

YUANTA FINANCIAL HOLDINGS CO., LTD.
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2009 AND 2008

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To Yuanta Financial Holdings Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Yuanta Financial Holdings Co., Ltd. and its subsidiaries (collectively referred herein as the Group) as of September 30, 2009 and 2008, and the related consolidated statements of income and of cash flows for the nine months then ended. These consolidated financial statements are the responsibility of Yuanta Financial Holdings Co., Ltd.'s management. Our responsibility is to issue a review report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Reviews of Financial Statements" in the Republic of China. A review consists primarily of analytical review procedures, comparisons and inquiries applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(10), certain equity investments accounted for under the equity method of the Group amounted to 6,187,985 and 6,006,823 thousand New Taiwan dollars as of September 30, 2009 and 2008, respectively, with cumulative translation adjustments amounting to 5,996 and 38,535 thousand New Taiwan dollars, respectively, and income recognized from these investments amounting to 486,989 and 473,606 thousand New Taiwan dollars for the nine months then ended. The related information on these investees disclosed in the consolidated financial statements was based on the investees' financial statements which were not reviewed by independent accountants.

Based on our reviews, except for the effect on the consolidated financial statements of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain investee companies been reviewed by independent accountants as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies", "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Guidelines Governing the Preparation of Financial Reports by Securities Firms", "Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants" and generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

November 6, 2009

The accompanying consolidated financial statements are not intended to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China and their applications in practice.

Yuanta Financial Holdings Co., Ltd. and Its Subsidiaries
Consolidated Balance Sheets
September 30,
(Expressed in Thousands of New Taiwan Dollars)
(Unaudited)

	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>
<u>ASSETS</u>			<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Cash and cash equivalents (Notes 4(1), 5 and 6)	\$ 18,938,955	\$ 4,244,078	Due to Central Bank and other banks (Note 4(16))	\$ 10,033,457	\$ 14,068,757
Due from Central Bank and call loans to other banks (Note 4(2))	41,086,860	20,300,482	Commercial paper payable – net (Notes 4(17) and 6)	4,438,410	2,605,028
Financial assets at fair value through profit or loss – net (Notes 4(3), 5 and 6)	66,625,468	112,151,694	Financial liabilities at fair value through profit or loss – net (Notes 4(3), (20) and 6)	6,213,048	4,046,986
Investments in bills and bonds under resale agreements (Notes 4(4), 5 and 6)	17,472,765	18,873,692	Bills and bonds payable under repurchase agreements (Notes 4(4), 5 and 6)	22,686,881	22,626,689
Receivables – net (Notes 4(5), (7) and 6)	78,790,433	58,880,695	Payables (Notes 4(18), (24) and 7)	55,676,968	37,297,000
Assets held for sale (Note 4(6))	40,880	535,787	Liability directly related to assets held for sale	-	14,909
Loans – net (Notes 4(7) and 5)	234,277,255	222,928,285	Deposits (Notes 4(19) and 5)	285,445,310	288,546,327
Available-for-sale financial assets – net (Notes 3, 4(8), 5, 6 and 10)	22,229,735	17,971,265	Bonds payable (Notes 4(20) and 6)	22,300,000	22,300,000
Held-to-maturity financial assets – net (Notes 4(9) and 6)	3,048,484	6,157,801	Other borrowings (Notes 4(21) and 6)	388,363	2,078,556
Equity investments accounted for under the equity method – net (Note 4(10))	6,187,985	6,006,823	Accrued pension liabilities (Note 4(23))	956,206	907,053
Other financial assets – net (Note 4(11))	14,830,807	13,819,712	Other financial liabilities	768,352	2,482,690
Fixed assets – net (Notes 4(12), 6 and 7)	8,437,848	8,026,663	Reserves for operation and liabilities	854,857	731,135
Intangible assets – net (Note 4(13))	8,617,510	9,618,989	Other liabilities (Note 4(22))	<u>10,748,431</u>	<u>2,208,499</u>
Other assets (Notes 4(14) and 6)	11,676,376	10,700,135	TOTAL LIABILITIES	<u>420,510,283</u>	<u>399,913,629</u>
Deferred income tax assets (Note 4(24))	2,317,201	2,646,540	<u>STOCKHOLDERS' EQUITY</u>		
			Common stock (Note 4(25))	81,021,057	83,530,437
			Additional paid-in capital (Note 4(26))	24,945,182	27,487,149
			Retained earnings		
			Legal reserve (Note 4(27))	768,171	603,717
			Special reserve (Note 4(27))	814,445	101,640
			Unappropriated earnings (Note 4(28))	6,006,714	4,441,522
			Other stockholders' equity		
			Cumulative translation adjustments	5,996	38,535
			Unrealized profit or loss on available-for-sale financial assets	637,430	(122,051)
			Treasury stock (Note 4(29))	(332,810)	(3,375,874)
			Equity directly related to assets held for sale	-	44,981
			Minority interest	<u>202,094</u>	<u>198,956</u>
			TOTAL STOCKHOLDERS' EQUITY	<u>114,068,279</u>	<u>112,949,012</u>
			COMMITMENTS AND CONTINGENCIES (Note 7)		
TOTAL ASSETS	<u>\$ 534,578,562</u>	<u>\$ 512,862,641</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 534,578,562</u>	<u>\$ 512,862,641</u>

The accompanying notes are an integral part of these consolidated financial statements.

See review report of independent accountants dated November 6, 2009.

Yuanta Financial Holdings Co., Ltd. and Its Subsidiaries
Consolidated Statements of Income
For the Nine Months Ended September 30,

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

(Unaudited)

	2009	2008
Interest income	\$ 7,016,322	\$ 12,447,239
Less: Interest expense	(2,295,710)	(5,689,559)
Net interest income	4,720,612	6,757,680
Net non-interest income		
Net service fee and commission income (Note 5)	7,740,696	8,493,560
Gain (loss) on financial assets and financial liabilities at fair value through profit or loss (Note 4(3))	3,687,240	(880,373)
Realized gain on available-for-sale financial assets	691,545	52,174
Realized loss on held-to-maturity financial assets	-	(128,520)
Investments income accounted for under the equity method (Note 4(10))	486,989	473,606
Foreign exchange gain – net	82,678	517,187
Asset impairment losses	(28,292)	(22,143)
Net other non-interest income or loss	1,240,747	2,607,274
Net non-interest income	13,901,603	11,112,765
Net profit	18,622,215	17,870,445
Credit losses (Note 4(7))	(384,708)	(1,138,621)
Operating expenses		
Personnel expenses (Note 4(31))	(6,883,502)	(6,809,613)
Depreciation and amortization (Note 4(31))	(764,073)	(680,723)
Business expenses and general and administrative expenses	(3,242,504)	(3,969,462)
	(10,890,079)	(11,459,798)
Income before income taxes	7,347,428	5,272,026
Income tax expense (Note 4(24))	(1,309,643)	(790,997)
Net income before extraordinary gain	6,037,785	4,481,029
Extraordinary gain (Net of income tax of \$0)	-	760
Consolidated net income	\$ 6,037,785	\$ 4,481,789
Consolidated net income attributable to:		
Parent company	\$ 5,983,649	\$ 4,426,769
Minority interest	54,136	55,020
	\$ 6,037,785	\$ 4,481,789
<u>Basic earnings per share (Note 4(30))</u>	<u>Before Taxes</u> <u>After Taxes</u>	<u>Before Taxes</u> <u>After Taxes</u>
Consolidated net income before extraordinary gain	\$ 0.91 \$ 0.75	\$ 0.64 \$ 0.55
Extraordinary gain	-	-
Total consolidated income	0.91 0.75	0.64 0.55
Minority interest income	(0.01) (0.01)	(0.01) (0.01)
Consolidated net income	\$ 0.90 \$ 0.74	\$ 0.63 \$ 0.54

The accompanying notes are an integral part of these consolidated financial statements.

See review report of independent accountants dated November 6, 2009.

Yuanta Financial Holdings Co., Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30,
(Expressed in Thousands of New Taiwan Dollars)
(Unaudited)

	2009	2008
<u>Cash Flows From Operating Activities</u>		
Consolidated net income attributable to parent company	\$ 5,983,649	\$ 4,426,769
Minority interest income	54,136	55,020
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities		
Depreciation and amortization	764,073	680,723
Credit losses	384,708	1,138,621
Cash dividends received from the equity investments accounted for under the equity method	316,179	316,488
Investment income accounted for under the equity method	(486,989)	(473,606)
Realized gain on available-for-sale financial assets	(691,545)	(52,174)
Gain on disposal of financial assets stated at cost	(154,538)	(24,181)
Realized loss on held-to-maturity financial assets	-	128,520
Asset impairment losses	28,292	22,143
Net gain from sale of assets held for sale	-	(682,323)
(Gain) loss from sale or retirement of fixed assets, intangible assets and other assets	(41,694)	74,643
Net gain from sale of foreclosed assets	(15,702)	(163,381)
Reserves for operation and liabilities	135,446	66,478
Changes in assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	28,990,826	(53,362,753)
(Increase) decrease in receivables	(37,945,657)	41,089,360
Decrease (increase) in other financial assets – net	2,233,972	(5,307,813)
Decrease in deferred income tax assets	814,499	193,215
Increase (decrease) in financial liabilities at fair value through profit or loss	1,670,700	(1,756,817)
Increase in payables	29,531,384	6,517,153
Increase in accrued pension liabilities	30,232	123,183
Decrease in reserves for operation and liabilities	(50,749)	(2,095)
(Decrease) increase in other financial liabilities	(916,569)	1,549,413
Net cash provided by (used in) operating activities	30,634,653	(5,443,414)

(Continued)

Yuanta Financial Holdings Co., Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Nine Months Ended September 30,
(Expressed in Thousands of New Taiwan Dollars)
(Unaudited)

	2009	2008
<u>Cash Flows From Investing Activities</u>		
(Increase) decrease in due from Central Bank and call loans to other banks	(\$ 5,087,034)	\$ 39,719,941
Increase in bill and bond investments under resale agreements	(1,397,447)	(8,324,427)
Increase in held for sale assets	-	(435,131)
(Increase) decrease in loans	(1,671,846)	12,745,429
Decrease in available-for-sale financial assets	2,521,720	292,811
Decrease in held-to-maturity financial assets	3,013,237	1,967,407
Acquisition of assets held for sale	(61)	(40,766)
Proceeds from sale of held for sale assets	-	3,401,874
Acquisition of fixed assets and other non-operating assets	(721,127)	(1,847,612)
Proceeds from disposal of fixed assets and other assets	94,638	68,299
Increase in intangible assets	(19,989)	(54,699)
Acquisition of foreclosed assets	(58,765)	(530,367)
Proceeds from sale of foreclosed assets	94,596	390,532
Decrease in idle assets	-	1,045
Proceeds from sale of idle assets	840	47,000
(Increase) decrease in other assets	(1,866,792)	6,062,352
Net cash (used in) provided by investing activities	(5,098,030)	53,463,688
<u>Cash Flows From Financing Activities</u>		
Decrease in due to Central Bank and other banks	(1,831,625)	(14,195,407)
Increase (decrease) in commercial paper payable	1,561,432	(30,401,484)
Decrease in bills and bonds payable under repurchase agreements	(13,709,803)	(10,109,492)
(Decrease) increase in deposits	(3,797,126)	33,887,043
Increase in bonds payable	-	3,600,000
Decrease in other borrowings	(3,118,137)	(14,941,285)
Decrease in other liabilities	(520,639)	(5,083,661)
Distribution of cash dividends	(1,453,339)	(5,429,478)
Distribution of remunerations to Directors	-	(53,318)
Acquisition of treasury stock	-	(3,375,874)
Minority interest	(81,913)	(111,035)
Net cash used in financing activities	(22,951,150)	(46,213,991)
Net effect of foreign exchange rate changes on cash and cash equivalents	(99,584)	61,792
Net effect of movements on consolidated entities	(4,028)	-
Net increase in cash and cash equivalents	2,481,861	1,868,075
Cash and cash equivalents at beginning of period	16,457,094	2,376,003
Cash and cash equivalents at end of period	\$ 18,938,955	\$ 4,244,078
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid for interest during the period	\$ 2,796,268	\$ 5,171,367
Cash paid for income tax during the period	\$ 3,730,634	\$ 1,041,675

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 6, 2009.

Yuanta Financial Holdings Co., Ltd. and Its Subsidiaries
Notes to Financial Statements
For The Nine Months Ended September 30, 2009 and 2008
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)
(Unaudited)

1. Organization and business

(1) Yuanta Financial Holdings Co., Ltd.

Yuanta Financial Holdings Co., Ltd. (“Yuanta Financial Holdings” or the “Company”) was incorporated pursuant to the Financial Holding Company Act. In connection with the formation of the Company, the shares of Yuanta Securities Finance Co., Ltd. (“Yuanta Securities Finance”) and Yuanta Securities Co., Ltd. (“Yuanta Securities”) were exchanged for shares of the Company. The regulatory procedure for the share exchange was completed on the exchange date of February 4, 2002 and the Company was listed on the Taiwan Stock Exchange on the same date.

On May 24, 2002, the shareholders of the Company and Asia Pacific Bank during their respective meetings agreed that shares of Asia Pacific Bank would be exchanged for shares in the Company. As a result, Asia Pacific Bank became a wholly owned subsidiary of the Company on August 1, 2002. Furthermore, Asia Pacific Bank was renamed twice as Yuanta Commercial Bank Co., Ltd. (“Yuanta Bank”).

On December 28, 2006, both the Company and Yuanta Core Pacific Securities Co., Ltd. (“Yuanta Core Pacific Securities”) had resolved for Yuanta Core Pacific Securities becoming the Company’s subsidiary by share exchange as approved through Explanatory Letter Jin-Guan-Yin (6) No. 09600022230 of SEC dated March 8, 2007, effective from April 2, 2007. The share exchange ratio of Yuanta Core Pacific Securities to the Company is 1:1.615. The Company had issued new common shares totaling 5,150,352,883 shares (with par value of \$10 New Taiwan dollars per share) in exchange for Yuanta Core Pacific Securities’ common shares issued totaling 3,189,072,993 shares (with par value of \$10 New Taiwan dollars per share). Upon capital increase, the Company’s authorized and issued capital was \$83,121,145.

The Company engages in the business of a financial holding company, and the operations of the Company are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognized by the government authority.

(2) The name, type of business, and percentage of shareholdings of subsidiaries invested in by the Company and its subsidiaries are as follows:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percentage of shareholding (%)</u>		<u>Note</u>
			<u>September 30,</u>		
			<u>2009</u>	<u>2008</u>	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100	100	
"	Yuanta Bank	Commercial banking	100	100	
"	Yuanta Securities Finance	Securities financing and refinancing to securities firms and related business	100	100	
"	Yuanta Venture Capital	Venture capital investments	100	100	
"	Yuanta Asset Management	Providing monetary debt management services for financial institutions	100	100	
"	Yuanta Futures	Futures merchant	100	100	
"	Yuanta Securities Investment Consulting	Investment consulting on marketable securities	100	100	
"	Fuhwa Securities Investment Trust	Raising and management of securities investment trust funds	-	100	Note 1
"	Fuhwa Capital Management	Securities investment consulting and issuance of related publications	-	99	
"	Yuanta Financial Consulting	Operation and management of corporation and investment consulting services	-	100	Note 1
Yuanta Bank and Yuanta Asset Management	Yuanta Lease Co., Ltd.	Purchase, sale and lease of various real estate and movable property	99	99	
"	Yuanta Property Insurance Agency Co., Ltd.	Property insurance agency	100	100	Note 2
"	Yuanta Life Insurance Agency Co., Ltd.	Life insurance agency	100	100	
Yuanta Securities	Yuanta Securities Asia Finance Co., Ltd. ("Yuanta Securities Asia Finance")	Investment holding	100	100	Note 1

Name of investor	Name of subsidiary	Nature of business	Percentage of shareholding (%)		Note
			2009	2008	
Yuanta Securities	Yuanta International Insurance Agency Co., Ltd. (“Yuanta International Insurance Agency”)	Insurance agency services	100	100	Note 2
"	Yuanta Securities Investment Trust Co., Ltd. (“Yuanta Investment Securities”)	Investment trust	83.19	83.19	
Yuanta Futures	Yuanta Futures Management Co., Ltd.	Futures management services	-	100	Notes 2 and 3
Yuanta Securities Asia Finance	Yuanta Securities (Hong Kong) Limited	Securities brokerage and related services	100	100	Note 1
"	Yuanta Securities Holding (BVI) Co., Ltd.	Investment holding	100	100	Note 1
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd.	Venture capital investments	100	100	

Note 1: On November 26, 2008, the stockholders of Yuanta Financial Consulting resolved to dissolve Yuanta Financial Consulting effective on December 31, 2008 and the Company ceased its operations on the same date. In accordance with the Explanatory Note Ji-Mi-Zhi (88) No. 233 of the Accounting Research and Development Foundation of the R.O.C., Yuanta Financial Consulting will no longer be accounted for under the equity method. The Board of Directors of Fuhwa Securities Investment Trust had resolved to sell Fuhwa Securities Investment Trust to Manulife Asset Management (Hong Kong) Limited (Manulife AM) on August 19, 2008, and was reclassified as subsidiary held for sale and no longer accounted for under the equity method on the same date; the settlement and related administrative procedures were completed on October 24, 2008. Fuhwa Securities (H.K.) completed the dissolution in March 2008. Fuhwa Investment Management (BVI) was renamed as Yuanta Securities Holding (BVI) Co., Ltd. on April 14, 2008 and became the wholly-owned subsidiary of Yuanta Securities Asia Finance Co., Ltd. through a share swap on June 13, 2008.

Note 2: The financial statements of certain subsidiaries which were included in the Company's consolidated financial statements as of and for the nine months ended September 30, 2008 were not reviewed by independent accountants as these investees did not meet the requirement threshold for an audit.

Note 3: Yuanta Securities merged with Yuanta Futures Co., Ltd. (a subsidiary of Yuanta Core Pacific Securities) and resold the entire shares obtained from the merger of Yuanta Futures Management Co., Ltd. to Yuanta Futures in line with the Group's reorganization to improve operational efficiency. On September 8, 2008, Yuanta Futures Management Co., Ltd.'s Board of Directors acting on behalf of the stockholders resolved to dissolve Yuanta Futures Management Co., Ltd., effective from October 31, 2008. In accordance with the Explanatory Note Ji-Mi-Zhi (88) No. 233 of the Accounting Research and Development Foundation of the R.O.C, companies under dissolution are not included in the consolidated financial statements.

- (3) Movement of consolidated entities: Please refer to Note 1(2) for details.
- (4) Investees accounted for as subsidiaries by the Company even though the investees whose voting stock interests are not held over 50% either directly or indirectly by the Company: None.
- (5) The Company does not have control interests over the investee company even though the investees whose voting stock interests or potential voting stock interests are held over 50% either directly or indirectly by the Company:

Even though Yuanta Securities' subsidiary - Yuanta Securities Asia Finance holds 50% ownership of Grand Asia Management, Yuanta Securities Asia Finance does not have more than half number of independent directors and does not have control interests over the investee company. Hence, Grand Asia Management is not included in the consolidated financial statements.

- (6) Name, percentage of ownership, and reasons for subsidiaries not consolidated in the financial statements:

Name of subsidiary	Percentage of shareholding (%)	Reasons for not being consolidated in the financial statements
Fuhwa Securities Investment Consulting	99.99	The board of directors resolved to dissolve Fuhwa Securities Investment Consulting pursuant to Explanatory Note Ji-Mi-Zhi (88) No. 233. Accordingly, Fuhwa Securities Investment Consulting was not included in the consolidated financial statements.
Yuanta Financial Consulting	100	"

- (7) In accordance with the effective date of consolidated financial statements, adjustment on different accounting periods of the subsidiaries, handling method and reasons of difference: None.
- (8) Specific operation risk of the foreign subsidiaries: None.
- (9) Information with respect to the subsidiary's significant restriction to transfer its funds to the parent company: None.
- (10) Information with respect to the subsidiaries' holding of the securities issued by the parent company: None.
- (11) Information with respect to the subsidiaries' issuance of the convertible bonds and new capital stock:

For the nine months ended September 30, 2009 and 2008, the subsidiaries of the Company did not issue any convertible corporate bonds nor issue any new shares, except for the following:

- A. In order to expand the overseas business of Yuanta Securities, Yuanta Securities Asia Finance Co., Ltd. infused cash capital amounting to \$1,640,500 into Yuanta Securities (Hong Kong) Limited by issuing 390,000 thousand shares in May 2009, which had been filed with the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.
- B. In order to simplify the organizational structures of overseas subsidiaries, Yuanta Securities Holding (BVI) Co., Ltd. became the wholly-owned subsidiary of Yuanta Securities Asia Finance Co., Ltd. through a share swap in May 2008, which had been filed with the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.
- C. On February 26, 2009, Yuanta Bank's Board of Directors resolved to increase its capital by \$2,754,911, effective March 31, 2009, which had been approved by the Financial Supervisory Commission, Executive Yuan. The related registration of the capital increase has been completed.
- D. On June 24, 2008, Yuanta Securities Finance's Board of Directors (acting on behalf of the stockholders) resolved to increase capital by issuing 600 million common shares at \$20 per share (face value is at \$10 per share) via private placement, effective August 5, 2008. The related registration of the capital increase has been completed. The shares are subject to issuance 3 years after the delivery date.
- E. On March 18, 2009, the Board of Directors (acting on behalf of the stockholders) resolved that Yuanta Securities Finance transfer additional paid-in capital amounting to \$1,500,000 to increase capital, which had been approved by the competent authority. The related registration of the capital increase has been completed. 70,000 thousand shares of which belong to stock dividends distributed by shares via private placement.

- F. On February 26, 2008, Yuanta Asset Management's Board of Directors (acting on behalf of the stockholders) resolved to increase cash capital by \$1 billion, consisting of 100 million common shares at \$10 per share effective March 3, 2008. After the capital increase, the total issued capital amounted to \$2 billion. The related registration has been completed.

2. Summary of significant accounting policies

The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in conformity with the "Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies", "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Guidelines Governing the Preparation of Financial Reports by Securities Firms", "Guidelines Governing the Preparation of Financial Reports by Futures Commission Merchants" and generally accepted accounting principles in the Republic of China. In accordance with the "Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies", assets and liabilities in 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, sequenced by their liquidity of assets and liabilities in the notes to the consolidated financial statements. Historical cost is the basis of measurement in the consolidated financial statements except as otherwise stated. The significant accounting policies are summarized as follows:

(1) Principles for preparation of the consolidated financial statements

The investees whose voting stock interests are held over 50% either directly or indirectly by the Company are included in the consolidated financial statements. The Company shall include the subsidiaries' revenues and expenses in the consolidated financial statements from the date of obtaining the control. All significant inter-office accounts and transactions have been eliminated in the consolidated financial statements.

(2) Foreign currency transactions

- A. Except for accounts in the Offshore Banking Unit of Yuanta Bank, the Company's overseas affiliates, and overseas equity investments under the equity method that are maintained in US dollars, accounts in all other subsidiaries are maintained in New Taiwan dollars. Those transactions denominated in foreign currencies are recorded in their original foreign currencies, and all income and expense accounts denominated in original foreign currencies are translated into New Taiwan dollars at the exchange rate assigned on that date.
- B. The Company's overseas affiliates, overseas investments under the equity method, and the Offshore Banking Unit of Yuanta Bank included in the consolidated financial statements use their local currencies as their functional currencies. Foreign financial statements are translated into

New Taiwan dollars. The resulting translation differences are accounted for as translation adjustments, and are included in the consolidated financial statements as a component of stockholders' equity. Assets and liabilities are translated at the current exchange rate prevailing at the balance sheet date. Stockholders' equity is translated at the historical rate with the exception of the beginning retained earnings in New Taiwan dollars, which are brought forward. Dividends are translated at the exchange rate prevailing at the declaration date. Income statement accounts are translated at the average exchange rate for the year. The foreign currency translation from financial statements of the Company's overseas subsidiaries are recorded as cumulative foreign currency translation adjustments under the statement of stockholders' equity and will be recognized as gain or loss only upon the sale or liquidation of the company.

- C. In accordance with SFAS No. 14 "The Effects of Changes in Foreign Exchange Rates", monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

(3) Cash and cash equivalents

The Yuanta Group considers cash in banks and short-term investments that are readily convertible to cash and for which interest rate fluctuations have little or no effect on the value to be cash equivalents. The consolidated statements of cash flows were prepared based on cash and cash equivalents.

(4) Deposit reserve

Deposit reserve is calculated based on the monthly average balance of the various deposit accounts, using specific reserve ratios as promulgated by the Central Bank of the Republic of China. The deposit reserve - demand account is placed with the Central Bank of the Republic of China and is subject to change only when the monthly reserve requirement is adjusted.

(5) Financial assets at fair value through profit or loss

- A. The Yuanta Group recognizes the purchases or sales of stocks, funds and beneficiary certificates using trade date accounting and of other financial assets using settlement date accounting. These financial instruments are initially recognized at fair value, including acquisition or issuance cost.
- B. Financial assets whose changes in fair value are recognized in profit or loss include debt, equity and derivative instruments held or issued by the Yuanta Group. These financial assets can be classified into two subcategories: financial assets held for trading purposes and financial assets that are designated on initial recognition as those to be measured at fair value, with fair value changes recognized in profit or loss.
- C. Financial instruments with fair value changes recognized in profit or loss should be measured at fair value. The fair value of an asset is the amount at which the asset could be purchased or sold in a current arm's-length transaction between willing parties. A quoted market price, if available, in an active market is the best evidence of fair value; however, if a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or estimated using pricing models. Estimation of fair value is usually based on recent trading prices of such financial instruments and supplemented by related valuation techniques available.
- D. The realized and unrealized gain or loss, including the amortization of discount and premium, of financial assets whose changes in fair value are recognized in earnings should be recognized in current year's net income or loss. Interest income (expense) and cash dividend received during the holding period are recorded under "interest income (expense)" and "gain (loss) on financial instruments at fair value through profit or loss", respectively. Stock dividends are not recognized as income but treated as increases in the number of shares held.
- E. Financial assets at fair value through profit or loss which the Group classified as such on January 1, 2007, in compliance with SFAS No. 34, "Financial Instruments: Recognition and Measurement", cannot be reclassified again thereafter. Similarly, those that do not belong to financial assets at fair value through profit or loss cannot be reclassified to this category either. In accordance with explanatory letter Ji-Mi-Zih No. 296 issued in 2006 by the Accounting Research and Development Foundation, after adopting SFAS No. 34, businesses should reclassify financial assets held for trading purposes as financial assets designated to be valued at fair value with changes in fair value recognized in profit or loss if financial assets held for trading purposes are provided as collateral for loans or refundable deposits.

- F. The main purposes of designating financial assets and financial liabilities at fair value through profit or loss are for selling the financial instruments in the short-term or repurchase them. Criteria to designate financial assets and financial liabilities at fair value through profit or loss are as follows:
 - (A) Hybrid instruments;
 - (B) The designation can eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (C) The designation is in compliance with a documented risk management or investment strategy of the Group to evaluate the performance of assets or liabilities based on a fair value basis.
- G. Effective from July 1, 2008, certain stocks listed in the TSE or OTC originally classified as at fair value through profit or loss were reclassified as available-for-sale financial assets in accordance with the revised Paragraph No. 104 of SFAS No. 34.

(6) Derivative financial instruments

- A. Derivative financial instruments are foreign exchange forward contracts, currency swaps, interest rate swaps, currency and interest rate swaps, options, structured notes, stock warrant liabilities, and margin deposits for futures contracts, which are entered into by the Group in foreign exchange, interest rate and capital markets. Derivative financial instruments are for trading purposes except those accounted for under hedge accounting. Trading purposes include market creation, customer services and other relevant activities.
- B. Derivative financial instruments held for trading purposes are evaluated at fair value. Changes in fair value are recorded as current period income or loss. Fair value is the amount at which the asset could be purchased or sold in a current arm's-length transaction between willing parties. A quoted market price, if available, in an active market is the best evidence of fair value; however, if a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or using pricing models. Estimation of fair value is usually based on recent trading prices of similar financial instruments and supplemented by related valuation techniques available.
- C. Derivative financial instruments measured at fair value whose offsetting right has legal effect and are intended to be settled by net balance should be recorded as financial assets and liabilities at their net value.
- D. An embedded derivative should be recognized separately as a derivative and the host contract is recognized based on the related accounting standards depending on the nature of the host contract in the category of financial instruments or non-financial instruments.

(7) 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 expense 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.

