-	(488,388)
Cash dividends paid	-	-	-	(3,466,200)	-	-	-	(3,466,200)
Net income for 2005	-	-	-	10,218,955	-	-	-	10,218,955
Reversal of revaluation increments due to land disposal	-	-	-	-	(166,426)	-	-	(166,426)
Amount of reduction in land revaluation increment tax rate	-	-	-	-	3,104,131	-	-	3,104,131
Changes of cumulative translation adjustments	-	-	-	-	-	23,022	-	23,022
Balance, December 31, 2005	$46,216,000	$ 8,660,326	$ 2,990,128	$13,241,334	$ 5,533,543	$ 201,669	$ -	$76,843,000
For the year ended Dec. 31, 2006								
Balance, January 1, 2006	$46,216,000	$ 8,660,326	$ 2,990,128	$13,241,334	$ 5,533,543	$ 201,669	$ -	$76,843,000
Legal reserve appropriated	-	-	3,065,687	(3,065,687)	-	-	-	-
Employee bonus paid	-	-	-	(500,729)	-	-	-	(500,729)
Cash dividends paid	-	-	-	(6,431,671)	-	-	-	(6,431,671)
Net income for 2006	-	-	-	10,917,536	-	-	-	10,917,536
Reversal of revaluation increments due to land disposal	-	-	-	-	(6,366)	-	-	(6,366)
Changes of cumulative translation adjustments	-	-	-	-	-	51,352	-	51,352
Unrealized gains or losses on financial instruments	-	-	-	-	-	-	6,252,298	6,252,298
Balance, December 31, 2006	$46,216,000	$ 8,660,326	$ 6,055,815	$14,160,783	$ 5,527,177	$ 253,021	$ 6,252,298	$87,125,420

Statements of Cash Flows

for the years ended December 31, 2006 and 2005

NT$,000	**2006**	2005
Cash flows from operating activities		
Net income	$10,917,536	$10,218,955
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation - properties, plants and equipments	994,260	853,700
Depreciation - non-operating assets	33,408	49,788
Amortization	144,123	129,661
Provision for credit losses	4,735,859	4,320,502
Allowance for doubtful accounts reclassified to other income	(3,286)	(37,210)
Gain from equity investments accounted for under the equity method	(405,122)	(400,284)
Loss (gain) on disposal of properties, plants and equipments	8,224	(236,059)
Loss on disposal of foreclosed assets	19,045	5,490
Provision for impairment losses	21,739	1,643
Changes in assets		
Financial assets at fair value through profit or loss	(5,376,719)	(1,897,329)
Receivables	394,113	8,157,992
Other assets	(1,403,065)	329,153
Deferred income tax assets	3,067,142	2,793,450
Cash dividends under the equity method	267,781	130,853
Changes in liabilities		
Financial liabilities at fair value through profit or loss	15,747,734	335,443
Payables	3,351,876	(734,593)
Other financial liabilities	(1,640,377)	941,604
Accrued pension liabilities	65,672	175,397
Net cash provided by operating activities	30,939,943	25,138,156
Cash flows from investing activities		
Increase in bills discounted and loans	(84,983,146)	(52,860,985)
(Increase) decrease in due from Central Bank and other banks	(21,367,604)	21,290,656
Increase in investments in bills and bonds under resale agreements	(501,616)	-
Decrease (increase) in available-for-sale financial assets	11,179,018	(7,931,541)
Decrease in held-to-maturity financial assets	22,195,197	15,443,054
Proceeds from sales of properties, plants and equipments	81,353	304,176
Proceeds from sales of foreclosed assets	835,690	19,715
Purchase of non-operating assets	(2,350)	(1,381,446)
Purchase of properties, plants and equipments	(539,243)	(818,895)
Increase in intangible assets	(304,635)	(156,933)
Decrease (increase) in other financial assets	3,991,365	(13,323,498)
Decrease in refundable deposits	161,873	286,858
Increase in equity investments accounted for under the equity method	-	(173)
Net cash used in investing activities	(69,254,098)	(39,129,012)

NT$,000	2006	2005
Cash flows from financing activities		
Decrease in due to Central Bank and other banks	($27,815,240)	($6,323,795)
Decrease in bills and bonds payable under repurchase agreements	(153,584)	(3,001,911)
Increase in deposits and remittances	75,246,708	40,798,835
(Decrease) increase in funds borrowed from Central Bank and other banks	(50,122)	38,627
Increase in other liabilities	245,393	624,334
(Decrease) increase in guarantee deposits received	(259,056)	50,813
Decrease in financial bonds payable	(1,991,429)	-
Decrease in appropriated loan fund	(41,261)	(61,747)
Cash dividends paid to stockholders	(6,431,671)	(3,466,200)
Employee bonus paid	(500,729)	(488,388)
Net cash provided by financing activities	38,249,009	28,170,568
Net effect of foreign exchange rate changes on cash and cash equivalents	50,614	187,894
(Decrease) increase in cash and cash equivalents	(14,532)	14,367,606
Cash and cash equivalents at beginning of year	38,036,433	23,668,827
Cash and cash equivalents at end of year	$38,021,901	$38,036,433
Supplemental disclosures of cash flow information:		
Cash paid for interest during the year	$22,796,541	$17,740,084
Cash paid for income tax during the year	$1,207,930	$1,256,999

Notes to Financial Statements

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Summary of Significant Accounting Policies

The financial statements are prepared in conformity with the "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China. Due to the characteristics of the banking industry, its business cycle cannot be clearly defined. Hence, the accounts on the accompanying financial statements are not classified into current and non-current items. Nevertheless, accounts are properly categorized according to the nature of each account, and sequenced by their liquidity. Significant accounting policies of the Bank are summarized below:

(1) Principles for preparation of financial statements

The accompanying financial statements include head office account, branch account and offshore banking branch account. All inter-office accounts have been eliminated.

The Bank adopts the Statement of Financial Accounting Standard No. 28, "Financial Statement Disclosure Standards for Banks", whereby assets and liabilities are not required to be classified under current or non-current categories.

(2) Financial assets and financial liabilities at fair value through profit or loss

Equity securities and beneficiary certificates are accounted for using trade date accounting; debt securities and derivative financial instruments are accounted for using settlement date accounting. Financial instruments are initially recognized at fair value.

Financial assets and financial liabilities at fair value through profit or loss shall be measured at fair value with changes in fair value recognized as gains or losses in the current period. For stocks listed on Taiwan Stock Exchange ("TSE") or Over-the-Counter ("OTC") and closed-end funds, fair value is determined based on the closing price at the balance sheet date. For open-end funds, fair value is determined based on the net asset value of the given fund at the balance sheet date. For beneficiary securities, fair value is determined based on the discounted value of expected future cash flows at the balance sheet date. For bonds listed on TSE or OTC, fair value is determined based on the latest transaction price of Automatic Order Matching and Execution System in OTC. For those bonds not listed on TSE or OTC, fair value is determined based on the discounted value of expected future cash flows at the balance sheet date or the market price provided by Bloomberg, Reuters or counterparties. For derivative financial instruments for trading purpose, fair value is determined based on a quoted market price in an active market at the balance sheet date if there is a quoted market price in an active market, or determined based on applying other valuation techniques, such as discounted cash flow analyses or option pricing models, to estimate the fair value at the balance sheet date if there is no quoted market price in an active market.

The criteria to designate financial assets and financial liabilities as at fair value through profit or loss are as follows:

* Hybrid (combined) instruments;
* The designation can eliminate or significantly reduce a measurement or recognition inconsistency; or
* The designation is in compliance with a documented risk management or investment strategy of the Bank to evaluate the performance of assets or liabilities based on a fair value basis.

Please refer to Note 2 to the financial statements for details about accounting treatment prior to December 31, 2005.

(3) Bills and bonds under repurchase or resale agreements

Bills and bonds under resale or repurchase agreements are accounted for under the financing method. Bills and bonds sold under repurchase agreements are recorded as "Bills and bonds payable under repurchase agreements" at the sale date. Bills and bonds invested under resale agreements are recorded as "Investments in bills and bonds under resale agreements" at the purchase date. The difference between the cost and the repurchase price is recorded as interest expenses between the sale date and the repurchase date. The difference between the cost and the resale price is recorded as interest income between the purchase date and the resale date.

(4) Bills discounted and loans

Bills discounted and loans (including non-performing loans) are recorded at the amounts of principal outstanding. Interest income is recognized on an accrual basis except for interest on non-performing loans.

All non-performing loans under which there is no principal payment after the lapse of six full months, lawsuit has been filed against borrower and guarantor(s) or the collaterals are executed shall be transferred to non-accrual loans account item. Interest shall cease to be accrued for non-performing loans that are transferred to non-accrual loans account item. Any unpaid interest due on a non-performing loan prior to its transfer to a non-accrual loan shall be transferred to the non-accrual loans item together with principal.

When there is postponement or modification of the credit terms for the debtors, the Bank agrees to receive partial interests and the rest of interests will cease accrual and will be recognized after cash is received.

(5) Allowance for credit losses

The Bank shall classify credit assets of on and off balance sheet and determine the allowance for credit losses by evaluating the recoverability of the outstanding balances of various loans at the balance sheet date according to "Guidance for Credit Assets Risk Assessment" and "Standard for Risk Classification of Credit Assets". As to non-credit assets, the Bank evaluates the possible risks by the characteristics of assets, in accordance with "Guidance for Non-credit Assets Risk Assessment" and generally accepted accounting principles.

On and before June 30, 2005, loans were classified into four categories: (1) pass (2) substandard (3) doubtful and (4) loss. Allowance for credit losses was provided at 0.04%, 1% (2% for credit card loans), 50%, and 100% on loans classified under categories l, 2, 3, and 4, respectively.

After June 30, 2005, according to the amended "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans" of the MOF, loans are classified into five categories: (1) normal (2) special attention (3) substandard (4) doubtful and (5) unrecoverable. Except that the normal loans are classified under category 1, the abnormal loans shall be evaluated based on the status of the loan collateral and the length of time overdue. The allowance for credit losses for abnormal loans is provided at 2%, 10%, 50%, and 100% on loans classified under categories 2, 3, 4, and 5, respectively. Furthermore, the additional reserve is provided for specific loans as needed if the aforementioned allowance is insufficient according to the recoverability.

Upon the approval of the Board of Directors and the notice to the supervisors of the Bank, the overdue loans are written off in accordance with the guideline of the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans".

(6) Available-for-sale financial assets

Equity securities are accounted for using trade date accounting. Debt securities are accounted for using settlement date accounting. Such financial instruments are initially recognized at fair value plus the acquisition or issuance cost.

Available-for-sale financial assets are measured at fair value with changes in fair value recognized in an adjustment account in the stockholders' equity. When the financial asset is derecognized, the cumulative gain or loss that was previously recognized in equity is recognized in profit or loss in the income statement. For stocks listed on TSE or OTC and closed-end funds, fair value is determined based on the closing price at the balance sheet date. For open-end funds, fair value is determined based on the net asset value of the given fund at the balance sheet date. For beneficiary securities, fair value is determined based on the discounted value of expected future cash flows at the balance sheet date. For bonds listed on TSE or OTC, fair value is determined based on the latest transaction price of Automatic Order Matching and Execution System in OTC. For those bonds not listed on TSE or OTC, fair value is determined based on discounted value of expected future cash flows at the balance sheet date or the market price provided by Bloomberg or Reuters.

An impairment loss is recognized when there is objective evidence of impairment. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, for equity instruments, the decrease shall be recognized as an adjustment account in the stockholders' equity; and for debt instruments, the previously recognized impairment loss is reversed through profit and loss.

Please refer to Note 2 to the financial statements for details about accounting treatment prior to December 31, 2005.

(7) Held-to-maturity financial assets

Held-to-maturity financial assets are accounted for using settlement date accounting and are initially recognized at fair value plus the acquisition or issuance cost. Gains and losses are recognized in the income statement when the investments are derecognized.

Held-to-maturity financial assets are measured at amortized cost using the interest method at the balance sheet date.

An impairment loss is recognized when there is objective evidence of impairment. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amounts shall not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years.

Please refer to Note 2 to the financial statements for details about accounting treatment prior to December 31, 2005.

(8) Equity investments accounted for under the equity method

Long-term equity investments that the Bank owns at least 20% of the investees' voting stock interests or exercises significant influence over the investees are accounted for under the equity method. The carrying amount of such equity investments are evaluated pursuant to the investment costs plus or minus the net income or loss and changes in stockholders' equity of the investee recognized proportionally according to the percentage of the investee's ownership held by the Bank. The cash dividends received from investees are recorded as deduction of the investment cost. When there is sufficient evidence to indicate that the fair value of the investment is impaired and the probability of the recovery is remote, the loss on investments is recognized in the current period. For the stock dividends received from investees, the investment amount will not be increased and the investment income will not be recognized. A memorandum entry will be made to record the additional shares received. When equity investments are disposed of, the cost is calculated under the weighted average method.

Effective from January 1, 2006, for an investee company accounted for under the equity method, if the Bank does not have control interests but can exercise significant influence over the investee, investment losses are recognized to the extent that the balance of the investment plus advances to the investee is reduced to zero, unless the Bank guarantees the debts of investee company or has a commitment or intention to provide financial support to the investee company and then recognizes the investment loss proportionally according to the percentage of the investee's ownership held by the Bank continuously. However, if the Bank has control interests over the investee company, the investment losses in excess of the investee's stockholders equity's balance shall be fully recognized, unless other stockholders of the investee company have the obligation and ability to provide additional capital to take the losses. When the investee company begins to make a profit in the subsequent periods, the earnings are attributed to the Bank until the originally recognized excess losses are fully recovered.

The cumulative translation adjustment resulted from the financial statement translation of foreign equity investments accounted for under the equity method is recognized proportionally in the stockholders' equity account based on the percentage of the investees' ownership held by the Bank.

(9) Other financial assets and financial liabilities

1) Financial assets measured at cost

Long-term investments in equity securities, which are not listed on TSE or OTC, are accounted for using trade date accounting. Such financial instruments are initially recognized at fair value plus the acquisition or issuance cost and are subsequently carried at cost at the balance sheet date.

For financial assets measured at cost, an impairment loss shall be recognized if there is objective evidence of impairment. The impairment loss shall not be reversed.

Please refer to Note 2 to the financial statements for details about accounting treatment prior to December 31, 2005.

2) Bond investments with no active market

Bond investments with no active market are accounted for using settlement date accounting. Such financial instruments are initially recognized at fair value plus acquisition or issuance cost. Gains or losses are recognized in the income statement when the investments are derecognized.

Bond investments with no active market shall be subsequently measured at amortized cost using the interest method.

An impairment loss is recognized when there is objective evidence of impairment. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amounts shall not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years.

Please refer to Note 2 to the financial statements for details about accounting treatment prior to December 31, 2005.

3) Derivative financial assets and financial liabilities for hedging

Derivative financial instruments held as designated hedging instruments under hedge accounting are measured at fair values at the balance sheet date.