(8) Margin loans, stock loans and securities borrowed

- A. According to the “Rules Governing Securities Finance Enterprises” (RGSFE), margin loans primarily represent pecuniary financing to investors or refinancing to securities firms. Such loans are secured by the securities purchased by the investors, and the Group records these securities at par value under the memorandum accounts "securities held for collateral" and "liability for holding collateral securities", and they are not included in the balance sheets.
- B. According to Article 10 of the RGSFE, margin loan investors must pay a certain percentage of the related stock market price themselves.
- C. Short sale stock loans represent securities financing affected by lending securities in custody that are received from margin loans, guarantee effects or borrowed securities, to investors. When the securities are lent to investors, the Group records the par value of the securities lent under the memorandum account "short sale stock loans". Additionally, according to Article 10 of the RGSFE, the investors need to deposit an amount equal to a certain percentage of the proceeds from short sale stock financing as collateral with the Group. The proceeds are accounted for as "stock deposits". The Group deals with these securities at par value under the memorandum account "guarantee deposits". The proceeds from sale of securities loaned, less any dealer's commission, financing commission and securities exchange tax, are held by the Group as collateral and recorded under "short sale proceeds payable".
- D. In accordance with the Explanatory Letter Tai-Tsai-Jen (4) No. 03452 of the SEC in 1999, when the securities financed by borrowers terminate trading, are delisted from the stock market, or are the securities of the borrowers' credit accounts which are unable to be disposed of, these margin loans will be recorded as “other receivables” or “overdue receivables” according to the results of negotiation or collection. When the maintenance of secured accounts is less than the regulatory standard and the borrower does not pay a portion of the remaining loans after

offsetting the proceeds from disposal of securities, the related margin loans shall be recorded as overdue receivables.

- E. Securities borrowed represent securities borrowed from one broker/dealer to another, who must eventually return the same security as repayment. When the securities are lent to investors, the Group records the par value of the securities borrowed under the memorandum account "securities borrowed". The borrower needs to deposit an amount equal to a certain percentage of the proceeds from securities borrowed as collateral with the Group. The proceeds are accounted for as "refundable deposits". The Group deals with securities at par value under the memorandum account "refundable collaterals". Additionally, when the securities are lent out, a lender needs to deposit an amount equal to a certain percentage of the proceeds from securities lent as collateral with the Group. The proceeds are accounted for as "deposits received". The Group deals with these securities at par value under the memorandum account "collaterals received".

(9) Accounts receivable - Allowance for bad debts

Allowance for bad debts is based on the past experience of collectibility, margin loans and pecuniary transactions after considering the value of collateral.

(10) Debit (credit) items for securities receivable

- A. When engaging debit (credit) items for securities business, the Company shall record customers' debit (credit) items within the next two working days as "Debit (credit) items receivables – collateralized by the securities that the customers purchase" or "Debit (credit) items receivables – collateralized by the securities that the customers hold" and according to the collectibility of ending balance estimates and records as "Provision for bad debts - debit (credit) items receivables – collateralized by the securities that the customers purchase" or "Provision for bad debts - debit (credit) items receivables – collateralized by the securities that the customers hold".
- B. When engaging debit (credit) items for securities business, the Company is eligible to collect interests and handling fees from customers. Interests receivable from debit (credit) items for securities business are accrued within the next two working days of transaction date and recorded as interest income. The handling fees from debit (credit) items for securities business are recorded as handling fees income from debit (credit) items for securities business. In accordance with Article 28 of "Regulations Governing Borrowing or Lending Money in Connection with Securities Business by Securities Firms", the Company collects financing margin penalty and records as "other operating income – others".

(11) Assets held for sale

- A. Assets held for sale are assets (disposal group) to be disposed of through sale other than those to be used continuously. Assets held for sale are measured at the lower of carrying amount and net fair value. Assets or disposal groups that are classified as held for sale shall not be depreciated.

- B. According to the Paragraph No. 27 of Statement of Financial Accounting Standards No. 38 "Non-current Assets Held for Sale and Discontinued Operations" and EITF 2008-055 of the Accounting Research and Development Foundation of the R.O.C., an entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. As a result, subsidiary classified as held for sale shall no longer be measured using the equity method in the parent company's financial statements, and instead, shall be measured at the lower of their carrying amounts had it not been so classified and fair value less costs to sell at the balance sheet date. Likewise, this shall also apply to the parent company's consolidated financial statements. When a subsidiary meets the criteria to be classified as held for sale, any revenues and expenses shall be excluded from the consolidated financial statements. Assets, liabilities and related equity classified as the subsidiary held for sale shall be separately disclosed on the consolidated balance sheet, and the subsidiary classified as held for sale shall be measured at the lower of their carrying amounts had it been so classified and fair value less costs to sell at the balance sheet date, and liabilities shall be subsequently remeasured in accordance with the applicable Statements of Financial Accounting Standards, to determine the amount of total assets.

(12) Loans and allowance for doubtful accounts

- A. Credit terms are decided based on the maturity of loans. The loan period of short-term loans is within one year, the loan period of medium-term loans is one to seven years, and the loan period of long-term loans is more than seven years. Loans with pledged assets and qualified guarantees are recorded as secured loans.

- B. All loans are recorded initially at the actual amount lent out and purchase price, and reported at their outstanding principal balances net of any provisions for doubtful accounts. An allowance for doubtful accounts is determined by an evaluation of the collectibility of loans and age of receivables (including non-performing loans and overdue receivables and interest receivables) and advance accounts. At the period-end, according to the amended "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans" and "Regulations Governing Institutions Engaging In Credit Card Business" of the MOF, doubtful accounts are written off when the possibility of recovery is remote.

- C. Principal or interest overdue over three months is categorized as overdue accounts. Interest overdue over six months is categorized as overdue. When principal or interest has not been paid for over expiration date, the said principal and interest will be transferred to non-performing loans in six months. When this event occurs, interest will not be calculated and booked to the memo account accordingly.
- D. In accordance with the “Value-added and Non-value-added Business Tax Law”, banks should provide 3% of operating revenue as allowance for bad debts to write-off default accounts. The aforementioned provision is still valid until the ratio of overdue accounts is lower than 1%. Such allowance is recognized as operating cost for bad and doubtful accounts of loans, and charged to current operations.

(13) Available-for-sale financial assets

- A. The Group recognizes the purchase or sale of stocks, funds and beneficiary certificates using trade date accounting and of other financial assets using settlement date accounting. These financial instruments are initially recognized at fair value. The amount recognized includes acquisition or issuance cost.
- B. Available-for-sale financial assets are recorded at fair value, and the change in market value will be recorded in the shareholders' equity adjustment account. Fair value is based on the quoted market price or estimated amount if the quoted market price is not available. When there is an indication of impairment, impairment loss should be recognized. If there is an indication that the impairment loss recognized has decreased in a subsequent period, it should be recorded as gains or losses. Cost is determined by the weighted-average method, and accumulated unrealized gain or loss recorded under the equity account is recognized in current year's income or loss when the Group disposes of those financial assets. Interest income and cash dividend are recorded under "interest income" and "realized gain on available-for-sale financial assets", respectively. Cash dividends are recognized as revenue on the ex-dividend date or the date of the board of directors meeting. However, the dividend amount, if announced before the investment date, will be deducted from the investment cost. Stock dividends are not recognized as income but treated as increases in the number of shares held.

(14) Held-to-maturity financial assets

- A. The Group recognizes the purchase or sale of the financial assets using settlement date accounting. These financial instruments are initially recognized at fair value. The amount recognized includes acquisition or issuance cost.
- B. Amortized cost and interest income or interest expense of held-to-maturity financial assets is evaluated using the effective interest rate. Held-to-maturity financial assets are recorded at amortized cost. If there is objective evidence that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount of the financial asset that exceeds the amortized cost that would have been determined if no impairment loss had been recognized.

(15) Equity investments accounted for under the equity method

- A. Equity investments in which the Company holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized, effective January 1, 2006. Retrospective adjustment of the amount of goodwill amortized in previous year(s) is not required. The excess of acquired net asset value of investee over the initial investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets, and any remaining amount of such excess after this allocation is credited to extraordinary gains. However, negative goodwill prior to December 31, 2005 is continuously amortized.
- B. If the Company does not subscribe to new shares based on the percentage of ownership, this causes an increase or decrease in net value of investment shares and is adjusted against "additional paid-in capital". If the balance of additional paid-in capital from equity investments is sufficient, the difference is recorded as "retained earnings".
- C. The cumulative translation adjustment resulting from the financial statement translation of foreign equity investments accounted for under the equity method is recognized proportionately in the stockholders' equity account based on the percentage of the investees' ownership held by the Company.

- D. Equity investments accounted for under the equity method which are highly expected to be on sale within twelve months from the balance sheet date are recorded under “Held-for-sale equity investments”. As the Company has lost the influence over such equity investments, the equity method is no longer used and the equity investments shall be valued at the lower of book value or net fair value. The loss due to valuation or gain from reversal shall be recognized in current profit or loss. The abovementioned investments are considered “highly expected to be on sale” when it meets all the following requirements:
- (A) Management commits to a plan to sell;
 - (B) An active program to locate a buyer has been initiated;
 - (C) An entity has actively negotiated trading based on the fair value of held for sale equity investments;
 - (D) The sale is expected to be completed within one year, and
 - (E) Actions required to complete the sale make it unlikely that significant changes to the plan will be made or that the plan will be withdrawn.
- E. The mergers among subsidiaries are in line with the Group’s reorganization. In compliance with the Explanatory Note (2002) No. 244 of the Accounting Research and Development Foundation of the R.O.C., the dissolved company’s book value of net assets and stockholders’ equity which is related to net asset accounts are recorded at original costs. The Company transferred the book value of the dissolved company to investment cost of the surviving company on the effective date. These swaps did not affect the Company’s profit or loss for the current period.

(16) Futures brokerage business / futures trading

- A. Futures commission income resulting from engaging in futures brokerage business and received from the futures commission merchants is recognized as “futures commission income (expenses)” on the transaction date.
- B. Futures dealing department deposits future margin deposits when performing future business and records as “Financial assets at fair value through profit or loss – current - futures margin deposits – self-own capital” and adjusts future margin deposits – self-own capital according to the difference of futures index on cover date and the closing futures index at balance sheet date. At cover date, the Company recognizes realized profit or loss on futures transactions, values uncovered positions at every period end and records as “Gain (loss) on derivative financial instruments – futures – gain (loss) on futures contracts.”

(17) Fixed assets, non-operating assets and related depreciation

- A. Fixed assets are stated at cost, and major purchases, renewals and improvements are capitalized. Interest expense on acquisition of assets is capitalized and is categorized in related asset accounts. Apart from land, depreciation of fixed assets is calculated on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the terms of the leases or useful lives of such improvements. Gains or losses on the disposal of fixed assets are recorded as other non-interest income or losses.
- B. Property and equipment under operating leases have been reclassified as non-operating assets – other assets and recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the lease assets, and is recorded as other non-interest losses. Idle assets that are not utilized for operating or any other purpose are transferred as non-operating assets - other assets, and are stated at their net fair value.
- C. Securities foreclosed are recorded under non-operating assets - other assets, and are stated at their net fair value. Any difference from the original value of the loans and advances is recognized as bad debts.
- D. Useful lives for depreciation, which is calculated using the straight-line method, are as follows:
- | | |
|----------------------------------|--------------|
| Buildings | 3 ~ 55 years |
| Machinery and computer equipment | 1 ~8 years |
| Transportation equipment | 2 ~5 years |
| Others | 1 ~ 20 years |

(18) Other financial assets

- A. Financial assets carried at cost include unlisted stocks. The Group has no significant influence over the investee. Those financial assets are recorded at cost as their fair values are not measurable. If there is an indication of impairment, impairment loss should be recognized, and this recognized amount is not allowed to be reversed.
- B. Bond investments in a non-active market are recorded at amortized cost, and are those that do not have public quotes in an active market. If there is objective evidence that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a

carrying amount of the financial asset that exceeds the amortized cost that would have been determined if no impairment loss had been recognized.

- C. Cash dividends acquired from the aforementioned financial assets are recorded under "other non-interest income, net". Cash dividends are recognized as revenue on the ex-dividend date or the date of the board of directors meeting. However, the dividend amount, if announced before the investment date, will be deducted from the investment cost. Stock dividends are not recognized as income but treated as increases in the number of shares held. In addition, if fair value is available and reliably measurable, the aforementioned financial assets should be evaluated by using fair value and reclassified as "available-for-sale financial assets".
- D. Customer margin deposit account: Futures department conducts futures brokerage business and requires customers to open margin accounts to receive margin deposits and premiums and to reflect the mark-to-market adjustment.

(19) Intangible assets

- A. Effective January 1, 2007, the Group adopted R.O.C. SFAS No. 37 "Accounting Treatment for Intangible Assets". In accordance with this standard, the Group initially recognizes intangible assets at costs. Subsequently, the intangible assets are measured at cost plus appraisal increment less accumulated amortization and accumulated impairment losses. The resulting residual amount is regarded as book value.
- B. Intangible assets include goodwill, computer software and operating rights.
 - (A) Goodwill was carried forward from the acquisition of The Credit Cooperative of Douliou, The Credit Cooperative of Taidong, The Tainan Seventh Credit Cooperative and The Tainan Sixth Credit Cooperative and was recognized as the purchase price less the market value of tangible assets obtained.
 - (B) Yuanta Financial Holdings merged with Yuanta Core Pacific Securities by share exchange on April 2, 2007. The excess of the acquisition cost over the fair value of tangible and identifiable intangible assets was recognized as goodwill which is in compliance with the accounting treatment for business combination.
 - (C) The Company acquired the shares because Fuhwa Futures merged with Yuanta Futures by share exchange on September 23, 2007. The difference of the investment cost and the net value of investee company accounted for based on the percentage of ownership is recorded as goodwill.
 - (D) The difference of the investment cost that Yuanta Securities invested in Yuanta Securities Investment Trust and the net value of investee

company accounted for based on the percentage of ownership are recorded as goodwill.

The amount of operating rights is the excess of the payments made for such rights of the other securities firms over their net book value and is amortized over ten years. In addition, the operating rights incurred from foreign branches and local trading organizations are amortized over ten years.

- C. Except for goodwill, original cost less residual value is amortizable amount, starting from held for use status and amortized at straight line method over the useful lives. The Company adopted the amendments to R.O.C SFAS No. 1 "Financial Accounting Conceptual Framework and the Preparation of Financial Statements" and No. 5 "Accounting Treatments for Long-Term Equity Investment Under the Equity Method" which discontinued amortization of goodwill.

(20) Other assets

Other assets have material amounts and have prospective economic benefits. Such deferred charges include corporate bond and convertible bond issuance expense, costs of leasehold improvements, and expense for enterprise resource planning system installation and telephone installation. The corporate bond issuance expense was amortized over the issuance period. The convertible bond issuance expense was amortized over the period between the issuance date and the expiration date of the repurchase agreement. The other accounts are amortized over the prospective benefit periods, from three to five years. Under the circumstances where bondholders redeemed or the Company repurchased convertible bonds from the market before the expiration dates, the remaining deferred charges would be reversed as of the redemption date or the purchase date.

(21) Non-financial asset impairment

- A. The Group adopted R.O.C. No. 35 "Impairment of Assets". In accordance with the standard, the Group assesses at each balance sheet date whether there is any indication that an asset other than goodwill may have been impaired. If any such indication exists, the Group estimates the recoverable amount of the asset, and recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount. The Group assesses the cash-generating unit to which goodwill is allocated on an annual basis and recognizes an impairment loss on the carrying value in excess of the recoverable amount.
- B. The Group may reverse an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or

amortized balance of the assets assuming no impairment loss was recognized in prior periods. Recognized impairment loss for goodwill is not allowed to be reversed.

(22) Financial debentures

Financial debentures are issued and stated at face value, and the interest expenses are computed and recorded at face value multiplied by the stated interest rate every month. The annual fee paid to the Greta Securities Market is recognized as operating expense.

(23) Reserve for guarantee liabilities

Reserve for guarantee liabilities is the estimated potential losses based on the ending balances of guarantees and acceptances. According to the abovementioned regulation, the Group records reserve (reversal) for guarantee liabilities as other non-interest income, net, and reserve for operations and liabilities.

(24) Reserve for default

- A. A securities firm should allocate 0.0028% of the amounts of monthly securities consignment trading as the reserves for losses from default, and such reserves are recorded as other liabilities. When the accumulated reserve balances reach \$200,000, no further reserve provision is required. The futures commission merchants are required to set aside 2% of monthly commission revenues of consignment trading.
- B. The reserves should only be used for recovering the losses caused by default on such consignment trading or for other purposes as approved by the SFB. Under the Explanatory Letter Tai-Tsai-Jeng (7) No.108957 of the SFB in 1999, no reserve provision was required from July 1, 1999 to June 30, 2003. However, reserve for default was restored effective from July 1, 2003.

(25) Reserve for trading losses

- A. According to the RGASF, 10% of the monthly securities trading gains in excess of losses must be provided as a reserve by utilizing the total amount method until the accumulated balance of such provision reaches \$200 million. Such reserve can only be used to offset a loss from trading securities.
- B. According to the RGAFF, 10% of the monthly net income of the trading business must be provided as a reserve until the accumulated balance of such provision reaches the amount of minimum capital or the amount of the funds for management and operations. Such reserves can only be used to offset a loss from trading securities.

(26) Reserve for bad debts

- A. In accordance with an SFB ruling, the subsidiaries of the Company engaged in securities, futures, and securities investment trust business must provide 3% of operating revenue as reserve for doubtful accounts. The reserve can be used to write off overdue debt; to write off allowance for devaluation, which is reserved for irregular significant loss caused by holding unprofitable company bonds or other types of investments; or for other situations approved by the SFB for the four consecutive years beginning July 1, 1999. If the aforementioned situations do not occur, the allowance provided is recorded as reserve for bad debts.
- B. Effective on July 1, 2003, the abovementioned regulation no longer applied to the Group, and the balance of allowance for doubtful accounts or reserve for bad debts as of June 30, 2003, was required to be retained for writing off nonperforming loans or overdue receivables in the future.

(27) Pension plan

- A. 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. Payment of retirement benefits to employees is charged to the pension fund. On July 1, 2005, the Labor Pension Act (the New System), which has a defined contribution scheme, became effective. Under the New System, the Company has an obligation to contribute no less than 6% of monthly paid salary to the pension accounts in the Labor Insurance Bureau individually owned by the Company's existing employees who choose to join the New System and employees hired after the effective date. The contributions are recognized as pension expenses in the current period.
- B. The ending date of the year is the measurement date of the actuarial report for the defined benefit plan. A minimum pension liability is recognized when the accumulated benefit obligation exceeds the fair value of retirement plan assets. According to the regulations, net periodic pension costs are recognized including current service cost, net transaction obligation, the prior service cost and pension gain or loss based on employees' average residual service years over the straight line method. Minimum pension liability usually occurs due to the existence of unrecognized prior service cost and unrecognized transitional net assets or net benefit obligation. If the amount of minimum pension liability does not exceed the sum of unrecognized prior service cost and unrecognized transitional net assets or net benefit obligation, then the difference would be charged to the deferred pension cost account; otherwise, the difference shall be charged to the account "net loss not yet recognized as net pension cost". Deferred pension cost is classified as an intangible asset; net loss from unrecognized net pension cost is classified as a reduction of stockholders' equity.

(28) Treasury stocks

In accordance with R.O.C. SFAS No. 30, "Accounting for Treasury Stock", the treatment of treasury stock transactions are as follows:

- A. When the Company buys back issued stock, it debits the stockholders' equity account for the amount paid.
- B. When the disposal price of treasury stock is greater than the cost, the difference is credited to capital surplus - treasury stock; otherwise, the cost in excess of the price is debited to capital surplus generated from the same type of treasury stock transactions. If the capital surplus - treasury stock account is insufficient to cover the cost in excess of the price, retained earnings should be debited for the remaining amount.
- C. The book value of each share of treasury stock is calculated by its weighted-average cost.
- D. The Company's stocks held by the subsidiaries are regarded as treasury stocks.
- E. When treasury stock is retired, capital surplus and common stock are debited according to the ratio of retiring treasury stock to total issued stock. When the book value of the retiring treasury stock is higher than the sum of its par value and capital surplus, the difference is debited to capital surplus generated from the same type of treasury stock transactions. If the capital surplus – treasury stock account is insufficient to cover the difference, retained earnings should be debited for the remaining amount. When the book value of the retiring treasury stock is lower than the sum of its par value and capital surplus, the difference is credited to capital surplus generated from similar treasury stock transactions.

(29) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 2007-052 of the Accounting Research and Development Foundation, R.O.C., "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year.

(30) Financial institution asset securitization

- A. According to the “Statute for Financial Asset Securitization” and the “Trust Law”, in using special purpose trusts, the Company transfers bonds held as well as related rights and obligations to trustees as the basis for the issuance of beneficiary certificates, and accordingly receives funds raised thereon. Under the transaction structure, the transaction is deemed as a sale since the Company loses control over the transferred assets. On the other hand, the transfers of subordinated bonds are not dealt with as a sale and instead as a long-term investment since those bonds are held for the purpose of assuming the risk for all beneficiary certificates.
- B. Due to the lack of market quotes for subordinated bonds or seller-side beneficiary certificates, the Company adopts the expected reset interest rates and residual cash flow discount rate as the basis for estimating fair market values.
- C. Seller-side beneficiary certificates are evaluated based on the discounted future cash flows at the balance sheet date. The loss from revaluation is charged against the book value of available-for-sale financial assets.

(31) Revenue recognition

- A. Revenue from trading securities and rendering services, such as brokerage fees, underwriting commissions and futures commissions, is recognized on the trading date. Profit (loss) from futures contracts and option transactions is recognized through daily evaluation, reversing write-offs, or exercising contracts on the settlement date. Interest revenue and fees and commissions are recognized as income on an accrual basis.
- B. The Company engaged in installment sales transactions and calculated gross profit from installment sales based on the regular accounting method for sales. The regular accounting method for sales recognizes all the gross profit, which is the difference between current selling price of installment sales goods and their costs, immediately at the time of sale. When the selling price of goods sold under installment sales is higher than its current selling price, the difference is recorded as unrealized interest income at the time of sale and recognized periodically as realized interest income based on the interest method. The Company set the current selling price equal to the cost of goods sold. The difference between the selling price and the cost of goods sold was recorded as unrealized interest income, and the realized portion was transferred to interest income - installment sales.
- C. When a client with installment sales transactions is unable to pay back principal and interest based on the installment contract that exceeds 6 months, the Company should transfer net amount (installments receivable less unrealized interest income) to non-accrual loans. The amount that is not

expected to be recovered should be written-off after obtaining claim evidence of the court.

(32) Income tax

- A. Estimation of income tax expense is based on accounting income. Deferred income tax is determined based on differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to reverse. The income tax effects due to taxable temporary differences are recognized as deferred income tax liabilities. The income tax effects due to deductible temporary differences, utilization of loss carryforwards, and income tax credits are recognized as deferred income tax assets. The realization of deferred income tax assets is evaluated, and a valuation allowance is recognized accordingly.
- B. For the Company and its subsidiaries located in the R.O.C., the 10% surtax on undistributed earnings, computed according to the ROC Income Tax Law, is charged to current income tax expense in the year of earnings distribution following a resolution at the shareholders' meeting.
- C. Effective on January 1, 2006, in accordance with the Alternative Minimum Tax Act, the Company 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.
- D. Income tax credits resulting from research and development expenditures and employee trainings are recognized as incurred.
- E. In accordance with the Financial Holding Company Act, Article 49, the Company has adopted the Company as the taxpayer to file a consolidated corporate income tax return and pay the 10% surtax on undistributed earnings from 2003. When the Company prepared its financial statements, the Company accounted for its income tax in conformity with SFAS No. 22, "Income Taxes". However, the Company also adjusted the related income tax balance in a reasonable and systematic way to reflect the differences computed under filing a consolidated corporate income tax return with the Company as the taxpayer. The adjustments resulting from using the Company as the taxpayer to file a consolidated corporate income tax return are recorded under receivable from (payable to) related parties.
- F. Adjustment of deferred tax liability or asset for enacted change in tax rate measured by the balance sheet date is recognized as tax benefit or expense in the income statement for the period.

(33) Earnings per share of common stock

- A. Earnings per share is computed as net income divided by the weighted-average number of issued shares of common stock. The increase in number of issued shares resulting from issuance of stock dividends from retained earnings or capital surplus before the financial statement report date is adjusted retroactively.
- B. The convertible bonds issued by the Consolidated Company are potential common shares. Where the potential common shares have a dilutive effect on earnings per share, both basic earnings per share and diluted earnings per share need to be disclosed, otherwise only basic earnings per share need to be disclosed. Where a company has potential common shares, then the diluted earnings per share need to consider the effect on earnings and on the number of shares issued if the potential common shares are converted into ordinary common shares.

(34) Use of estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles in the R.O.C., 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 consolidated financial statements, and the reported amounts of revenues, costs of revenues, and expenses during the reporting period. Therefore, actual results could differ from those estimates.

3. Changes in accounting principles

Effective January 1, 2008, the Group adopted R.O.C. SFAS No. 39, "Accounting for Share-based Payment" and EITF 2007-052 of the Accounting Research and Development Foundation, R.O.C. As a result of the adoption of these accounting principles, net income decreased by \$144,482 and earnings per share decreased by \$0.02 for the nine months ended September 30, 2008.

The Group reclassified certain stocks listed on the TSE or OTC that were originally classified as at fair value through profit or loss to available-for-sale financial assets on September 30, 2008 in accordance with the amended Paragraph No. 104 of R.O.C. SFAS No. 34 "Financial Instruments: Recognition and Measurement". The adoption of these accounting principles had no impact on the Group's net income for the nine months ended September 30, 2008.