(10) Derivative financial instruments for hedging - fair value hedge

When all the criteria of fair value hedge accounting are met, it recognizes the offsetting effects on gains or losses of changes in the fair values of the hedging instrument and the hedged item. The Bank only have fair value hedge currently. The accounting treatment for hedging instruments is that the gain or loss from measuring the hedging instrument at fair value shall be recognized immediately in the statement of income. The accounting treatment for hedged items is that the gain or loss attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized immediately in the statement of income.

(11) Properties, plants and equipments/Non-operating assets

Properties, plants and equipments/non-operating assets are stated at cost except for revaluation increment as permitted under the relevant regulations. Depreciation is provided on a straight-line basis over the estimated service lives of the assets plus an additional year as salvage value, except for leasehold improvements, which are depreciated over the shorter of the leasing periods of the lease agreement or 5 years. The service lives of major properties, plants and equipments range from 3 to 55 years.

Major renewals and improvements, which are incurred to increase the future economic benefits of the assets, are capitalized and depreciated. Routine maintenance and repairs are charged to expenses as incurred. When assets are sold or abandoned, the cost and accumulated depreciation are removed from the respective accounts and the related gain or loss on the disposal of property, plant and equipment is recorded as "other non-interest income or losses".

Rental or idle assets are classified under other assets - non-operating assets. Depreciation for current period is recognized as "other non-interest income or losses" and valued at the lower of carrying amount or recoverable amount as of the balance sheet date.

(12) Intangible assets

Intangible assets, mainly comprising computer software costs, are initially recorded at cost and amortized over 3 years under the straight-line method.

(13) Other assets

Other assets are mainly comprised of non-operating assets, foreclosed assets, refundable deposits, temporary payments and suspense accounts, prepayments, and other assets to be adjusted, and so on.

Foreclosed assets are recorded at acquisition costs and are revalued at the lower of carrying amounts or recoverable amounts as of the balance sheet date. If the foreclosed assets are impaired, an impairment loss is recognized in the current period. In the subsequent period, if the recoverable amounts increase, the previously recognized impairment loss is reversed to the extent that the carrying amounts, after the reversal, shall not exceed the carrying amounts that would have been determined had no impairment loss been recognized for the assets in the prior years.

(14) Pension plan

Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred on an accrual basis.

(15) Other liabilities

Other liabilities are mainly comprised of estimated land valuation increment tax accrual, guarantee deposit-in and margin deposits, advanced receipts, temporary receipts and suspense accounts, other carry forward accounts, reserve for guarantees and reserve for securities trading loss, and so on.

Reserves for guarantees are determined based on the estimated losses arising from default possibility of the ending balances of acceptances receivable, guarantees receivable, and letters of credit receivable, net of the margin deposits received from customers.

As required by the "Rules Governing Securities Firms", the Bank has to set aside 10% of the excess of monthly gains over losses from trading securities as the reserves for securities trading losses. Such reserves can be only used to offset losses over gains arising from the aforesaid securities trading. When the accumulated reserve reach $200,000, no further reserve provision is required.

(16) Foreign currency transactions and translations of foreign currency financial statements

The Bank's foreign currency transactions are recorded in New Taiwan dollars at the spot rates of the transaction dates. Differences between actual payments or receipts and recorded transaction amounts are recognized as foreign exchange gains or losses in the current period. Assets and liabilities denominated in foreign currencies are revalued using the spot foreign exchange rates notified by the Central Bank at the balance sheet date. For the foreign currency denominated long-term equity investments, the related foreign exchange gains or losses are recognized as the cumulative translation adjustment in the stockholders' equity. The exchange differences resulting from the other assets and liability of foreign currencies are included in the current income or expense.

When the financial statements of foreign operation units are translated into New Taiwan dollars, all asset and liability accounts are translated using the spot foreign exchange rate at the balance sheet date, and the shareholders' equity accounts are translated at the historical foreign exchange rate except that the beginning retained earnings are stated at the translated carrying amount of the ending retained earnings in the prior year. The translation differences are recorded as the cumulative translation adjustment in the stockholders' equity.

(17) Impairment of assets

An impairment loss shall be recognized when circumstances that have changed or events that have occurred indicate that an asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and its 'value in use'. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. The value in use is the present value of the future cash flows expected to be derived from an asset.

If there is an indication that an impairment loss recognized in the prior periods for an asset may no longer exist, the impairment loss recognized could be reversed, and such a reversal shall not exceed the impairment loss recognized in the prior periods.

(18) Recognition of interest and fee income

Revenues are recognized in accordance with the provisions of Statement of Financial Accounting Standards No. 32 "Accounting for Revenue Recognition" and the following statements.

Interest income on loans is recognized using the interest method on an accrual basis. However, interest income arising from loans which meet any of the following criteria is recognized on cash basis when the interests are received:

* Reclassified as non-accrual loans.
* Interest from restructured loans that are agreed to extend their maturities are not recognized as interest income but recorded on the memo accounts.

Handling fee is recognized when cash is received, or the earning process is substantially completed.

(19) Income tax

According to the Statement of Financial Accounting Standards No. 22 "Accounting for Income Taxes", the Bank is required to apply the inter-period and intra-period income tax allocations. Under the inter-period income tax allocation, the income tax effects of deductible temporary differences, loss carry forwards, and income tax credits are recognized as deferred income tax assets and liabilities. Valuation allowance is provided against deferred income tax assets if it is more likely than not that the deferred income tax assets will not be realized. The 10% surtax on undistributed current earnings calculated pursuant to the Income Tax Law is recorded as income tax expense in the year when the earning distribution is approved by the shareholders' meeting. The adjustment for over- or under-provision of previous years' income tax is included in the current year's income tax.

Pursuant to the Explanatory Letter Tai-Tsai-Shui No. 0910458039 of the MOF dated February 12, 2003 to promulgate the "Criteria for Profit-seeking Enterprises in Filing Consolidated Profit-seeking Enterprise Income Tax Returns According to Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Law", if a financial holding company holds at least 90% of the issued capital stock of its domestic subsidiaries for twelve months in a fiscal taxable year, starting from such a fiscal taxable year, the financial holding company may elect to have itself as the taxpayer to file the consolidated profit-seeking enterprise income tax returns. Accordingly, the Bank's parent company, First Financial Holding Co. has decided to file consolidated income fax return using a linked tax system 2004 to include the Bank and the associated entities including First Taisec Securities Inc., Mingtai Fire & Marine Insurance Co., Ltd. ("MFMI") (From September 2, 2005, MFMI was not the related party of the Bank) and National Investment Trust Co., Ltd. ("NITC").

The accounting treatment for the Bank including its parent company and associated entities to adopt the linked tax system to file the consolidated income tax return is in compliance with the Explanatory Note (92) No. 240 of the Accounting Research Development Foundation dated October 3, 2003.

Effective January 1, 2006, in accordance with the Alternative Minimum Tax Act, the Bank should calculate the alternative minimum tax in addition to the regular income tax. If the regular income tax is lower than the alternative minimum tax, the differences should be accrued as an income tax adjustment.

(20) Financial assets securitization transaction

According to the "Financial Asset Securitization Act" and the "Trust Law", the Bank entrusted the rights of personal residential mortgage loans and related rights and obligations to Deutsche Bank AG., Taipei Branch (the Trustee) under special purpose trust. The Trustee raised funds for the Bank by issuing beneficiary certificates. Because the Bank lost control of transferred assets under the framework of securitization transaction, the Bank derecognized the assets from loans and recognized servicing assets, recourse liabilities, and the gain on securitization. The portion of subordinated beneficiary certificates held by the Bank for credit enhancement was recorded as held-to-maturity financial assets.

There is no market price for the retained interests of the subordinated beneficiary certificates, so the Bank estimated the fair value based on the expected prepayment rate, expected weighted average useful lives, expected credit loss rate, and discount rate of residual cash flows.

Interest income is recognized with respect to the subordinated beneficiary certificates when the Trustee pays the interest. The revaluation of subordinated beneficiary certificates is based on the present value of expected future cash flows as of the balance sheet date, and the difference results from revaluation is recognized as revaluation gain or loss.

Servicing assets are recorded as other assets and amortized under straight-line method over the period of service lives.

(21) Use of estimates

In preparing the financial statements in conformity with generally accepted accounting principles, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Therefore, actual results could differ from those estimates.

(22) Contingency loss

If it becomes probable that assets have been impaired or liabilities have been incurred as of the balance sheet date based on the development of certain events and the loss amount can be reasonably estimated, the amount shall be recognized as current loss. If it becomes probable that assets have been impaired or liabilities have been incurred as of the balance sheet date based on the development of certain events but the loss amount can not be reasonably estimated, it shall be disclosed in the financial statements.

2. Change in Accounting Policy and its Impact

(1) Impairment of assets

The Bank adoped the new Statement of Financial Accounting Standards No. 35 "Accounting for Impairment of Assets", effective from January 1, 2005. This change of accounting principle had no significant effect on the financial statements as of and for the year ended December 31, 2006.

(2) Financial instruments

1) Effective from January 1, 2006, the Bank adopted the Statements of Financial Accounting Standards No. 34 and No. 36 to account for the financial instruments. Financial statements prior to December 31, 2005 were not retroactively adjusted but were reclassified to conform with the "Guidelines Governing the Preparation of Financial Reports by Public Banks", and Statements of Financial Accounting Standards No. 34 and No. 36.

2) Original accounting treatments before December 31, 2005 were as follows:

(a) Marketable and trading securities

Marketable and trading securities were stated at cost. Cost of securities was calculated based on the moving-average method. Subsequent revaluation at the balance sheet date was based on the lower of cost or market value on the aggregate basis. Trading securities are based on the closing prices at the balance sheet date, whereas listed stocks, over-the-counter (OTC) stocks, and beneficiary certificates of closed-end mutual funds were determined by the average daily closing prices of the last month of the accounting period. Beneficiary certificates of open-end mutual funds were stated at net asset values at the balance sheet date. OTC bonds were determined by the closing prices at the balance sheet date or the period-end reference prices published by the OTC, whereas other bonds were stated at par values and were adjusted by accumulated unamortized discounts or premiums.

(b) Derivative financial instruments

* Derivative financial instruments held for trading purpose

  Financial instruments and non-financial instruments held from proprietary trading or other trading activities were measured at fair values as of the balance sheet date. Both realized and unrealized changes in the fair values were recognized as trading gains or losses in the current period.

* Derivative financial instruments for non-trading purpose

  If derivative financial instruments were held to hedge risks associated with existing assets or liabilities, profits or losses arising from holding these financial instruments were recognized in the current period, and the carrying amounts of the hedged assets or liabilities are adjusted accordingly. If a derivative financial instrument was used to hedge risks associated with firm commitments or forecast transactions, the gains or losses arising from the derivative financial instrument were deferred. Such deferred gains or losses are either recognized as realized gains or losses or used to adjust the carrying amounts of the hedged assets or liabilities when the hedged transactions occur. When a derivative financial instrument contract was terminated prior to maturity, the gains or losses were deferred and amortized over the remaining period of the hedged assets or liabilities.

(c) Other long-term investments

* Debt investments

Long-term bond investments were recognized at acquisition cost. The premiums (discounts) were amortized under the straight-line method, and the amortizations were treated as adjustment items to the interest income. Upon sales, the costs were calculated using the moving average method. Beneficiary securities were recognized at acquisition cost and were revaluated at discounted value of expected future cash flows at the balance sheet date. The differences arising from revaluation were recognized as gains or losses on revaluation.

* Equity investments

Equity investments were recognized at acquisition cost and stated at cost at balance sheet date. Upon sales, costs were determined by the specific identification method.

(d) Long-term equity investments under the cost method

Investments that the Bank owned less than 20% of the voting stock interests and had no ability to exercise significant influence over the investee were stated at the lower of cost and market value for a listed company with unrealized loss recorded as a reduction in the stockholders' equity, and were stated at cost for unlisted companies. In the event of a permanent diminution in value of the unlisted companies, the book value of the investments was written down to their new value and a realized loss is recognized in the current period.

3) The change in accounting principle for such financial instruments resulted in a credit to other stockholders' equity of $6,252,298, and the effects on net income for 2006 were as follows:

	Amount	Earnings per share (in dollars)
Income before income tax	$ 387,930	$ 0.08
Cumulative effect of a change in accounting principle (net of income tax expense)	563,169	0.12
Net income	$ 951,099	$ 0.20

3. Summary of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2006	December 31, 2005
Cash on hand	$ 8,953,504	$ 8,864,414
Checks for clearing	26,328,945	25,091,694
Due from other banks	2,739,452	4,080,325
Total	$ 38,021,901	$ 38,036,433

(2) Due from Central Bank and other banks

	December 31, 2006	December 31, 2005
Reserve for deposits - account A	$ 11,086,379	$ 12,521,400
Reserve for deposits - account B	29,744,179	29,038,509
Deposits with Central Bank	2,100,000	-
Inter-bank clearing fund	1,824,879	1,822,413
Reserve for deposits - foreign currency	143,301	122,864
Deposits of overseas branches with foreign Central Banks	866,079	523,587
Deposits of national treasury account	862,475	926,905
Call loans to other banks	94,337,062	74,636,363
Overdrafts to other banks	1,879	6,588
Total	$ 140,966,233	$ 119,598,629

The Bank's reserve for deposits is required by the Banking Law to maintain the reserve requirements based on the monthly average balance of each kind of deposits and the reserve ratio set by the Central Bank and to deposit in the reserve deposit account at the Central Bank. According to the regulations, such reserve requirements for reserve for deposits - account B can not be withdrawn except for monthly adjustments of the reserve for deposits.

(3) Financial assets at fair value through profit or loss - net

	December 31, 2006	December 31, 2005
Financial assets for trading purpose		
Stocks	$ 2,340,269	$ 1,901,149
Bonds (government bonds, financial bonds and corporate bonds)	6,920,217	6,852,964
Beneficiary certificates	185,000	1,350,000
Other marketable securities	450,400	450,515
Derivative financial instruments	3,226,430	605,460
Valuation adjustment for financial assets for trading purpose-non-derivative instruments	495,665	-
Subtotal	13,617,981	11,160,088
Financial assets designated as at fair value through profit or loss		
Bonds	28,275,660	26,258,160
Valuation adjustment for financial assets designated as at fair value through profit or loss	901,326	-
Subtotal	29,176,986	26,258,160
Total	$ 42,794,967	$ 37,418,248

For the year ended December 31, 2006, the net gains on financial assets for trading purpose and the net realized and unrealized gains (including interest income) on designated financial assets as at fair value through profit or loss amounted to $10,308,255.

Financial instruments designated as at fair value through profit or loss are to eliminate or significantly reduce a measurement or recognition inconsistency and to evaluate the performance of assets on a fair value basis.

Types of derivative financial instruments held for trading purpose and related contract information were as follows:

	December 31, 2006		December 31, 2005	
Financial Instruments	Contract amount (Notional principal)	Credit risk	Contract amount (Notional principal)	Credit risk
Trading Purpose				
Foreign exchange contracts (FX swaps and forwards)	$ 75,706,549	$ 623,245	$ 84,967,185	$ 715,844
FX margin trading	4,831,217	228,403	3,334,360	3,929
Non-delivery FX forwards	8,547,101	74,462	691,756	46,023
FX options written	6,240,980	-	858,549	-
Interest rate swaptions written	12,000,000	-	-	-
Bond options written	1,817,952	-	98,580	-
Structured note options written	-	-	11,592	-
FX options held	7,673,198	50,925	1,419,078	25,493
Interest rate swaptions held	1,000,000	7,066	-	-
Bond options held	163,250	14	-	-
Structured note options held	-	-	11,592	334
Cross currency swap contracts	16,654,376	211,324	10,082,262	171,609
Interest rate swap contracts	253,063,431	1,910,887	56,295,744	551,625
Futures margin deposits (note)	-	120,104	-	-

note: It is the excess margin deposits that the Bank paid for before it started to engage in futures trading.

(4) Investments in bills and bonds under resale agreements

	December 31, 2006	December 31, 2005
Government bonds under resale agreement	$ 501,616	$ -

After December 31, 2006, the Bank is obliged to sell the above bonds at purchase price plus a mark-up based on the resale agreements, and such resale amount was $501,684.

(5) Receivables - net

	December 31, 2006	December 31, 2005
Interest receivable	$ 5,979,672	$ 5,803,525
Factoring receivable	696,649	573,307
Acceptances receivable	7,668,753	7,009,460
Credit card account receivable	3,889,963	5,106,762
Accounts and notes receivable	335,796	1,297,822
Income tax refundable	1,637,144	1,556,727
Accrued income	270,040	216,139
Other receivables	1,041,907	1,079,090
	21,519,924	22,642,832
Less: allowance for doubtful accounts	(224,439)	(193,049)
Net amount	$ 21,295,485	$ 22,449,783

As of December 31, 2006 and 2005, the Bank's reserves for guarantees, including acceptances receivable and guarantees receivable, are both $450,518, and such reserves are recorded under "other liabilities".

(6) Bills discounted and loans - net

	December 31, 2006	December 31, 2005
Bills discounted	$ 5,407,731	$ 5,482,397
Overdrafts	998,330	1,465,029
Short-term loans	296,408,656	268,392,254
Medium-term loans	282,330,615	269,233,318
Long-term loans	375,619,193	336,744,359
Import-export negotiations	3,758,831	3,244,034
Non-accrual loans	15,555,942	14,138,829
Sub-total	980,079,298	898,700,220
Less: allowance for credit losses	(8,034,718)	(8,108,416)
Net amount	$ 972,044,580	$ 890,591,804

Gain from hedge evaluation is $187,907, which was included in the balances of loans as of December 31, 2006. Fair values of fixed-rate loans held by overseas branches may fluctuate with changes in interest rates. To prevent the risk that might be significant, the Bank has engaged in interest rate swap contracts to hedge the risk.

As of December 31, 2006 and 2005, non-accrual loans and other credit extensions where interest accruals had been ceased are $15,416,656 and $14,115,475, respectively. For the years ended December 31, 2006 and 2005, interest receivable that was not accrued is $505,367 and $458,714, respectively.

Proper prosecutions of claims against debtors have been made before any credit extensions and loans were written off for the years ended December 31, 2006 and 2005.

The Bank's business segment has revalued the allowance for doubtful receivables, loans, bills discounted, and non-accrual loans by considering unrecoverable risks for the specific loans and inherent risks for the overall loan portfolio. Movements in allowance for credit losses for the years ended December 31, 2006 and 2005 are as follows:

	For the year ended December 31, 2006		
	Unrecoverable risks for the specific loans	Inherent risks for the overall loan portfolio	Total
Beginning balance	$ 3,890,303	$ 4,510,834	$ 8,401,137
Provision	4,735,859	-	4,735,859
Write-off	(4,821,184)	-	(4,821,184)
Foreign exchange translation difference and others	940,372	(934,508)	5,864
Ending balance	$ 4,745,350	$ 3,576,326	$ 8,321,676

	For the year ended December 31, 2005		
	Unrecoverable risks for the specific loans	Inherent risks for the overall loan portfolio	Total
Beginning balance	$ 2,069,075	$ 6,295,216	$ 8,364,291
Provision	4,320,502	-	4,320,502
Write-off	(4,404,876)	-	(4,404,876)
Foreign exchange translation difference and others	1,905,602	(1,784,382)	121,220
Ending balance	$ 3,890,303	$ 4,510,834	$ 8,401,137

(7) Available-for-sale financial assets - net

	December 31, 2006	December 31, 2005
Stocks	$ 2,962,490	$ 2,754,273
Short-term bills	443,616	375,821
Bonds (government bonds, financial bonds and corporate bonds)	72,766,379	83,955,998
Beneficiary securities	210,930	230,000
Valuation adjustment for available-for-sale financial assets	6,252,298	-
Total	$ 82,635,713	$ 87,316,092

Tang Eng Iron Works Co., Ltd. has become an OTC listed company since July 2006; therefore, its stocks are reclassified from financial assets carried at cost to available-for-sale financial assets, and the Bank recognizes unrealized gain on financial instrument of $ 492,680.

(8) Held-to-maturity financial assets - net

	December 31, 2006	December 31, 2005
Certificates of deposit	$ 207,070,000	$ 228,500,000
Preferred stocks of Taiwan High Speed Rail Corporation	2,000,000	2,000,000
Short-term bills	190,531	-
Bonds (financial bonds and corporate bonds)	4,421,575	5,442,624
Others	65,321	-
Total	$ 213,747,427	$ 235,942,624

(9) Equity investments accounted for under the equity method - net

1) Equity investments

	December 31, 2006		December 31, 2005	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
First Commercial Bank (USA)	$ 1,386,783	100.00	$ 1,249,593	100.00
East Asia Real Estate Management Co., Ltd.	10,737	30.00	10,248	30.00
FCB Leasing Co., Ltd.	687,779	100.00	696,796	100.00
First Insurance Agency Co., Ltd.	283,559	100.00	274,493	100.00
	$ 2,368,858		$ 2,231,130	

2) Investment income and cumulative translation adjustments from equity investments accounted for under the equity method for the years ended December 31, 2006 and 2005 are as follows:

	For the years ended December 31,	
	2006	2005
Investment income	$ 405,122	$ 400,284
Cumulative translation adjustments	386	(43,126)

(10) Other financial assets - net

	December 31, 2006	December 31, 2005
Derivative financial assets held for hedging	$ 4,688	$ -
Financial assets carried at cost	3,041,788	3,287,621
Bond investments with no active market	14,866,599	16,900,402
Bills purchased	47,979	52,686
Overdue receivable not transferred from loans	138,509	99,672
Foreign exchange forwards receivable-net	-	2,034,041
Subtotal	18,099,563	22,374,422
Less: Allowance for bad debt - overdue receivable not transferred from loans	(62,519)	(99,672)
	$ 18,037,044	$ 22,274,750

1) The Bank uses cost method for non-listed stocks due to lack of quoted market price in active market.

2) The fair value hedge of derivative financial assets and related disclosure information were as follows:

Fair values of fixed-rate loans held by overseas branches may fluctuate with changes in interest rates. To prevent the risk that might be significant, the Bank has engaged in interest rate swap contracts to hedge the risk.

	Designated hedging instruments	
Hedged item	Designated hedging instruments	Fair value December 31, 2006
Fixed-rate loans	Interest rate swap contracts	$ 4,688

3) The nature of derivative financial instruments held for hedging and related contract information were as follows:

	December 31, 2006		December 31, 2005	
Financial instruments	Contract amount (Notional principal)	Credit risk	Contract amount (Notional principal)	Credit risk
Non-trading purpose:				
Interest rate swap contracts	$ 3,453,143	$ 4,688	$ 46,485,419	$ 431,060
Asset swaps	-	-	2,760,240	11,679

(11) Properties, plants and equipments - net

	December 31, 2006			
	Cost	Revaluation increments	Accumulated depreciation	Book value
Land and improvements	$ 7,045,283	$ 9,362,229	($ 2,029)	$ 16,405,483
Buildings	8,237,690	56,884	(3,039,378)	5,255,196
Transportation equipment	892,894	-	(544,512)	348,382
Machinery and equipment	3,126,688	-	(2,322,811)	803,877
Other equipment	1,792,063	-	(1,442,012)	350,051
Leasehold improvements	611,605	-	(474,168)	137,437
Construction in progress and prepayments for equipments	86,163	-	-	86,163
	$ 21,792,386	$ 9,419,113	($ 7,824,910)	$ 23,386,589

	December 31, 2005			
	Cost	Revaluation Increments	Accumulated Depreciation	Book Value
Land and improvements	$ 7,054,603	$ 9,378,870	($ 1,620)	$ 16,431,853
Buildings	7,843,596	56,891	(2,594,909)	5,305,578
Transportation equipment	875,520	-	(478,369)	397,151
Machinery and equipment	3,258,411	-	(2,243,770)	1,014,641
Other equipment	1,783,275	-	(1,344,868)	438,407
Leasehold improvements	590,568	-	(469,123)	121,445
Construction in progress and prepayments for equipments	139,440	-	-	139,440
	$ 21,545,413	$ 9,435,761	($ 7,132,659)	$ 23,848,515

The Bank revalued its assets in accordance with the relevant regulations. As of December 31, 2006 and 2005, the balances of the revaluation increments (including those for non-operating assets) amounted to $15,751,926 and $15,772,836, respectively, and the relevant reserves for land revaluation increment tax recorded as other liabilities, were $5,615,563 and $5,630,103, respectively. The difference was recorded under stockholders' equity.

There is no interest capitalized on properties, plants and equipments purchased for the fiscal years ended December 31, 2006 and 2005.

As of December 31, 2006 and 2005, there is no property, plant and equipment pledged as collateral.

(12) Other assets

	December 31, 2006	December 31, 2005
Non-operating assets		
Cost		
Land	$ 468,316	$ 468,823
Buildings	1,362,124	1,602,409
Others	295,938	295,804
Sub-total	2,126,378	2,367,036
Revaluation increments	6,332,813	6,337,075
Total cost and revaluation increments	8,459,191	8,704,111
Less: accumulated depreciation	(429,485)	(550,660)
Net non-operating assets	8,029,706	8,153,451
Other assets		
Foreclosed assets		
Cost	207,656	402,923
Less: accumulated impairment losses	(118,786)	(227,519)
Net foreclosed assets	88,870	175,404
Deferred income tax assets-net	7,812,060	10,879,202
Refundable deposits	422,380	584,253
Other assets to be adjusted	28,302	55,050
Servicing assets	-	3,619
Others	1,897	13,196
Prepayments	1,468,946	1,271,437
	$ 17,852,161	$ 21,135,612

The Ministry of Finance approved the Bank's takeover of five credit departments of Farmers' and Fishermen's Associations in Taiwan effective from September 14, 2001. The acquired assets together with the indebtedness were transferred to the Bank. The RTC Fund has partially reimbursed the losses suffered by the Bank. The remaining portions of disputed assets and liabilities, under current investigation, have been temporarily recorded in "other assets to be adjusted" and "other liabilities to be adjusted", respectively. Upon settlement, the balance will be transferred to appropriate accounts and any deficiency will be compensated by the RTC fund.

Effective from January 1, 2005, the Bank adopted the SFAS No. 35 "Accounting for Impairment of Assets". The impairment losses of foreclosed assets of $21,739 and $1,643, respectively, were recognized for the years ended December 31, 2006 and 2005.

(13) Due to Central Bank and other banks

	December 31, 2006	December 31, 2005
Due to Central Bank	$ 204,688	$ 201,614
Due to other banks	744,197	672,621
Overdrafts from other banks	2,134,070	1,424,371
Call loans from other banks	80,173,201	99,813,325
Transferred deposits from Chunghwa Post Co.	33,699,810	42,659,275
Total	$ 116,955,966	$ 144,771,206

(14) Financial liabilities at fair value through profit or loss

	December 31, 2006	December 31, 2005
Financial liabilities for trading purpose - derivative financial instruments	$ 3,337,601	$ 631,175
Financial liabilities designated as at fair value through profit or loss	49,300,000	35,300,000
Valuation adjustment for financial liabilities designated as at fair value through profit or loss	(825,833)	132,859
	$ 51,811,768	$ 36,064,034

Net realized and unrealized losses (including interest expenses) for the above financial liabilities were $8,785,525 for the year ended December 31, 2006.

Financial instruments designated as at fair value through profit or loss are to eliminate or significantly reduce a measurement or recognition inconsistency and to evaluate the performance of liabilities on a fair value basis.

(15) Bills and bonds payable under repurchase agreements

	December 31, 2006	December 31, 2005
Government bonds under repurchase agreements	$ 15,241,566	$ 15,395,150

The Bank is obliged to repurchase the above bills and bonds at original sale price plus a mark-up pursuant to the repurchase agreements, and the repurchase agreement amounts for such bonds were $15,278,566 and $15,430,146, respectively, as of December 31, 2006 and 2005.