4. Details of significant accounts

(1) Cash and cash equivalents

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Cash	\$ 1,557,407	\$ 1,357,903
Deposits in bank	<u>17,016,754</u>	<u>870,244</u>
Subtotal	18,574,161	2,228,147
Cash equivalents:		
Checks for clearing	<u>364,794</u>	<u>2,015,931</u>
Total	<u>\$ 18,938,955</u>	<u>\$ 4,244,078</u>

(2) Due from Central Bank and call loans to banks

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Reserve for deposits - account A	\$ 2,432,015	\$ 5,878,291
Reserve for deposits - account B	7,762,474	9,013,097
Reserve for deposits - foreign currency account	32,200	32,130
Reserve for deposits - inter-bank clearing fund	210,031	207,743
Time deposits	28,700,000	2,100,000
Call loans to banks	<u>1,950,140</u>	<u>3,069,221</u>
Total	<u>\$ 41,086,860</u>	<u>\$ 20,300,482</u>

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

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Financial assets held for trading purposes:		
Commercial paper	\$ 2,742,587	\$ 14,147,509
Beneficiary certificates / beneficiary securities	9,902,735	5,901,864
Listed or OTC stocks	4,396,240	1,138,580
Government bonds	6,430,283	6,024,413
Corporate bonds	13,670,178	24,295,071
Financial bonds	240,347	236,211
Convertible corporate bonds	2,125,873	3,051,633
Negotiable certificates of deposits	15,700,000	53,410,050
Derivative financial instruments	5,800,649	2,835,574
Other marketable securities	3,722,605	-
Valuation adjustment for financial assets for trading purposes	<u>775,742</u>	<u>(124,590)</u>
Subtotal	<u>65,507,239</u>	<u>110,916,315</u>
Designated financial assets at fair value through profit or loss:		
Convertible corporate bonds	741,981	1,223,216
Corporate bonds	545,027	542,159
Structured notes	355,000	160,000
Valuation adjustment for designated financial assets at fair value through profit or loss	<u>(523,779)</u>	<u>(689,996)</u>
Subtotal	<u>1,118,229</u>	<u>1,235,379</u>
Total	<u>\$ 66,625,468</u>	<u>\$ 112,151,694</u>
	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Financial liabilities held for trading purposes:		
Derivative instruments	\$ 5,147,429	\$ 2,238,110
Non-derivative instruments	103,911	361,816
Valuation adjustment for financial liabilities for trading purpose	2,090	(218)
Designated financial liabilities at fair value through profit or loss	963,683	1,450,000
Valuation adjustment for designated financial liabilities at fair value through profit or loss	<u>(4,065)</u>	<u>(2,722)</u>
Total	<u>\$ 6,213,048</u>	<u>\$ 4,046,986</u>

- A. For the nine months ended September 30, 2009 and 2008, the net gain (loss) on financial assets and financial liabilities for trading purposes and the net realized gain (loss) on designated financial assets and financial liabilities at fair value through profit or loss amounted to \$3,155,214 and (\$405,867), respectively; unrealized gain (loss) amounted to \$531,996 and (\$474,506), respectively.
- B. Financial instruments designated at fair value through profit or losses are for hybrid instruments.
- C. Please refer to Note 6 for details of the above financial assets at fair value through profit or loss pledged as collateral as of September 30, 2009 and 2008.
- D. For stocks listed on the TSE or OTC that were reclassified from financial assets at fair value through profit or loss to available-for-sale financial assets on September 30 and October 2, 2008, please refer to Note 4(8) for details.
- E. The domestic warrants carry an American-option and have six months to one year exercise period from the date of issuance. When the Company issued the warrants, the issuance price prior the maturity of the warrants or default were recognized as “Liabilities for issuance of call (put) warrants”. When warrants were repurchased from the market, the aggregate costs of repurchase were accounted for as “Repurchase of issued call (put) warrants”, a contra-account of “Liabilities for issuance of call (put) warrants”. The issuer has the option to settle either by cash or stock delivery. The details of warrants as of September 30, 2009 are as follows:

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta E9	Chicony	20,000	2009/3/24	\$ 2.18	\$ 44.29	\$ 19.70
Yuanta F1	UMTC	20,000	2009/3/24	1.31	50.26	0.91
Yuanta F2	Ruentex	20,000	2009/3/24	1.51	27.00	7.10
Yuanta F3	Lite-On IT	20,000	2009/3/24	2.07	18.20	9.65
Yuanta F4	SPI	20,000	2009/3/31	1.54	43.04	1.51
Yuanta F5	Foxconn Technology	20,000	2009/3/31	2.24	86.97	1.16
Yuanta F6	AUO	20,000	2009/3/31	0.93	38.49	0.01
Yuanta F7	Epistar	20,000	2009/3/31	3.34	59.92	26.30
Yuanta F8(P)	Epistar	20,000	2009/3/31	3.05	44.95	0.01
Yuanta F9	Transcend	20,000	2009/3/31	1.67	91.81	4.85
Yuanta G1	Yageo	20,000	2009/4/2	0.66	7.88	1.14
Yuanta G2	ECS	20,000	2009/4/2	1.23	10.78	3.06
Yuanta G3	GIGABYTE	20,000	2009/4/2	1.97	22.11	4.85
Yuanta G4	Advantech	20,000	2009/4/2	2.79	51.56	4.20
Yuanta G5	EMC	20,000	2009/4/2	3.13	39.28	9.20
Yuanta G6	Hwaku	20,000	2009/4/2	3.47	50.54	15.30
Yuanta G7	Altek	20,000	2009/4/2	2.07	32.15	13.80
Yuanta G8	CyberLink	20,000	2009/4/2	1.89	135.48	0.48
Yuanta G9	AEC	20,000	2009/4/3	1.64	32.99	31.20
Yuanta H1	KYEC	20,000	2009/4/3	1.06	12.85	0.31
Yuanta H2	Faraday	20,000	2009/4/3	3.09	50.32	4.25
Yuanta H3	Silitech	20,000	2009/4/3	1.69	66.71	4.32
Yuanta H4	NYPCB	20,000	2009/4/3	1.21	110.50	0.81
Yuanta H5	TCC	20,000	2009/4/7	1.99	33.79	1.46
Yuanta H6	Uni-president	20,000	2009/4/7	1.49	33.08	2.59
Yuanta H7	TFC	20,000	2009/4/7	2.04	78.52	7.40
Yuanta H8	THSE	20,000	2009/4/7	1.82	31.34	1.70
Yuanta H9	Foxconn	20,000	2009/4/7	1.93	76.73	11.50
Yuanta J1	Taishin	20,000	2009/4/7	0.58	8.50	5.50
Yuanta J2	Wistron	20,000	2009/4/7	2.73	39.44	13.20
Yuanta J3	PTI	20,000	2009/4/7	1.86	68.90	5.00
Yuanta J4	Acer	20,000	2009/4/8	2.97	57.74	11.70
Yuanta J5	Greatek	20,000	2009/4/8	1.34	29.30	1.89
Yuanta J6(P)	MediaTek	20,000	2009/4/8	3.84	280.37	0.01
Yuanta J7	CMO	20,000	2009/4/8	1.56	20.00	0.09
Yuanta J8(P)	Wistron	20,000	2009/4/8	2.06	30.49	0.01
Yuanta J9	Innolux	20,000	2009/4/8	2.24	38.65	1.73
Yuanta K1(P)	Innolux	20,000	2009/4/8	2.15	30.93	0.04
Yuanta K2	USI	20,000	2009/4/9	1.08	12.17	2.95
Yuanta K3	EEC	20,000	2009/4/9	1.65	67.84	6.30
Yuanta K4	Zinwell	10,000	2009/4/9	2.40	57.00	4.74
Yuanta K5	TBB	20,000	2009/4/9	0.59	8.50	0.23
Yuanta K6	HNFH	20,000	2009/4/9	0.80	19.68	0.51
Yuanta K7	Mega	20,000	2009/4/9	0.39	19.71	0.66
Yuanta K8	FFHC	20,000	2009/4/9	0.75	19.02	0.73
Yuanta K9	Acer	20,000	2009/4/10	4.46	62.55	10.20

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta L1	ASUS	20,000	2009/4/10	\$ 2.19	\$ 46.09	\$ 5.50
Yuanta L2(P)	ASUS	20,000	2009/4/10	2.85	33.62	0.10
Yuanta L3	AUO	20,000	2009/4/10	1.93	38.49	0.70
Yuanta L4	MediaTek	20,000	2009/4/10	5.65	338.37	20.00
Yuanta L5(P)	MediaTek	20,000	2009/4/10	3.86	251.37	0.03
Yuanta L6	HTC	20,000	2009/4/10	8.59	402.71	2.79
Yuanta L7(P)	HTC	20,000	2009/4/10	7.89	357.08	5.10
Yuanta L8	Asia Cement	20,000	2009/4/13	2.18	36.88	2.40
Yuanta L9	FET	20,000	2009/4/13	1.84	33.54	3.42
Yuanta M1	CSC	20,000	2009/4/13	1.52	25.70	2.92
Yuanta M2	THSE	20,000	2009/4/13	2.09	33.19	2.55
Yuanta M3	ASE	20,000	2009/4/13	2.31	21.48	6.25
Yuanta M4	SPI	20,000	2009/4/13	3.02	45.91	2.98
Yuanta M5(P)	SPI	20,000	2009/4/13	2.83	35.40	0.93
Yuanta M6	CFH	20,000	2009/4/13	2.94	40.00	7.30
Yuanta M7(P)	CFH	20,000	2009/4/13	3.62	35.00	0.27
Yuanta M8	CMO	20,000	2009/4/13	2.44	21.00	1.11
Yuanta M9	Taiwan EFT 50	20,000	2009/4/15	2.20	43.00	5.25
Yuanta N1(P)	Taiwan EFT 50	20,000	2009/4/15	1.32	35.00	0.01
Yuanta N2	CSBC	20,000	2009/4/15	2.58	33.60	0.64
Yuanta N3	Foxconn	20,000	2009/4/15	2.61	81.90	9.35
Yuanta N4(P)	Foxconn	20,000	2009/4/15	1.28	64.67	0.01
Yuanta N5	USI	20,000	2009/4/15	1.39	12.66	2.06
Yuanta N6	EEC	20,000	2009/4/15	1.83	69.78	6.35
Yuanta N7	SNC	20,000	2009/4/15	1.54	37.43	0.75
Yuanta N8	Gemtek	20,000	2009/4/15	0.94	51.94	1.01
Yuanta AA	MiTAC	20,000	2009/4/16	1.29	19.70	0.01
Yuanta AB	PIIC	20,000	2009/4/16	2.05	41.12	5.30
Yuanta AC	TaTung	20,000	2009/4/16	0.63	10.00	0.01
Yuanta AD	Ambassador	20,000	2009/4/16	1.00	47.20	0.02
Yuanta AE(P)	Ambassador	20,000	2009/4/16	0.78	34.42	0.45
Yuanta AF	CBFC	20,000	2009/4/16	0.79	9.60	0.17
Yuanta AG	SZS	20,000	2009/4/16	2.98	129.99	10.40
Yuanta AH	WPG	20,000	2009/4/16	1.55	26.91	9.35
Yuanta AJ	Radiant	20,000	2009/4/16	0.77	39.26	0.40
Yuanta N9	Kinpo	20,000	2009/4/16	0.96	10.00	0.08
Yuanta TV	CGIO	10,000	2009/4/30	3.80	226.64	24.90
Yuanta TW(P)	CGIO	10,000	2009/4/30	2.67	182.30	0.02
Yuanta TX	DynaPack	10,000	2009/4/30	2.50	67.25	9.90
Yuanta TY(P)	DynaPack	10,000	2009/4/30	1.67	60.55	0.02
Yuanta TZ	IGS	6,000	2009/4/30	2.34	215.25	5.75
Yuanta UA	Coretronic	20,000	2009/4/30	1.34	30.00	4.93
Yuanta UB	Gamania	10,000	2009/4/30	1.05	35.21	2.78
Yuanta UC	QSI	5,000	2009/4/30	2.23	33.89	16.40
Yuanta AK	Asia Cement	20,000	2009/5/7	2.57	40.38	0.69
Yuanta AL(P)	Asia Cement	20,000	2009/5/7	1.73	29.97	0.56
Yuanta AM	TSMC	20,000	2009/5/7	1.52	60.06	1.38

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta AN(P)	TSMC	20,000	2009/5/7	\$ 1.20	\$ 49.15	\$ 0.06
Yuanta AP	Realtek	20,000	2009/5/7	2.85	62.80	2.95
Yuanta AQ	CHT	20,000	2009/5/7	1.17	55.48	0.74
Yuanta AR	Epistar	20,000	2009/5/7	3.44	81.69	7.00
Yuanta AS(P)	Epistar	20,000	2009/5/7	1.98	66.92	0.03
Yuanta AT	Zinwell	20,000	2009/5/7	2.08	66.50	1.29
Yuanta AU	Mega	20,000	2009/5/7	2.56	16.46	4.14
Yuanta AV	KINSUS	20,000	2009/5/7	1.97	72.64	4.44
Yuanta AW	Richtek	20,000	2009/5/7	4.26	184.56	9.65
Yuanta UD	SMP	5,000	2009/5/8	2.39	126.52	6.30
Yuanta UE	WWC	5,000	2009/5/8	2.03	46.84	2.11
Yuanta AX	Quanta	10,000	2009/5/20	1.34	52.60	3.05
Yuanta AY(P)	Quanta	10,000	2009/5/20	1.07	45.09	0.01
Yuanta AZ	EMG	10,000	2009/5/20	3.04	33.00	0.86
Yuanta BA	Yangming	10,000	2009/5/20	0.70	14.81	0.19
Yuanta BB	CHB	10,000	2009/5/20	2.71	14.74	1.27
Yuanta BC	Chinalife	10,000	2009/5/20	1.14	20.00	1.88
Yuanta BD	WPG	10,000	2009/5/20	2.03	34.12	5.85
Yuanta BE(P)	WPG	10,000	2009/5/20	1.48	26.92	0.01
Yuanta BF	TCB	10,000	2009/5/20	3.13	19.19	1.71
Yuanta UF	Pixart	5,000	2009/5/21	5.18	347.54	1.27
Yuanta UG(P)	Pixart	5,000	2009/5/21	3.46	268.57	2.54
Yuanta BG	Taiwan EFT 50	15,000	2009/5/25	2.05	50.00	2.36
Yuanta BH(P)	Taiwan EFT 50	15,000	2009/5/25	0.80	37.00	0.01
Yuanta BJ	TFC	10,000	2009/5/25	3.02	117.78	2.19
Yuanta BK(P)	TFC	10,000	2009/5/25	1.91	83.43	0.35
Yuanta BL	CATCHER	10,000	2009/5/25	2.94	94.41	1.25
Yuanta BM	FEDS	10,000	2009/5/25	2.19	34.61	1.60
Yuanta BN	Ruentex	10,000	2009/5/25	2.35	30.08	1.78
Yuanta BP	CST	10,000	2009/5/26	1.47	53.70	3.47
Yuanta BQ(P)	AUO	10,000	2009/5/26	1.01	30.80	0.47
Yuanta BR	Cathay Real Estate	10,000	2009/5/26	2.50	17.00	0.53
Yuanta BS(P)	EMG	10,000	2009/5/26	2.00	28.00	1.32
Yuanta BT	Taishin	10,000	2009/5/26	2.08	14.50	1.21
Yuanta BU(P)	Taishin	10,000	2009/5/26	0.82	8.40	0.02
Yuanta BV	PCC	10,000	2009/5/26	1.04	24.23	0.34
Yuanta BW(P)	PCC	10,000	2009/5/26	1.03	17.25	0.21
Yuanta BX	OUCG	10,000	2009/5/27	1.43	20.42	0.96
Yuanta BY	TSRC	10,000	2009/5/27	2.53	40.08	1.03
Yuanta BZ	CLEVO	10,000	2009/5/27	3.01	43.79	2.45
Yuanta CA	GDC	10,000	2009/5/27	1.27	19.54	0.43
Yuanta CB(P)	GDC	10,000	2009/5/27	1.26	15.64	0.71
Yuanta CC	UMTC	10,000	2009/5/27	1.38	67.62	0.32
Yuanta CD	Fubon	10,000	2009/5/27	1.42	37.00	1.75
Yuanta CE(P)	Fubon	10,000	2009/5/27	1.65	27.00	0.27
Yuanta CF	MSI	10,000	2009/6/1	1.86	23.25	0.79

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta CG	EMC	10,000	2009/6/1	\$ 1.03	\$ 68.75	\$ 0.15
Yuanta CH(P)	EMC	10,000	2009/6/1	0.72	49.11	0.67
Yuanta CJ	Hwaku	10,000	2009/6/1	1.13	93.60	0.53
Yuanta CK	Unimicron	10,000	2009/6/1	2.63	30.38	4.73
Yuanta CL	TTC	10,000	2009/6/1	5.58	66.76	9.45
Yuanta CM	Richtek	10,000	2009/6/1	4.24	204.55	7.40
Yuanta CN	TAIEX	20,000	2009/6/2	2.85	7,416.61	2.95
Yuanta CP(P)	TAIEX	20,000	2009/6/2	2.92	6,068.15	0.50
					(Note)	
Yuanta CQ	Tachen	10,000	2009/6/3	1.74	41.41	0.70
Yuanta CR	Foxconn	10,000	2009/6/3	1.92	125.00	1.34
Yuanta CS(P)	Foxconn	10,000	2009/6/3	1.18	100.00	0.16
Yuanta CT	EVA	10,000	2009/6/3	1.38	22.50	0.63
Yuanta CU	Faraday	10,000	2009/6/3	1.75	63.87	0.81
Yuanta CV	COT	10,000	2009/6/4	2.77	48.72	5.10
Yuanta CW	MediaTek	10,000	2009/6/4	0.58	430.21	1.13
Yuanta CX(P)	MediaTek	10,000	2009/6/4	0.62	386.72	0.04
Yuanta CY	Yangming	10,000	2009/6/4	2.09	17.77	0.50
Yuanta UH	Coretronic	5,000	2009/6/5	2.56	37.50	2.66
Yuanta UJ	Soft-World	5,000	2009/6/5	3.45	200.00	1.37
Yuanta UK	MOTECH	5,000	2009/6/5	1.82	109.82	0.44
Yuanta CZ	FHI	10,000	2009/6/6	3.94	55.72	2.22
Yuanta DA	D-Link	10,000	2009/6/6	2.10	28.86	1.59
Yuanta DB	Highwealth	10,000	2009/6/6	3.15	32.29	4.78
Yuanta DC	Taiwan mobile	10,000	2009/6/6	0.86	57.39	0.85
Yuanta DD	Delta	10,000	2009/6/8	1.70	76.74	3.55
Yuanta DE	Fetnet	10,000	2009/6/8	1.40	38.63	0.98
Yuanta DF	CSBC	10,000	2009/6/9	1.43	40.32	0.25
Yuanta DG	Tonyi	10,000	2009/6/9	1.22	13.79	0.30
Yuanta DH	LTC	10,000	2009/6/10	1.52	30.43	6.10
Yuanta DJ	TAIEX	20,000	2009/6/10	1.35	6,600.00	2.31
					(Note)	
Yuanta DK(P)	TAIEX	20,000	2009/6/10	2.18	6,800.00	0.60
					(Note)	
Yuanta DL	Yulon	10,000	2009/6/12	3.12	29.43	4.37
Yuanta DM(P)	Yulon	10,000	2009/6/12	1.82	24.95	0.20
Yuanta DN	Sinopac	10,000	2009/6/12	1.60	10.80	2.80
Yuanta DP	Largan	10,000	2009/6/12	0.72	396.93	0.59
Yuanta DQ(P)	Largan	10,000	2009/6/12	0.62	358.69	0.22
Yuanta DR	GET	10,000	2009/6/12	1.98	97.01	0.20
Yuanta DS	Compal	10,000	2009/6/12	2.60	28.03	4.90
Yuanta DT	Financial Index	20,000	2009/6/12	0.98	800.00	1.19
Yuanta DU(P)	Financial Index	20,000	2009/6/12	1.23	700.00	0.15
Yuanta UL	VIS	5,000	2009/6/15	2.29	13.59	1.97
Yuanta UM	SAS	5,000	2009/6/15	3.68	68.87	3.28
Yuanta UN	Gamania	5,000	2009/6/15	2.05	63.94	0.44

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta UP(P)	Gamania	5,000	2009/6/15	\$ 2.00	\$ 53.13	\$ 1.82
Yuanta DV	Ralink	10,000	2009/6/23	1.74	97.56	0.99
Yuanta DW(P)	Ralink	10,000	2009/6/23	1.04	76.26	0.73
Yuanta DX	Compal	10,000	2009/6/25	2.01	27.54	5.35
Yuanta DY(P)	Compal	10,000	2009/6/25	1.30	22.80	0.10
Yuanta DZ	HTC	10,000	2009/6/25	6.48	434.03	1.65
Yuanta EA	HTC	20,000	2009/6/25	1.00	371.39	0.40
Yuanta EB	CSFHC	10,000	2009/6/25	0.90	9.00	0.81
Yuanta EC	MiTAC	20,000	2009/6/26	1.62	14.58	1.23
Yuanta ED	Advantech	10,000	2009/6/26	3.16	45.47	7.20
Yuanta EE	Grand Formosa	10,000	2009/6/26	0.79	436.36	0.44
Yuanta EF	Cal-Comp	10,000	2009/6/26	0.67	5.45	0.53
Yuanta EG	Yageo	10,000	2009/6/29	1.01	7.68	1.97
Yuanta EH	Inventec	10,000	2009/6/29	1.26	17.74	1.36
Yuanta UQ	E-Ton solar	5,000	2009/7/1	1.23	84.18	0.45
Yuanta UR	TSMC	5,000	2009/7/1	1.80	59.36	4.88
Yuanta EJ	TNC	10,000	2009/7/2	2.07	61.06	0.40
Yuanta EK	Asia Optical	10,000	2009/7/2	1.95	60.03	1.42
Yuanta EL	TTC	10,000	2009/7/3	2.40	16.06	1.23
Yuanta EM	SEEC	10,000	2009/7/3	3.34	43.17	2.03
Yuanta EN	Eternal	10,000	2009/7/3	1.91	25.97	3.73
Yuanta EP	Pihsiang	10,000	2009/7/3	3.64	67.52	3.93
Yuanta EQ	SIS	10,000	2009/7/3	1.14	14.58	0.88
Yuanta ER	YoungOptics	10,000	2009/7/3	3.78	206.26	1.17
Yuanta ES	YFO	10,000	2009/7/3	0.71	367.40	1.17
Yuanta ET	GMT	10,000	2009/7/3	2.39	155.63	2.11
Yuanta US	Chipbond	5,000	2009/7/6	0.96	28.82	0.51
Yuanta UT	ENE	5,000	2009/7/6	2.34	69.03	1.95
Yuanta EU	UPC	10,000	2009/7/7	2.35	15.12	1.81
Yuanta EV	LCY	10,000	2009/7/7	1.96	28.57	4.19
Yuanta EW	YiehPhui	10,000	2009/7/7	1.79	12.84	0.93
Yuanta EX	Tachen	10,000	2009/7/7	2.32	26.78	0.82
Yuanta EY	Kenda	10,000	2009/7/7	3.54	38.03	3.13
Yuanta EZ	SYM	10,000	2009/7/7	1.62	15.75	0.85
Yuanta FA	TLI	10,000	2009/7/7	2.56	29.48	1.22
Yuanta FB	Wistron	10,000	2009/7/7	2.35	57.32	1.86
Yuanta FC	GEC	10,000	2009/7/7	1.96	54.87	1.42
Yuanta FD	YFO	10,000	2009/7/7	0.58	431.60	0.87
Yuanta FE	TAIEX	10,000	2009/7/8	1.98	6,800.00	2.07
					(Note)	
Yuanta FF(P)	TAIEX	10,000	2009/7/8	1.69	6,600.00	0.50
					(Note)	
Yuanta FG	Financial Index	10,000	2009/7/8	3.03	850.00	2.06
Yuanta FH(P)	Financial Index	10,000	2009/7/8	2.05	750.00	0.72
Yuanta FJ	Shinkong	10,000	2009/7/9	1.59	9.48	0.72
Yuanta FK	TSC	10,000	2009/7/9	2.30	13.44	1.18
Yuanta FL	OPTO	10,000	2009/7/9	2.93	31.62	1.48

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta FM	AmTRAN	10,000	2009/7/9	\$ 1.62	\$ 21.58	\$ 4.21
Yuanta FN	WLF	10,000	2009/7/9	1.50	10.46	1.22
Yuanta FP	ANI	10,000	2009/7/9	2.56	28.67	1.59
Yuanta FQ	Merida	10,000	2009/7/9	3.29	48.45	4.99
Yuanta FR(P)	Taiwan EFT 50	20,000	2009/7/14	1.75	39.50	0.09
Yuanta FS	CATCHER	10,000	2009/7/14	2.79	76.42	3.54
Yuanta FT(P)	CFH	20,000	2009/7/14	1.26	42.00	0.37
Yuanta FU(P)	Taishin	10,000	2009/7/14	0.93	11.00	0.32
Yuanta FV	Weichuan	10,000	2009/7/16	3.90	45.00	2.23
Yuanta FW	WHL	10,000	2009/7/16	2.15	16.50	2.32
Yuanta FX	ESUNFHC	10,000	2009/7/16	2.23	11.31	2.75
Yuanta FY	Ruentex	10,000	2009/7/16	3.74	42.00	2.84
Yuanta FZ	Darfon	10,000	2009/7/16	3.64	45.00	6.10
Yuanta GA	MediaTek	10,000	2009/7/20	7.79	465.00	10.40
Yuanta GB(P)	MediaTek	10,000	2009/7/20	3.28	350.00	0.65
Yuanta GC	Lite-On IT	10,000	2009/7/20	2.77	25.87	2.21
Yuanta GD(P)	Acer	10,000	2009/7/24	1.64	60.00	0.22
Yuanta GE(P)	FFHC	10,000	2009/7/24	1.32	17.50	0.45
Yuanta GF(P)	CMO	10,000	2009/7/24	3.75	18.40	3.37
Yuanta GG(P)	Richtek	10,000	2009/7/24	3.31	225.00	2.07
Yuanta UU	WWC	5,000	2009/7/28	2.04	71.60	0.72
Yuanta UV(P)	WWC	5,000	2009/7/28	1.49	50.13	1.39
Yuanta UW(P)	QSI	10,000	2009/7/28	1.57	56.00	1.07
Yuanta GH	CHT	10,000	2009/7/29	2.17	24.00	1.24
Yuanta GJ(P)	OPTO	10,000	2009/7/29	1.33	23.00	0.96
Yuanta GK(P)	AEC	10,000	2009/7/29	1.73	40.00	0.37
Yuanta GL(P)	Foxlink	10,000	2009/7/29	1.67	60.00	1.35
Yuanta GM(P)	Epistar	10,000	2009/7/31	2.46	78.00	0.78
Yuanta GN	CBFC	10,000	2009/7/31	1.13	10.75	0.31
Yuanta GP(P)	Mega	10,000	2009/7/31	0.74	14.00	0.26
Yuanta GQ	SZS	10,000	2009/7/31	3.41	190.00	2.20
Yuanta GR(P)	Highwealth	10,000	2009/8/3	0.35	30.00	0.16
Yuanta GS	ESMT	10,000	2009/8/3	2.01	66.00	0.86
Yuanta GT(P)	ESMT	10,000	2009/8/3	2.02	52.00	1.88
Yuanta GU	ITE	10,000	2009/8/3	2.21	75.72	1.44
Yuanta GV(P)	ITE	10,000	2009/8/3	1.35	54.09	1.08
Yuanta GW(P)	Unimicron	10,000	2009/8/3	0.90	31.00	0.48
Yuanta UX	Pixart	10,000	2009/8/5	4.08	277.63	5.35
Yuanta UY	PEC	10,000	2009/8/5	5.16	280.00	5.15
Yuanta UZ(P)	PEC	10,000	2009/8/5	5.04	230.00	3.30
Yuanta GX	Greatek	10,000	2009/8/10	2.43	31.59	2.35
Yuanta GY(P)	MediaTek	10,000	2009/8/10	5.03	420.00	2.69
Yuanta GZ	HTC	50,000	2009/8/10	0.67	350.00	0.55
Yuanta HA(P)	HTC	10,000	2009/8/10	3.65	290.00	2.49
Yuanta HB(P)	Novate	10,000	2009/8/10	2.93	80.00	3.06
Yuanta HC(P)	PTI	10,000	2009/8/10	1.48	68.00	0.62
Yuanta HD	MXIC	10,000	2009/8/11	1.22	16.54	1.66

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta HE	Largan	10,000	2009/8/11	\$ 6.49	\$ 460.00	\$ 4.76
Yuanta HF	CSRC	10,000	2009/8/17	2.18	33.57	2.01
Yuanta HG	STIC	10,000	2009/8/17	1.84	64.35	2.39
Yuanta HH(P)	STIC	10,000	2009/8/17	1.18	49.73	0.62
Yuanta HJ(P)	Asia Optical	10,000	2009/8/17	1.48	48.15	0.89
Yuanta HK	USI	10,000	2009/8/19	1.84	13.14	3.44
Yuanta HL	AEC	10,000	2009/8/19	4.21	63.03	4.95
Yuanta HM	Ambassador	10,000	2009/8/19	2.31	32.47	2.72
Yuanta HN(P)	Ambassador	10,000	2009/8/19	2.45	26.84	1.05
Yuanta HP	CyberTAN	10,000	2009/8/19	1.27	38.74	2.31
Yuanta HQ	PTI	10,000	2009/8/19	2.39	98.83	2.48
Yuanta VA	IGS	5,000	2009/8/20	5.33	290.00	3.91
Yuanta VB	E-Ton solar	5,000	2009/8/20	2.51	60.75	3.57
Yuanta VC	Etron	5,000	2009/8/20	1.37	15.50	1.40
Yuanta VD	TSC	5,000	2009/8/20	2.32	25.00	2.81
Yuanta VE(P)	TSC	5,000	2009/8/20	1.47	20.00	1.56
Yuanta HR	TCC	10,000	2009/8/24	2.55	38.83	1.90
Yuanta HS	YFY	10,000	2009/8/24	1.61	11.16	1.58
Yuanta HT	FSC	10,000	2009/8/24	1.23	40.53	1.02
Yuanta HU	CMT	10,000	2009/8/24	1.22	93.77	1.01
Yuanta HV	TYG	10,000	2009/8/28	1.81	38.00	2.18
Yuanta HW	ASUS	10,000	2009/8/28	1.48	55.00	1.47
Yuanta HX(P)	ASUS	10,000	2009/8/28	1.16	48.00	0.81
Yuanta HY	Quanta	10,000	2009/8/28	2.07	70.00	1.67
Yuanta HZ(P)	Quanta	10,000	2009/8/28	1.32	60.00	1.06
Yuanta JA	ALI	10,000	2009/8/28	2.51	60.00	3.59
Yuanta JB(P)	ALI	10,000	2009/8/28	1.64	50.00	1.13
Yuanta JC	Altek	10,000	2009/8/28	1.50	57.00	1.89
Yuanta JD	CFH	10,000	2009/8/31	1.56	52.00	1.64
Yuanta JE	Silitech	10,000	2009/8/31	1.13	83.00	1.56
Yuanta JF	GET	10,000	2009/8/31	0.94	72.97	1.48
Yuanta JG	WPG	10,000	2009/8/31	1.21	45.00	1.40
Yuanta JH(P)	WPG	10,000	2009/8/31	1.12	37.00	0.60
Yuanta JJ	HSHEFT	10,000	2009/9/1	0.18	539.82	0.69
Yuanta JK	GIGABYTE	10,000	2009/9/2	2.47	26.00	2.44
Yuanta JL	CHB	10,000	2009/9/2	2.41	14.80	2.05
Yuanta JM	Global Unichip	10,000	2009/9/2	2.86	165.00	2.20
Yuanta JN(P)	Global Unichip	10,000	2009/9/2	1.31	120.00	0.99
Yuanta JP	Ruentex	10,000	2009/9/2	2.46	29.20	2.88
Yuanta JQ	Asia Cement	10,000	2009/9/3	2.78	37.00	2.56
Yuanta JR(P)	Asia Cement	10,000	2009/9/3	2.09	31.50	2.01
Yuanta JS	Innolux	10,000	2009/9/3	3.24	45.00	2.45
Yuanta JT(P)	Innolux	10,000	2009/9/3	0.97	35.00	0.72
Yuanta JU	Chicony	10,000	2009/9/4	2.84	82.00	1.71
Yuanta JV	Foxlink	10,000	2009/9/4	2.36	65.00	2.03
Yuanta JW	Transcend	10,000	2009/9/4	2.24	115.00	2.03
Yuanta JX	Fubon	10,000	2009/9/4	2.88	34.50	3.26

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta JY(P)	Fubon	10,000	2009/9/4	\$ 2.10	\$ 29.00	\$ 1.15
Yuanta VF	DynaPack	5,000	2009/9/7	1.43	100.00	2.30
Yuanta VG(P)	DynaPack	5,000	2009/9/7	0.63	80.00	0.36
Yuanta VH(P)	Pixart	5,000	2009/9/7	4.40	244.00	3.28
Yuanta VJ	Ardentec	6,000	2009/9/7	1.70	17.80	1.78
Yuanta VK(P)	Ardentec	6,000	2009/9/7	1.07	15.80	1.02
Yuanta VL	SMP	10,000	2009/9/7	2.11	175.00	3.30
Yuanta VM(P)	MOTECH	5,000	2009/9/7	2.01	93.00	1.89
Yuanta JZ	Uni-president	10,000	2009/9/8	2.33	40.00	2.12
Yuanta KA	EEC	10,000	2009/9/8	3.86	106.61	3.34
Yuanta KB(P)	EEC	10,000	2009/9/8	2.50	87.24	1.95
Yuanta KC	MediaTek	10,000	2009/9/8	7.59	560.00	6.85
Yuanta KD(P)	MediaTek	10,000	2009/9/8	5.85	470.00	4.52
Yuanta KE	TBB	10,000	2009/9/8	1.32	8.80	0.93
Yuanta KF	FFHC	10,000	2009/9/8	1.50	21.50	1.09
Yuanta KG	HSHEFT	20,000	2009/9/9	1.05	510.00	0.96
Yuanta KH	HSIEFT	20,000	2009/9/9	1.19	888.00	0.99
Yuanta KJ	LTC	10,000	2009/9/9	1.29	46.00	0.97
Yuanta KK(P)	Foxconn	10,000	2009/9/9	1.80	120.00	1.33
Yuanta KL	Compal	10,000	2009/9/9	3.46	37.50	2.52
Yuanta KM(P)	Compal	10,000	2009/9/9	1.54	31.00	1.12
Yuanta KN	HSHEFT	20,000	2009/9/10	0.67	590.00	0.63
Yuanta KP	Yageo	10,000	2009/9/10	1.41	9.55	1.23
Yuanta KQ	Acer	10,000	2009/9/10	2.29	83.50	1.88
Yuanta KR	Radiant	10,000	2009/9/10	1.12	48.00	0.66
Yuanta KS	NYPCB	10,000	2009/9/10	1.82	129.00	0.98
Yuanta KT	HSHEFT	20,000	2009/9/11	1.11	480.00	0.97
Yuanta KU	CST	10,000	2009/9/17	0.99	80.00	0.76
Yuanta KV	TSMC	20,000	2009/9/17	1.54	68.00	1.43
Yuanta KW(P)	TSMC	20,000	2009/9/17	1.00	55.00	1.01
Yuanta KX	ECS	10,000	2009/9/17	1.13	14.50	1.00
Yuanta KY(P)	ECS	10,000	2009/9/17	1.12	12.50	0.82
Yuanta KZ	Wintek	10,000	2009/9/17	3.08	23.00	2.32
Yuanta LA(P)	Wintek	10,000	2009/9/17	1.30	18.00	0.85
Yuanta LB	CyberLink	10,000	2009/9/17	2.09	138.00	2.23
Yuanta LC	Kinpo	10,000	2009/9/18	1.01	10.20	0.99
Yuanta LD	Advantech	10,000	2009/9/18	1.51	62.00	1.54
Yuanta LE	Zinwell	10,000	2009/9/18	2.09	75.00	1.76
Yuanta LF	Cathay Real Estate	10,000	2009/9/18	2.76	14.80	2.08
Yuanta LG	SNC	10,000	2009/9/18	1.37	38.00	1.01
Yuanta LH	Sinopac	10,000	2009/9/18	1.15	13.50	1.12
Yuanta LJ	Gemtek	10,000	2009/9/18	1.61	51.50	1.98
Yuanta LK	Compal	10,000	2009/9/18	1.24	40.20	1.17
Yuanta LL	CSC	10,000	2009/9/21	1.95	33.00	1.23
Yuanta LM(P)	CST	10,000	2009/9/21	0.77	56.10	0.70
Yuanta LN(P)	Yulon	10,000	2009/9/21	1.35	33.35	1.35

Warrants	Underlying Securities	Units issued	Issuance date	Warrants (in NT dollar)		
				Issuance price	Strike price	Market value
Yuanta LP	Highwealth	10,000	2009/9/21	\$ 1.57	\$ 42.87	\$ 1.10
Yuanta LQ(P)	Taiwan EFT 50	10,000	2009/9/24	0.95	49.00	0.95
Yuanta LR	PIIC	10,000	2009/9/24	1.49	53.00	1.60
Yuanta LS	Foxconn Technology	10,000	2009/9/24	2.35	100.00	1.82
Yuanta LT	AmTRAN	10,000	2009/9/24	0.85	31.50	0.90
Yuanta VN	E-Ton solar	5,000	2009/9/25	1.35	72.00	1.34
Yuanta VP(P)	E-Ton solar	5,000	2009/9/25	2.54	65.00	2.53
Yuanta VQ	VIS	5,000	2009/9/25	2.35	15.50	2.36
Yuanta VR	QSI	5,000	2009/9/25	1.22	66.00	1.26

Note: Represents TAIEX of the strike price.

F. Types of derivative financial instruments held for trading purpose and related contract information are detailed on Note 10 (1) H. (B).

(4) Investments in bills and bonds under resale or bills and bonds payable under repurchase agreements

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Investments in bills and bonds under resale agreement	\$ <u>17,472,765</u>	\$ <u>18,873,692</u>
Interest rate (%)	0.11% ~0.22%	1.61%~ 2.06%
Contract resale amount	\$ <u>21,652,734</u>	\$ <u>18,886,526</u>
Bills and bonds payable under repurchase agreement	\$ <u>22,686,881</u>	\$ <u>22,626,689</u>
Interest rate (%)	-0.25% ~1.5%	1.35%~ 2.70%
Contract repurchase amount	\$ <u>22,689,649</u>	\$ <u>22,629,101</u>

Note: To comply with the GreTai Securities Market (GTSM)'s automatic bills and bonds under repurchase agreement (RP) trading of excess long positions by the computerized negotiation trading system, the Group engaged in relevant transactions and generated negative interest rate.

(5) Receivables – net

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Credit card receivable	\$ 2,163,104	\$ 2,457,784
Interests receivable	1,349,184	1,735,326
Acceptances receivable	886,081	1,148,495
Tax refund receivable	913,974	880,422
Margin loans receivable	51,362,764	43,367,625
Spot exchange receivable	17,695,116	2,537,867
Factoring receivable and other receivables	<u>4,775,661</u>	<u>6,975,149</u>
Subtotal	79,145,884	59,102,668
Less: allowance for doubtful accounts	(355,451)	(221,973)
Net	<u>\$ 78,790,433</u>	<u>\$ 58,880,695</u>

- A. For the nine months ended September 30, 2009 and 2008, the percentage of margin loans for stocks listed on TSE and OTC were 60% and 50%, respectively. Interest rates for pecuniary financing to securities firms and investors were 5.975%~6.65% and 6.90% per annum for the nine months ended September 30, 2009 and 2008, respectively.
- B. The stipulated percentage of deposits from the proceeds of short sale stock financing was 90% for the nine months ended September 30, 2009 and 2008, and was recorded as “securities received on securities lending”. The interest rates on the short sale proceeds payable and deposits from investors were 0.1%~0.5% and 0.5% per annum for the nine months ended September 30, 2009 and 2008, respectively.
- C. The stipulated percentage of deposits for securities borrowed was 140% for the nine months ended September 30, 2009 and 2008, and was recorded as “margin deposits from securities borrowed”. The interest rates on deposits from investors were both 0.1%~0.5% and 0.5% per annum for the nine months ended September 30, 2009 and 2008.
- D. Due to the decline of share price, the margin ratio decreased. Accordingly, the disposal of shares by the Group resulted in additional payment. The above amount and pecuniary and securities financing receivables with low claims were recorded as “non accrual loans” pursuant to the related regulations. As of September 30, 2009 and 2008, non accrual loans recorded by the Group were as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Non accrual loans	\$ 24,395	\$ 34,122
Less: allowance for credit loss	(24,395)	(34,122)
	<u>\$ -</u>	<u>\$ -</u>

E. The memorandum accounts for pecuniary and securities financing transactions recorded at face value were as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
<u>Memorandum account</u>		
Securities held for collateral	\$ 32,642,714	\$ 32,967,378
Short sale stock loans	4,267,402	2,770,200
Refundable deposit collaterals	<u>24,980</u>	<u>-</u>
	<u>\$ 36,935,096</u>	<u>\$ 35,737,578</u>
Liabilities for holding collateral securities	\$ 34,219,125	\$ 30,832,598
Deposit collaterals received	2,436,821	4,900,840
Securities borrowed	<u>279,150</u>	<u>4,140</u>
	<u>\$ 36,935,096</u>	<u>\$ 35,737,578</u>

F. The memorandum accounts for pecuniary and securities financing transactions recorded at fair value were as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
<u>Memorandum account</u>		
Securities held for collateral	\$ 81,096,310	\$ 58,460,088
Short sale stock loans	18,119,955	6,871,337
Refundable deposit collaterals	<u>356,514</u>	<u>-</u>
	<u>\$ 99,572,779</u>	<u>\$ 65,331,425</u>
Liabilities for holding collateral securities	\$ 91,507,765	\$ 55,580,872
Deposit collaterals received	6,374,262	9,719,966
Securities borrowed	<u>1,690,752</u>	<u>30,587</u>
	<u>\$ 99,572,779</u>	<u>\$ 65,331,425</u>

(6) Assets held for sale

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Foreclosed assets	\$ 40,880	\$ 40,766
Subsidiary-Fuhwa Securities Investment Trust	<u>-</u>	<u>495,021</u>
	<u>\$ 40,880</u>	<u>\$ 535,787</u>

(7) Loans - net

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Negotiation and bills discounted	\$ 373,725	\$ 644,568
Short-term loans and overdrafts	25,759,815	32,271,672
Short-term secured loans and overdrafts	16,533,257	16,615,676
Medium-term loans	47,307,869	33,870,887
Medium-term secured loans	44,811,666	41,431,636
Long-term loans	8,327,315	8,593,299
Long-term secured loans	92,920,742	90,058,602
Accounts receivable financing	526,233	614,819
Non-performing loans	<u>2,357,452</u>	<u>2,788,561</u>
Subtotal	238,918,074	226,889,720
Less: allowance for doubtful accounts	(<u>4,640,819</u>)	(<u>3,961,435</u>)
Net	<u>\$ 234,277,255</u>	<u>\$ 222,928,285</u>

A. The Group provided allowance for doubtful accounts by considering unrecoverable risks for the specific loans which are evaluated based on the expected possibility of default.

B. For the nine months ended September 30, 2009 and 2008, movements of allowance for doubtful accounts were as follows:

	<u>For the nine months ended September 30, 2009</u>		
	<u>Unrecoverable risks for the specific loans</u>	<u>Inherent risks for the overall loan portfolio</u>	<u>Total</u>
Beginning balance	\$ 5,981,522	\$ 360,434	\$ 6,341,956
Add: Provision for doubtful accounts	340,193	44,515	384,708
Recovery of doubtful accounts and non-accrual loans	424,584	2,496	427,080
Less: Write-offs	(2,017,108)	(55,639)	(2,072,747)
Foreign exchange translation adjustment and others	(<u>2,641</u>)	-	(<u>2,641</u>)
Ending balance	<u>\$ 4,726,550</u>	<u>\$ 351,806</u>	<u>\$ 5,078,356</u>

	<u>For the nine months ended September 30, 2008</u>		
	<u>Unrecoverable risks for the specific loans</u>	<u>Inherent risks for the overall loan portfolio</u>	<u>Total</u>
Beginning balance	\$ 4,669,475	\$ 558,279	\$ 5,227,754
Add: Provision for doubtful accounts	1,135,910	2,711	1,138,621
Recovery of doubtful accounts	476,250	118,816	595,066
Less: Write-offs	(2,134,250)	(399,114)	(2,533,364)
Foreign exchange translation adjustment and others	(<u>66,628</u>)	(<u>2,033</u>)	(<u>68,661</u>)
Ending balance	<u>\$ 4,080,757</u>	<u>\$ 278,659</u>	<u>\$ 4,359,416</u>

C. For the nine months ended September 30, 2009 and 2008, the provisions for loans were \$268,183 and \$848,454, the provisions for credit card receivables were \$48,500 and \$236,450, the provisions for guarantee losses were \$17,715 and \$34,146 and the other credit losses were \$50,310 and \$19,571, respectively.

D. As of September 30, 2009 and 2008, non-accrual loans and other credit extensions where interest accruals had been ceased were \$2,357,452 and \$2,788,561, respectively, and interests that were not accrued were \$113,269 and \$49,335, respectively.

(8) Available-for-sale financial assets – net

	September 30, 2009			
	<u>Amortized cost</u>	<u>Valuation adjustment</u>	<u>Accumulated impairment</u>	<u>Fair value</u>
Listed / OTC stocks	\$ 3,169,552	\$ 356,654	\$ -	\$ 3,526,206
Government bonds	8,835,888	188,357	-	9,024,245
Financial bonds	246,617	14	-	246,631
Corporate bonds	6,157,206	116,221	-	6,273,427
Other bonds	1,332,160	11,944	-	1,344,104
Asset backed securities	433,373	(9,090)	-	424,283
Beneficiary certificates / securities	<u>1,406,322</u>	<u>(15,483)</u>	<u>-</u>	<u>1,390,839</u>
Total	<u>\$ 21,581,118</u>	<u>\$ 648,617</u>	<u>\$ -</u>	<u>\$ 22,229,735</u>

	September 30, 2008			
	<u>Amortized cost</u>	<u>Valuation adjustment</u>	<u>Accumulated impairment</u>	<u>Fair value</u>
Listed / OTC stocks	\$ 4,946,545	(\$ 173,542)	\$ -	\$ 4,773,003
Government bonds	4,521,403	(14,071)	-	4,507,332
Financial bonds	246,786	4,095	-	250,881
Corporate bonds	6,260,590	(25,261)	-	6,235,329
Other bonds	160,173	(5,572)	-	154,601
Asset backed securities	709,430	(100,310)	-	609,120
Beneficiary certificates / securities	<u>1,437,586</u>	<u>3,413</u>	<u>-</u>	<u>1,440,999</u>
Total	<u>\$ 18,282,513</u>	<u>(\$ 311,248)</u>	<u>\$ -</u>	<u>\$ 17,971,265</u>

Due to the global financial crisis in 2008, certain stocks listed in the TSE or OTC originally classified as financial assets at fair value through profit or loss were reclassified as available-for-sale financial assets in accordance with the revised Paragraph No. 104 of SFAS No. 34. On September 30 and October 2, 2008, financial assets that were reclassified as available-for-sale amounted to \$2,220,665. The relevant information is as follows:

- (1) Fair value information regarding the reclassified assets which have not been derecognized from the balance sheet as of September 30, 2009 and 2008 was as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Stocks listed in the TSE or OTC	\$ 370,421	\$ 2,182,845

- (2) Movements on fair value of the reclassified assets for the nine months ended September 30, 2009 and 2008 were as follows:

	<u>For the nine months ended September 30,</u>		
	<u>2009</u>		<u>2008</u>
	<u>Recognized in profit or loss</u>	<u>Recognized in equity</u>	<u>Recognized in profit or loss</u>
Stocks listed in the TSE or OTC	\$ 140,125	\$ 115,948	(\$ 321,210)

- (9) Held-to-maturity financial assets – net

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Government bonds	\$ 1,625,675	\$ 1,630,033
Financial bonds and corporate bonds	1,372,347	4,423,663
Asset backed securities	<u>50,462</u>	<u>104,105</u>
Total	<u>\$ 3,048,484</u>	<u>\$ 6,157,801</u>

- (10) Equity investments under equity method – net

	<u>September 30, 2009</u>		<u>September 30, 2008</u>	
	<u>Amount</u>	<u>Percentage of ownership (%)</u>	<u>Amount</u>	<u>Percentage of ownership (%)</u>
Grand Asia Management	\$ 28,386	50.00%	\$ 30,448	50.00%
KIM ENG HOLDINGS LIMITED	6,089,587	29.19%	5,976,375	29.19%
Fuhwa Securities Investment Consulting (Note)	66,059	99.99%	-	-
Yuanta Financial Consulting (Note)	<u>3,953</u>	100.00%	<u>-</u>	<u>-</u>
Total	<u>\$ 6,187,985</u>		<u>\$ 6,006,823</u>	

The investment income recognized under the equity method was \$486,989 and \$473,606 which was based on the investees' unaudited financial statements for the nine months ended September 30, 2009 and 2008, respectively.

Note: The Board of Directors of Fuhwa Securities Investment Consulting and Yuanta Financial Consulting resolved to dissolve the companies. Pursuant to Explanatory Note Ji-Mi-Zhi (88) No. 233, Fuhwa Securities Investment Consulting and Yuanta Financial Consulting were not included in the consolidated financial statements.

(11) Other financial assets – net

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Financial assets carried at cost	\$ 5,892,734	\$ 5,883,959
Less: accumulated impairment	(155)	(510,573)
	<u>5,892,579</u>	<u>5,373,386</u>
Bond investments with no active market	<u>447,274</u>	<u>443,329</u>
Overdue receivables not transferred from loans	82,086	176,008
Less: accumulated impairment loss	(82,086)	(176,008)
	<u>-</u>	<u>-</u>
Customer margin deposit account	<u>8,362,502</u>	<u>7,927,978</u>
Others	<u>128,452</u>	<u>75,019</u>
Total	<u>\$ 14,830,807</u>	<u>\$ 13,819,712</u>

(12) Fixed assets

	<u>September 30, 2009</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net Book value</u>
Land	\$ 3,876,674	\$ -	\$ 3,876,674
Buildings	2,739,659	(441,250)	2,298,409
Machinery and computer equipment	1,390,494	(1,073,763)	316,731
Transportation equipment	95,127	(42,581)	52,546
Miscellaneous equipment	2,946,804	(1,279,872)	1,666,932
Construction in progress	251,371	-	251,371
Less: accumulated impairment losses	<u>-</u>	<u>-</u>	<u>(24,815)</u>
	<u>\$ 11,300,129</u>	<u>(\$ 2,837,466)</u>	<u>\$ 8,437,848</u>

	September 30, 2008		
	Cost	Accumulated depreciation	Net Book value
Lands	\$ 3,704,750	\$ -	\$ 3,704,750
Buildings	2,195,715	(446,262)	1,749,453
Machinery and computer equipment	1,250,424	(876,880)	373,544
Transportation equipment	84,592	(32,520)	52,072
Miscellaneous equipment	2,243,395	(1,097,978)	1,145,417
Construction in process	1,019,907	-	1,019,907
Less: accumulated impairment losses	-	-	(18,480)
	<u>\$ 10,498,783</u>	<u>(\$ 2,453,640)</u>	<u>\$ 8,026,663</u>

(13) Intangible assets

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Goodwill	\$ 7,763,571	\$ 9,098,715
Operating rights	205,675	288,123
Computer software	648,264	232,151
	<u>\$ 8,617,510</u>	<u>\$ 9,618,989</u>

(14) Other assets

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Miscellaneous deposits	<u>\$ 5,396,663</u>	<u>\$ 2,514,015</u>
Non-operating assets		
Leased assets	4,657,244	5,254,333
Less: accumulated depreciation	(205,805)	(171,375)
accumulated impairment losses	(28,211)	(34,640)
Subtotal	<u>4,423,228</u>	<u>5,048,318</u>
Idle assets	617,769	523,860
Less: accumulated depreciation	(6,462)	(1,448)
accumulated impairment losses	(198,567)	(168,848)
Subtotal	<u>412,740</u>	<u>353,564</u>
Foreclosed assets	307,890	326,564
Less: accumulated impairment losses	-	(1,666)
Subtotal	<u>307,890</u>	<u>324,898</u>
Restricted assets	<u>502,697</u>	<u>1,204,179</u>
Credit items for securities consignment trading – net	235,343	65,918
Others	<u>397,815</u>	<u>1,189,243</u>
Total	<u>\$ 11,676,376</u>	<u>\$ 10,700,135</u>

(15) Non-financial asset impairment losses

<u>For the nine months ended September 30, 2009</u>					
	<u>Beginning</u>			<u>Transfer</u>	<u>Ending</u>
	<u>balance</u>	<u>Increase</u>	<u>Decrease</u>		<u>balance</u>
Consolidated					
credit items	\$ 284,527	\$ -	\$ -	\$ -	\$ 284,527
Fixed assets – land	14,386	-	-	-	14,386
Fixed assets –					
buildings	10,429	-	-	-	10,429
Leased assets – land	16,268	-	-	-	16,268
Leased assets –					
buildings	11,943	-	-	-	11,943
Idle assets	168,848	29,973	(251)	-	198,567
Foreclosed assets	1,666	-	(1,666)	-	-
Operating rights	<u>16,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,665</u>
Total	<u>\$ 524,732</u>	<u>\$ 29,973</u>	<u>(\$ 1,920)</u>	<u>\$ -</u>	<u>\$ 552,785</u>

<u>For the nine months ended September 30, 2008</u>					
	<u>Beginning</u>			<u>Transfer</u>	<u>Ending</u>
	<u>balance</u>	<u>Increase</u>	<u>Decrease</u>		<u>balance</u>
Consolidated					
credit items	\$ 284,527	\$ -	\$ -	\$ -	\$ 284,527
Fixed assets – lands	13,824	-	-	-	13,824
Fixed assets –					
buildings	4,561	-	-	-	4,561
Fixed assets –					
machinery	2	-	-	-	2
Fixed assets –					
miscellaneous					
equipment	92	-	-	-	92
Leased assets –					
lands	16,829	-	-	-	16,829
Leased assets –					
buildings	17,811	-	-	-	17,811
Idle assets	168,848	-	-	-	168,848
Foreclosed assets	2,114	8,020	(8,468)	-	1,666
Goodwill	212,339	-	-	-	212,339
Assets held for sale	<u>83,600</u>	<u>-</u>	<u>-</u>	<u>(83,600)</u>	<u>-</u>
Total	<u>\$ 804,547</u>	<u>\$ 8,020</u>	<u>(\$ 8,468)</u>	<u>(\$ 83,600)</u>	<u>\$ 720,499</u>

(16) Due to Central Bank and other banks

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Due to Central Bank	\$ 15,173	\$ 25,395
Due to other banks	601,076	2,003,162
Overdrafts from other banks	25,292	353,160
Call loans from other banks	2,466,074	947,864
Transfer deposits from Chungwa Post Co.	<u>6,925,842</u>	<u>10,739,176</u>
Total	<u>\$ 10,033,457</u>	<u>\$ 14,068,757</u>

(17) Commercial paper payable - net

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Commercial paper payable	\$ 4,440,000	\$ 2,610,000
Less: discount on commercial paper payable	(<u>1,590</u>)	(<u>4,972</u>)
Net	<u>\$ 4,438,410</u>	<u>\$ 2,605,028</u>

The interest rates on commercial paper were 0.2% to 1.462% and 2.06% to 2.78% per annum for the nine months ended September 30, 2009 and 2008, respectively.

For the nine months ended September 30, 2009, the guarantee and acceptance institutions for the above commercial paper payable are Yuanta Commercial Bank Co., Ltd., China Bills Finance Corporation, Chinatrust Bank Co., Ltd., and Sunny Bank Co., Ltd.

For the nine months ended September 30, 2008, the guarantee and acceptance institutions for the above commercial paper payable are Yuanta Commercial Bank Co., Ltd., China Bills Finance Corporation, Mega Bills Finance Co., Ltd., Waterland Financial Holdings, Tai Shin Bills Finance Corporation, Grand Bills Finance Corp. and Ta Ching Bills Finance Ltd.

(18) Payables

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Spot exchange payable	\$ 17,695,434	\$ 2,535,465
Bankers' acceptances payable	882,567	1,152,426
Interests payable	766,453	1,297,210
Accrued expenses	497,015	491,923
Taxes payable	6,591,973	9,727,311
Collections payable for customers	1,504,240	922,732
Proceeds payable from underwriting	240,181	1,261,212
Collateralized proceeds payable from securities lending	8,587,214	4,200,179
Deposits received on securities lending	7,287,196	3,405,600
Futures trader's equity	8,270,925	7,915,711
Other payables	<u>3,353,770</u>	<u>4,387,231</u>
Total	<u>\$ 55,676,968</u>	<u>\$ 37,297,000</u>

(19) Deposits

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Checking deposits	\$ 2,247,861	\$ 2,798,029
Demand deposits	33,318,145	24,942,220
Time deposits	50,150,417	72,004,546
Demand savings deposits	128,236,962	81,050,652
Time savings deposits	71,479,576	107,645,740
Remittances	<u>12,349</u>	<u>105,140</u>
Total	<u>\$ 285,445,310</u>	<u>\$ 288,546,327</u>

(20) Bonds payable

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Financial bonds	\$ 9,800,000	\$ 9,800,000
Unsecured corporate bonds	<u>12,500,000</u>	<u>12,500,000</u>
Total	<u>\$ 22,300,000</u>	<u>\$ 22,300,000</u>

A. Subordinate financial bonds

In order to increase the regulatory capital ratio and raise medium-term and long-term operating funds, the Board of Directors of Yuanta Bank decided to issue subordinate financial debentures on August 22, 2002, December 22, 2005, and September 21, 2006. The issuances of subordinate financial debentures were approved by the Bureau of Monetary Affairs in Ministry of Finance Ruling Tai-Tsai-Rong No. 0910042863 on September 24, 2002, the Financial Supervisory Commission in Executive Yuan Ruling Jin-Guan-Yin (6) No. 09500034970 on February 15, 2006, and the Financial Supervisory Commission in Executive Yuan Ruling Jin- Guan-Yin (6) No. 09500480850 on November 2, 2006.

In accordance with the original issuance plan, the Company issued the 2002 and 2006 first series of subordinate financial debentures on November 4, 2002 and February 24, 2006, respectively, at par value.

The second series of general financial debentures and subordinate financial debentures both within the quota of \$5,000,000 was approved on November 2, 2006. The first issuance of the second series of subordinate financial debentures and the second issuance of the second series of accumulated subordinate financial debentures with no maturity date were made on December 22 and 27, 2006, respectively. The total issued amounts were \$1,800,000 and \$3,000,000, respectively, which were also issued at par value. However, general financial debentures with the quota of \$5,000,000 and subordinate financial debentures with the quota of \$200,000 had expired as these were not issued within 1 year after approval date.

The details were as follows:

First series of subordinate financial debentures in 2002 (Note)

	<u>Floating interest rate</u>	<u>Fixed interest rate</u>
Par value	\$ 3,100,000	\$ 1,400,000
Stated interest rate	6.15% less Libor (Note 1)	3.5%
Period	Five years and three months	Five years and three months
Interest payment date	Payable every half-year	Payable every half-year
Term of principal payment	Repaid on maturity	Repaid on maturity
Issue price	Priced at face value on issue date	Priced at face value on issue date

Note: The First series of subordinate financial debentures in 2002 matured on February 4, 2008.

First series of subordinate financial debentures in 2006

Par value	\$ 5,000,000
Stated interest rate	Fixed interest rate at 2.55%
Period	Five years and six months
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First issuance of second series of subordinate financial debentures in 2006, first series

Par value	\$ 1,800,000
Stated interest rate	Fixed interest rate at 2.50%
Period	Six years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity (Note 2)
Issue price	Priced at face value on issue date

Second issuance of second series of subordinate financial debentures in 2006, second series

Par value	\$ 3,000,000
Stated interest rate	Fixed interest rate at 3.25%, the interest rate will be increased to 4.25% if the Bank does not call back after five years
Period	No maturity date
Interest payment date	Payable annually
Term of principal payment	(Note 3)
Issue price	Priced at face value on issue date

Note 1: The stated interest rates are recalculated semi-annually according to the average six-month US dollar Libor rate.

Note 2: The redemption right of the issuer: If its post-redemption capital adequacy ratio meets the minimum required consolidated capital adequacy ratio and is approved by the supervising authority, the Bank may redeem the debentures in whole at par value on the second anniversary after the issue date or on every subsequent anniversary until maturity. Purchasers or holders of the debentures cannot raise any objection to this resolution. The Bank will announce the resolution 15 days prior to redemption date, and the debentures will stop accruing interest on and after the declaration date.

Note 3: The redemption right of the issuer: If its post-redemption capital adequacy ratio meets the minimum required consolidated capital adequacy ratio and is approved by the supervising authority, the Bank may redeem the debentures in whole or in part at par value plus accrued and unpaid interest on the fifth anniversary after the issue date or on every subsequent anniversary. Purchasers or holders of the debentures cannot raise any objection to this resolution. The Bank will announce the resolution 15 days prior to redemption date, and the debentures will stop accruing interest on and after the declaration date.

B. Secured corporate bonds payable

The Company issued secured corporate bonds (first issue) totaling \$2,900,000 at par on October 1, 2003, with the approval of SFB Ruling Tai-Tsai-Cheng (4) No. 0920146322. The different categories were due to the different issuance dates. The issuance amount of categories B3 was \$350,000. The issuance amount of categories A5, B4 and B5 was \$250,000. The issuance amount of category A1, A2, A3, A4, A5, B1 and B2 was \$300,000. The total amount was \$2,900,000, and the bonds were stated at face value of \$1,000 each. According to the rule governing first issuance of secured corporate bonds of the Group, the 50% repayment of principal of the bonds in category A was in the third or fourth year, and the repayment amount was \$725,000 in October 2006 and October 2007. The details of the aforementioned issuance of corporate bonds were as follows:

Category	September 30, 2009	September 30, 2008	Issue date	Maturity date (Note 1)	Coupon rate (%)	Interest payment terms
B1	\$ -	\$ 300,000	October 24, 2003	October 24, 2008	(Note 2)	(Note 4)
B2	-	300,000	October 27, 2003	October 27, 2008	(Note 2)	(Note 4)
B3	-	350,000	October 28, 2003	October 28, 2008	(Note 2)	(Note 4)
B4	-	250,000	October 29, 2003	October 29, 2008	4.46%~6M LIBOR	(Note 4)
B5	-	250,000	October 30, 2003	October 30, 2008	(Note 3)	(Note 4)
	-	1,450,000				
Less: designated financial liabilities at fair value through profit or loss	-	(1,450,000)				
	\$ -	\$ -				

Note 1: The principal of Category A bonds will be repaid 50% each in the third and fourth years starting from the issue date; the principal of Category B bonds will be repaid in lump sum at maturity.