(16) Payables

	December 31, 2006	December 31, 2005
Accounts payable	$ 27,437,194	$ 26,985,759
Interest payable	4,393,274	3,674,313
Bank acceptances	7,973,591	7,296,636
Collections for customers	936,847	992,396
Expenses payable	2,124,018	2,328,288
Tax payable	296,029	368,948
Dividends payable	185,988	215,464
Other payables	6,680,831	4,814,092
Total	$ 50,027,772	$ 46,675,896

(17) Deposits and remittances

	December 31, 2006	December 31, 2005
Checking deposits	$ 40,892,120	$ 41,504,160
Demand deposits	220,035,108	221,408,283
Time deposits	277,276,518	216,179,892
Negotiable certificates of deposit	9,099,200	9,819,800
Savings deposits	671,510,446	654,668,609
Outward remittances	85,178	53,021
Inward remittances	989,989	1,008,086
Total	$ 1,219,888,559	$ 1,144,641,851

(18) Financial bonds payable

On June 22, 2001, October 3, 2002, November 14, 2003, June 24, 2005, and August 18, 2006, the Board of Directors of the Bank resolved to issue senior and subordinated financial bonds with the quotas of $50, $30, $20 and $20 billion New Taiwan dollars, respectively, to strengthen the Bank's capital adequacy ratio and to finance long-term operating capital. The issuances of the financial bonds were approved by the MOF. The subordinated financial bonds take precedence over shareholders but rank junior to the other creditors in the event of liquidation. The detailed terms of each issuance are listed as follows:

	First Issue, 2001
Issue date	September 12, 2001
Issue amount	NT$10 billion dollars
Issue price	At par
Coupon rate	4%
Interest and repayment terms	Interest is paid annually and 20%, 30% and 50% of principal is to be repaid at the 5th, 6th and 7th year, respectively.
Maturity period	7 years

	First to Fourth Issues, 2002
Issue date	March 4, July 9, December 10, and December 19, 2002
Issue amount	NT$20.5 billion dollars
Issue price	At par
Coupon rate	Part of interest rates is fixed rates (3.2% ~ 3.9%), and the rest is either floating rates or inverse floating rates with the minimum yield rate of 0%.
Interest and repayment terms	For the fixed rates, interest is paid annually. For the floating rates, interest is paid either quarterly or semi-annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years to 5 years and 7 months

	First to Ninth Issues, 2003
Issue date	January 20, February 25, May 2, September 10, October 27, and November 13, 2003
Issue amount	NT$24.8 billion dollars
Issue price	At par
Coupon rate	Part of interest rates is fixed rate (2.9% ~ 3.0%), and the rest is either at floating rates or inverse floating rates with the minimum yield rate of 0%. Interest rate indexes are USD 6M LIBOR, 90-day commercial paper rates or IRS rates.
Interest and repayment terms	For the fixed rates, interest is paid annually. For the floating rates, interest is to be paid either quarterly or semi-annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	4 years to 8 years

	First Issue, 2004
Issue date	May 25, 2004
Issue amount	NT$4 billion dollars
Issue price	At par
Coupon rate	Part of interest rates is fixed rate of 4%, and the rest is floating rate with the minimum yield rate of 0.5%. Interest rate indexes are USD 6M LIBOR.
Interest and repayment terms	Interest is paid semi-annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First Issue, 2006
Issue date	April 24, 2006
Issue amount	NT$5 billion dollars
Issue price	At par
Coupon rate	2.24%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	Second Issue (A~C), 2006
Issue date	July 27, 2006
Issue amount	NT$3 billion dollars
Issue price	At par
Coupon rate	2.45%, 2.55%, 2.75%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years and 6 months to 10 years

	Third Issue, 2006
Issue date	December 4, 2006
Issue amount	NT$6 billion dollars
Issue price	At par
Coupon rate	2.6%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	10 years

As of December 31, 2006 and 2005, interest rates of the above financial bonds ranged from 0% to 6.518% and 0% to 5.494%, respectively.

Among the above financial bonds, interest rate risk associating with the senior financial bonds with face value of $22.3 billion New Taiwan dollars and the subordinated financial bonds with face value of $27 billion New Taiwan dollars were hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognized as profit or loss, the financial bonds stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce a measurement or recognition inconsistency.

(19) Accrued pension liabilities

1) The Bank has a defined benefit pension plan set up in accordance with the Labor Standards Law, covering all regular employees whose services are prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who chose continuously to apply the Labor Standards Law after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but it is subject to a maximum of 45 points. The Bank makes contribution monthly based on 10% of salaries and such contributions are deposited in the designated pension account at the Central Trust of China under the names of the respective companies' independent retirement fund committees. The Bank recognized pension expenses of $615,872 and $713,734 for the years ended December 31, 2006 and 2005, respectively. As of December 31, 2006 and 2005, the balances of the pension fund deposited in the Central Trust of China were $3,278,437 and $2,824,130, respectively.

2) Actuarial assumptions are listed below:

	2006	2005
Discount rate	**2.50%**	2.50%
Rate of increase in salaries	**1.75%**	1.75%
Expected rate of return on plan assets	**2.50%**	2.50%

3) The reconciliation of the plan's status to balance sheet amounts is shown below:

	December 31, 2006	December 31, 2005
Benefit obligation		
Vested benefit obligation	$ 3,371,666	$ 2,958,886
Non-vested benefit obligation	1,363,285	1,226,873
Accumulated benefit obligation	4,734,951	4,185,759
Effect of future salary increments	873,422	819,830
Projected benefit obligation	5,608,373	5,005,589
Fair value of plan assets	(3,372,036)	(2,899,776)
Funded status	2,236,337	2,105,813
Unrecognized gain or loss on plan assets	(796,456)	(779,674)
Accrued pension liabilities	$ 1,439,881	$ 1,326,139
Vested benefit	$ 3,893,581	$ 3,452,022

4) Net pension costs

	December 31, 2006	December 31, 2005
Service cost	$ 595,746	$ 634,525
Interest cost	123,572	134,834
Expected return on plan assets	(75,400)	(81,006)
Amortization of unrecognized gain on plan assets	14,923	18,788
Net pension costs	$ 658,841	$ 707,141

5) Effective July 1, 2005, the Bank has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Employees have the option to be covered under the New Plan. And, the Bank contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are portable when the employment is terminated. The pension costs under defined contribution pension plan for the years ended December 31, 2006 and 2005 were $66,756 and $33,255, respectively.

(20) Other financial liabilities

	December 31, 2006	December 31, 2005
Appropriated loan fund	$ 341,416	$ 382,677
Derivative financial liabilities for hedging	192,595	-
Foreign exchange forwards payable	-	1,832,972
Total	$ 534,011	$ 2,215,649

1) The fair value hedge of derivative financial liabilities and related disclosure information were as follows:
Fair values of fixed-rate loans held by overseas branches may fluctuate with changes in interest rates. To prevent the risk that might be significant, the Bank has engaged in interest rate swap contracts to hedge the risk.

	Designated hedging instruments	
Hedged item	Designated hedging instruments	Fair Value December 31, 2006
Fixed-rate loans	Interest rate swap contracts	($ 192,595)

2) The nature of derivative financial instruments held for hedging and related contract information were as follows:

	December 31, 2006		December 31, 2005	
Derivative financial instruments	Contract amount (Notional principal)	Credit Risk	Contract amount (Notional principal)	Credit Risk
Non-trading purpose				
Interest rate swap contracts	$ 3,453,143	$ -	$ -	$ -

(21) Other liabilities

	December 31, 2006	December 31, 2005
Reserve for land revaluation increment tax	$ 5,615,563	$ 5,630,103
Guarantee deposit-in and margin deposits	1,124,122	1,383,178
Other collections in advance	1,067,067	1,071,240
Reserve for losses on guarantees	450,518	450,518
Temporary receipts and suspense accounts	344,967	57,961
Reserve for securities trading losses	200,000	200,000
Other liabilities to be adjusted	1,493	25,125
Others	12,243	15,099
Total	$ 8,815,973	$ 8,833,224

(22) Common stock

As of December 31, 2006 and 2005, the authorized and issued capital stocks were both $46,216,000. Total issued and outstanding shares were both 4,621,600 thousand shares with a par value of $10 New Taiwan dollars per share.

(23) Additional paid-in capital

Additional paid-in capital mainly includes capital in excess of par value on issuance of common stock and donation income.

The Company Law requires that additional paid-in capital, resulting from price received in excess of par value of the issuance of capital stock and donation income received, should be only used to recover losses or to increase the capital stock of the Bank subject to a maximum limit of 10% of the issued capital stock per year while the Bank has no accumulated deficit.

(24) Other stockholders' equity

According to Amended Land Tax Ruling No. 33 approved by the Legislative Yuan on January 21, 2005 effective February 1, 2005, the Bank reclassified reserve for land revaluation increment tax of $3,104,131 to reserve for surplus from land revaluation, due to the reduction in land revaluation increment tax rate. The adjustment increases stockholders' equity amount.

The revaluation increments of land will adjust the original subject asset accounts, other liability account - reserve for land revaluation increment tax and stockholders' equity account - revaluation increments. Upon disposal, the Bank will reverse the reserve for land revaluation increment tax and the stockholders' equity - revaluation increments accounts and recognize the disposal gain or loss.

(25) Legal reserve and special reserve

1) Legal reserve

According to the Company Law, legal reserve can be only used to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. Legal reserve can be used to increase capital stock if the balance of the legal reserve has reached fifty percent of the issued capital stock, but only half of the legal reserve can be capitalized.

2) Special reserve

Pursuant to the regulations of the Securities & Futures Bureau, Financial Supervisory Commission, Executive Yuan, except for setting aside legal reserve, the Bank is required to set aside a special reserve in an amount equal to the reduction of stockholders' equity, such as unrealized loss on available-for-sale financial assets and cumulative translation adjustment. Such special reserve is not available for dividend distribution. In subsequent year(s), if the year-end balances of such items are no longer resulted in a reduction in stockholders' equity, the special reserve previously set aside will then be available for distribution.

(26) Unappropriated earnings

1) As stipulated by the Bank's Articles of Incorporation, the annual net income after income tax should be first used to offset accumulated losses, then 30% of it should be set aside as legal reserve. The Bank can also set aside a special reserve for specific business purposes. The remaining earnings are to be distributed as follows:

- 1% to 8% as bonus to employees.
- Dividend and bonus to shareholders as proposed by the Board of Directors after considering the capital adequacy ratio and the need for business development, and approved by the shareholders' meeting. (The Board and Directors function is in an acting capacity of shareholders' meeting.)

2) Dividend policy for the next three years

Banking industry is a fully developed industry and the Bank, operating under a solid financial base, has maintained a stable income. The Bank has set up its dividend policy to be primarily in form of cash dividends and supplemented by share dividends, as to increase its capital adequacy ratio and to enhance its competitiveness. If the legal reserve is less than the capital or the capital adequacy ratio is below the statutory ratio stipulated by the Banking Law, the maximum amount of cash dividend distribution has to be subject to the stipulations set out by the Banking Law and the governing authorities.

3) As of the opinion date, the appropriation of 2006 earning has not been resolved by the Board of Directors. Details of 2004 and 2005 earning distributions are summarized as below:

	Appropriation of earnings		Earnings per share (in dollars)	
	2005	2004	2005	2004
Legal reserve	$ 3,065,687	$ 2,990,128	$ -	$ -
Cash dividends	6,431,671	3,466,200	1.39	0.75
Employees bonuses	500,729	488,388	-	-
	$ 9,998,087	$ 6,944,716	$ 1.39	$ 0.75

Employee bonuses are paid in cash. If the employee bonuses are recognized as expenses in the year of appropriation, the earnings per common share after tax in 2005 will be decreased from $ 2.21 to $ 2.10.

4) Information on the appropriation of the Bank's earnings as resolved by the Board of Directors and approved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Other non-interest income or losses

	For the years ended December 31,	
	2006	2005
Recovered bad debts and overdue accounts	**$ 3,612,391**	$ 4,013,695
Profits from financial assets carried at cost	**36,717**	601,202
Profits from bond investments with no active market	**9,218**	-
Profit from selling properties and equipments	**8,505**	300,832
Net rental income	**197,468**	187,517
Net other income	**106,751**	221,237
Total	**$ 3,971,050**	$ 5,324,483

(28) Personnel, depreciation, and amortization expenses

	For the years ended December 31,	
	2006	2005
Personnel expenses	**$ 8,692,165**	$ 8,957,112
Salaries	**7,538,745**	7,746,239
Labor and health insurance expenses	**302,734**	296,598
Pension expenses	**682,628**	746,989
Others	**168,058**	167,286
Depreciation expenses	**994,260**	853,700
Amortization expenses	**144,123**	129,661

(29) Income tax

1) The detail of income tax is as follows:

	December 31, 2006	December 31, 2005
Adjustment for (over) or under provision of prior years' income tax expense	**($ 96,953)**	($ 6,059)
Net changes in deferred income tax assets	**3,067,142**	2,793,450
Income taxes levied separately	**9,563**	8,184
Income tax payable - foreign branches	**201,789**	260,025
Income tax adjustment - foreign branches	**-**	326,580
10% surtax levied on undistributed earnings	**22,087**	-
Tax due to Alternative Minimum Tax Act	**135,892**	-
Income tax expense	**$ 3,339,520**	$ 3,382,180

2) Deferred income tax assets - net

As of December 31, 2006 and 2005, the income tax effects of temporary differences that gave rise to the deferred tax assets and liabilities are as follows:

	December 31, 2006		December 31, 2005	
	Amount	Income tax effects	Amount	Income tax effects
Temporary differences				
Allowance for doubtful accounts in excess of tax limits	$ 2,783,987	$ 695,997	$ 2,783,987	$ 695,997
Allowance for declines in market value of foreclosed assets	118,786	29,697	227,519	56,880
Loss carry forwards	32,356,920	8,089,230	42,008,435	10,502,109
Others	(101,727)	(25,432)	895,551	223,888
	$ 35,157,966	8,789,492	$ 45,915,492	11,478,874
Investment tax credits		47,306		58,613
Overseas branches		107,570		142,046
Deferred income tax assets		8,944,368		11,679,533
Allowance for deferred income tax assets		(1,132,308)		(800,331)
Deferred income tax assets-net		$ 7,812,060		$ 10,879,202

3) As of December 31, 2006, the details of tax credits are as follows:

Items for tax credits	Amount	Available period (year)
Personnel training costs	$ 30,779	2006~2010

4) According to the Income Tax Law, the losses could be carried forward for 5 years to deduct the future years' taxable income. As of December 31, 2006, the details of the losses available were as follows:

Year of losses	Declared amount of losses	Year of expiration	Assessed by tax authorities
2002	$ 8,921,478	2007	Not yet assessed
2003	23,435,442	2008	Not yet assessed
	$ 32,356,920		

5) Imputation credit account for shareholders and its related information

	December 31, 2006	December 31, 2005
Balances of imputation credit account for shareholders	$ 214,360	$ 178,806
Estimated imputation credit ratio for earnings distribution	1.51%	1.35%

6) The balances of undistributed earnings are as follows:

	December 31, 2006	December 31, 2005
Derived from earnings before 1997	$ -	$ -
Derived from earnings after 1998	14,160,783	13,241,334
	$ 14,160,783	$ 13,241,334

7) The tax authorities had assessed the Bank's income tax returns through 2001.

(30) Earnings per common share

	January 1 to December 31, 2006				
	Amount		Adjusted weighted average outstanding common stock (in thousand shares)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$ 14,257,056	$ 10,917,536	4,621,600	$ 3.08	$ 2.36

	January 1 to December 31, 2005				
	Amount		Adjusted weighted average outstanding common stock (in thousand shares)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$ 13,601,135	$ 10,218,955	4,621,600	$ 2.94	$ 2.21

(31) Capital adequacy ratio

The minimum capital adequacy ratio, a measure of the adequacy of a bank's capital expressed as a percentage of its risk weighted credit exposures, is 8% as required by the Banking Law and other relevant rules and regulations in order to ensure a sound financial standing for banks. If the said ratio is less than the prescribed ratio, the bank's ability to distribute surplus profits may be restricted by the governing authority.

The capital adequacy ratio of the Bank was 11.00% and 10.24% as of December 31, 2006 and 2005, respectively.