Note 2: 3.5% for the first year; 6 Month LIBOR (if 6 Month LIBOR is below 0.7%), 3% (if 6 Month LIBOR is equal to or above 0.7% and equal to or below 2.5%), or 4% less 6 Month LIBOR (if 6 Month LIBOR is above 2.5%) for the second year to fifth year.

Note 3: 3.5% for the first year; 6 Month LIBOR (if 6 Month LIBOR is below 0.7%) or 4.40% less 6 Month LIBOR (if 6 Month LIBOR is equal to or above 0.7%) for the second year to fifth year.

Note 4: The first interest fixing date will be two business days prior to the issue date. The reset date will be two business days prior to the first date of each calculation period, subject to adjustment in accordance with 6 Month LIBOR. Simple interest is accrued semi-annually, and the coupon rate shall not be below 0%. (Business days refers to business days in London. If the date falls on a holiday or nonworking day, the date shall be advanced to the preceding business day.)

For the nine months ended September 30, 2009 and 2008, the fair value of corporate bonds payable recorded as designated financial liabilities at fair value through profit or loss was \$0 and \$1,447,278, respectively.

C. Unsecured corporate bonds

For the repayment of secured corporate bonds, short-term borrowings and investee companies, Yuanta Financial Holdings raised domestic unsecured corporate bonds on August 18, 2008. The main issuance clauses of this placement are as follows:

(A) Issue amount:

\$5,000,000, consisting of Bond A and Bond B based on issuance conditions

(B) Issue price:

Issued at par, \$1,000 per share

(C) Rate of interest:

Bond A: 2.95% per annum at fixed interest rate

Bond B: 3.30% per annum at fixed interest rate

(D) Maturity period:

Bond A: 3 years

Bond B: 7 years

(E) Interests

Interest is based on the interest rate on the issuance date which is payable annually. Interest is paid on every one million with NT 1 dollar as the basis unit; less than NT 1 dollar is to be rounded up or down.

(F) Repayment terms:

Bond A and B: The principal is paid based on face value at maturity.

To generate operating capital, Yuanta Securities Finance issued domestic unsecured corporate bonds on May 30, 2007. The main issuance clauses of this placement are as follows:

(A) Issue amount:

\$7,500,000, consisting of Bond A and Bond B based on issuance periods.

(B) Issue price:

Issued at par, \$1,000 per share

(C) Rate of interest:

Bond A: 2.05% per annum at fixed interest rate

Bond B: 2.13% per annum at fixed interest rate

(D) Repayment terms:

Bond A: The principal is paid based on face value at maturity.

Bond B: 50% is repaid at the 4th and 5th years, respectively.

(E) Maturity period:

Bond A: 3 years

Bond B: 5 years

(F) Interests

Interest is based on interest rate on the issuance date which is payable annually. Interest is paid on every one million with NT 1 dollar as the basis unit; less than NT 1 dollar is to be rounded up or down.

(21) Other borrowings

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Short-term borrowings and overdrafts		
Unsecured bank borrowings	\$ 15,863	\$ 890,000
Bank overdrafts	<u>-</u>	<u>11,056</u>
	<u>15,863</u>	<u>901,056</u>
Long-term borrowings		
Secured bank borrowings	<u>372,500</u>	<u>1,177,500</u>
Total other borrowings	<u>\$ 388,363</u>	<u>\$ 2,078,556</u>
Interest rate-short-term (%)	<u>0.80%</u>	<u>2.48%~6.40%</u>
Interest rate-long-term (%)	<u>1.012%</u>	<u>2.78%</u>

(22) Other liabilities

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Reserve for land appraisal incremental taxes	\$ 31,285	\$ 31,285
Refundable deposits	24,609	106,358
Collections in advance	246,541	138,212
Guarantee deposit-in and margin deposits	9,807,414	1,916,180
Others	<u>638,582</u>	<u>16,464</u>
Total	<u>\$ 10,748,431</u>	<u>\$ 2,208,499</u>

(23) Accrued pension liabilities

- A. The Company has a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees whose services are prior to the implementation of the Labor Pension Act on July 1, 2005 and are after the implementation of the Labor Pension Act that employees choose to be continuously applicable to the Labor Standards Law. The payment of pension benefits is based on the length of the service period and average monthly compensation of 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 61 points.
- B. Except for Yuanta Venture Capital, Yuanta Asset Management, Yuanta I Venture Capital, Yuanta Lease, Yuanta Property Insurance Agency, Yuanta Securities Asia Finance, Yuanta Securities Holding (BVI), the Group has established a defined benefit retirement plan providing for lump-sum retirement benefits to employees who meet retirement requirements. For Yuanta Financial Holdings and Yuanta Securities' pension plan, contributions to the retirement fund equal to 2% of salaries and wages paid are deposited in the Bank of Taiwan. The plan is funded by Yuanta Securities Finance at 8% of basic salaries, and the contribution is deposited with the Trust Department of Bank of Taiwan. The plan is funded by Yuanta Bank at 2% of salaries, and the contribution is deposited in a designated account with the Bank of Taiwan. Yuanta Futures contributes at 2.55% of monthly salaries. Yuanta Securities Investment Consulting contributes at 2% of monthly salaries and wages paid and deposited in the Bank of Taiwan. The pension plan of Yuanta Life Insurance Agency is funded by at 6% of basic salaries from July 2006 and was adjusted to 2% of basic salary from June 2007, and contribution is deposited in the designated account with the Bank of Taiwan. Other domestic subsidiaries of Yuanta Securities contribute at 2% of monthly salaries and wages paid and deposited in the Bank of Taiwan. As of September 30, 2009 and 2008, the Group adopted

the abovementioned pension plans and has recognized net pension cost of \$107,311 and \$171,538, respectively.

- C. Effective from July 1, 2005, the Group established a defined contribution plan pursuant to the Labor Pension Act, which covers employees with R.O.C. nationality and those who chose or are required to apply the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees' salaries and are deposited in the employees' individual pension fund accounts at the Bureau of Labor Insurance. The payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. Under the defined contribution plan, the Group recognized pension expenses of \$171,158 and \$199,580 for the nine months ended September 30, 2009 and 2008, respectively.
- D. The pension plans for the consolidated foreign subsidiaries are as follows:
 - (A) The pension plan for Yuanta Securities (H.K.) is a defined contribution pension plan in compliance with Hong Kong's regulations.
 - (B) Yuanta Securities Asia Finance and Yuanta Holding (BVI) do not have compulsory pension plans according to local regulations.
 - (C) Yuanta Securities (H.K.) recognized pension cost of \$2,602 and \$381 based on the abovementioned pension plan for the nine months ended September 30, 2009 and 2008, respectively. Other foreign subsidiaries did not recognize related pension cost as there is no employee.
 - (D) Except for those mentioned in (A) and (B) above, others do not have pension plans.

(24) Income tax

The details of the Group's income tax expense are as follows:

A. Income tax expense and income tax payable are reconciled as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Income tax expense	\$ 1,309,643	\$ 790,997
Add: Net changes in deferred income tax assets	(258,331)	(190,599)
Income taxes levied separately	(92,072)	(164,388)
Prior years' income tax payable, net	6,609,789	9,223,752
Prior years' warrant tax payable	-	29,948
Over provisions of prior years' income tax expenses	(236,414)	105,318
Effect on deferred tax assets of change in income tax rate	(556,169)	-
Over provisions of prior years' income tax expenses	(134)	(119,805)
Alternative minimum tax	(150,000)	-
Others	-	1,467
Prepaid and withheld income taxes	(258,447)	(155,297)
Income tax payable	<u>\$ 6,367,865</u>	<u>\$ 9,521,393</u>

B. Deferred income tax assets (liabilities):

	<u>September 30, 2009</u>		<u>September 30, 2008</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Deferred income tax assets				
Temporary differences				
Provision for credit loss in excess of allowable limit	\$ 2,626,358	\$ 533,611	\$ 1,819,802	\$ 454,951
Loss carryforwards	8,252,870	1,552,936	8,323,703	2,080,926
Impairment losses	360,195	72,039	455,044	113,762
Reserves for trading, default and bad debt losses	415,674	83,135	693,863	173,171
Pension cost in excess of legal limitation	983,750	196,750	949,126	237,281
Book-Tax difference - goodwill amortization	774,348	156,687	919,731	229,933
Unrealized FX losses	60,592	12,118	-	-
Unrealized valuation loss on financial instruments	243,715	48,743	-	-
Maturity loss – strips	-	-	5,711	1,428
Unrealized expenses	163,952	33,188	41,000	10,250
Others	<u>15,645</u>	<u>3,129</u>	<u>43,921</u>	<u>12,451</u>
	<u>13,897,099</u>	<u>2,692,336</u>	<u>13,251,901</u>	<u>3,314,153</u>
Deferred income tax liabilities				
Temporary differences				
Unrealized revaluation gains on derivatives	-	-	(187,381)	(46,846)
Recognition of capital reduction on investees	(5,060)	(1,012)	(5,060)	(1,265)
Unrealized FX gains	-	-	(391,378)	(97,844)
Difference of financial statement and tax return basis for fixed assets	(288,980)	(57,796)	(352,474)	(88,119)
	(294,040)	(58,808)	(936,293)	(234,074)
Investment tax credits		<u>23,476</u>		<u>22,088</u>
Valuation allowance		(339,803)		(455,627)
Net deferred income tax assets	<u>\$13,603,059</u>	<u>\$ 2,317,201</u>	<u>\$12,315,608</u>	<u>\$ 2,646,540</u>

- C. According to the Income Tax Law, the losses could be carried forward for 10 years to offset against the future years' taxable income. As of September 30, 2009, the details of the Company's losses available to be carried forward were as follows:

<u>Year loss was incurred</u>	<u>Declared amount of losses</u>	<u>Year of expiration</u>	<u>Assessed by tax authorities</u>
2004	\$ 33,172	2014	Not yet assessed
2005	33,754	2015	Not yet assessed
2006	4,918,848	2016	Not yet assessed
2007	2,451,506	2017	Not yet assessed
2008	163,772	2018	Not yet assessed
Third quarter 2009	<u>651,818</u>	2019	Estimate
	<u>\$ 8,252,870</u>		

- D. The Company is eligible for investment tax credits under the Statute for Upgrading Industry. Details as of September 30, 2009 are as follows:

<u>Year</u>	<u>Amount of tax credit</u>	<u>Year of expiration</u>	<u>Assessed by tax authorities</u>
2005	\$ 5,875	2009	Not yet assessed
2006	7,912	2010	Not yet assessed
2007	8,522	2011	Not yet assessed
2008	10,214	2012	Not yet assessed
Third quarter 2009	<u>1,664</u>	2013	Estimate
	<u>\$ 34,187</u>		

- E. Imputation credit account for stockholders and its related information

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Balances of the imputation credit account for stockholders	\$ <u>1,653,742</u>	\$ <u>751,584</u>
	<u>September 30, 2008</u>	<u>September 30, 2007</u>
Estimated imputation credit ratio for earnings distribution (%)	<u>33.33%</u>	<u>14.81%</u>

- F. Unappropriated earnings

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Prior 1997 (including 1997)	\$ -	\$ -
Post 1998	<u>6,006,714</u>	<u>4,441,522</u>
	<u>\$ 6,006,714</u>	<u>\$ 4,441,522</u>

The income tax returns for all fiscal years through 2005 of Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Securities Finance, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Investment Trust have been examined by the tax authority. The income tax returns for all fiscal years through 2006 of Yuanta Leasing and Yuanta Life Insurance Agency have been examined by the tax authority. The income tax returns for all fiscal years through 2007 of Yuanta Securities Investment Consulting, Yuanta Futures, Yuanta Futures Management, Yuanta Property Insurance Agency, Yuanta International Insurance Agency and Yuanta I Venture Capital have been examined by the tax authority. The income tax returns for all fiscal years through 2006 of Fuhwa Capital Management has been examined by the tax authority.

Income tax lawsuits of the Yuanta Group are as follows:

(A) Yuanta Financial Holdings:

Yuanta Financial Holdings' ROC income tax return for 2002 was examined by the National Tax Administration of Taipei (NTAT) on November 3, 2006. NTAT decided that the securities trading expense and the amortization of interest expense amounting to \$89,120 should be adjusted as investment revenue which resulted to a decrease in Yuanta Financial Holdings' accumulated deficit by \$89,120. As a result, Yuanta Financial Holdings applied for a reexamination in January 2007.

Yuanta Financial Holdings' ROC income tax returns for 2003 to 2005 were examined by the NTAT and received assessment reports on December 12, 2006, May 15, 2009 and July 15, 2009, respectively. NTAT decided that the securities trading expense and the amortization of interest expense should be adjusted as investment revenue which resulted to a decrease in Yuanta Financial Holdings' accumulated deficit by \$2,571,523. As a result, Yuanta Financial Holdings applied for a reexamination in March 2007, July 2009 and October 2009, respectively. The Company adjusted the income tax benefits for conservatism purpose.

(B) Yuanta Securities

With respect to the income tax returns of Yuanta Securities for the fiscal years 2002 and 2005, the tax authorities assessed to increase income tax payable by \$566,235. However, Yuanta Securities disagreed with the assessments and had filed for administrative litigation. For conservatism purposes, Yuanta Securities had recognized the income tax expense relating to the increase in income tax payable.

For the income tax returns of dissolved company - Yuanta Core Pacific Securities (1999, 2001 and 2003 to 2005), the tax authorities assessed to increase income tax payable by \$6,678,383. However, Yuanta Securities disagreed with the assessments and had filed for

administrative litigation. For conservatism purposes, Yuanta Securities had recognized the income tax expense relating to the above increase in income tax payable.

(C) Yuanta Bank

Yuanta Bank's annual income tax return through 2005 has been assessed by the Tax Authority. For Yuanta Bank's annual income tax returns for 2003 to 2005, the previous trader taxes were assessed to be \$127,759, which has been settled as 65% of the taxable income based on the NTAT's settlement conditions. Yuanta Bank adjusted the income tax benefits for conservatism purposes.

Yuanta Bank's 10% surtax on undistributed earnings for 1998 has been examined by the tax authorities. The ROC tax authorities determined that the unrealized exchange gains from 1997 accounted for in taxable income in 1998 cannot be offset against unappropriated earnings in 1998. Yuanta Bank prevailed in the lawsuit decided by the Taichung High Administrative Court on July 17, 2007. The National Tax Administration of Central Taiwan Province reassessed the case and returned the tax paid on May 5, 2008.

Yuanta Bank's annual income tax returns for 2003 to 2005 were assessed by the Tax Authority and received assessment reports on December 12, 2006, May 15, 2009 and July 16, 2009, respectively. The Tax Authority denied the amortization on goodwill and bond investments, the Bank disagreed with the assessment and has filed petition for a reexamination in March 2007, July 2009 and October 2009, respectively.

(D) Yuanta Securities Finance

The tax authorities assessed to increase income tax payable by \$16,255. However, Yuanta Securities Finance disagreed with the assessments and had filed for administrative litigation. For conservatism purposes, Yuanta Securities Finance had recognized the income tax expense relating to the increase in income tax payable.

(25) Common stock

The Company merged with Yuanta Core Pacific Securities and Yuanta Core Pacific Securities became the Company's subsidiary by share exchange which was approved per Explanatory Letter Jin-Guan-Yin (6) No. 09600022230 of the FSC dated March 8, 2007, effective on April 2, 2007. The share exchange ratio of Yuanta Core Pacific Securities to the Company is 1:1.615. The Company had issued new common shares totaling 5,150,353 thousand shares (with par value of \$10 New Taiwan dollars per share) in exchange of Yuanta Core Pacific Securities' issued common shares totaling 3,189,073 thousand shares (with par value of \$10 New Taiwan dollars per share). As of December 31, 2007, the Company issued new shares amounting to 40,929 thousand shares in response to bondholders' conversion rights. On December 11, 2008, the Company retired 250,938 thousand shares which was approved by the competent authority; hence, the Company's authorized and issued capital was \$81,021,057 at September 30, 2009.

(26) Capital surplus

The ROC Company Act requires that capital surplus shall only be used to offset an accumulated deficit or be transferred to capital and not be used to distribute cash dividends. Realized capital surplus mentioned above includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Company. The amount of capital surplus capitalized each year may not exceed a certain percentage of the Company's issued share capital. Issuance of new stock from capital surplus of cash subscription in excess of par value of common stock can be made only once per year, and cannot be made in the same year as cash subscription.

However, according to SFB regulations, capital surplus resulting from undistributed earnings absorbed from subsidiaries after share exchange of the Company is permitted to be transferred to capital or used to distribute cash dividends in the current period. In addition, the amount of capital surplus to be transferred to capital or used to distribute cash dividends is not subject to the aforementioned limitations.

As of September 30, 2009 and 2008, the components of capital surplus were as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Prior 1997 (including 1997)	\$ -	\$ 1,038
Post 1998	<u>4,201,196</u>	<u>5,046,156</u>
	<u>\$ 4,201,196</u>	<u>\$ 5,047,194</u>

(27) Legal reserve and special reserve

In accordance with the ROC Company Act, 10% of annual net income after offsetting prior years' losses and paying tax liabilities must be retained as a legal reserve. Legal reserve can only be used to offset losses and cannot be distributed as cash dividends. Up to one-half of legal reserve can be converted to capital when it reaches an amount equal to one-half of issued capital.

In accordance with SFB regulations, in addition to the legal reserve retained, the Company should provide a special reserve of equal amount for any current year shareholders' equity contra account from the current year's earnings after tax or prior years' unappropriated earnings. However, the special reserve of equal amounts for prior years' accumulated shareholders' equity contra accounts should only be provided from prior years' unappropriated earnings. If a reversal of shareholders' equity contra account occurs, the reversed portion of the special reserve could be distributed.

(28) Unappropriated earnings

According to the Company's articles of incorporation, the annual net income will be distributed as follows:

- A. Pay income tax;
- B. Offset prior years' deficits;
- C. Provide legal reserve; and
- D. Appropriate 1% as remuneration to directors and supervisors, and 0.1% to 0.5% as bonus to employees. The remaining amount and prior years' unappropriated earnings shall be resolved by the stockholders during their meeting. When the bonus to employees is distributed in the form of stocks, the distribution includes employees of affiliated companies under certain conditions.

In order to continuously expand its operations and increase earning capacity, and to maintain the capital adequacy ratio, the Company has adopted the following dividend policy: 80% of the Company's annual net income, after paying all taxes as required by the law, offsetting prior years' losses, and retaining legal reserve and employees' bonus, shall be distributed as dividends. Cash dividends shall be no less than 50% of the distributed amount, while stock dividends shall be no greater than 50% of the distributed amount. Therefore, the Company will determine an appropriate dividend distribution policy for the current year based on the aforementioned principles. The appropriation of earnings is subject to the resolutions adopted during the directors' and stockholders' meetings.

The Board of Directors and stockholders during their meeting approved the distribution of 2008 and 2007 earnings on March 31, 2009 and March 5, 2008, respectively, as follows:

	2008 earnings		2007 earnings	
	EPS		EPS	
	Amount	(In NT dollar)	Amount	(In NT dollar)
Legal reserve	\$ 164,454	\$ -	\$ 603,717	\$ -
Special reserve	712,805	-	101,640	-
Cash dividends	758,966	0.094	5,429,478	0.650
Remunerations to directors and supervisors	7,673	-	53,318	-
Employees' cash bonuses	767	-	15,996	-

The status of the resolved bonus to employees and remunerations to supervisors and directors is available at the website of the Market Observation Post System provided by Taiwan Stock Exchange Corporation (TSEC).

(29) Treasury stocks

The changes in the Company's treasury stocks held by the Company and its subsidiaries for the nine months ended September 30, 2009 and 2008 were as follows (shares are expressed in thousands):

For the nine months ended September 30, 2009						
Reason for buyback of shares	Beginning balance of shares	Share increase	Share decrease	Number of shares due to change in reason for buyback of shares	Ending balance of shares	Ending balance amount
Treasury stock transferred to employees	28,000	-	-	-	28,000	\$ 332,810

For the nine months ended September 30, 2008						
Reason for buyback of shares	Beginning balance of shares	Share increase	Share decrease	Number of shares due to change in reason for buyback of shares	Ending balance of shares	Ending balance amount
To secure the Company's credit and stockholders' equity	-	188,473	-	-	188,473	\$ 3,375,874
The Company's stocks held by Yuanta Securities (formerly known as Yuanta Core Pacific Securities)	295,528	-	295,528	-	-	\$ -

From April 2, 2007, Yuanta Core Pacific Securities is included in Yuanta Financial Holdings; thus, the Company's stocks held by Yuanta Core Pacific Securities are regarded as treasury stocks. For the nine months ended September 30, 2008, Yuanta Core Pacific Securities sold the Company's shares totaling to 295,528 thousand shares, resulting to a gain on disposal amounting to \$3,531,217 which was recorded as additional paid-in capital – treasury stocks.

Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital reserve. Based on the Company's financial statements as of September 30, 2009, the maximum number of shares that the Company can repurchase was 810,211 thousand shares, and the maximum amount of the Company's repurchase was \$32,534,512. For the nine months ended September 30, 2009, the maximum number of shares that the Company can repurchase was 28 million shares, and the maximum amount of repurchase was \$332,810.

Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and is not entitled to dividends before it is reissued to the employees.

Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(30) Earnings per share

The basic earnings per share and diluted earnings per share are as follows (shares are expressed in thousands):

	For the nine months ended September 30,			
	2009		2008	
	After tax	Pre tax	After tax	Pre tax
Basic earnings per share:				
Net consolidated income before extraordinary gains	\$ 7,347,428	\$ 6,037,785	\$ 5,272,026	\$ 4,481,029
Extraordinary gains	-	-	760	760
Total consolidated income	7,347,428	6,037,785	5,272,786	4,481,789
Minority interest income	(71,233)	(54,136)	(81,917)	(55,020)
Net consolidated income	<u>\$ 7,276,195</u>	<u>\$ 5,983,649</u>	<u>\$ 5,190,869</u>	<u>\$ 4,426,769</u>
Outstanding shares - weighted average	<u>8,074,106</u>	<u>8,074,106</u>	<u>8,249,643</u>	<u>8,249,643</u>
Basic earnings per share				
Net consolidated income before extraordinary gain	\$ 0.91	\$ 0.75	\$ 0.64	\$ 0.55
Extraordinary gain	-	-	-	-
Total consolidated income	0.91	0.75	0.64	0.55
Minority interest income	(0.01)	(0.01)	(0.01)	(0.01)
Net consolidated income	<u>\$ 0.90</u>	<u>\$ 0.74</u>	<u>\$ 0.63</u>	<u>\$ 0.54</u>

(31) Personnel, depreciation, and amortization expenses

Personnel, depreciation, and amortization expenses incurred for the nine months ended September 30, 2009 and 2008 are summarized as follows:

	For the nine months ended September 30,	
	2009	2008
Personnel expenses	\$ 6,883,502	\$ 6,809,613
Salaries	5,963,392	5,764,227
Labor and health insurance	288,427	310,426
Pension	281,071	371,499
Others	350,612	363,461
Depreciation	592,438	529,928
Amortization	171,635	150,795

(32) Asset securitization

A. Summary of major terms

On September 5, 2005, the Yuanta Core Pacific Securities sold bonds totaling \$9,562,268 to a financial institution under asset securitization for issuance of beneficiary certificates in the amount of \$10,000,000. Details of beneficiary certificates issued are as follows:

- (A) Principal only pass-through beneficiary certificates – type A: Par value of \$7,300,000, with a maturity date of September 5, 2009.
- (B) Principal only pass-through beneficiary certificates – type B: Par value of \$1,300,000, with a maturity date of September 16, 2010.
- (C) Principal only pass-through beneficiary certificates – type C: Par value of \$1,000,000, with a maturity date of March 15, 2011.
- (D) Subordinated beneficiary certificates: Par value of \$400,000, with a maturity date of March 15, 2011.
- (E) Seller’s beneficiary securities: the interests from the underlying bonds are sources of the interest of repayment, taking interests collected on every interest payment date and repaying to the investors, to eliminate possible interest rate risk. The amount recorded was \$397,019.

Yuanta Core Pacific Securities acquired a subordinated beneficiary certificate listed above at a cost of \$366,107 to enhance the credit of the beneficiary certificates. In the event of default, the investors and the trustees have no recourse against Yuanta Core Pacific Securities except for the bonds security. The principal of the retained interests is repaid after the investor’s interests and its value is affected by the credit risk and interest risk of the transferred assets.

B. Major assumptions used to measure rights retained:

As of September 30, 2009 and 2008, the major assumptions used to measure the interests retained are as follows:

	<u>September 30, 2009 (per annum)</u>		<u>September 30, 2008 (per annum)</u>	
	<u>Subordinated beneficiary certificates</u>	<u>Seller's beneficiary certificates</u>	<u>Subordinated beneficiary certificates</u>	<u>Seller's beneficiary certificates</u>
Expected weighted -average years	1.45 years	0.60 years	2.45 years	0.93 years
Expected credit loss rate	-	-	-	-
Discount rate	0.769%	0.624%	2.22%	2.26%

C. Sensitivity analysis:

As of September 30, 2009 and 2008, the sensitivity of fair value of the residual cash flows is as follows if the discount rates change unfavorably (10%~20%):

	<u>September 30, 2009</u>		<u>September 30, 2008</u>	
	<u>Subordinated beneficiary certificates</u>	<u>Seller's beneficiary certificates</u>	<u>Subordinated beneficiary certificates</u>	<u>Seller's beneficiary certificates</u>
Book value of right kept	\$ 395,569	\$ 21,350	\$ 378,973	\$ 164,037
Expected weighted -average years	1.45 years	0.60 years	2.45 years	0.93 years
Discount rate	0.769%	0.624%	2.22%	2.26%
Impact results of 10% unfavorable change	(438)	(8)	(2,016)	(332)
Impact results of 20% unfavorable change	(876)	(16)	(4,017)	(664)

D. Expected loss rates of static groups:

During the period from January 1 to September 30, 2009, the expected and actual credit loss rate was 0%.

E. Cash flows

The cash flows received from and used in securitization trust are summarized as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Cash received from securitization	\$ -	\$ -
Cash received from other cash flows of interests retained	<u>148,587</u>	<u>70,714</u>
	<u>\$ 148,587</u>	<u>\$ 70,714</u>

5. Related party transactions

(1) Names and relationship of related parties

<u>Name of related party</u>	<u>Relationship</u>
Walsin Technology Corporation	Yuanta Securities Investment Trust president's spouse is Walsin Technology's president (until May 1, 2009)
Walsin Color Corporation	"
International Trade Building Corp.	Yuanta Securities Investment Trust president's first-degree relative is International Trade Building's president (until May 1, 2009)
HannStar Display Co., Ltd. (HannStar Display)	Yuanta Securities Investment Trust president's spouse is HannStar Display's president
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
Funds managed by Fuhwa Securities Investment Trust	Security investment trust fund raised by the Fuhwa Securities Investment Trust which was not a related party since October 24, 2008.
Land Bank of Taiwan	Yuanta Bank director is Land Bank of Taiwan's vice deputy general manager (resigned on December 19, 2008)
Grand Asia Management	Related party in substance
Kim Eng Finance Pte. Ltd. (Kim Eng Finance)	"
Grand Asia Services (Singapore)	"
Brightpro Resources Limited Corp. (Brightpro Resources)	"
Jing Cai Yue Xin	"
Hanns. G Inc. (Hanns. G)	"
Yao Hua Enterprise Management Advisor Co., Ltd.	"
Tsun Chueh Investment	"
Modern Investment	"
Hsu Tong Investment	"
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuan Ding International Construction Co., Ltd.	"
Yuanta Foundation (formerly known as Fuhwa Cultural & Educational Foundation)	"
Others (each related party's deposits and loans are not over 1% of total deposits and loans)	The Company's affiliated companies and directors, independent directors, managers, and their relatives

(2) Significant transactions and balances with related parties

A. Deposits

<u>September 30, 2009</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
Others (Deposits by each related party not over 1% of total deposits)	<u>\$ 5,426,716</u>	<u>1.90</u>	0.00~5.85

<u>September 30, 2008</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
Others (Deposits by each related party not over 1% of total deposits)	<u>\$ 7,836,910</u>	<u>2.72</u>	0.00~13.00

Apart from an interest rate limit on staff demand savings deposits of 5.85% and 13%, for the nine months ended September 30, 2009 and 2008, the interest rate limit on other related parties' demand savings deposits was 0.00%~5.20% and 0.00%~5.88%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the nine months ended September 30, 2009 and 2008, interest expenses on the above deposits were \$28,341 and \$141,107, respectively.

B. Loans

September 30, 2009

Types	Number of accounts or name of related party	Highest balance	Ending balance	Default possibility		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	44	\$ 11,184	\$ 9,170	\$ 9,170	\$ -	Movable property	None
Home mortgage loans	106	832,844	757,877	757,877	-	Real estate	None
Other loans	HannStar Display	1,700,000	1,330,000	1,330,000	-	Movable property	None
Other loans	15 (Note)	25,819	10,742	3,767	6,975	Real estate and certificate of deposits	None
Total			2,107,789	2,100,814	6,975		

Note: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually.

September 30, 2008

Types	Number of accounts or name of related party	Highest balance	Ending balance	Default possibility		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans for employees	1	\$ 587	\$ 532	\$ 532	\$ -	None	None
Home mortgage loans	35	258,571	197,726	197,726	-	Real estate	None
Total			198,258	198,258	-		

Note: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually.

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies, ranging from 1.84% to 3.19% and 2.50% to 3.20%, and on loans to bank staff, ranging from 0.15% to 3.50% and 2.61% to 4.74% for the nine months ended September 30, 2009 and 2008, respectively. Other terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

For the nine months ended September 30, 2009 and 2008, interest income resulting from the above loans was \$27,704 and \$31,348, respectively.

C. Property transactions

- a. For the nine months ended September 30, 2009 and 2008, the details of the Group investments in open-end funds were as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Funds managed by Fuhwa		
Securities Investment Trust	\$ -	\$ 1,143,663
Funds managed by Yuanta		
Securities Investment Trust	<u>9,379,222</u>	<u>8,827,739</u>
	<u>\$ 9,379,222</u>	<u>\$ 9,971,402</u>

- b. For the nine months ended September 30, 2009 and 2008, the details of the Group's engaging in purchase-without-recourse transactions with affiliates in the open market were as follows:

	<u>For the nine months ended September 30, 2009</u>		
	<u>Type</u>	<u>Purchase price</u>	<u>Selling price</u>
Funds managed by Yuanta			
Securities Investment Trust	Bond	<u>\$ 2,457,652</u>	<u>\$ 567,436</u>
	<u>For the nine months ended September 30, 2008</u>		
	<u>Type</u>	<u>Purchase price</u>	<u>Selling price</u>
Land Bank of Taiwan	Bond	\$ 496,692	\$ 595,232
Funds managed by Fuhwa			
Securities Investment Trust	Bond	-	49,202
Funds managed by Yuanta			
Securities Investment Trust	Bond	-	<u>101,623</u>
		<u>\$ 496,692</u>	<u>\$ 746,057</u>

D. Bills and bonds transactions under repurchase and resale agreement

<u>For the nine months ended September 30, 2009</u>				
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest income (expense)</u>
Repurchase agreement:				
Funds managed by Yuanta				
Securities Investment Trust	\$ 4,654,657	\$ 1,848,230	0.11~0.60	(\$ 5,569)

<u>For the nine months ended September 30, 2008</u>				
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest income (expense)</u>
Repurchase agreement:				
Funds managed by Fuhwa				
Securities Investment Trust	\$ 1,357,287	\$ 1,141,181	1.70~2.25	(\$ 11,338)
Funds managed by Yuanta				
Securities Investment Trust	4,980,864	3,944,285	1.65~2.15	(52,408)
Yuanta Construction				
Development	<u>370,062</u>	<u>-</u>	1.70~1.85	<u>(449)</u>
	<u>\$ 6,708,213</u>	<u>\$ 5,085,466</u>		<u>(\$ 64,195)</u>

E. Available-for-sale financial assets

Ending balance and gain (loss) from disposal of investments of shares of related party held by the Group are as follows:

<u>For the nine months ended September 30, 2009</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Gain from disposal of investments</u>	<u>Gain on valuation</u>
HannStar Display	\$ -	\$ 11,427	\$ -

F. Ending balance and gain (loss) from disposal of investments of shares of related party held by the Group are as follows: (For the nine months ended September 30, 2009: None.)

<u>For the nine months ended September 30, 2008</u>			
<u>Name</u>	<u>Ending balance</u>	<u>Loss on disposal of investments</u>	<u>Gain on valuation</u>
HannStar Display	\$ -	(\$ 4,501)	\$ -

G. The Group made donations amounting to \$10,000 and \$40,000 to Yuanta Foundation for the nine months ended September 30, 2009 and 2008, respectively, which were recorded under other business and administrative expenses.

H. For the nine months ended September 30, 2009 and 2008, the details of the service fees arising from brokerage commissions engaged by the Company and related parties were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Funds managed by Yuanta Securities Investment Trust	\$ 3,025	\$ 27,474
Funds managed by Fuhwa Securities Investment Trust	-	1,368
Yuanta Construction Development	40	1,229
Kim Eng Finance	1,838	896
Others	48	948
	<u>\$ 4,951</u>	<u>\$ 31,915</u>

(3) Transactions and balances with related parties exceeded \$100 million:

A. Yuanta Bank

(A) Deposits

<u>Name</u>	<u>September 30, 2009</u>		
	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
Others (Deposits by each related party not over 1% of total deposits)	<u>\$ 10,403,492</u>	<u>3.58</u>	0.00~5.85

<u>Name</u>	<u>September 30, 2008</u>		
	<u>Ending balance</u>	<u>Percentage of deposits (%)</u>	<u>Interest rate (%)</u>
Others (Deposits by each related party not over 1% of total deposits)	<u>\$ 17,439,302</u>	<u>5.85</u>	0.00~13.00

Apart from an interest rate limit on staff demand savings deposits of 5.85% and 13%, the interest rate limit on other related parties' demand savings deposits was 0.00%~5.20% and 0.00%~5.88% for the nine months ended September 30, 2009 and 2008, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the nine months ended September 30, 2009 and 2008, interest expenses on the above deposits were \$116,957 and \$285,677, respectively.

(B) Loans

September 30, 2009

Types	Number of accounts or name of related party	Highest balance	Ending balance	Default possibility		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	44	\$ 11,184	\$ 9,170	\$ 9,170	\$ -	Movable property	None
Home mortgage loans	106	832,844	757,877	757,877	-	Real estate	None
Other loans	HannStar Display	1,700,000	1,330,000	1,330,000	-	Movable property	None
	15 (Note)	25,819	10,742	3,767	6,975	Real estate and certificate of deposits	None
Total			2,107,789	2,100,814	6,975		

Note: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually.

September 30, 2008

Types	Number of accounts or name of related party	Highest balance	Ending balance	Default possibility		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans for employees	1	\$ 587	\$ 532	\$ 532	\$ -	None	None
Home mortgage loans	35	258,571	197,726	197,726	-	Real estate	None
Other loans	Yuanta Asset Management	480,000	110,000	110,000	-	Stocks listed on TSE or OTC	None
	Yuanta Securities	30,000	-	-	-	Real Estate and other beneficiary certificates	None
Total			\$ 308,258	\$ 308,258	-		

(C) Handling fee income

<u>Name</u>	<u>For the nine months ended September 30, 2008</u>	
	<u>Handling fee income</u>	<u>Receivables</u>
Yuanta Life Insurance Agency	<u>\$ 111,539</u>	<u>\$ 12,126</u>

Represents handling fee income incurred from acting as an agent for sale of funds and insurance. No amount exceeded \$100 million for the nine months ended September 30, 2009.

(D) Rent expenses

<u>Name</u>	<u>Lease purpose</u>	<u>For the nine months ended September 30,</u>	
		<u>2009</u>	<u>2008</u>
Yuanta Securities	Rent for offices / operation office	<u>\$ 250,706</u>	<u>\$ 317,564</u>

(E) Other receivables

<u>Name</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Yuanta Financial Holdings	<u>\$ 2,016,384</u>	<u>\$ 1,598,154</u>

Represents due from parent company for consolidated income tax return system.

(F) Property transactions

- a. For the nine months ended September 30, 2009 and 2008, the details of Yuanta Bank investments in open-end funds were as follows:

	<u>For the nine months ended September 30, 2009</u>	
	<u>Purchase</u>	<u>Ending balance</u>
Funds managed by Yuanta Securities Investment Trust	<u>\$ 165,000</u>	<u>\$ 75,000</u>

	<u>For the nine months ended September 30, 2008</u>	
	<u>Purchase</u>	<u>Ending balance</u>
Funds managed by Yuanta Securities Investment Trust	430,000	120,000
Funds managed by Fuhwa Securities Investment Trust	<u>105,005</u>	<u>265,085</u>
	<u>\$ 535,005</u>	<u>\$ 385,085</u>

- b. For the nine months ended September 30, 2009 and 2008, the details of Yuanta Bank's engaging in purchase-without-recourse transactions with affiliates in the open market were as follows:

		<u>For the nine months ended September 30, 2009</u>	
		Purchase	
	<u>Type</u>	<u>price</u>	<u>Selling price</u>
Yuanta Securities	Bond	\$ 2,803,409	\$ 1,164,566
		<u>For the nine months ended September 30, 2008</u>	
		Purchase	
	<u>Type</u>	<u>price</u>	<u>Selling price</u>
Yuanta Securities	Bond	\$ 2,192,498	\$ 3,329,064
Land Bank of Taiwan	Bond	496,692	595,232
		<u>\$ 2,689,190</u>	<u>\$ 3,924,296</u>

- c. For the nine months ended September 30, 2009 and 2008, the details of Yuanta Bank's engaging in beneficiary certificates with affiliates in the open market were as follows:

		<u>For the nine months ended September 30, 2009</u>		
		Highest		
	<u>Ending balance</u>	<u>balance</u>	<u>Interest income</u>	
Yuanta Securities	\$ 91,338	\$ 138,922	\$ 3,571	
		<u>For the nine months ended September 30, 2008</u>		
		Highest		
	<u>Ending balance</u>	<u>balance</u>	<u>Interest income</u>	
Yuanta Securities	\$ 138,922	\$ 138,922	\$ -	

- d. On May 6, 2009, Yuanta Bank and Yuanta Asset Management entered into a real estate buying/selling contract totaling to \$635,067. As of September 30, 2009, the contract amount was paid-off and the transfer of ownership was completed.

(G) Others

- a. Bills and bonds transactions under repurchase and resale agreement

		<u>For the nine months ended September 30, 2009</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest income (expense)</u>	
Resale agreement:					
Yuanta Securities	\$ 110,000	\$ -	0.11	\$ 1	
Repurchase agreements:					
Funds managed by Yuanta Securities Investment Trust					
-Yuanta Wan Tai Bond Fund	400,000	-	0.12	(14)	
Yuanta Securities	2,109,351	<u>2,109,351</u>	-0.25~0.00	<u>98</u>	
		<u>2,109,351</u>		<u>84</u>	
		<u>\$ 2,109,351</u>		<u>\$ 85</u>	

<u>For the nine months ended September 30, 2008</u>				
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest income (expense)</u>
Resale agreement:				
Yuanta Securities	\$ 220,000	\$ -	-10.00~1.80	(\$ 9)
Repurchase agreements:				
Funds managed by Yuanta Securities Investment Trust				
Yuanta Wan Tai Bond Fund	150,452	-	1.91~1.95	(185)
Funds managed by Fuhwa Securities Investment Trust				
Fuhwa Wan Li Bond	391,321	-	1.70~1.95	(1,006)
Fuhwa Selected China Bond	100,000	-	1.73~1.75	(60)
Yuanta Securities	1,950,000	-	2.15~2.25	(3,607)
		-		(4,858)
		\$ -		(\$ 4,867)

Note: To comply with the GreTai Securities Market (GTSM)'s automatic bills and bonds under repurchase agreement (RP) trading of excess long positions by the computerized negotiation trading system, the Group engaged in relevant transactions and generated negative interest rate.

b. Sale of financial bonds

Financial bonds sold to related party were as follows:

<u>For the nine months ended September 30, 2008</u>				
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest expense</u>
First issue, 2002				
Yuanta Securities Finance	\$ 966,000	\$ -	0.79~1.30	\$ 1,173

As of September 30, 2008, no interests incurred from the above transaction.

B. Yuanta Securities

(A) Futures commission income, futures trading guarantees – self capital and commissions receivable at period end (recorded under receivables) arising from Yuanta Securities' engaging in brokerage of futures transactions with affiliates were as follows:

<u>For the nine months ended September 30, 2009</u>			
	<u>Commission income</u>	<u>Commissions receivable at period end</u>	<u>Futures trading guarantees – self capital</u>
Yuanta Futures	\$ 166,531	\$ 17,579	\$ 602,154

<u>For the nine months ended September 30, 2008</u>			
	<u>Commission income</u>	<u>Commissions receivable at period end</u>	<u>Futures trading guarantees – self capital</u>
Yuanta Futures	\$ 169,871	\$ 18,891	\$ 174,583

Yuanta Securities conducted the transactions and collected the amounts based on the contract.

(B) Bank deposits, interest income and interests receivable

Savings deposited with the related party as of September 30, 2009 and 2008 were as follows:

	<u>For the nine months ended September 30, 2009</u>		
	Non operating income and gain - Bank deposits ending balance	interest income (Note)	Other receivables - interests receivable (Note)
Yuanta Bank	<u>\$ 958,008</u>	<u>\$ 10,217</u>	<u>\$ 177</u>

	<u>For the nine months ended September 30, 2008</u>		
	Non operating income and gain - Bank deposits ending balance	interest income (Note)	Other receivables - interests receivable (Note)
Yuanta Bank	<u>\$ 185,130</u>	<u>\$ 17,967</u>	<u>\$ 1,190</u>

Note: Interests for demand deposits and time deposits were inclusive.

(C) Income arising from Yuanta Securities' engaging in brokerage of margin loans and stock loans (recorded as "other operating income", brokerage income receivable at period end recorded as "receivables") were as follows:

	<u>For the nine months ended September 30, 2009</u>	
	Brokerage of margin loans and stock loans	Brokerage income receivable at period end
Yuanta Securities Finance	<u>\$ 685,900</u>	<u>\$ 90,669</u>

	<u>For the nine months ended September 30, 2008</u>	
	Brokerage of margin loans and stock loans	Brokerage income receivable at period end
Yuanta Securities Finance	<u>\$ 1,180,355</u>	<u>\$ 87,276</u>

Terms and conditions of the above transactions were the same as those of general transactions. Yuanta Securities Finance acted as agent for Yuanta Securities in conducting the above transactions.

- (D) Receivables / payable - consolidated income tax return system (recorded as other receivables / payables)

	<u>September 30, 2009</u>		<u>September 30, 2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Payable - consolidated income tax return system				
Yuanta Financial Holdings	<u>\$ 1,269,668</u>	<u>-</u>	<u>\$ 1,352,183</u>	<u>-</u>

- (E) Open-end fund and money market instrument transactions

	<u>September 30, 2009</u>		<u>September 30, 2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Funds managed by Yuanta Securities Investment Trust	\$ 4,151,624	50	\$ 3,001,624	73
Funds managed by Fuhwa Securities Investment Trust	<u>-</u>	<u>-</u>	<u>758,442</u>	<u>18</u>
	<u>\$ 4,151,624</u>	<u>50</u>	<u>\$ 3,760,066</u>	<u>91</u>

- (F) Ending balance and gain (loss) from disposal of investments of shares of related party held by Yuanta Securities are as follows: (For the nine months ended September 30, 2009: None.)

<u>Name</u>	<u>For the nine months ended September 30, 2008</u>		
	<u>Ending balance</u>	<u>Income on disposal of investments</u>	<u>Gain on valuation</u>
Yuanta Financial Holdings	<u>\$ -</u>	<u>\$ 2,009,249</u>	<u>\$ -</u>

- (G) Performance guarantee deposits

Yuanta Securities transferred negotiable certificate of deposits and general certificate of deposits to performance guarantee deposits for issuing warrants (recorded as “restricted assets – current”), details were as follows:

<u>Name</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Yuanta Bank	<u>\$ -</u>	<u>\$ 373,000</u>

- (H) Operating guarantee deposits

Yuanta Securities provided certificate of deposits to related party to be operating guarantee deposits in engaging in securities and futures business, details were as follows:

<u>Name</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Yuanta Bank	<u>\$ 825,000</u>	<u>\$ 835,000</u>

(I) Property transactions

For the nine months ended September 30, 2009 and 2008, the details of Yuanta Securities' engaging in bills and bonds transactions under repurchase and resale agreement with affiliate were as follows:

a. Bills and bonds transactions under resale agreement

	<u>For the nine months ended September 30, 2009</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest expense</u>
Yuanta Bank	\$ 2,109,351	<u>\$ 2,109,351</u>	-0.20%~0.25%	<u>(\$ 98)</u>

	<u>For the nine months ended September 30, 2008</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest income</u>
Yuanta Bank	\$ 1,950,000	<u>\$ -</u>	2.20%	<u>\$ 3,607</u>

b. Bills and bonds transactions under repurchase agreement

	<u>For the nine months ended September 30, 2009</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest expense</u>
Funds managed by Yuanta				
Securities Investment Trust	\$ 4,654,657	\$ 1,848,230	0.11%~0.6%	\$ 5,555
Yuanta Bank	110,000	-	0.11%	1
Yuanta Futures	150,064	-	0.40%	64
		<u>\$ 1,848,230</u>		<u>\$ 5,620</u>

	<u>For the nine months ended September 30, 2008</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest expense</u>
Funds managed by Yuanta				
Securities Investment Trust	\$ 4,980,864	\$ 3,944,285	1.65%~2.15% -10.00%	\$ 52,223
Yuanta Bank	220,000	-	~1.80%	(11)
Yuanta Futures	100,000	65,028	1.90%~1.95%	31
Funds managed by Fuhwa				
Securities Investment Trust	1,357,287	1,141,181	1.73%~2.15%	10,272
Yuanta Construction Development Co., Ltd.	370,062	-	1.70%~1.85%	449
		<u>\$ 5,150,494</u>		<u>\$ 62,964</u>

- c. For the nine months ended September 30, 2009 and 2008, the details of Yuanta Securities' engaging in purchase-without-recourse transactions with affiliates were as follows:

	<u>For the nine months ended September 30, 2009</u>	
	<u>Purchase price</u>	<u>Selling price</u>
Yuanta Bank	\$ 1,164,566	\$ 2,803,409
Funds managed by Yuanta Securities Investment Trust	<u>2,457,652</u>	<u>567,436</u>
	<u>\$ 3,622,218</u>	<u>\$ 3,370,845</u>
	<u>For the nine months ended September 30, 2008</u>	
	<u>Purchase price</u>	<u>Selling price</u>
Yuanta Financial Holdings	\$ 2,200,000	\$ -
Yuanta Bank	3,329,064	2,192,498
Funds managed by Yuanta Securities Investment Trust	-	101,623
Funds managed by Fuhwa Securities Investment Trust	<u>-</u>	<u>49,202</u>
	<u>\$ 5,529,064</u>	<u>\$ 2,343,323</u>

The above purchase-without-recourse transactions were recorded under operating securities –proprietary trading – domestic and were based on the transaction prices of Automatic Order Matching and Execution System in OTC and prices negotiated in operating offices.

- d. In May 2009, Yuanta Securities purchased fixed assets amounting to \$272,935 from affiliate – Yuanta Asset Management Co., Ltd. which was recorded as land of \$190,397 and buildings of \$82,538. The above prices were based on appraisal reports issued by XinYi real estate appraisers.

(J) Rebate income

Allowance (recorded as non operating income and gain, allowance receivables at period end were recorded as receivables) paid to Yuanta Securities as an affiliate used Yuanta Securities' operating offices, details were as follows:

<u>Name</u>	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
		Allowance receivables at period end
Yuanta Bank	<u>\$ 146,855</u>	<u>\$ 4,434</u>

<u>Name</u>	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
		Allowance receivables at period end
Yuanta Bank	<u>\$ 275,650</u>	<u>\$ 23,737</u>

(K) Other non operating income – rental income

Rental income from Yuanta Securities' leasing self assets – Yuanta Financial Holdings Building to affiliate; details of the transaction were as follows:

<u>Name</u>	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Yuanta Bank	<u>\$ 124,775</u>	<u>\$ 54,002</u>

Rent was based on the rental of office buildings in the surrounding area and agreed to by the both parties.

(L) Operating expense – service fees

Service fees incurred from affiliate's providing investment strategies and recommendations to Yuanta Securities; details of the transaction were as follows:

<u>Name</u>	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Yuanta Securities Investment Consulting	<u>\$ 156,680</u>	<u>\$ 172,783</u>

Service fees were determined based on the contract agreed to by both parties.

(M) Others

- a. Yuanta Securities pledged beneficiary certificates (recorded under “financial assets at fair value through profit or loss - current”) of \$2,639,801 and \$2,623,575, and land and buildings of \$806,928 and \$812,281 to Yuanta Bank for the borrowing facility of \$2,174,000 and \$2,396,000, respectively.
- b. In June 2007, Yuanta Securities entered into a contract with Yuanta Core Pacific Securities for the transfer of rights of margin loans and stock loans, totaling to \$35,923,470 based on the contract, effective from July 1, 2007. All liabilities, tax obligations, disputes with clients and other incurred compensations pursuant to the laws and regulations before July 1, 2007 were attributed to Yuanta Securities, those incurred after July 1, 2007 were attributed to Yuanta Securities Finance Co., Ltd. In addition, on October 25, 2007, Yuanta Securities’ board of directors resolved to enter into a supplementary contract with Yuanta Securities Finance; both parties agreed to extend terms for unpaid amounts and add extension compensation. The above amounts were fully collected in 2008.

C. Yuanta Securities Finance

(A) Agency services

	<u>For the nine months ended September 30,</u>			
	2009		2008	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Yuanta Securities	<u>\$ 685,899</u>	<u>77</u>	<u>\$ 1,180,355</u>	<u>80</u>

Agency fees paid to Yuanta Securities were based on the amount agreed to by the both parties. Terms and conditions of the transactions were the same as those of securities firms at the same level of average financing balance.

(B) Operating costs / operating expenses

For the nine months ended September 30, 2008, Yuanta Securities Finance recognized extension compensations (recognized as operating costs) due to purchase of margin loans and stock loans, details were as follows: (For the nine months ended September 30, 2009: None.)

<u>Name</u>	<u>2008</u>
Yuanta Securities	<u>\$ 277,262</u>

(C) Other payables

		<u>For the nine months ended September 30,</u>	
	<u>Type</u>	<u>2009</u>	<u>2008</u>
Yuanta Securities	Purchase of margin loans and stock loans	\$ -	\$ 13,923,470
	Extension compensations	-	539,508
		-	14,462,978
Yuanta Financial Holdings	Consolidated income tax return system	221,013	278,057
		<u>\$ 221,013</u>	<u>\$ 14,741,035</u>

(D) Property transactions

a. Open-end fund and money market instrument transactions

<u>Name</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Funds managed by Yuanta Securities Investment Trust	\$ -	\$ 1,050,341

- b. For the nine months ended September 30, 2008, Yuanta Securities Finance held subordinate financial bonds issued by Yuanta Bank (recorded as “financial assets at fair value through profit or loss - current”, details were as follows: (For the nine months ended September 30, 2009: None.)

	<u>For the nine months ended September 30, 2008</u>			
	<u>Highest balance</u>	<u>Ending balance</u>	<u>Interest rate (%)</u>	<u>Interest income</u>
91 Fuhwa Bank 1E	\$ 966,000	\$ -	1.30%	\$ 1,173

As of September 30, 2008, interest receivable arising from the above transactions (recorded under “other receivables”) was \$0.

- c. In June 2007, Yuanta Securities Finance entered into a contract with Yuanta Core Pacific Securities for the transfer of rights of margin loans and stock loans, effective from July 1, 2007. All liabilities, tax obligations, disputes with clients and other incurred compensations pursuant to the laws and regulations before July 1, 2007 were attributed to Yuanta Core Pacific Securities, those incurred after July 1, 2007 were attributed to Yuanta Securities Finance. The transfer of margin loans and stock loans totaled to \$35,923,470 based on the contract which were \$36,160,570 if pay by installments. Yuanta Core Pacific Securities merged with Yuanta Securities in September 2007 and entered into a supplementary contract on October 2007 to modify the total payment into \$36,500,570. As of December 31, 2008, the total amounts were fully paid off.

6. Pledged assets

As of September 30, 2009 and 2008, the details of pledged assets were as follows:

<u>Items</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>	<u>Pledged purpose</u>
Short-term bills, beneficiary certificates, government bonds, corporate bonds and financial bonds (recorded as financial assets at fair value through profit or loss - net, available-for sale financial assets –net, investments in bills and bonds under resale agreements, held-to-maturity financial assets and other assets)	\$ 25,451,931	\$ 22,620,128	Liabilities for bills and bonds sold under repurchase agreement and bid guarantee deposits for government bonds
	911,347	4,468,661	Credit lines of long-term and short-term mortgage loans
	98,338	199,565	Provisional seizure
	53,764	54,867	Trust custodian
	75,469	86,366	Operating guarantee deposits for bills and bonds – proprietary
	1,630,213	1,397,784	Operating guarantee deposits
	823,849	748,743	Securities financing deposit in CBC
	157,043	198,487	Stock borrowings
	-	18,440	Petition to the National Tax Administration for a certificate of non-violation of tax filing rules
	3,107,330	3,088,230	Credit facility for settlement
	3,507	-	Securities Visa – reserve for international transaction payment
	52,943	471,353	Guarantee on sales of assets
Restricted demand deposits	278,316	-	Prepaid underwriting stock value
Time deposits (recorded as other assets)	825,000	145,000	Operating guarantee deposits
	93,500	55,850	Provisional seizure
	33,381	54,179	Structured notes account
	-	553,000	Performance deposits for issuing warrants
	197,000	224,000	Settlement account

<u>Items</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>	<u>Pledged purpose</u>
Land and buildings (recorded as property and equipment and other assets)	\$ 2,889,732	\$ 2,915,683	Credit lines of long-term and short-term mortgage loans and guarantee for short-term bills payable
	<u>36,682,663</u>	<u>37,300,336</u>	
Shares of investee (the shares issued by such subsidiary originally were recorded as long-term investments under equity method, and have been eliminated in the consolidated financial statements)	-	11,940,492	Issuing secured corporate bonds
Time deposits (recorded as other assets - refundable deposits; the balance has been eliminated in the consolidated financial statements due to their nature as related party transactions)	-	835,000	Operating guarantee deposits
Restricted time deposits (recorded as other assets - refundable deposits; the balance has been eliminated in the consolidated financial statements due to their nature as related party transactions)	-	373,000	Performance deposits for issuing warrants
	<u>-</u>	<u>13,148,492</u>	
Total	<u>\$ 36,682,663</u>	<u>\$ 50,448,828</u>	

7. Commitments and contingencies

(1) Significant purchase agreements

As of September 30, 2009 and 2008, the Group had significant purchase agreements for the purchase of assets amounting to \$421,033 and \$1,355,307, respectively. The unpaid amounts of those agreements were \$153,641 and \$479,179, respectively.

(2) Stocks entrusted to custody

As of September 30, 2009 and 2008, the stocks entrusted to the custody of Yuanta Securities Finance by clients totaled 7,491 and 7,496 thousand shares, respectively. The market value of these entrusted stocks as of September 30, 2009 and 2008 was approximately \$78,171 and \$76,620, respectively.

(3) Operating leases

The Bank entered into certain operating leases for its branches. As of September 30, 2009, the estimated future lease contract commitments were as follows:

<u>Fiscal year</u>	<u>Rental amount</u>
October 1, 2009~December 31, 2009	\$ 144,384
2010	615,311
2011	355,222
2012	156,187
2013 and hereafter	83,690
	<u>\$ 1,355,244</u>

- (4) One of Yuanta Investment Trust's client – Shi Chang Zhang brought a civic action to Taipei District Court on May 22, 2008 against Yuanta Investment Trust for his investment losses arising from negligence of Yuanta Investment Trust during private placement funding consigned by the offshore fund institution, claiming for compensation amounting to US\$2,000,000 with interest at 5% per annum starting from the next day the indictment was delivered. As of September 30, 2009, the lawsuit is still pending with the Taipei District Court. Yuanta Investment Trust believes that it is not liable for the loss and believes it will prevail in the case; accordingly, no provision is made for the contingent liability in the financial statements.
- (5) Several of the Yuanta Securities Investment Trust's clients – Bao Hwa Gao, Jin Ting Wu, Yi Kuan Zhou, etc. brought a civil action to Taipei District Court on November 17, 2008 against the Company for their investment losses arising from negligence of the Company during private placement funding consigned by the offshore fund institution, claiming for compensation from Yuanta Securities Investment Trust and Fuhwa Securities Investment Trust Co., Ltd. (formerly Manulife Asset Management (Taiwan) Company Ltd.) amounting to US\$300,000 with interest at 5% per annum starting November 12, 2008. As of September 30, 2009, the lawsuit is still pending with the Taipei District Court. Yuanta Investment Trust believes that it is not liable and the judgment may favor Yuanta Investment Trust, so the Company did not recognize any contingent loss for the nine months ended September 30, 2009.