(32) Asset securitization transactions

1) Product nature and profit (loss)

On March 2, 2004, 2,026 items of residential mortgage loans with the carrying amount of $4,572,697 were sold through securitization transaction and were entrusted to the trustee under a special purpose trust (SPT) to issue beneficiary certificates. One was senior beneficiary certificates of $4,280,000, which were issued at par value and were classified into three classes of certificates with floating rates as follows:

- Certificate A: the issue amount was $3,910,000 and the coupon rate was the adjustable rate mortgage (ARM) index plus 0.25%.
- Certificate B: the issue amount was $220,000 and the coupon rate was the adjustable rate mortgage (ARM) index plus 0.55%.
- Certificate C: the issue amount was $150,000 and the coupon rate was the adjustable rate mortgage (ARM) index plus 0.65%.

The other was a subordinated beneficiary certificate of $292,697 issued for a credit enhancement purpose with non-interest bearing and was purchased by the Bank. If debtors are unable to pay off the principal and related interest when due, the investors and the trustee have no recourse to the Bank's assets. The repayment of the principal with respect to retained interests is subordinated to investors, and the value of the retained interests is affected by the transferred debt's credit risk, prepayment rate, and interest rate risk. For the years ended December 31, 2006 and 2005, the Bank has recognized the interest income from subordinated beneficiary certificates in an amount of $12,914 and $42,752, respectively.

2) Cash flows

The cash flows received from and paid to securitization trusts are summarized as follows:

	For the years ended December 31,	
	2006	2005
Proceeds from securitization		
Servicing fee income received	**$ 1,008**	$ 6,342
Proceeds from other cash flows of retained interests	**12,321**	40,187
Setting aside as cash reserves (recorded under "refundable deposits")	**-**	-
Setting aside as cash reserves of servicing institution	**5,968**	-
Essential reserves received	**67,767**	16,717

3) Recognition and measurement of servicing assets

As of December 31, 2006 and 2005, the amounts of servicing assets are $0 and $5,463, respectively, and the amounts of the servicing assets after amortization are $0 and $3,619, respectively, and the servicing assets are recognized as "other assets".

4) Termination of securitization contract

As of December 16, 2005, the Board of Directors of the Bank had passed the resolution to redeem all residential mortgage loans. As of April 3, 2006, the Bank redeemed all of the aforementioned beneficiary certificates (Certificate A, B, C, and D) and terminated the related contracts. Thus, the Bank did not disclose information about the major assumptions for measuring retained interests, sensitivity analysis for cash flows at fair value, and expected static pool loss rate.

4. Related Party Transactions

(1) Details of related parties

Name of related parties	Nature of relationship
First Financial Holding Co., Ltd. (FFHC)	Parent company
Bank of Taiwan	The company's representative is a director of FFHC
Golden Garden Investment Co., Ltd.	The company's representative is a director of FFHC
First Commercial Bank (USA)	Subsidiary of the Bank
FCB Leasing Co., Ltd. (FCBL)	Subsidiary of the Bank
First Insurance Agency Co., Ltd. (FIA)	Subsidiary of the Bank
East-Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund was donated by the Bank
First Taisec Securities Inc. (FTSI)	Subsidiary of FFHC
National Investment Trust Co., Ltd. (NITC)	Subsidiary of FFHC
First Financial Asset Management Co., Ltd.	Subsidiary of FFHC
First Venture Capital Co., Ltd.	Subsidiary of FFHC
First Financial Management Consulting Co., Ltd.	Subsidiary of FFHC
First P&C Insurance Agency Co., Ltd.	Subsidiary of FFHC
14 people including Chao-Shun Chang, etc.	The Bank's Directors
4 people including Yung-Sun Wu, etc.	The Bank's Supervisors
253 people including Ching-Yun Wu, etc.	The Bank's managers
29 people including Bi-Lien Lu, etc.	Spouses of the Bank's directors, supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

(2) Major transactions with related parties

1) Due from other banks

	As of and for the year ended December 31, 2006			
	Highest balance	Ending balance	Interest income	Annual interest rate (%)
Bank of Taiwan	$ 5,611,000	$ 3,611,000	$ 21,611	1.45~1.71

	As of and for the year ended December 31, 2005			
	Highest balance	Ending balance	Interest income	Annual interest rate (%)
Bank of Taiwan	$ 7,500,000	$ -	$ 6,568	1.21~1.39

2) Due to other banks

	As of and for the year ended December 31, 2006			
	Highest balance	Ending balance	Interest expense	Annual interest rate (%)
Bank of Taiwan	$ 10,000,000	$ -	$ 3,089	1.45~1.66

	As of and for the year ended December 31, 2005			
	Highest balance	Ending balance	Interest expense	Annual interest rate (%)
Bank of Taiwan	$ 8,800,000	$ -	$ 2,466	1.21~1.39

3) Deposits

	December 31, 2006		December 31, 2005	
	Ending balance	Percentage	Ending balance	Percentage
FFHC	$ 5,130,962	-	$ 6,209,313	0.5
First Venture Capital Co., Ltd.	-	-	325,839	-
First Insurance Agency Co., Ltd.	255,039	-	323,411	-
EAREM	7,711	-	185,009	-
Others	5,744,556	1	5,867,548	0.5
	$ 11,138,268	1	$ 12,911,120	1

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties, except that savings interest rate applied for the Bank's directors, supervisors and managers is 13.00% and each of their deposit balance is below $480.

4) Loans

	December 31, 2006		December 31, 2005	
	Ending balance	Percentage	Ending balance	Percentage
FCB Leasing Co., Ltd.	$ 2,967,500	1	$ 5,201,000	1
Others	1,576,614	-	3,621,896	-
	$ 4,544,114	1	$ 8,822,896	1

Loan interest rates of the related party transactions are not significantly different from those of transactions with third parties.

5) Interest rate swap transactions

	December 31, 2006		December 31, 2005	
	Notional Principal	Gain on interest rate swaps	Notional Principal	Gain on interest rate swaps
FCB Leasing Co., Ltd.	$ 102,000	$ 108	$ 114,000	$ 400

6) Investments in bills and bonds under resale agreements

	December 31, 2006		December 31, 2005	
	Repo	Interest expense	Repo	Interest expense
FFHC	$ -	$ -	$ 400,000	$ 294

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

7) Foreign exchange transactions

	December 31, 2006		December 31, 2005	
	Contract amount	Payable to related parties	Contract amount	Payable to related parties
Bank of Taiwan	$ 213,247	($ 688)	$ 998,922	($ 12,758)

8) Financial assets at fair value through profit or loss

In 2005, the Bank purchased structured bonds owned by NITC from security broker. Those bonds have the face value of $6,500,000 and the total cost of $6,090,722.

9) Financial assets measured at cost

In 2005, Taiwan Asset Management Corporation (TAMCO) which held by the Bank with a cost of $3,000,000 was sold to the Bank's parent company, First Financial Holding Company, for a total of $3,601,164, with disposal gain of $601,164 recognized under non-interest income.

5. Pledged Assets

As of December 31, 2006 and 2005, the collateralized assets are listed below:

	December 31, 2006	December 31, 2005	Pledged Purpose
Available-for-sale financial assets - bonds	$ 1,224,400	$ 1,260,900	Guarantees deposited with the court for provisional seizure and guarantees of trust business reserves
Refundable deposits	422,380	584,253	Guarantees deposited with the court for provisional seizure and deposits for the building leasing
Total	$ 1,646,780	$ 1,845,153	

6. Commitments and Contingent Liabilities

(1) Major commitments and contingent liabilities

	December 31, 2006	December 31, 2005
Unused loan commitments	$ 43,570,016	$ 43,372,309
Unused credit commitments for credit cards	30,548,342	37,749,003
Unused letters of credit issued	33,226,367	26,383,366
Guarantees	28,615,591	31,274,943
Collections receivable for customers	149,784,510	150,614,512
Collections payable for customers	4,383,871	6,583,119
Travelers' checks consignment-in	617,152	645,962
Guaranteed notes payable	6,224,469	7,080,120
Trust assets	292,882,370	225,710,663
Customers' securities under custody	557,364,182	536,530,185
Book-entry for government bonds under management	108,881,150	95,900,700
Depository for short-term marketable securities under management	43,508,824	35,973,717

(2) Given the collapse of the Tung Xin building caused by an earthquake disaster happened on September 21, 1999, the residents filed a legal claim of loss of personal properties against Hong Cheng Building Co., Ltd., Hong Ku Construction Co., Ltd., (including its directors and supervisors), and the Bank. Up to now, the case is still being heard by the Taipei District Court. However, the Bank's attorney believes that the Bank may prevail in the case because there is no evidence found between the cause of collapse and the Bank's maintenance construction work, nor is any malicious misconduct or negligence on the part of the Bank. Accordingly, no provision is made for the contingent liabilities in the Bank's financial statements.

(3) The Bank rented office spaces under operating leases. As of December 31, 2006 the estimated future lease commitments for the Bank are as follows:

Period	Amount
2007	$ 494,359
2008	365,704
2009	222,828
2010	120,471
2011 and thereafter	155,317
	$ 1,358,679

4) Others

As of December 31, 2006, the Bank had entered into the construction contracts in the amount of $238,250, $75,123 (including sundry expenses) of which had been paid and recorded in "construction in progress and prepayments for equipments" account.

7. Significant Losses from Disasters: None

8. Significant Subsequent Events: None

9. Others

(1) Disclosure of financial instruments

1) Fair value of financial instruments

	December 31, 2006		
Non-derivative financial instruments	Book value	Quoted market price	Amount by a valuation technique
Assets			
Financial assets with book value equaling fair value	$ 201,255,594	$ -	$ 201,255,594
Financial assets at fair value through profit or loss	39,568,537	3,630,206	35,938,331
Bills discounted and loans	972,044,580	-	972,044,580
Available-for-sale financial assets	82,635,713	23,456,576	59,179,137
Held-to-maturity financial assets	213,747,427	3,296,381	210,464,828
Other financial assets - bonds investments with no active market	14,866,599	-	14,768,069
Liabilities			
Financial liabilities with book value equaling fair value	183,532,472	-	183,532,472
Financial liabilities at fair value through profit or loss	48,474,167	-	48,474,167
Deposits and remittances	1,219,888,559	-	1,219,888,559
Financial bonds payable	21,998,479	-	21,998,479
Derivative financial instruments			
Assets			
Non-hedge			
FX contracts (swaps and forwards)	623,245	-	623,245
FX margin trading	228,403	-	228,403
Non-delivery forwards	74,462	-	74,462
FX options held	50,925	-	50,925
Interest rate swaptions held	7,066	-	7,066
Bond options held	14	-	14
Cross currency swaps contracts (excluding the notional principal)	211,324	-	211,324
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	1,910,887	-	1,910,887
Futures margin deposits	120,104	120,104	-
Hedge			
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	4,688	-	4,688
Liabilities			
Non-hedge			
FX contracts (swaps and forwards)	319,792	-	319,792
FX margin trading	22,298	-	22,298
Non-delivery forwards	6,537	-	6,537
FX options written	61,119	-	61,119
Interest rate swaptions written	65,307	-	65,307
Bond options written	3,544	-	3,544
Cross currency swaps contracts (excluding the notional principal)	360,146	-	360,146
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	2,498,858	-	2,498,858
Hedge			
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	192,595	-	192,595

Non-derivative financial instruments	December 31, 2005 Book value	Fair value
Assets		
Financial assets with book value equaling fair value	$ 180,721,784	$ 180,721,784
Financial assets at fair value through profit or loss	36,812,788	36,812,788
Bills discounted and loans	890,591,804	890,591,804
Available-for-sale financial assets	87,316,092	87,316,092
Held-to-maturity financial assets	235,942,624	235,942,624
Other financial assets - bond investments with no active market	16,900,402	16,900,402
Liabilities		
Financial liabilities with book value equaling fair value	208,458,598	208,458,598
Financial liabilities at fair value through profit or loss	35,432,859	35,432,859
Deposits and remittances	1,144,641,851	1,144,641,851
Financial bonds payable	24,000,000	24,000,000
Derivative financial instruments		
Assets		
Financial assets for trading purpose		
FX contracts (swaps and forwards)	1,936,052	1,936,052
FX margin trading	119,975	119,975
Non-delivery forwards	5,728	5,728
FX options held	25,493	25,493
Structured product options held	334	334
Cross currency swaps contracts (excluding the notional principal)	171,609	171,609
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	551,625	551,625
Financial assets for non-trading purpose		
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	60,005	33,532
Liabilities		
Financial liabilities for trading purpose		
FX contracts (swaps and forwards)	2,006,360	2,006,360
FX margin trading	8,674	8,674
Non-delivery forwards	5,766	5,766
FX options written	12,159	12,159
Bonds options written	721	721
Structured product options written	334	334
Cross currency swaps contracts (excluding the notional principal)	159,262	159,262
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	270,870	270,870
Financial liabilities for non-trading purpose		
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	94,294	1,311,854

2) Methods and assumptions used by the Bank to measure the fair value of financial instruments are summarized as follows:

(a) Cash and cash equivalents, due from Central Bank and other banks, investment in bills and bonds under resale agreements, receivables (net of allowance for doubtful accounts), refundable deposits, bill purchased, due to Central Bank and other banks, bills and bonds payable under repurchase agreements, funds borrowed from Central Bank and other banks, guarantee deposits, payables, and so on. The fair values of financial instruments listed above are estimated at carrying amounts at balance sheet date, as the maturity date is near the balance sheet date or the future receivable or payable amount is close to the carrying amount.

(b) Bills discounted and loans (including non-performing loans): Considering the nature of the financial service industry, which is the market rate (market price) maker, the effective interest rates of loans are generally based on the basic interest rate or the interest rate index plus (minus) certain adjustment (point) (equivalent to floating rate) to reflect the market rate. As a result, it is reasonable to assume that book value, after adjustments of reserves based on estimated recoverability, approximate fair values. Fair values for mid-term and long-term loans with fixed rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

(c) The fair values of derivative financial instruments are estimated based on the amounts expected to receive or pay under the given situation that the derivative contracts are terminated pursuant to contract terms at the balance sheet date. In general, such an amount includes unrealized gains or losses on outstanding derivative contracts. The Bank adopts the valuation model that is identical to the market to determine the fair values of derivative financial instruments.

(d) When there is a quoted market price available in an active market for available-for-sale financial assets and held-to-maturity financial assets, the fair value is determined using the quoted market price. If there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value. The estimation and assumption of the valuation technique used by the Bank is consistent with those used by the market participants for financial instrument pricing. The discount rate used is consistent with the expected return rate of the financial instruments that have the same conditions and characteristics. Such conditions and characteristics include the debtor's credit rating, the remaining period of the fixed interest rate contracts, the remaining period for principal repayment, the payment currency, etc.

(e) Deposits and remittances: Considering the nature of the financial service industry, which is the market rate (market price) maker, and that deposit transactions usually mature within one year, a book value is a reasonable basis to estimate the fair value. Fair values for long-term fixed rate deposits shall be estimated using their discounted values of expected future cash flows. However, as these deposits account for only a small portion of all deposits and as their maturities are less than three years, it is reasonable to estimate the fair value by the book value.