(6) Operating plan

In order to build the operations headquarters of the Company, Yuanta Securities purchased land located in Dun Hwa Rd. Song Shan District, Taipei City which was owned by Taiwan Conference of Seventh-Day Adventists for the amount of \$2,000,000 on January 17, 2003. Both parties also agreed that Yuanta Securities will resell the partial parking space in the underground of the building to Taiwan Conference of Seventh-Day Adventists in the amount of \$420,000 and provide bonds amounting to \$210,000 as a guarantee of the sale of asset. The headquarters of the Company was completed, but ownership transfer of the partial parking space resold to Taiwan Conference of Seventh-Day Adventists is still under process.

(7) Yuanta Securities (H.K.) terminated employment contracts prematurely due to certain reasons; Yuanta Securities (H.K.) and their employees cannot reach an agreement on their rights and obligations after termination of the contracts. Therefore, the employees filed a petition to Labour Tribunal of Hong Kong and requested Yuanta Securities (H.K.) to pay guarantee bonus agreed in the employment contracts. As the Yuanta Securities (H.K.) and employees cannot reach an agreement, this case was filed to and heard in the High Court of Hong Kong. For conservatism purposes, Yuanta Securities (H.K.) had recognized the contingent loss based on the compensations suggested by the Labour Tribunal of Hong Kong. However, actual result of the petition and possible loss is to be confirmed after release of court decree from the High Court of Hong Kong.

(8) Others

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Consignment collection for others	\$ 11,746,621	\$ 15,089,304
Traveler's checks held on consignment for sale	97,195	174,633
Consignment securities, custodial goods, and others	33,349,569	10,226,687
Trust assets	<u>77,683,321</u>	<u>64,908,767</u>
	<u>\$ 122,876,706</u>	<u>\$ 90,399,391</u>
Lines of credit provided but not used	<u>\$ 4,613,749</u>	<u>\$ 6,359,206</u>
Credit commitment on credit card	<u>\$ 64,123,353</u>	<u>\$ 62,499,643</u>
Other guarantees	<u>\$ 12,145,676</u>	<u>\$ 7,618,974</u>
Unused L/C balance	<u>\$ 3,541,896</u>	<u>\$ 4,377,475</u>
Securities sold under repurchase agreements	<u>\$ 22,689,649</u>	<u>\$ 22,629,101</u>
Securities purchased under resell agreements	<u>\$ 21,652,734</u>	<u>\$ 18,886,526</u>

- (9) In accordance with Article 17 of the Trust Enterprise Law, the disclosures of the trust balance sheet and trust property list are as follows:

<u>Trust Balance Sheet</u>			
<u>September 30, 2009</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 809,965	Customers' securities	\$ 11,405,713
Stocks	10,909,162	under custody	
Mutual funds (Note)	43,644,390	Pecuniary trust	51,629,483
Bonds	7,246,836	Securities trust	9,686,803
Real estate	2,051,801	Real estate trust	2,202,298
Customers' securities		Pecuniary creditors' right	
under custody	11,405,713	and its collateral right	
Others	1,615,454	trust	1,615,454
		Co-Trust Fund	1,037,359
		Total net income	21,757
		Unappropriated earnings	<u>84,454</u>
Total trust assets	<u>\$ 77,683,321</u>	Total trust liabilities	<u>\$ 77,683,321</u>

<u>Trust Balance Sheet</u>			
<u>September 30, 2008</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 276,094	Customers' securities	\$ 6,800,152
Stocks	2,176,368	under custody	
Mutual funds (Note)	40,160,262	Pecuniary trust	53,143,767
Bonds	12,599,278	Securities trust	1,075,110
Real estate	1,011,159	Real estate trust	1,087,941
Customers' securities		Pecuniary creditors' right	
under custody	6,800,152	and its collateral right	
Others	1,885,454	trust	1,885,454
		Co-Trust Fund	857,870
		Total net income	(4,208)
		Unappropriated earnings	<u>62,681</u>
Total trust assets	<u>\$ 64,908,767</u>	Total trust liabilities	<u>\$ 64,908,767</u>

Note: Mutual funds include co-trust funds.

Trust Income Statement

For the nine months ended September 30, 2009	For the nine months ended September 30, 2008
Trust revenue:	Trust revenue:
Interest revenues \$ 3,288	Interest revenues \$ 780,016
Rental income 3,594	Investment income 6,887
Dividend income 21,792	Cash dividends revenues 1,800
Investment income <u>3,352</u>	Stock dividends revenues 900
<u>32,026</u>	Reserves (<u>752</u>)
	<u>788,851</u>
Trust expenses:	Trust expenses:
Management charges 5,894	Management charges 4,685
Supervisors charges 60	Duties expense 11,005
Duties expense 446	Interest expenses 74,164
Fee and commission 24	Fee and commission 1,375
Investment loss 3,606	Audit charges 110
Registration fee of land <u>29</u>	Lawyer charges 50
	Investment losses 12,675
<u>10,059</u>	Return of trust principal <u>688,848</u>
Income before income tax 21,967	<u>792,912</u>
Income tax expense <u>210</u>	Loss before income tax (<u>4,061</u>)
Net income after income tax	Income tax expense <u>147</u>
tax \$ <u>21,757</u>	Net loss after income tax (\$ <u>4,208</u>)

Schedule of investment for trust business

September 30, 2009		September 30, 2008	
Invested items	Book value	Invested items	Book value
Bank deposits	\$ 809,965	Bank deposits	\$ 276,094
Bonds	7,246,836	Bonds	12,599,278
Common stocks	10,909,162	Common stocks	2,176,368
Mutual funds	43,644,390	Mutual funds	40,160,262
Real estate- land	2,051,801	Real estate-land	1,011,159
Customers' securities		Customers' securities	
under custody	11,405,713	under custody	6,800,152
Others	<u>1,615,454</u>	Others	<u>1,885,454</u>
	<u>\$ 77,683,321</u>		<u>\$ 64,908,767</u>

Foreign currency pecuniary trust operated by the Offshore Banking Unit (OBU) as of September 30, 2009 and 2008 is included in the trust balance sheet and schedule of investment for trust business.

8. Significant losses from disasters

- (1) The Company: None.
- (2) Subsidiaries: None.

9. Significant subsequent events

- (1) The Company: None.
- (2) Subsidiaries:

On October 12, 2009, Yuanta Securities Finance entered into a contract with Entie Securities Finance for the transfer of business rights of margin loans and stock loans. Effective date, which will be within 3 working days after obtaining approval from Securities and Futures Bureau, is determined by board of directors of both parties. All liabilities (such as agency fees payable to securities firms), tax obligations, disputes with clients and other incurred compensations pursuant to the laws and regulations before effective date will be attributed to Entie Securities Finance, those incurred after effective date will be attributed to Yuanta Securities Finance. As of review report date, the transfer has not yet been approved by the Securities and Futures Bureau; therefore, the amounts of transferred margin loans and stock loans and collaterals were not determined yet.

Given that Resolution Trust Corporation (RTC) compensates Yuanta Bank for \$19.5 billion, Yuanta Bank successfully bid for 18 domestic branches of Chinfon Bank and acquired all assets, liabilities and operations of the branches on October 27, 2009.

10. Others

- (1) Disclosure of financial instruments

A. Fair value of financial instruments

	September 30, 2009		
	Book value	Fair value	
		Quoted market value	Amount determined by a valuation technique
<u>Non-derivative financial instruments</u>			
Assets			
Financial assets with book value equal to fair value			
	\$ 164,779,967	\$ -	\$ 164,779,967
Financial assets at fair value through profit or loss			
	60,824,819	7,161,735	53,663,084
Loans – net	234,277,255	-	234,277,255
Available-for-sale financial assets	22,229,735	11,254,548	10,975,187
Held-to-maturity financial assets	3,048,484	-	3,089,734
Other financial assets – bond investments in non active market	447,274	-	469,692
Liabilities			
Financial liabilities with book value equal to fair value			
	\$ 116,292,431	\$ -	\$ 116,292,431
Deposits	285,445,310	-	285,445,310
Financial liabilities at fair value through profit or loss	1,065,619	-	1,065,619

<u>Derivative financial instruments</u>	September 30, 2009		
	<u>Book value</u>	<u>Fair value</u>	
		<u>Quoted market value</u>	<u>Amount determined by a valuation technique</u>
Assets			
Non-hedge			
FX contracts (swaps and forwards)	\$ 400,525	\$ -	\$ 400,525
Non delivery FX forwards	53,131	-	53,131
FX options held	456,604	-	456,604
Interest rate related contracts (asset swap interest rate swap and general interest rate swap)	3,134,946	-	3,134,946
Future margin deposits	1,087,252	1,087,252	-
Options purchased – futures	394,511	394,511	-
Asset swap options purchased	50,473	-	50,473
Interest rate futures	51,017	-	51,017
Convertible debt options	21,210	-	21,210
Derivative financial instruments – OTC	149,624	-	149,624
Credit default swaps purchased	1,356	-	1,356
Liabilities			
Non-hedge			
FX contracts (cross currency, swaps and forwards)	\$ 524,291	\$ -	\$ 524,291
Non delivery FX forwards	56,326	-	56,326
FX options written	450,260	-	450,260
Equity options written	73,715	-	73,715
Bond options written	1,952	-	1,952
Liabilities for options written – futures	3,319	-	3,319
Asset swap options sold	5,234	-	5,234
Derivative financial instruments – OTC	399,590	-	399,590
Liabilities for issuance of call warrants	9,759,416	9,759,416	-
Repurchase of issued call warrants	(9,294,670)	(9,329,670)	-
Interest rate related contracts (asset swap interest rate swap and general interest rate swap)	3,167,501	-	3,167,501
Credit default swaps written	493	-	493

	September 30, 2008		
<u>Non-derivative financial instruments</u>	<u>Book value</u>	<u>Quoted market value</u>	<u>Amount determined by a valuation technique</u>
Assets			
Financial assets with book value equaling fair value	\$ 110,301,944	\$ -	\$ 102,373,944
Financial assets at fair value through profit or loss	109,316,120	41,400,164	67,915,956
Loans – net	222,928,285	-	222,928,285
Available-for-sale financial assets	17,971,265	11,813,202	6,158,063
Held-to-maturity financial assets	6,157,801	-	6,114,689
Other financial assets – bond investments in non active market	443,329	-	447,951
Liabilities			
Financial liabilities with book value equaling fair value	\$ 103,458,720	\$ -	\$ 103,458,720
Financial liabilities at fair value through profit or loss	1,808,876	-	1,808,876
Deposits	288,546,327	-	288,546,327

September 30, 2008

<u>Derivative financial instruments</u>	<u>Book value</u>	<u>Quoted market value</u>	<u>Amount determined by a valuation technique</u>
Assets			
Non-hedge			
FX contracts (swaps and forwards)	\$ 570,361	\$ -	\$ 570,361
Non-delivery FX forwards	131	-	131
FX options held	219,927	-	219,927
Bond options held	17	-	17
Interest rate related contracts (asset swap interest rate swap and general interest rate swap)	1,227,059	-	1,227,059
Future margin deposits	648,751	474,168	174,583
Options held – futures	14,412	14,412	-
Asset swap options held	10,999	-	10,999
Derivative financial instruments – OTC	103,644	72,910	30,734
Fixed-rate commercial paper	149	-	149
Interest rate futures	40,124	-	40,124
Liabilities			
Non-hedge			
FX contracts (swaps and forwards)	\$ 427,420	\$ -	\$ 427,420
FX options written	219,927	-	219,927
Equity options written	21,679	-	21,679
Bond options written	8	-	8
Liabilities for options written – futures	14,553	14,553	-
Derivative financial instruments - OTC	218,578	-	218,578
Liabilities for issuance of call warrants	42,171	42,171	-
Interest rate related contracts (asset swap interest rate swap and general interest rate swap)	1,273,425	-	1,273,425
Fixed-rate commercial paper	937	-	937
Credit default swaps written	19,412	-	19,412

B. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

(A) The book value of the financial instruments which have a short maturity period will be considered as their fair value. This assumption is used in evaluating the following accounts: cash and cash equivalents, due from Central Bank and placement to other banks, bills and bonds purchased under resale agreements, receivables, other financial assets (not including financial assets stated at cost and bond investments in non-active markets), deposits by Central Bank and other banks, commercial paper payable, bills and bonds sold under repurchase agreements, payables, financial debentures payable, long-term and short-term borrowings and other financial liabilities.

(B) Financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Among the derivative instruments, options are valued using the Black-Scholes model; stock options embedded in convertible bonds and currency and interest rate swaps are evaluated using quotes from the Bloomberg system; forward contracts, currency swaps and cross currency swaps are evaluated using the rates from the Bloomberg system by discounting future cash flows to their present values.

(C) Bills discounted and loans are interest-bearing financial assets; hence, their fair value approximates their book value.

(D) There is no quoted market price in an active market for the unlisted stocks under the financial assets 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.

(E) Other financial assets: If there is an actual transaction price or a quoted market price for bond investments with no active market, 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 used is the discounted values of expected future cash flows.

- (F) Most deposits and remittances are financial liabilities with floating rates. Hence, the book value approximates the fair value.
- C. Yuanta Bank and its subsidiaries recognized current net gain and loss on financial assets and financial liabilities at fair value based on valuation techniques amounting to \$384,866 and (\$20,086) for the nine months ended September 30, 2009 and 2008, respectively.
- D. As of September 30, 2009, the Group had financial assets and financial liabilities with fair value risk arising from interest rate changes amounting to \$205,240,830 and \$54,968,577, respectively.
- E. As of September 30, 2009, the Group had financial liabilities with cash flow risk arising from interest rate changes amounting to \$206,212,122 and \$7,973,507, respectively.
- F. For the nine months ended September 30, 2009 and 2008, the Group recognized interest income from the financial assets or financial liabilities not at fair value through profit or loss amounting to \$7,016,322 and \$12,447,239, respectively; and interest expense from the financial assets or financial liabilities not at fair value through profit or loss amounting to \$2,056,677 and \$5,689,559, respectively. The Group recognized the change in fair value of available-for-sale financial assets and has recorded as an adjustment account in the stockholders' equity amounting to \$2,261,686 and \$82,687, and the amount of the gain on fair value change reclassified from the stockholders' equity into the statement of income was \$691,545 and \$52,174 for the nine months ended September 30, 2009 and 2008, respectively.
- G. Risk management and hedging strategy

(A) Risk management

The structure of the Group risk management system includes the Board of Directors of the Company and all subsidiaries, high level management, the risk management departments and the business departments. In order to control risk effectively, the Group is responsible for overall planning. The members of the department include the risk management departments of Yuanta Financial Holdings, the risk management departments of Yuanta Bank, the risk management departments of Yuanta Securities and the related risk management departments of all subsidiaries or relevant associates. The chief executive officer of the department is in charge of all activities, through integrated planning and in accordance with the Group's business strategy, to develop the Group's overall risk management mechanism and to maximize profit for stockholders.

The Group performs risk management based on the guidelines of the risk management set by the Board of Directors in order to establish the risk management system and sound operating development, promote operating model for appropriate risk management, reach operating goals and increase stockholder value.

(B) Hedging strategy (financial hedging)

The Group strategy is to use derivatives to control the risk of price volatility within a manageable range. According to its capacity of tolerating risk, the Group sets the notional amounts, value at risk and related hedge strategies for each of its businesses. The Group also establishes mechanisms to monitor the changes in hedged positions and principles to treat its over-hedged or under-hedged positions.

a. Equity securities

The Group will bear the risk of value loss while there is an unfavorable change in the price of the target security. The Group uses a complete risk management system and index futures and options to lower the market risk.

b. Fixed income securities

The major risk associated with fixed income securities results from changes in interest rate. The Group bears market risk when the change in interest rates is unfavorable. The Group uses derivatives such as interest rate swaps, governmental bond futures and bond options to hedge the market risk.

c. Warrants

The major risk associated with warrants results from unfavorable changes in the price of the target security. To lower the risk, the Group acquires the underlying securities (Delta) as basic position and adjusts the shares of the target securities, the number of convertible bonds held and warrants based on a dynamic hedging model (when the price of underlying securities rises, Delta value increases and the Group shall buy more stocks; and when the price of underlying securities falls, Delta value decreases and the Group shall sell more stocks) on an ongoing basis. The Group also acquires warrants whose values are lower than the expected prices from the market to offset the fluctuation risk.

d. Structured notes

Structured notes are a combination of fixed income securities and asset options. The market risk of structured notes includes risk resulting from changes in interest rates, stock prices and volatility. To lower the market risk resulting from engaging in the business, not only the interest generated from investing in fixed income securities is used to repay the principal due, but also the Group establishes a dynamic hedging position. Hedging positions are usually within a range centered on the theoretical hedge amount.

e. Asset swap

The Group detaches options from convertible bonds and sells them to the market separately. This business involves market risk and credit risk of the counterparty. To lower the market risk, the Group sells the fixed income security part and the option part to third parties while credit limit is applied to lower the credit risk from the counterparty.

H. Financial risk information

Yuanta Bank and its subsidiaries

To build up a good risk management system and to improve business development, Yuanta Bank and its subsidiaries established a risk management policy approved by the Board of Directors, which focuses on risks that can be managed to achieve operative goals, to implement the system effectively and to generate stable and high-quality earnings for stockholders.

Yuanta Bank and its subsidiaries follow a risk management policy and strive to quantify, assess, and then manage risks in order to price risks and to obtain the optimal capital allocation.

The risks Yuanta Bank and its subsidiaries encountered were as follows:

(A) Market risk

Market risk means changes in interest rates, exchange rates, and the prices of equity securities and instruments which may result in a loss for Yuanta Bank and its subsidiaries, either on or off the balance sheet. Yuanta Bank and its subsidiaries have developed a market risk management standard. Through the market risk management system, Yuanta Bank and its subsidiaries are able to evaluate and control each part of the market risk as well as control transaction risk of the financial instruments by adopting the credit approval policy, position limitation, stop loss point setting, and a management control process.

As of September 30, 2009, Yuanta Bank and its subsidiaries had government bonds amounting to \$12,391,108 (recorded as financial assets held for trading purpose of \$4,097,569 and available-for-sale financial assets of \$8,293,539). Among the government bonds held by Yuanta Bank and its subsidiaries, bonds with a fixed rate amounted to \$12,355,706, and the fair value of fixed-rate government bond investment will be affected by a change in market rate. A 1% increase in market rate will result in the fair value of fixed-rate government bond investment decreasing by \$3,451. In addition, as of September 30, 2009, Yuanta Bank and its subsidiaries had corporate bonds amounting to \$7,317,356 (recorded as financial assets held for trading purpose of \$1,117,429 and available-for-sale financial assets of \$6,199,927). The fixed-rate corporate bonds amounted to \$7,009,988, and the fair value of fixed-rate corporate bond investment will be affected by a change in market rate. A 1% increase in market rate will result in the fair value of bond investment decreasing by \$1,579.

Yuanta Bank and its subsidiaries engage in foreign currency transactions which give rise to foreign currency assets and liabilities. Therefore, changes in exchange rates will affect the fair value of the net position in foreign currencies. For assets denominated in United States dollars (USD), appreciation of the NTD by \$0.1 (in NT dollar) against the USD position of (USD\$190,506) will cause a loss of \$19,051.

As of September 30, 2008, Yuanta Bank and its subsidiaries held government bonds amounting to \$4,804,256 (recorded as financial assets held for trading purpose of \$821,533 and available-for-sale financial assets of \$3,982,723). All the government bonds held by Yuanta Bank and its subsidiaries are bonds with a fixed rate. The fair value of fixed-rate bond investment will be affected by a change in market rate. A 1% increase in market rate will result in the fair value of fixed-rate government bond investment decreasing by \$139,998. In addition, as of September 30, 2008, Yuanta Bank and its subsidiaries had corporate bonds amounting to \$6,036,151 (recorded as available-for-sale financial assets). The fixed-rate corporate bonds amounted to \$5,736,151, and the fair value of fixed-rate corporate bond investment will be affected by a change in market rate. A 1% increase in market rate will result in the fair value of bond investment decreasing by \$103,348.

As of September 30, 2008, Yuanta Bank and its subsidiaries engage in foreign currency transactions which give rise to foreign currency assets and liabilities. Therefore, changes in exchange rates will affect the fair value of the net position in foreign currencies. For assets denominated in USD, appreciation of the NTD by \$0.1 (in NT dollar) against the USD position of USD\$49,636 will cause a loss of \$4,964.

(B) Credit risk

Credit risk is the risk that borrowers and counterparties will not be able to fulfill contracts. Yuanta Bank and its subsidiaries have developed a credit risk management standard which is able to evaluate and manage possible credit risk resulting from business operations by establishing and implementing a risk management structure.

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

	September 30, 2009	
	Book value	Maximum credit exposure
<u>Non-derivative financial assets</u>		
Financial assets with book value equal to fair value	\$ 75,579,214	\$ 75,579,214
Financial assets at fair value through profit or loss – net	27,906,074	27,906,074
Bills discounted and loans – net	234,277,256	234,277,256
Available-for-sale financial assets – net	16,564,683	16,564,683
Held-to-maturity financial assets	211,462	211,462
Bond investments in non active market	147,274	147,274
Other financial assets	23,559	23,559
Off-balance sheet accounts		
Guarantees receivable	-	12,145,676
L/C receivable	-	3,541,896

	<u>September 30, 2009</u>	
<u>Derivative financial assets</u>	<u>Book value</u>	<u>Maximum credit exposure</u>
FX options purchased	\$ 456,604	\$ 456,604
Convertible debt options	21,210	21,210
Asset swap options purchased	50,473	50,473
FX contracts (swaps, forwards and cross currency)	400,525	400,525
Non delivery FX forwards	53,131	53,131
Asset swap interest rate and general interest rate swap	3,134,946	3,134,946
Interest rate futures	51,017	51,017
Credit default swaps purchased	1,356	1,356

	<u>September 30, 2008</u>	
<u>Non-derivative financial assets</u>	<u>Book value</u>	<u>Maximum credit exposure</u>
Financial assets with book value equaling fair value	\$ 42,982,021	\$ 42,982,021
Financial assets at fair value through profit or loss – net	69,963,333	69,963,333
Bills discounted and loans – net	223,038,285	223,038,285
Available-for-sale financial assets – net	11,386,313	11,386,313
Held-to-maturity financial assets	586,055	586,055
Bond investments in non active market	143,329	143,329
Other financial assets	28,094	28,094
Off balance sheet accounts		
Guarantees receivable	-	7,618,974
L/C receivable	-	4,377,475

	<u>September 30, 2008</u>	
<u>Derivative financial assets</u>	<u>Book value</u>	<u>Maximum credit exposure</u>
FX options held	\$ 219,927	\$ 219,927
Asset swap options held	10,999	10,999
Bond options held	17	17
FX contracts (swaps, forwards and cross currency)	570,361	570,361
Non-delivery FX forwards	131	131
Asset swap interest rate and general interest rate swap	1,227,059	1,227,059
Interest rate futures	40,124	40,124
Fixed-rate commercial paper	149	149

Yuanta Bank and its subsidiaries conduct a cautious credit assessment before qualifying loans and guarantees. Loans with collateral amounted to 65.34% of the total amount of loans. In order to obtain credit lines from the Group, borrowers and guarantors are asked to provide collateral such as cash, fixed assets, liquid securities, and other assets. Furthermore, in order to reduce credit risk, Yuanta Bank and its subsidiaries follow certain credit policies and negotiate credit limits with counterparties. In addition, Yuanta Bank and its subsidiaries may sign net settlement agreements with the counterparty to reduce credit risk.

Concentration of credit risk refers to the significant concentration of credit risks from all financial instruments, whether the risks are from an individual counterparty or group of counterparties. Yuanta Bank and its subsidiaries' concentration of credit risks exists if a number of counterparties are engaged in similar activities or activities in the same region, or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. There is no significant concentration of credit risk from counterparties of Yuanta Bank and its subsidiaries' financial instruments. The related information is as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
<u>Loans by region</u>		
Domestic	\$ 228,935,303	\$ 217,985,694
Overseas	<u>10,075,845</u>	<u>9,014,026</u>
Total	<u>\$ 239,011,148</u>	<u>\$ 226,999,720</u>

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
<u>Loans by industry</u>		
Manufacturing	\$ 63,582,904	\$ 51,768,546
Private enterprises	15,670,352	23,719,602
Construction	5,732,541	5,032,492
Private individual	105,946,486	109,092,211
Others	<u>48,078,865</u>	<u>37,386,869</u>
	<u>\$ 239,011,148</u>	<u>\$ 226,999,720</u>

(C) Liquidity risk

Liquidity risks include market and capital risks. Market risk is the risk that market prices will encounter obvious changes. Capital risk is the risk that a responsibility cannot be fulfilled because of being unable to convert assets into cash or acquire enough cash. Yuanta Bank and its subsidiaries' risk management approach starts with managing the daily payments and forecasting cash flows. It then covers tactical liquidity risk management dealing with access to unsecured funding sources. Yuanta Bank and its subsidiaries' cash flows are monitored by the treasury department on a daily basis and ensure Yuanta Bank and its subsidiaries' access to liquidity.

To control risk effectively, support from management are essential in addition to the factors mentioned above. Under the full support of management, the risk management system of Yuanta Bank and its subsidiaries have been established. It has resulted in improving management efficiency, and the result is gradually becoming more evident.

Yuanta Bank and its subsidiaries control the transaction risks of the financial instruments by adopting the credit approval policy, position limitation, stop loss point setting, and a management control process. In addition, Yuanta Bank and its subsidiaries maintain adequate current assets, and utilize money market and foreign exchange market instruments to support its future cash flow requirements.