(f) Financial bonds payable: Since the coupon rates of the senior and subordinated corporate bonds and financial bonds issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flows approximates the book value.

(g) Other financial assets - bond investments with no active market: If there is an actual transaction price or a quoted market price, the fair value of such bond investments will be determined by the latest actual transaction price or quoted market price. Moreover, if there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value, and the valuation technique the Bank adopted is the discounted values of expected future cash flows.

(h) The fair value measurement is not applicable to equity investments accounted for under the equity method. In addition, there is no quoted market price in an active market for the unlisted stocks under the financial asset carried at cost, and their variability in the range of reasonable fair value estimates is not insignificant and their probability of the various estimates within the range can not be reasonably assessed, so the fair value of the unlisted stocks is not reliably measurable. As a result, information of the book value and the fair value with respect to these financial assets is not disclosed.

3) The Bank has recognized $810,492 of current net gains on changes in fair value arising from valuation techniques for the year ended December 31, 2006.

4) As of December 31, 2006, the Bank has financial assets with fair value risk arising from interest rate changes amounted to $94,896,076.

5) As of December 31, 2006, the Bank has financial assets with cash flow risk arising from interest rate changes amounted to $13,509,795.

6) For the year ended December 31, 2006, the Bank has recognized interest income and interest expenses from the financial assets or financial liabilities not at fair value through profit or loss amounted to $42,937,557 and

$22,556,811, respectively. The Bank has recognized the change in fair value of available-for-sale financial assets and has recorded as an adjustment account in the stockholders' equity amounted to $6,252,298, and the amount of the gain on fair value change reclassified from the stockholders' equity into the statement of income was $371,637 for the year ended December 31, 2006.

7) Risk management and hedging strategy (including financial hedge)

(a) The Bank engages in risk management and hedge under the principles of not only serving customers but also conforming to the Bank operational goal, overall risk tolerance limit, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to maximize the benefits of customers, shareholders, and employees. The Bank mainly faces the credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and instrument risk), operational risk, and liquidity risk regardless whether they are on or off balance sheets.

(b) The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items that include the bank-wide risk management policy, risk tolerance limit, and authority must be approved by the Board of Directors. Under the Board of Directors, there is a risk management committee, which is responsible to review, supervise, report, and coordinate bank-wide risk management. Besides, Risk Management Center, which is independent from business units, is comprised of Regional Center, Risk Management Division, Credit Approval Division, Special Asset Management Division and Research Division, and is responsible for implementing the risk management strategy of the Bank.

(c) The goal of market risk management of the Bank is to achieve optimal risk position, maintain proper liquidity position, and manage all market risk centralized by considering the economic environment, competition condition, market value risk, and impact on net interest income. In order to achieve this goal, the Bank's hedge activities concentrate on risk transfer and risk management of net interest income and market value risk. The Bank set the strategy of fair value hedge of interest rate exposure according to the fund transfer pricing principle. The Bank primarily uses interest rate swaps to hedge fair value changes, and also hedges the interest rate exposure of partial fixed-rate loans and fixed-rate liabilities.

8) Financial risk information

(a) Market risk

The Bank sets the specific trade period, position limit, and stop loss limit for its investments in marketable securities according to different degrees of risk for each specific product. The Bank monitors those limitations by various risk indicators such as value at risk, DV01, and GREEKs. In addition, the Bank periodically conducts the risk sensitivity analysis of bank-wide positions.

Each derivative financial instrument transaction undertaken by the Bank has set the open aggregate position limit and maximum loss tolerance amount to control the market risk of derivative financial instruments. In addition, the profit and loss arising from fluctuations in the market interest rate or foreign exchange rate will be substantially offset by the profit and loss from hedged items, and thus those instruments would not expose the Bank to the significant market risk.

The Bank calculates the capital requirements of financial instruments in compliance with the Standardized Approach, and the estimated values of the risk-weighted assets are stated as follows:

Type of market risk	December 31, 2006	December 31, 2005
Interest rate risk	**$ 900,996**	$ 2,562,201
Equity securities risk	**404,043**	556,984
Foreign exchange risk	**465,141**	171,485

(b) Credit risk

Financial instruments held by the Bank may incur losses if counterparties are not able to fulfill their obligations at the maturity date. In order to prevent investments from significant credit risk concentration, the Bank sets up the upper credit tolerance limits for investment in stocks by industries and conglomerates. Bond investments are primarily composed of government bonds, financial bonds, and investment-grade corporate bonds. Each corporate bond is reviewed individually to control the credit risk.

Counterparties in the Bank's derivative financial instrument transactions are all financial institutions with good credit ratings. The Bank controls credit exposures of its counterparties by giving different risk limits to different counterparties based on their credit ratings.

The credit risk amounts stated below are for those with positive fair values as of the balance sheet date and those contracts with off-balance sheet commitments and guarantees.

For all financial instruments held by the Bank, the maximum credit exposures are as follows:

	December 31, 2006	
Financial instruments	Book value	Maximum credit exposure
Non-derivative financial instruments		
Financial assets for trading purpose		
Bonds	$ 7,086,877	$ 7,086,877
Beneficiary certificates	207,404	207,404
Other marketable securities	451,056	451,056
Financial assets designated for trading purpose		
Bonds	29,176,986	29,176,986
Available-for-sale financial assets		
Bonds	72,996,969	72,996,969
Short-term bills	443,788	443,788
Beneficiary securities	244,955	244,955
Held-to-maturity financial assets	213,747,427	213,747,427
Bills discounted and loans	972,044,580	972,044,580
Derivative financial instruments		
Non-hedging purpose		
FX contracts (swaps and forwards)	623,245	623,245
FX margin trading	228,403	228,403
Non-delivery forwards	74,462	74,462
FX options held	50,925	50,925
Interest rate swaptions held	7,066	7,066
Bond options held	14	14
Cross currency swaps contracts (excluding the notional principal)	211,324	211,324
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	1,910,887	1,910,887
Futures margin trading (note 1)	120,104	120,104
Hedging purpose		
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	4,688	4,688
Off-balance sheet commitments and guarantees	-	135,960,316

note 1: It is the excess margin deposits that the Bank paid for before it started to engage in futures trading.

note 2: The maximum credit exposure of derivative instruments stated is for those with positive fair values.

The credit exposure amounts stated above are for those with positive fair values as of the balance sheet date and those contracts with off-balance sheet commitments and guarantees. There will be a significant concentration of credit risk when the counterparty of the financial instruments is highly concentrated in a single customer or a group of counterparties who engage mostly in similar business activities with similar economic nature, and such business activities make their abilities to fulfill the contractual obligations influenced similarly by the economic affairs or other situations. The Bank does not engage in transactions that are concentrated significantly in a single customer or counterparty. However, the information on concentrations of credit risks, which represents up to 5% of the Bank's loans, bills discounted, and non-accrual loans is classified below by counterparties and regions:

Loans by industries	December 31, 2006 Book value	Maximum credit exposure
Private enterprises	$ 443,240,633	$ 443,240,633
State-owned enterprises	37,153,336	37,153,336
Government institutions	64,640,838	64,640,838
Non-profit organizations	3,315,720	3,315,720
Private individual	319,582,122	319,582,122
Others	61,286	61,286
Offshore entities	112,085,363	112,085,363
Total	$ 980,079,298	$ 980,079,298
Loans by regions		
Asia	$ 949,957,156	$ 949,957,156
Europe	388,263	388,263
North America	24,613,184	24,613,184
Central America	4,779,903	4,779,903
Oceania	340,792	340,792
Total	$ 980,079,298	$ 980,079,298

Loans by industries	December 31, 2005 Book value	Maximum credit exposure
Private enterprises	$ 408,869,517	$ 408,869,517
State-owned enterprises	41,357,812	41,357,812
Government institutions	54,342,678	54,342,678
Non-profit organizations	3,088,525	3,088,525
Private individual	293,148,812	293,148,812
Others	4,387,315	4,387,315
Offshore entities	93,505,561	93,505,561
Total	$ 898,700,220	$ 898,700,220
Loans by regions		
Asia	$ 874,876,284	$ 874,876,284
Europe	468,835	468,835
North America	18,672,513	18,672,513
Central America	4,358,338	4,358,338
Oceania	324,250	324,250
Total	$ 898,700,220	$ 898,700,220

(c) Liquidity risk

Stocks traded by the Bank are all listed on the Taiwan Stock Exchange or the OTC Securities Market. Thus, these stocks have high liquidity and are expected to be sold at fair value promptly when needed. Bonds that the Bank holds are primary government bonds, and their liquidity is within an acceptable range. As a result, the Bank does not have significant liquidity risk.

For the derivative financial instruments held by the Bank, all positions have an active market and high liquidity (except for those financial bonds issued by the Bank and structured with interest rate swap contracts, which have no need for further swaps). Thus, there is no significant concern for liquidity risk.

The liquid reserve ratio for the Bank was 27.2%. In addition, the Bank's capital and working capital were sufficient to fulfill all obligations. Thus, there was no material liquidity risk that the Bank may fail to meet the obligation.

(d) Cash flow risk and fair value risk arising from changes in interest rates

In order to stabilize the long-term profitability and maintain the business growth, the Bank sets a certain interval for each interest-rate-sensitivity indicator.

As of December 31, 2006, the effective interest rates of main currencies for financial instruments (except financial assets at fair value through profit and loss) held or issued by the Bank are as follows:

Financial instruments	December 31, 2006 NTD	USD	SGD	CAD	HKD
Available-for-sale financial assets					
Government bonds	2.22%	4.85%	-	-	4.23%
Corporate bonds	1.93%	5.88%	3.23%	-	-
Short-term bills	-	5.16%	-	4.34%	-
Held-to-maturity financial assets					
Government bonds	-	4.92%	-	-	-
Corporate bonds	2.08%	5.31%	-	-	-
Loans and advances					
Short-term loans	3.10%	6.15%	-	-	-
Mid-term loans	2.89%	5.72%	-	-	-
Long-term loans	3.11%	6.01%	-	-	-
Financial bonds	3.53%	-	-	-	-
Deposits	1.14%	3.25%	-	-	-

(2) Credit transactions with related parties as borrowers or guarantors

	As of December 31, 2006			
	Account Number	Balance as of December 31, 2006	Status of fulfilling obligations: Loans	Non-performing loans (note 3)
Consumer loans (note 1)	2,319	$ 3,236,892	$ 3,229,595	$ 7,297
Housing loans for employees	1,567	3,948,867	3,947,793	1,074
Loans for other related parties (note 2)	263	5,634,414	5,634,414	-
Loans guaranteed by related parties	2,108	4,085,413	4,000,141	85,273
Loans with collateral security provided by related parties	2,188	6,606,625	6,588,008	18,617

	As of December 31, 2005			
	Account Number	Balance as of December 31, 2005	Status of fulfilling obligations: Loans	Non-performing loans (note 3)
Consumer loans (note 1)	-	$ 3,001,776	$ 3,001,776	$ -
Housing loans for employees	-	3,794,222	3,794,222	-
Loans for other related parties (note 2)	-	10,851,955	10,851,955	-
Loans guaranteed by related parties	-	4,117,715	4,113,221	4,494
Loans with collateral security provided by related parties	-	-	-	-

note 1: The amount recognized as consumer loans is in compliance with the Article 32 of the Banking Law.

note 2: Except consumer loans and housing loans for employees, the amount recognized as loans for other related parties.

note 3: The amount recognized as non-performing loans (NPLs) is in compliance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans".

note 4: The amounts of credit extensions to related parties in above table are calculated in accordance with Article 33 of the Banking Law.

(3) Disclosure in accordance with the Statement of Financial Accounting Standards (SFAS) No. 28

1) Loan asset quality

	December 31, 2006	
	Amount	Non-performing loans / gross loans (%)
Non-performing loans A	$ 12,652,873	1.29
Non-performing loans B	2,752,682	0.28
Gross non-performing loans	15,405,555	1.57
	December 31, 2005	
Non-performing loans	$ 15,482,324	1.72

2) Concentration of credit extended

	December 31, 2006	December 31, 2005
Amount of credit extensions to related parties	$ 13,059,779	$ 17,647,953
Ratio of credit extensions to related parties (%)	1.31	1.91
Ratio of credit extensions secured by stocks (%)	0.23	0.31
Industry concentration (%)		
Manufacturing	24.34	24.30
Wholesale, retail and F&B industry	9.60	10.38
Water, electricity and fuel and gas	3.75	4.26

note: Total amount of credit extensions include loans, bills discounted, acceptances receivable, guarantees receivable, and advance accounts for factoring receivable.

3) Sensitivity analysis of interest rate for assets and liabilities

(a) Sensitivity analysis of interest rate for assets and liabilities in NTD

	December 31, 2006				
	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	970,755,000	94,189,000	52,337,000	52,301,000	1,169,582,000
Interest-rate-sensitive liabilities	343,131,000	554,131,000	86,111,000	58,111,000	1,041,484,000
Interest-rate-sensitive gap	627,624,000	(459,942,000)	(33,774,000)	(5,810,000)	128,098,000
Total stockholders' equity					87,125,420
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					112.30
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					147.03

note: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for head office and all branches.

(b) Sensitivity analysis of interest rate for assets and liabilities in USD

	December 31, 2006				
	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	7,926,000	1,705,000	690,000	201,000	10,522,000
Interest-rate-sensitive liabilities	7,163,000	2,887,000	633,000	-	10,683,000
Interest-rate-sensitive gap	763,000	(1,182,000)	57,000	201,000	(161,000)
Total stockholders' equity					2,668,466
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					98.49
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					(6.03)

note: The amounts listed above represent the items denominated in U.S. dollars for head office, domestic branches, OBU and overseas branches, excluding contingent assets and contingent liabilities.

	December 31, 2005
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)	94.02
Ratio of interest-rate-sensitive gap to stockholders' equity (%)	（75.67）

4) Profitability

		December 31, 2006	December 31, 2005
Return on total assets (%)	Before tax	**0.89**	0.92
	After tax	**0.71**	0.69
Return on stockholders' equity (%)	Before tax	**16.70**	18.83
	After tax	**13.32**	14.15
Net profit margin ratio (%)		**34.10**	32.23

5) Structure analysis of time to maturity

(a) Structure analysis of NTD time to maturity

	December 31, 2006					
	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Primary funds inflow upon maturity	1,335,359,000	326,611,000	113,071,000	109,856,000	158,654,000	627,167,000
Primary funds outflow upon maturity	1,497,422,000	174,429,000	202,108,000	192,949,000	296,655,000	631,281,000
Gap	(162,063,000)	152,182,000	(89,037,000)	(83,093,000)	(138,001,000)	(4,114,000)

note: The amounts listed above represent the funds denominated in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(b) Structure analysis of USD time to maturity

	December 31, 2006					
	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Primary funds inflow upon maturity	6,673,522	2,678,924	1,723,388	969,609	244,937	1,056,664
Primary funds outflow upon maturity	6,679,314	3,513,985	1,032,897	701,600	662,016	768,816
Gap	(5,792)	(835,061)	690,491	268,009	(417,079)	287,848

6) Average value and average interest rates of interest-earning assets and interest-bearing liabilities

	2006	
Interest-earning assets	Average value (note 1)	Average rate of return (%)
Due from other banks (note 2)	$ 76,495,841	4.64
Due from Central Bank	47,741,284	0.97
Financial assets at fair value through profit or loss	36,233,817	2.43
Investments in bills and bonds under resale agreements	76,332	1.53
Available-for-sale financial assets	80,626,368	2.69
Held-to-maturity financial assets	205,228,082	1.73
Other financial assets	17,491,695	4.55
Bills discounted and loans	896,768,318	3.52
Credit card account receivable	3,156,200	17.30
Interest-bearing liabilities		
Due to Central Bank	336,495	-
Due to other banks	119,803,557	3.88
Deposits	1,134,906,497	1.48
Negotiable certificates of deposit	9,702,918	1.45
Funds borrowed from other banks	206,631	0.75
Financial bonds payable	63,896,667	2.32
Bills and bonds payable under repurchase agreements	14,002,753	1.12

Interest-earning assets	2005 Average value (note 1)	2005 Average rate of return (%)
Certificates of deposit	$ 261,426,640	1.34
Due from other banks (note 2)	75,945,496	2.71
Due from Central Bank	46,691,844	0.95
Marketable and trading securities	65,774,162	3.40
Loans, bills purchased and discounted	832,569,011	3.34
Credit card account receivable	3,496,649	16.61
Investments in bills and bonds under resale agreements	11,781	1.41
Long-term bond investments	52,409,869	1.81
Interest-bearing liabilities		
Due to Central Bank	311,607	-
Due to other banks	152,352,025	2.65
Deposits	1,092,537,049	1.12
Negotiable certificates of deposit	10,486,258	1.17
Funds borrowed from other banks	239,707	0.47
Financial bonds payable	59,300,000	2.73
Bills and bonds payable under repurchase agreements	16,408,600	0.85

note 1: The average value of these assets and liabilities is calculated on a daily basis.
note 2: This represents due from banks under "cash and cash equivalents", and call loans to banks and bank overdrafts under "due from Central Bank and other banks"

(4) Net position for major foreign currency transactions

	December 31, 2006			December 31, 2005		
		Currency (in thousands)	NTD (in thousands)		Currency (in thousands)	NTD (in thousands)
Net position for major foreign currency transactions (market risk)	USD	$ 97,523	$ 3,184,126	USD	$ 33,255	$ 1,092,759
	JPY	3,680,361	1,009,155	CAD	14,218	400,999
	GBP	7,304	467,889	HKD	90,722	384,498
	CAD	16,201	455,805	GBP	3,976	225,105
	HKD	87,605	367,958	SGD	6,395	126,202

note 1: The major foreign currencies are the top 5 currencies by position, which is expressed in New Taiwan dollars after exchange rate conversion.
note 2: Net position represents an absolute value of each currency.

(5) Trust assets and liabilities

The Trust Division of the Bank engages in planning, management and operating of trust business under the Banking Law, Trust law and the Trust Business Law. In addition, it provides customers with trust of money, trust of securities, trust of real estate and custodian business.

As of December 31, 2006 and 2005, the investment details of trust assets are listed as follows:

Balance Sheet of Trust Accounts
December 31, 2006

Trust assets		Trust liabilities	
Cash and bank deposits	$ 1,455,221	Short-term borrowings	$ -
Bonds	46,816,652	Payables	-
Stocks	35,130,313	Other liabilities	-
Mutual funds	203,267,323		
Beneficiary certificates	224,958		
Real estate	2,178,322	Trust capital	292,877,703
Net assets under collective management accounts	3,809,581	Accumulated profit and loss	4,667
Total	$ 292,882,370	Total	$ 292,882,370

Property List of Trust Accounts
December 31, 2006

Investment Items		Book value
Bonds	$	46,816,652
Stocks		35,130,313
Mutual funds		203,267,323
Beneficiary certificates		224,958
Real estate		2,178,322
Net assets under collective management accounts		3,809,581
Total	$	291,427,149

According to Tai-Tsai-Tax Ruling No. 0928011305 issued by Ministry of Finance, effective from January 1, 2006, the Ruling requires the Bank to disclose income statement of trust accounts as follows:

Income Statement of Trust Accounts
From January 1 to December 31, 2006

Trust Revenues		
Interest income	$	98,651
Realized gain on bonds		38,209
Realized gain on stocks		984
Realized gain on mutual funds		7,356,500
Realized gain on beneficiary certificates		38
Total trust revenues		7,494,382
Trust Expenses		
Management fee		5,213
Custodian fee		54
Interest expense		8,393
Handling charge (Service charge)		415
Realized loss on bonds		102,545
Realized loss on mutual funds		949,826
Realized loss on gold		-
Other expenses		13,459
Total trust expenses		1,079,905
Net income before tax (net investment income)		6,414,477
Income tax expense		(101)
Net income after tax	$	6,414,376

Balance Sheet of Trust Accounts as of December 31, 2005

Trust assets			Trust liabilities		
Cash and bank deposits	$	1,184,804	Short-term borrowing	$	-
Short-term investments		223,444,647	Payables		-
Accounts receivables		8,435	Other liabilities		-
Real estate		1,072,777	Trust capital		225,710,663
Total	$	225,710,663	Total	$	225,710,663

Property list of Trust Accounts as of December 31, 2005

Investment Items		Book value
Short-term investments		
Common stock	$	12,355,616
Bonds		35,674,055
Mutual funds		175,290,376
Beneficiary certificates		124,600
Real estate		1,072,777
Total	$	224,517,424

(6) Capital adequacy ratio

	December 31, 2006	December 31, 2005
Net eligible capital	**$ 98,744,145**	$ 86,948,194
Total risk-weighted assets	**897,352,036**	849,285,387
Capital adequacy ratio (%)	**11.00**	10.24
Tier one capital / Total risk-weighted assets (%)	**8.38**	8.33
Tier two capital / Total risk-weighted assets (%)	**3.56**	2.92
Tier three capital / Total risk-weighted assets (%)	**-**	-
Shareholders' equity / Total assets (%)	**5.54**	5.12

note: 1. Capital adequacy ratio = net eligible capital / total risk-weighted assets
2. Total assets are the amounts recognized on balance sheet.
3. As of December 31, 2006 and 2005, the consolidated capital adequacy ratio was 11.01% and 10.29%, respectively.

(7) Extraordinary items

The Chairman or employee was charged by the prosecutors for violating regulations in business operation in recent year. (note 1）	None
A civil fine was imposed by the Financial Supervisory Commission, Executive Yuan, for violation of regulations in recent year. (note 2）	None
Recommendation for corrective action was made by the Financial Supervisory Commission, Executive Yuan, for significant internal control deficiency in recent year.	Examiner reviewed the savings and remittance business of the OO Branch in overseas and found that the Branch handled outward remittance operation based on clients' remittance application forms which duly signed and with a note stating fund to be collected by debiting savings account, but no other certificates requested from the clients. In addition, the remittance application forms were not signed by counter staff, but only verified and reexamined by one supervisor OO. That indicates the Branch’s internal control is ineffective, which may result in improper practice. This deficiency was strictly recommended by the government regulator to be rectified. However, according to the local banking practice and the Account-Opening Agreement of the Branch, the current account is available for fund withdrawal by check, and the Branch is allowed to debit the account as instructed in the remittance application form presented by the depositor or by any authorized signature party to effect remittance or to transfer fund. This type of transaction process does not violate the local financial regulations. As to the counter staff‘s signatures missed in the remittance application forms, the staff in charge has amended them accordingly, and the Branch is ordered to manage internal control system properly and effectively in the future.
Losses incurred over NT$50 million individually or in aggregate due to employee fraud, major incident, or damage from not in compliance with "Safety Standards set forth in Financial Institutions" in recent year.	None
Others	None

note 1: "Recent year" means the year before the disclosure date.
note 2: It represents that the fine is imposed by the Banking Bureau, the Securities and Futures Bureau or the Insurance Bureau, Financial Supervisory Commission, Executive Yuan.

(8) Financial statements presentation

According to the "Guidelines Governing the Preparation of Financial Reports by Public Banks", certain accounts of 2005 financial statements have been reclassified to conform to the presentation of the 2006 financial statements.

Domestic Offices Appointed to Conduct International Business

International Business Division
3 & 4 Fl. 30, Chung King S. Rd., Sec. 1,
Taipei 100-05, Taiwan
Tel: (02)2348-1111
SWIFT: FCBKTWTP
Telex: 11310 FIRSTBK

Business Division
1 & 2 Fl. 30, Chung King S. Rd., Sec. 1,
Taipei 100-05, Taiwan
Tel: (02)2348-1111

An-Ho Branch
184, Hsin Yi Rd., Sec. 4,
Taipei 106, Taiwan
Tel:(02)2325-6000

Chang-Chun Branch
169, Fu Hsin N. Rd.,
Taipei 105, Taiwan
Tel: (02)2719-2132

Chang-Hua Branch
48, Ho Ping Rd., Chang Hua City,
Chang Hua County 500, Taiwan
Tel: (04)723-2161

Chang-Tai Branch
99, Chung Hsin Rd., Sec. 2,
San Chung City,
Taipei County 241, Taiwan
Tel: (02)2988-4433

Cheng-Tung Branch
103, Nanking E. Rd., Sec. 3,
Taipei 104, Taiwan
Tel: (02)2506-2881

Chi-Cheng Branch
508, Chung Cheng Rd.,
Hsin Tien City,
Taipei County 231, Taiwan
Tel: (02)2218-4651

Chia-Yi Branch
307, Chung Shan Rd.,
Chia Yi City 600, Taiwan
Tel: (05)227-2110

Chien-Cheng Branch
40, Cheng Teh Rd., Sec. 1,
Taipei 102, Taiwan
Tel: (02)2555-6231

Chien-Kuo Branch
161, Min Sheng E. Rd., Sec. 2,
Taipei 104, Taiwan
Tel: (02)2506-0110

Chu-Ko Branch
611, Kwang Fu Rd., Sec. 1,
Hsin-Chu 300, Taiwan
Tel: (03)563-7111

Chung-Ho Branch
152, Chung Shan Rd., Sec. 2,
Chung Ho City, Taipei County 235,
Taiwan
Tel: (02)2249-5011

Chung-Ko Branch
2 Fl. 26, Ko Ya Rd., Ta Ya Shiang,
Taichung County 428, Taiwan
Tel: (04) 2565-9111

Chung-Hsiao-Road Branch
94, Chung Hsiao E. Rd., Sec. 2,
Taipei 100, Taiwan
Tel: (02)2341-6111

Chung-Kang Branch
60-7, Taichung Kang Rd., Sec. 2.
Taichung 407, Taiwan
Tel: (04)2313-6111

Chung-Li Branch
146, Chung Cheng Rd., Chung Li City,
Tao Yuan County 320, Taiwan
Tel: (03)422-5111

Chung-Lun Branch
188, Nanking E. Rd., Sec. 5,
Taipei 105, Taiwan
Tel: (02)2760-6969

Chung-Shan Branch
61, Chung Shan N. Rd., Sec. 2,
Taipei 104, Taiwan
Tel: (02)2521-1111

Feng-Yuan Branch
423, Chung Shan Rd., Feng Yuan City,
Taichung County 420, Taiwan
Tel: (04)2522-5111

Fu-Hsing Branch
36-10, Fu Hsing S. Rd., Sec. 1,
Taipei 104, Taiwan
Tel: (02)2772-2345

Hsi-Chih Branch
280, Ta Tung Rd., Sec. 1, Hsi Chih City,
Taipei County 221, Taiwan
Tel:(02)2647-1688

Hsin-Chu Branch
3, Ing Ming St., Hsin Chu 300
P.O. Box 30, Hsin Chu, Taiwan
Tel: (03)522-6111
SWIFT: FCBKTWTP301

Hsin-Chuang Branch
316, Chung Cheng Rd.,
Hsin Chuang City,
Taipei County 243, Taiwan
Tel: (02)2992-9001

Hsin-Hsing Branch
17, Chung Cheng 4th Rd.,
Kaohsiung 800, Taiwan
Tel: (07)271-9111

Hsin-Tien Branch
134, Chung Hsing Rd., Sec. 3,
Hsin-Tien City, Taipei County 231,
Taiwan
Tel: (02)2918-1835

Hsin-Wei Branch
368, Fu Hsin S. Rd., Sec. 1,
Taipei 106, Taiwan
Tel: (02)2755-7241

Hsin-Yi Branch
168, Hsin Yi Rd., Sec. 2,
Taipei 106, Taiwan
Tel: (02)2321-6811

Jen-Ho Branch
376, Jen Ai Rd., Sec. 4,
Taipei 106, Taiwan
Tel: (02)2755-6556

Kang-Shan Branch
275, Kang Shan Rd., Kang Shan Town,
Kaohsiung County 820, Taiwan
Tel: (07)621-2111

Kaohsiung Branch
28, Min Chuan 1st Rd., Kaohsiung 802
P.O.Box 16, Kaohsiung, Taiwan
Tel: (07)335-0811
SWIFT: FCBKTWTP701

Keelung Branch
103, Hsiao 3rd Rd.,
Keelung 200, Taiwan
Tel: (02)2427-9121

Ku-Ting Branch
95, Roosevelt Rd., Sec. 2,
Taipei 106, Taiwan
Tel: (02)2369-5222

Kwang-Fu Branch
16, Kwang Fu N. Rd.,
Taipei 105, Taiwan
Tel: (02)2577-3323

Li-Shan Branch
388, Nei-Hu Rd., Sec. 1,
Taipei 114, Taiwan
Tel: (02)8797-8711

Ling-Ya Branch
61, Wu Fu 3rd Rd.,
Kaohsiung 801, Taiwan
Tel: (07)282-2111

Lu-Kang Branch
301, Chung Shan Rd., Lu-Kang Town.
Chang Hua County 505, Taiwan
Tel: (04)777-2111

Min-Chuan Branch
365, Fu Hsin N. Rd.,
Taipei 105, Taiwan
Tel: (02)2719-2009

Min-Sheng Branch
134, Min Sheng E. Rd., Sec. 3,
Taipei 105, Taiwan
Tel: (02)2713-8512

Nan-Taichung Branch
35, Fu Hsin Rd., Sec. 4,
Taichung 401, Taiwan
Tel: (04)2223-1111

Nanking-East-Road Branch
125, Nanking E. Rd., Sec. 2,
Taipei 104, Taiwan
Tel: (02)2506-2111

Nei-Hu Branch
143, Cheng Kung Rd., Sec. 3,
Taipei 114, Taiwan
Tel: (02)2793-2311

Pa-Teh Branch
3, Tun Hua S. Rd., Sec. 1,
Taipei 105, Taiwan
Tel: (02)2579-3616

Pan-Chiao Branch
107, Szu Chuan Rd., Sec. 1,
Pan Chiao City, Taipei County 220,
Taiwan
Tel: (02)2961-5171

Pei-Tun Branch
696, Wen Hsin Rd., Sec. 4,
Taichung 406, Taiwan
Tel: (04)2236-6111

Ping-Tung Branch
308, Ming Sheng Rd., Ping Tung City,
Ping Tung County 900, Taiwan
Tel: (08)732-5111

Sha-Lu Branch
355, Chung Shan Rd., Sha Lu Town,
Taichung County 433, Taiwan
Tel: (04)2662-1331

Shih-Lin Branch
458, Chung Cheng Rd.,
Taipei 111, Taiwan
Tel: (02)2837-0011

Shih-Mao Branch
65, Tun Hua S. Rd., Sec. 2,
Taipei 106, Taiwan
Tel: (02)2784-9811

Sung-Chiang Branch
309, Sung Chiang Rd.,
Taipei 104, Taiwan
Tel: (02)2501-7171

Sung-Shan Branch
760, Pa-Teh Road, Sec. 4,
Taipei 105, Taiwan
Tel: (02)2767-4111

Ta-An Branch
390, Hsin Yi Rd., Sec. 4,
Taipei 106, Taiwan
Tel: (02)2703-6111

Ta-Chia Branch
363, Shun Tien Rd., Ta Chia Town,
Taichung County 437, Taiwan
Tel: (04)2688-2981

Ta-Tao-Cheng Branch
63, Ti Hua St., Sec. 1,
Taipei 103, Taiwan
Tel: (02)2555-3711

Ta-Tung Branch
56, Chung King N. Rd., Sec. 3,
Taipei 103, Taiwan
Tel: (02)2591-3251

Taichung Branch
144, Tzu Yu Rd., Sec. 1, Taichung 403
P.O.Box 7, Taichung, Taiwan
Tel: (04)2223-3611
SWIFT: FCBKTWTP401

Tainan Branch
82, Chung Yi Rd., Sec. 2, Tainan 700
P.O.Box 10, Tainan, Taiwan
Tel: (06)222-4131
SWIFT: FCBKTWTP601

Tao-Yuan Branch
55, Min Tsu Rd., Tao Yuan City,
Tao Yuan County 330, Taiwan
Tel: (03)332-6111

Tun-Hua Branch
267, Tun Hua S. Rd., Sec. 2,
Taipei 106, Taiwan
Tel: (02)2736-2711

Tung-Men Branch
216, Tung Men St.,
Hsin Chu 300, Taiwan
Tel: (03)524-9211

Yen-Chi Branch
289, Chung Hsiao E. Rd., Sec. 4,
Taipei 106, Taiwan
Tel: (02)2731-5741

Yuan-Lin Branch
26, Yu-Ying Rd., Yuan Lin Town,
Chang Hua County 510, Taiwan
Tel: (04)832-8811

Yuan-Shan Branch
53, Min Chuan W. Rd.,
Taipei 104, Taiwan
Tel: (02)2597-9234

Yun-Ho Branch
161, Chung Cheng Rd.,
Tainan 700, Taiwan
Tel: (06)223-1141

Yung-Chun Branch
400, Chung Hsiao E. Rd., Sec. 5,
Taipei 110, Taiwan
Tel: (02)2720-8696

Business Network

Name of Office	Location
▪ Business Division	Taipei
▪ An-Ho	Taipei
▪ Chang-Chun	Taipei
▪ Cheng-Tung	Taipei
▪ Chien-Cheng	Taipei
▪ Chien-Kuo	Taipei
Chi-Lin	Taipei
Chien-Tan	Taipei
Ching-Mei	Taipei
▪ Chung-Hsiao-Road	Taipei
▪ Chung-Lun	Taipei
▪ Chung-Shan	Taipei
▪ Fu-Hsing	Taipei
Hsi-Men	Taipei
▪ Hsin-Wei	Taipei
Hsin-Ya	Taipei
▪ Hsin-Yi	Taipei
Jen-Ai	Taipei
▪ Jen-Ho	Taipei
Kang-Chian	Taipei
▪ Ku-Ting	Taipei
▪ Kwang-Fu	Taipei
▪ Li-Shan	Taipei
▪ Min-Chuan	Taipei
▪ Min-Sheng	Taipei
Mu-Cha	Taipei
Nan-Kang	Taipei
▪ Nanking-East Road	Taipei
Nan-Men	Taipei
▪ Nei-Hu	Taipei
▪ Pa-Teh	Taipei
Pei-Tou	Taipei
▪ Shih-Lin	Taipei
▪ Shih-Mao	Taipei
Shuang-Yuan	Taipei
▪ Sung-Chiang	Taipei
▪ Sung-Shan	Taipei
Sung-Mao	Taipei
▪ Ta-An	Taipei
Ta-Chih	Taipei
▪ Ta-Tao-Cheng	Taipei
▪ Ta-Tung	Taipei
Tien-Mu	Taipei
▪ Tun-Hua	Taipei
Tung-Hu	Taipei
Wan-Hua	Taipei
Wan-Lung	Taipei
▪ Yen-Chi	Taipei
▪ Yuan-Shan	Taipei
▪ Yung-Chun	Taipei
▪ Chung-Ho	Chungho, Taipei
Lien-Cheng	Chungho, Taipei
Dan-Shui	Danshui, Taipei
▪ Hsi-Chih	Hsichih, Taipei
Dan-Feng	Hsinchuang, Taipei
▪ Hsin-Chuang	Hsinchuang, Taipei
Tou-Chien	Hsinchuang, Taipei
▪ Chi-Cheng	Hsintien, Taipei
▪ Hsin-Tien	Hsintien, Taipei
Lu-Chou	Luchou, Taipei
Hua-Chiang	Panchiao, Taipei
▪ Pan-Chiao	Panchiao, Taipei
Pu-Chain	Panchiao, Taipei
▪ Chang-Tai	Sanchung, Taipei
Chung-Yang	Sanchung, Taipei
San-Chung-Pu	Sanchung, Taipei
Shu-Lin	Shulin, Taipei
Tai-San	Taisan, Taipei
Tu-Cheng	Tucheng, Taipei
Wu-Ku	Wuku, Taipei
Wu-Ku Ind. Zone	Wuku, Taipei
Ying-Ko	Yingko, Taipei
Shuang-Ho	Yungho, Taipei
Yung-Ho	Yungho, Taipei
▪ Keelung	Keelung
Sao-Chuan-Tou	Keelung
Tsao-Tien-Wei	Keelung
I-Lan	I Lan
Lo-Tung	Lotung, I Lan
Su-Ao	Suao, I Lan
Pei-Tao	Taoyuan
▪ Tao-Yuan	Taoyuan
▪ Chung-Li	Chungli, Taoyuan
Hsi-Li	Chungli, Taoyuan
Nei-Li	Chungli, Taoyuan
Ping-Cheng	Chungli, Taoyuan
Lin-Kou	Kueishan,Taoyuan
Nan-Kan	Luchu, Taoyuan
Lung-Tan	Lungtan, Taoyuan
Ta-Nan	Pateh, Taoyuan
Ta-Hsi	Tahsi, Taoyuan
Ta-Yuan	Tayuan, Taoyuan
▪ Chu-Ko	Hsinchu
Chu-Pei	Hsinchu
Chu-Tung	Hsinchu
▪ Hsin-Chu	Hsinchu
Kuan-Hsi	Hsinchu
▪ Tung-Men	Hsinchu
Chu-Nan	Miaoli
Miao-Li	Miaoli
Tou-Fen	Miaoli
Chin-Hua	Taichung
Ching-Shui	Taichung
▪ Chung-Kang	Taichung
Chung-Ko	Taichung
▪ Feng-Yuan	Taichung
▪ Nan-Taichung	Taichung
Nan-Tun	Taichung
Pei-Taichung	Taichung
▪ Pei-Tun	Taichung
▪ Sha-Lu	Taichung
▪ Ta-Chia	Taichung
Ta-Li	Taichung
Ta-Ya	Taichung
▪ Taichung	Taichung
Tai-Ping	Taichung
Tung-Shih	Taichung
Nan-Tou	Nantou
Pu-Li	Nantou
Tsao-Tun	Nantou
▪ Chang-Hua	Changhua
Ho-Mei	Changhua
Hsi-Hu	Changhua
▪ Lu-Kang	Changhua
Pei-Dou	Changhua
▪ Yuan-Lin	Changhua
▪ Chia-Yi	Chiayi
Hsin-Hsi	Chiayi
Hsing-Chia	Chiayi
Pu-Tzu	Chiayi
Hsi-Lo	Yunlin
Hu-Wei	Yunlin
Dou-Liu	Yunlin
Dou-Nan	Yunlin
Pei-Kang	Yunlin
An-Nan	Tainan
Chi-Ku	Tainan
Chia-Li	Tainan
Chih-Kan	Tainan
Chin-Cheng	Tainan
Chu-Hsi	Tainan
Fu-Chiang	Tainan
Hsin-Hua	Tainan
Hsin-Ying	Tainan
Kuei-Jen	Tainan
Ma-Tou	Tainan
Nan-Hsi	Tainan
Nan-Science-Park	Tainan
Shan-Hua	Tainan
Shyue-Chia	Tainan
▪ Tainan	Tainan
Ta-Wan	Tainan
Yen-Shui	Tainan
▪ Yun-Ho	Tainan
Yung-Kang	Tainan
Chi-Hsien	Kaohsiung
Chi-Shan	Kaohsiung
Chien-Cheng	Kaohsiung
Ding-Tai	Kaohsiung
Feng-Shan	Kaohsiung
Hsiao-Kang	Kaohsiung
▪ Hsin-Hsing	Kaohsiung
▪ Kang-Shan	Kaohsiung
Kao-Ko	Kaohsiung
▪ Kaohsiung	Kaohsiung
Lin-Yuan	Kaohsiung
▪ Ling-Ya	Kaohsiung
Lu-Chu	Kaohsiung
Nan-Tzu	Kaohsiung
Shih-Chuan	Kaohsiung
Po-Ai	Kaohsiung
San-Min	Kaohsiung
Tso-Ying	Kaohsiung
Tz-Beng	Kaohsiung
Wan-Nei	Kaohsiung
Wu-Chia	Kaohsiung
Wu-Fu	Kaohsiung
Yen-Cheng	Kaohsiung
Chao-Chou	Pingtung
Chang-Chih	Pingtung
Chien-Hsi	Pingtung
Heng-Chun	Pingtung
▪ Ping-Tung	Pingtung
Wan-Luan	Pingtung
Tung-Kang	Pingtung
Hua-Lien	Hualien
Tai-Tung	Taitung
Peng-Hu	Penghu

▪ Office appointed to conduct international business

Overseas Branches

- **El Salvador Branch**
  63a Av. Sur Y Alameda Roosevelt
  Lobby 2-3 CTRO Financiero Gigante
  San Salvador, El Salvador, C.A.
  Tel: 503-2211-2121
  Fax: 503-2211-2130

- **Guam Branch**
  330, Hernan Cortes Ave.
  Hagatna, Guam 96910 U.S.A.
  P.O.Box 2461, Hagatna 96932, Guam
  Tel: 1-671-472-6864/5
  Fax: 1-671-477-8921

- **Ho Chi Minh City Branch**
  2 Fl., 88, Dong Khoi Street, District 1
  Ho Chi Minh City, Vietnam
  Tel: 84-8823-8111
  Fax: 84-8822-1747

- **Hong Kong Branch**
  6/F, The Hong Kong Club Building
  3A, Chater Road, Central, Hong Kong
  Tel: 852-2868-9008
  Fax: 852-2526-2900

- **London Branch**
  Bowman House, 29, Wilson Street
  London EC2M 2SJ, U.K.
  Tel: 44-20-7417-0000
  Fax: 44-20-7417-0011

- **Los Angeles Branch**
  515, South Flower St., Suite 1050
  Los Angeles, CA 90071, U.S.A.
  Tel: 1-213-362-0200
  Fax: 1-213-362-0244

- **New York Agency**
  34 Fl., 750, Third Avenue
  New York, N.Y. 10017, U.S.A.
  Tel: 1-212-599-6868
  Fax: 1-212-599-6133

- **Palau Branch**
  P.O.Box 1605, P.D.C. Building
  MADALAII
  Koror, Palau 96940
  Tel: 680-488-6297
  Fax: 680-488-6295

- **Phnom Penh Branch**
  263, Ang Duong Street
  Phnom Penh, Cambodia
  Tel: 855-23-210-026
  Fax: 855-23-210-029

- **Singapore Branch**
  #01-02 ONG Building
  76, Shenton Way
  Singapore 079119
  Tel: 65-6221-5755
  Fax: 65-6225-1905

- **Tokyo Branch**
  13 Fl., AIG Building
  1-3 Marunouchi, 1-Chome, Chiyoda-Ku
  Tokyo 100-0005, Japan
  Tel: 81-3-3213-2588
  Fax: 81-3-3213-5377

- **Vancouver Branch**
  Suite 100-5611, Cooney Road
  Richmond, B.C. V6X 3J6, Canada
  Tel: 1-604-207-9600
  Fax: 1-604-207-9638

Overseas Representative Offices

- **Bangkok Representative Office**
  9 Fl., Sathorn City Tower
  175, South Sathorn Road
  Tungmahamek, Sathorn
  Bangkok 10120, Thailand
  Tel: 66-2-679-5291
  Fax: 66-2-679-5295

- **Hanoi Representative Office**
  13 Fl., Suite 1303B, 198 Tran Quang Khai
  Hanoi, Vietnam
  Tel: 84-4936-2111
  Fax: 84-4936-2112

- **Shanghai Representative Office**
  11 Fl., China Insurance Building, Unit 05-07
  166, Pudong Lu Jia Zui East Road
  Shanghai 200120, China
  Tel: 86-21-6888-6868
  Fax: 86-21-6888-6363

Subsidiary

First Commercial Bank (USA)

- **Main Office**
  200 E. Main Street
  Alhambra, CA 91801, U.S.A.
  Tel: 1-626-300-6000
  Fax: 1-626-300-5972

- **Arcadia Branch**
  1309 S. Baldwin Ave.
  Arcadia, CA 91007, U.S.A.
  Tel: 1-626-254-1828
  Fax: 1-626-254-1883

- **City of Industry Branch**
  18725 E. Gale Ave. #150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
  Fax: 1-626-964-0066

- **Irvine Branch**
  4250, Barranca Parkway, Suite E
  Irvine, CA 92604, U.S.A.
  Tel: 1-949-654-2888
  Fax: 1-949-654-2899

- **Silicon Valley Branch**
  1141 S. De Anza Blvd.
  San Jose, CA 95129, U.S.A.
  Tel: 1-408-253-4666
  Fax: 1-408-253-4672