The liquidity reserve ratio for Yuanta Bank and its subsidiaries was 26.0% and 29.9% as of September 30, 2009 and 2008, respectively. In addition, Yuanta Bank and its subsidiaries' capital and working capital were sufficient to fulfill all obligations. Thus, there was no material liquidity risk that Yuanta Bank and its subsidiaries may fail to meet the obligation. Analysis for time to maturity of Yuanta Bank and its subsidiaries' assets and liabilities is as follows:

	September 30, 2009						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Financial instruments							
Assets							
Non-derivative financial instruments							
Cash and cash equivalents	\$ 4,880,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,880,096
Due from Central Bank and call loans from banks	30,028,243	2,315,696	3,363,373	1,281,604	4,097,944	-	41,086,860
Financial assets for trading purpose							
Treasury bills	3,299,495	-	-	-	-	-	3,299,495
Government bonds	4,097,569	-	-	-	-	-	4,097,569
Corporate bonds	1,117,429	-	-	-	-	-	1,117,429
Beneficiary certificates	80,041	-	-	-	-	-	80,041
Commercial paper	2,742,633	-	-	-	-	-	2,742,633
Negotiable certificate of deposits	15,710,016	-	-	-	-	-	15,710,016
Financial assets designated for trading purpose							
Convertible corporate bonds	-	-	-	14,336	428,803	290,223	733,362
Asset swaps - convertible corporate bonds	-	-	-	34,396	-	-	34,396
Investment in bills and bonds under resale agreement	4,569,749	-	-	-	-	-	4,569,749
Bills discounted and loans	16,503,342	19,452,518	15,591,025	27,224,268	30,893,646	124,612,456	234,277,255
Available-for-sale financial assets							
Government bonds	-	226,005	-	1,368,301	4,515,442	2,183,791	8,293,539
Corporate bonds	75,179	-	-	1,513,805	2,730,373	1,880,570	6,199,927
Convertible corporate bonds	-	-	-	62,542	476,637	308,738	847,917
Financial bonds	-	246,002	-	-	629	-	246,631
Beneficiary securities	-	-	-	49,535	161,206	-	210,741
Stocks listed on TSE or OTC	765,928	-	-	-	-	-	765,928
Held-to-maturity financial assets							
Corporate bonds	-	-	-	-	161,000	-	161,000
Asset backed securities	-	-	-	-	-	50,462	50,462
Other financial assets							
Non-active - financial bonds	-	-	-	-	-	147,274	147,274
Derivative financial instruments							
Financial assets at fair value through profit or loss – derivatives							
Options purchased	269,335	165,555	13,869	39,251	39,754	523	528,287
FX contracts (swaps, forwards and cross currency)	252,024	126,365	18,041	4,095	-	-	400,525
Non delivery FX forwards	53,131	-	-	-	-	-	53,131
Interest rate swap contracts (including asset swap interest rate swap and general interest rate swap)	880,715	2,205,160	46,914	2,157	-	-	3,134,946
Interest rate futures	51,017	-	-	-	-	-	51,017
Credit default swaps purchased	-	-	49	1,307	-	-	1,356
Total assets	85,375,942	24,737,301	19,033,271	31,595,597	43,505,434	129,474,037	333,721,582

September 30, 2009

	<u>0~30 days</u>	<u>31~90 days</u>	<u>91~180 days</u>	<u>181 days~1 year</u>	<u>1~3 years</u>	<u>Over 3 years</u>	<u>Total</u>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
	<u>(recoverable</u>	<u>(recoverable</u>	<u>(recoverable</u>	<u>(recoverable</u>	<u>(recoverable</u>	<u>(recoverable</u>	<u>(recoverable</u>
	<u>amount or</u>	<u>amount or</u>	<u>amount or</u>	<u>amount or</u>	<u>amount or</u>	<u>amount or</u>	<u>amount or</u>
<u>Financial instruments</u>	<u>repayment amount)</u>	<u>repayment amount)</u>	<u>repayment amount)</u>	<u>repayment amount)</u>	<u>repayment amount)</u>	<u>repayment amount)</u>	<u>repayment amount)</u>
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	\$ 2,838,422	\$ 482,419	\$ 4,242,186	\$ 1,970,430	\$ 500,000	\$ -	\$ 10,033,457
Bills and bonds payable under repurchase agreements	5,068,618	-	-	-	-	-	5,068,618
Deposits and remittances	45,485,427	28,038,569	32,092,885	45,251,747	139,297,919	200,000	290,366,547
Financial bonds payable	-	-	-	-	5,000,000	4,800,000	9,800,000
Other financial liabilities	2,260	4,558	6,934	15,947	35,118	137,567	202,384
Derivative financial instruments							
Financial liabilities held for trading purpose – derivatives							
Options written	266,694	165,234	14,803	32,064	52,366	-	531,161
FX contracts (cross currency, swaps and forwards)	214,234	122,250	183,406	4,401	-	-	524,291
Non delivery FX forwards	56,326	-	-	-	-	-	56,326
Interest rate swap contracts (including asset swap, interest rate swap and general interest rate swap)	1,103,871	2,008,738	44,594	1,378	8,920	-	3,167,501
Credit default swaps written	493	-	-	-	-	-	493
Total liabilities	55,036,345	30,821,768	36,584,808	47,275,967	144,894,323	5,137,567	319,750,778
Net liquidity gap	\$ 30,339,597	(\$ 6,084,467)	(\$ 17,551,537)	(\$ 15,680,370)	(\$ 101,388,889)	\$ 124,336,470	\$ 13,970,804

	September 30, 2008						
	0~30 days	31~90 days	91~180 days	181days~1 year	1~3 years	Over 3 years	Total
	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Financial instruments							
Assets							
Non-derivative financial instruments							
Cash and cash equivalent	\$ 5,617,482	\$ -	\$ -	\$ -	\$ -	\$ -	5,617,482
Due from Central Bank and call loans from banks	20,300,482	-	-	-	-	-	20,300,482
Financial assets for trading purpose							
Stocks listed on TSE or OTC	821,532	-	-	-	-	-	821,532
Beneficiary certificates	342,116	-	-	-	-	-	342,116
Beneficiary securities	35,186	-	-	-	-	-	35,186
Commercial paper	14,158,740	-	-	-	-	-	14,158,740
Negotiable certificate of deposits	53,531,668	-	-	-	-	-	53,531,668
Financial assets designated for trading purpose							
Convertible corporate bonds	636,069	-	-	-	-	-	636,069
Assets swaps - convertible corporate bonds	373,762	-	64,260	-	-	-	438,022
Investment in bills and bonds under resale agreement							
Bills discounted and loans - net	5,132,443	-	-	-	-	-	5,132,443
Available-for-sale financial assets	16,169,996	14,498,904	20,523,243	25,505,448	33,563,410	112,777,284	223,038,285
Government bonds							
Corporate bonds	-	-	-	-	2,800,283	1,182,440	3,982,723
Financial bonds	-	300,072	-	574,266	3,930,971	1,230,842	6,036,151
Beneficiary securities	-	-	-	-	249,538	1,343	250,881
Stocks listed on TSE or OTC	718,494	-	-	48,948	349,116	-	398,064
Held-to-maturity financial assets							
Financial bonds	-	-	-	-	-	321,300	321,300
Corporate bonds	-	-	-	-	-	160,650	160,650
Asset backed securities	-	-	-	-	-	104,105	104,105
Other financial assets							
Non-active - financial bonds	-	-	-	-	-	143,329	143,329
Derivative financial instruments							
Financial assets at fair value through profit or loss – derivatives							
Options held	15,093	205,326	-	71	10,453	-	230,943
FX contracts (forwards and swaps)	246,962	252,005	56,574	14,820	-	-	570,361
Non-delivery FX forwards	131	-	-	-	-	-	131
Interest rate swap contracts (including asset swap interest rate swap and general interest rate swap)							
Interest rate futures	1,208	3,080	3,239	143,626	203,087	872,819	1,227,059
Fixed-rate commercial paper	40,124	-	-	-	-	-	40,124
	149	-	-	-	-	-	149
Total assets	118,141,637	15,259,387	20,647,316	26,287,179	41,106,858	116,794,112	338,236,489

September 30, 2008

	<u>0~30 days</u> Amount (recoverable amount or repayment amount)	<u>31~90 days</u> Amount (recoverable amount or repayment amount)	<u>91~180 days</u> Amount (recoverable amount or repayment amount)	<u>181days~1 year</u> Amount (recoverable amount or repayment amount)	<u>1~3 years</u> Amount (recoverable amount or repayment amount)	<u>Over 3 years</u> Amount (recoverable amount or repayment amount)	<u>Total</u> Amount (recoverable amount or repayment amount)
<u>Financial instruments</u>							
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	\$ 3,676,520	\$ 292,150	\$ 4,598,284	\$ 5,501,803	\$ -	\$ -	\$ 14,068,757
Trading purpose – resale securities – liabilities	351,362	-	-	-	-	-	351,362
Bills and bonds payable under repurchase agreements	171,570	23,000	-	-	-	-	194,570
Deposits and remittances	56,530,660	31,741,319	64,890,038	96,147,335	48,734,060	-	298,043,412
Financial bonds payable	-	-	-	-	-	9,800,000	9,800,000
Other financial liabilities	-	-	-	-	-	301,970	301,970
Derivative financial instruments							
Financial liabilities held for trading purpose – derivatives							
Options written	15,083	205,618	-	170	20,743	-	241,614
FX contracts (forwards, swaps and cross currency)	289,266	117,850	20,234	70	-	-	427,420
Interest rate swap contracts (including asset swap interest rate swap and general interest rate swap)	-	3,515	11,414	119,356	235,508	900,778	1,270,571
Fixed-rate commercial paper	-	-	-	937	-	-	937
Credit default swaps written	-	-	-	-	19,412	-	19,412
Total liabilities	<u>61,034,461</u>	<u>32,383,452</u>	<u>69,519,970</u>	<u>101,769,671</u>	<u>49,009,723</u>	<u>11,002,748</u>	<u>324,720,025</u>
Net liquidity gap	<u>\$ 57,107,176</u>	<u>(\$ 17,124,065)</u>	<u>(\$ 48,872,654)</u>	<u>(\$ 75,482,492)</u>	<u>(\$ 7,902,865)</u>	<u>\$ 105,791,364</u>	<u>\$ 13,516,464</u>

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

Cash flow risk arising from changes in interest rates pertain to future cash flows of floating rate assets and liabilities held by Yuanta Bank and its subsidiaries that may fluctuate due to changes in interest rates. Thus, Yuanta Bank and its subsidiaries evaluate interest rate risk and have entered into interest rate swap contract when considering risk level and operation needs to mitigate such risk.

a. Expected repricing date or expected maturity date

As of September 30, 2009 and 2008, the expected repricing date or expected maturity date were not affected by the contract date. The following table shows the interest rate risk of Yuanta Bank and its subsidiaries as represented by the book value of financial assets and financial liabilities and is classified by the earlier of the expected repricing date or expected maturity date:

September 30, 2009

	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	(recoverable amount or repayment amount)	(recoverable amount or repayment amount)	(recoverable amount or repayment amount)	(recoverable amount or repayment amount)	(recoverable amount or repayment amount)	(recoverable amount or repayment amount)	(recoverable amount or repayment amount)
Financial instruments							
Assets							
Non-derivative financial instruments							
Due from other banks	\$ 2,217,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,217,024
Due from Central Bank and call loans from banks	34,344,814	1,600,000	2,500,000	-	-	-	38,444,814
Financial assets for trading purpose							
Treasury bills	3,299,495	-	-	-	-	-	3,299,495
Government bonds	4,097,569	-	-	-	-	-	4,097,569
Corporate bonds	1,117,429	-	-	-	-	-	1,117,429
Commercial paper	2,742,633	-	-	-	-	-	2,742,633
Negotiable certificates of deposits	15,710,016	-	-	-	-	-	15,710,016
Financial assets designated for trading purpose							
Convertible corporate bonds	-	-	-	14,336	428,803	290,223	733,362
Asset swaps – convertible bonds	-	-	-	34,396	-	-	34,396
Investment in bills and bonds under resale agreement	4,569,749	-	-	-	-	-	4,569,749
Bills discounted and loans	15,458,515	17,232,863	12,171,086	20,258,013	29,010,819	139,787,190	233,918,486
Available-for-sale financial assets							
Government bonds	-	226,005	-	1,368,301	4,515,442	2,183,791	8,293,539
Corporate bonds	375,092	-	-	1,513,805	2,430,460	1,880,570	6,199,927
Convertible corporate bonds	-	-	-	62,542	476,637	308,738	847,917
Financial bonds	-	246,002	-	-	629	-	246,631
Beneficiary securities	-	-	-	49,535	161,206	-	210,741
Held-to-maturity financial assets							
Corporate bonds	-	-	-	-	161,000	-	161,000
Asset backed securities	-	-	-	-	-	50,462	50,462
Other financial assets							
Non-active – financial bonds	-	-	-	-	-	147,274	147,274
Derivative financial instruments							
Financial assets for trading purpose -derivatives							
Options purchased	-	-	-	11,811	38,662	-	50,473
FX contracts (forwards, swaps and cross currency)	252,024	126,365	18,041	4,095	-	-	400,525
Interest rate swaps (including asset swap, interest rate swaps and general interest rate swaps)	880,715	2,205,160	46,914	2,157	-	-	3,134,946
Interest rate futures	51,017	-	-	-	-	-	51,017
Total assets	85,116,092	21,636,395	14,736,041	23,318,991	37,223,658	144,648,248	326,679,425

	September 30, 2009						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)	Amount (recoverable amount or repayment amount)
Financial instruments							
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	\$ 2,838,422	\$ 482,419	\$ 4,242,186	\$ 1,970,430	\$ 500,000	\$ -	\$ 10,033,457
Bills and bonds payable under repurchase agreements	5,068,618	-	-	-	-	-	5,068,618
Deposits and remittances	76,664,430	18,094,253	173,635,511	15,602,801	3,321,318	200,000	287,518,313
Financial bonds payable	-	-	-	-	5,000,000	4,800,000	9,800,000
Other financial liabilities	2,260	4,558	6,934	15,947	35,118	137,567	202,384
Derivative financial instruments							
Financial liabilities for trading purpose – derivatives							
Options written	1,967	1,415	934	24,219	52,366	-	80,901
FX contracts (forwards, swaps and cross currency)	214,234	122,250	183,406	4,401	-	-	524,291
Interest rate swap contracts (including asset swap, interest rate swap and general interest rate swap)	<u>1,103,871</u>	<u>2,008,738</u>	<u>44,594</u>	<u>1,378</u>	<u>8,920</u>	<u>-</u>	<u>3,167,501</u>
Total liabilities	<u>85,893,802</u>	<u>20,713,633</u>	<u>178,113,565</u>	<u>17,619,176</u>	<u>8,917,722</u>	<u>5,137,567</u>	<u>316,395,465</u>
Interest-rate-sensitivity gap	<u>(\$ 777,710)</u>	<u>\$ 922,762</u>	<u>(\$ 163,377,524)</u>	<u>\$ 5,699,815</u>	<u>\$ 28,305,936</u>	<u>\$ 139,510,681</u>	<u>\$ 10,283,960</u>

	September 30, 2008						
	0~30 days	31~90 days	91~180 days	181 days~1 year	1~3 years	Over 3 years	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable
	amount or	amount or	amount or	amount or	amount or	amount or	amount or
	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)
Financial instruments							
Assets							
Non-derivative financial instruments							
Due from other banks	\$ 1,016,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,016,868
Due from Central Bank and call loans from banks	12,479,922	434,526	1,300,000	-	-	-	14,214,448
Financial assets for trading purpose							
Government bonds	821,532	-	-	-	-	-	821,532
Commercial paper	14,158,740	-	-	-	-	-	14,158,740
Negotiable certificate of deposits	53,531,688	-	-	-	-	-	53,531,688
Financial assets designated for trading purpose							
Convertible corporate bonds	636,069	-	-	-	-	-	636,069
Assets swaps – convertible bonds	373,762	-	64,260	-	-	-	438,022
Investment in bills and bonds under resale agreement	5,132,443	-	-	-	-	-	5,132,443
Bills discounted and loans- net	102,448,455	23,217,043	14,648,378	13,995,428	24,394,336	44,334,645	223,038,285
Available-for-sale financial assets							
Government bonds	-	-	-	-	2,800,283	1,182,440	3,982,723
Corporate bonds	-	300,072	-	574,266	3,930,971	1,230,842	6,036,151
Financial bonds	-	-	-	-	249,538	1,343	250,881
Beneficiary securities	-	-	-	48,948	349,116	-	398,064
Held-to-maturity financial assets							
Financial bonds	-	-	-	-	-	321,300	321,300
Corporate bonds	-	-	-	-	-	160,650	160,650
Asset backed securities	-	-	-	-	-	104,105	104,105
Other financial assets							
Non-active - financial bonds	-	-	-	-	-	143,329	143,329
Derivative financial instruments							
Financial assets for trading purpose -derivatives							
Options held	17	475	-	71	10,453	-	11,016
FX contracts (forwards, swaps and cross currency)	246,962	252,005	56,574	14,820	-	-	570,361
Interest rate futures	40,124	-	-	-	-	-	40,124
Fixed rate commercial paper	149	-	-	-	-	-	149
Interest rate swaps (including asset swap interest rate swaps and general interest rate swaps)	1,208	3,080	3,239	143,626	203,087	872,819	1,227,059
Total assets	190,887,939	24,207,201	16,072,451	14,777,159	31,937,784	48,351,473	326,234,007

	September 30, 2008						
	0~30 days	31~90 days	91~180 days	181days~1 year	1~3 years	Over 3 years	Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable	(recoverable
	amount or	amount or	amount or	amount or	amount or	amount or	amount or
	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)	repayment amount)
Financial instruments							
Liabilities							
Non-derivative financial instruments							
Due to Central Bank and other banks	\$ 3,676,520	\$ 292,150	\$ 4,598,284	\$ 5,501,803	\$ -	\$ -	\$ 14,068,757
Trading purpose – repurchase securities – government bonds	351,362	-	-	-	-	-	351,362
Bills and bonds payable under repurchase agreements	171,570	23,000	-	-	-	-	194,570
Deposits	92,545,414	20,775,739	142,002,829	38,444,063	1,321,911	660	295,090,616
Financial bonds payable	-	-	-	-	-	9,800,000	9,800,000
Other financial liabilities	-	-	-	-	-	301,970	301,970
Financial liabilities for trading purpose - derivatives							
Options written	8	766	-	170	20,743	-	21,687
FX contracts (forwards, swaps and cross currency)	289,266	117,850	20,234	70	-	-	427,420
Interest rate swap contracts (including asset swap interest rate swap and general interest rate swap)	-	3,515	11,414	119,356	235,508	900,778	1,270,571
Fixed-rate commercial paper	-	-	-	937	-	-	937
Total liabilities	97,034,140	21,213,020	146,632,761	44,066,399	1,578,162	11,003,408	321,527,890
Interest-rate-sensitivity gap	\$ 93,853,799	\$ 2,994,181	(\$ 130,560,310)	(\$ 29,289,240)	\$ 30,359,622	\$ 37,348,065	\$ 4,706,117

1. Effective interest rates

As of September 30, 2009 and 2008, the effective interest rates for financial instruments (except for financial instruments at fair value through profit or loss) held or issued by Yuanta Bank and its subsidiaries are as follows:

September 30, 2009		
Items	NTD	USD
Available-for-sale financial assets		
Government bonds	1.02%~2.37%	-
Corporate bonds	0.70%~5.71%	-
Beneficiary certificates	1.64%~2.63%	-
Financial bonds	-	2.90%~3.50%
Held-to-maturity financial assets		
Asset backed securities	-	6.85%
Bond investments with no active market		
Financial bonds	-	6.14%
Loans and advances		
Short-term loans	2.03%	1.56%
Short-term secured loans	2.48%	2.44%
Mid-term loans	2.01%	2.15%
Mid-term secured loans	2.49%	1.66%
Long-term loans	2.38%	2.72%
Long-term secured loans	1.83%	2.49%
Financial bonds	2.50%~3.25%	-
Deposits		
Demand deposits	0.10%	0.02%
Time deposits	0.10%~0.85%	0.05%~0.95%
Transfer deposits from Chunghwa Post Co.	0.68%	-
Demand savings deposits	0.15%	-
Time savings deposits	0.15%~0.89%	-

September 30, 2008

Items	NTD	USD
Available-for-sale financial assets		
Government bonds	1.01%~2.46%	-
Corporate bonds	1.61%~4.37%	-
Beneficiary certificates	2.17%~9.12%	-
Financial bonds	-	2.90%~3.50%
Held-to-maturity financial assets		
Financial bonds	-	4.71%~5.06%
Asset backed securities	-	6.85%
Bond investments in non active market		
Financial bonds	-	6.00%
Loans and advances		
Short-term loans	3.25%	4.25%
Short-term secured loans	3.51%	5.25%
Mid-term loans	4.38%	4.47%
Mid-term secured loans	4.43%	4.71%
Long-term loans	3.82%	4.83%
Long-term secured loans	3.44%	4.81%
Financial bonds	2.50%~3.25%	-
Deposits		
Demand deposits	0.12%	1.12%
Time deposits	2.26%	3.29%
Transfer deposits from Chunghwa Post Co.	2.75%	-
Demand saving deposits	0.31%~9.54%	-
Time saving deposits	2.40%~2.57%	-

Yuanta Securities' subsidiaries and Yuanta Futures' subsidiaries:

(A) Derivative financial instruments

- a. Derivative financial instruments engaged by Yuanta Securities and its subsidiaries as of September 30, 2009 and 2008 were as follows:

	<u>September 30, 2009</u>	
	<u>Derivative financial assets</u>	<u>Derivative financial liabilities</u>
Interest rate swap contracts	\$ -	\$ 90,075
Currency swap contracts	3,450	12
Asset swap IRS contracts	-	10,932
Asset swap options	130,201	297,450
Structured notes (Note 1)	15,720	959,618
Principal of structured notes (Note 2)	-	571,472
Equity derivatives	<u>253</u>	<u>316</u>
	<u>\$ 149,624</u>	<u>\$ 1,929,875</u>

	<u>September 30, 2008</u>	
	<u>Derivative financial assets</u>	<u>Derivative financial liabilities</u>
Interest rate swap contracts	\$ -	\$ 98,590
Currency swap contracts	-	5,594
Asset swap IRS contracts	-	36,734
Asset swap options	20,166	77,463
Structured notes (Note 1)	83,478	197
Principal of structured notes (Note)	-	2,155,497
	<u>\$ 103,644</u>	<u>\$ 2,374,075</u>

Note 1: Liabilities are recorded under "financial liabilities at fair value through profit or loss."

Note 2: Recorded under "Other financial liabilities".

- b. Gain (loss) on derivative financial instruments engaged by Yuanta Securities and its subsidiaries for the nine months ended September 30, 2009 and 2008 were as follows:

	<u>For the nine months ended September 30, 2009</u>	
	<u>Gain (loss) on derivative</u>	<u>Unrealized gain (loss)</u>
	<u>financial instruments</u>	<u>included</u>
Interest rate swap contracts	(\$ 37,074)	\$ 16,164
Asset swap IRS contracts	24,440	5,002
Asset swap options	(164,921)	(92,419)
Bond options	3	-
Structured notes	(32,102)	(42,146)
Equity derivatives	(9,916)	(20,034)
Cross currency swap contracts		
(Note)	<u>6,960</u>	<u>2,729</u>
	<u>(\$ 212,610)</u>	<u>(\$ 130,704)</u>
	<u>For the nine months ended September 30, 2008</u>	
	<u>Gain (loss) on derivative</u>	<u>Unrealized gain (loss)</u>
	<u>financial instruments</u>	<u>included</u>
Interest rate swap contracts	(\$ 76,710)	(\$ 85,914)
Asset swap IRS contracts	(1,134)	(16,900)
Asset swap options	24,095	49,735
Bond options	(500)	-
Structured notes	164,256	116,172
Equity derivatives	97,545	64,304
Cross currency swap contracts		
(Note)	<u>656</u>	<u>(5,614)</u>
	<u>\$ 208,208</u>	<u>\$ 121,783</u>

Note: Recorded under "Net non-interest income or loss".

(B) Yuanta Securities and its subsidiaries and Yuanta Futures and its subsidiaries engage in futures trading, the presentation on the financial statements are as follows:

a. The balance of futures guarantee deposits in futures account are as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Futures guarantee deposits - self-owned capital	\$ <u>1,125,428</u>	\$ <u>648,751</u>
Balance of excess futures guarantee deposits	\$ <u>1,267,032</u>	\$ <u>362,345</u>

b. Gain or loss from futures contracts are as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Gain from futures contracts	\$ <u>762,063</u>	\$ <u>437,129</u>

c. Gain or loss from futures options:

	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Gain from futures options	\$ <u>31,215</u>	\$ <u>63,251</u>

(C) Yuanta Securities and its subsidiaries engage in warrants, and the profit or loss for the nine months ended September 30, 2009 and 2008 are as follows:

	<u>For the nine months ended September 30,</u>		<u>Account</u>
	<u>2009</u>	<u>2008</u>	
A. Gain (loss) on valuation			
Liabilities for issuance of call (put) warrants	(\$ 11,080,097)	\$ 10,026,358	Gain (loss) on issuance of call (put) warrants
Repurchase of issued call (put) warrants	11,040,644	(4,179,467)	Gain (loss) on issuance of call (put) warrants
Performance prior maturity of issuance of call (put) warrants	(5,556)	(179)	Gain (loss) on issuance of call (put) warrants
Trading securities - hedging			Gain (loss) on recovery (decline) market price of trading securities
	41,682	(39,866)	
Securities lending payables - hedging			Loss on decline in market price of securities lending, and bonds and stock loans under resale agreements
	(5,174)	-	
Future contracts - hedging	(563)	-	Loss on future contracts
B. Gain (loss) on sale			
Repurchase of issued call (put) warrants	(165,678)	(5,445,429)	Loss on issuance of call (put) warrants
Trading securities - hedging	441,010	(279,445)	Gain (loss) on sale of securities – hedging
Securities lending payables			Recovery of loss on sale of securities lending, and bonds and stock loans under repurchase agreements
	(44,617)	-	
Options - hedging	(3,765)	-	Loss on options

(D) Information of derivative financial instruments:

a. Futures

Yuanta Securities and its subsidiaries and Yuanta Futures and its subsidiaries engage in the business of futures dealers. Futures and futures options are traded for the purpose of efficient use of capital. As of September 30, 2009 and 2008, TX futures guarantee deposits receivable includes the balance of excess futures guarantee deposits of \$1,267,032 and \$362,345, respectively.

b. Warrants

For information regarding the issuance of warrants, please refer to Note 4(3).

c. Convertible bond asset swaps and options

Yuanta Securities and its subsidiaries engage in the business of asset swaps and options. Under an asset swap, Yuanta Securities and its subsidiaries sell convertible bonds to the counterparty and receive proceeds. Over the contract period, Yuanta Securities and its subsidiaries exchange its cash flows with the counterparty and retain the right to buyback the convertible bonds. Under an option transaction, Yuanta Securities and its subsidiaries keep the right to buyback the convertible bonds or the counterparty has the right to buy the convertible bonds. Yuanta Securities and its subsidiaries can clear the position by rendering its currently owned bonds. As of September 30, 2009 and 2008, notional amounts of convertible bond options purchased were \$745,000 and \$806,415, respectively, and notional principal of convertible bond options sold were \$1,794,000 and \$1,892,200, respectively.

d. Interest rate swaps

Yuanta Securities and its subsidiaries acquired all interest rate swap contracts engaged by Yuanta Core Pacific Securities Co., Ltd. The purpose of Yuanta Securities and its subsidiaries to enter into an interest rate swap contract is to earn the interest gap based on the Company's estimation toward the interest rate trend. The contracts entered with financial institutions are valid for 1-5 years. On settlement date, interest is received and paid according to the production of nominal principal and difference in interest rates. Most of the counterparties are financial institutions. As of September 30, 2009 and 2008, the nominal principal was \$140,447,735 and \$182,322,460, respectively.

e. Structured notes

Yuanta Securities and its subsidiaries combine fixed income instruments with call or put options into structured notes, which are further categorized into equity-linked notes (ELN), principal guaranteed notes (PGN) and credit structure products. On trade date, the contracted amounts were collected in full from the counterparties. The payout amount on maturity will depend on the price fluctuation of the instruments linked to these contracts. All the linked products are financial instruments under the supervision of the SFB. As of September 30, 2009 and 2008, the nominal

principal of ELN were \$515,919 and \$260,057, respectively; the nominal principal of PGN were \$484,600 and \$1,125,766, respectively and the nominal principal of credit structure product were \$579,400 and \$854,400, respectively.

(E) Yuanta Securities and its subsidiaries engage in financial instruments (derivative and non-derivative financial instruments). The related financial risk are as follows:

a. Market risk

Yuanta Securities and its subsidiaries set operational limit, stop loss limit and VaR (value at risk) limit for each business department as the standard of executing risk management.

Yuanta Securities measures market risk of each position using Value-at-risk, which contains a confident interval of 99% and backtesting.

b. Credit risk

To manage credit risk, Yuanta Securities and its subsidiaries set credit limits for each issuer and counterparty based on an internally established credit rating system. Moreover, Yuanta Securities and its subsidiaries' risk control office continuously improve their credit risk management model, which monitors the changes in the credit situation of security issuers. Therefore, the credit risk of the bonds held is dynamically traced and evaluated.

c. Liquidity risk

Liquidity risk includes market liquidity risk and cash liquidity risk (financial risk). To lower liquidity risk, Yuanta Securities and its subsidiaries set rules for different businesses and securities and adopt dynamic monitoring to manage the market liquidity risk of its entire positions.

For cash liquidity, Yuanta Securities and its subsidiaries manage cash flows on a daily basis and perform stress testing for scenario analysis to ensure the stability of fund sources when exceptions such as system risk and event risk occurred.

d. Operation risk

Operation risk is managed by audit department. Yuanta Securities and its subsidiaries control the operation risk based on an internally established operation procedures and control key points. For operation risk arising from business and transaction procedures, Yuanta Securities and its subsidiaries also set up control procedures and flow path.

e. Legal risk

Legal risk means the risk that the contractual documentation is inadequate with regard to the activities it applies to, whether due to any inaccuracy, incompleteness or other insufficiency; so that it does not fully reflect in an exhaustive and clear manner the intentions of the parties or it does not provide sufficient protection for the interests of Yuanta Securities and its subsidiaries. Legal risk of Yuanta Securities and its subsidiaries is managed by legal department to ensure the legality, lawfulness and validity of contracts.

(F) As Yuanta Futures and its subsidiaries engage in futures derivative financial instruments designated for trading purpose and the transaction amounts are insignificant, the disclosure is simplified as follows:

September 30, 2009

Item	Type of transaction	Uncovered position		Contract amount or paid (collected) premium	Fair value
		Buyer/seller	Number of contracts		
Futures contract	Taiwan Micro Index Futures	Buyer	170	\$ 63,724	\$ 63,657
Futures contract	Taiwan Stock Futures	Buyer	5	7,460	7,479
Futures contract	Taiwan Stock Futures	Seller	21	(31,496)	(31,454)
Option contract	Taiwan Index Futures Options	Buy Call	241	2,075	2,273
Option contract	Taiwan Index Futures Options	Sell Call	271	(2,203)	(2,301)
Option contract	Taiwan Index Futures Options	Buy Put	296	2,421	1,924
Option contract	Taiwan Index Futures Options	Sell Put	465	(1,645)	(1,018)

September 30, 2008

Item	Type of transaction	Uncovered position		Contract amount or paid (collected) premium	Fair value
		Buyer/seller	Number of contracts		
Futures contract	Taiwan Electron Index Futures	Buyer	2	\$ 1,981	\$ 1,824
Futures contract	Taiwan Electron Index Futures	Seller	2	(2,046)	(1,792)
Futures contract	Taiwan Stock Futures	Buyer	686	760,280	760,882
Futures contract	Taiwan Stock Futures	Seller	8	(10,034)	(8,861)
Futures contract	Taiwan Micro Index Futures	Buyer	3	1,040	823
Futures contract	Taiwan Micro Index Futures	Seller	26	(8,160)	(7,210)
Option contract	Taiwan Index Futures Options	Buy Call	946	7,269	6,176
Option contract	Taiwan Index Futures Options	Sell Call	985	(3,665)	(1,907)
Option contract	Taiwan Index Futures Options	Buy Put	566	4,066	8,236
Option contract	Taiwan Index Futures Options	Sell Put	809	(7,968)	(11,400)

a. Market price risk

As of September 30, 2009 and 2008, Yuanta Futures and its subsidiaries are exposed to price risk because of index options and stock price index futures transactions, which have fair value in the active market. Yuanta Futures and its subsidiaries set limits to control the transaction volume and stop-loss amount of derivatives to reduce its market price risk.

b. Credit risk

Yuanta Futures and its subsidiaries conduct futures contracts and option contracts via Taiwan Futures Exchange; hence, no significant credit risk is expected to occur. Yuanta Futures and its subsidiaries also evaluate credit condition of counterparties and deconcentrate transactions to reduce credit risk.

c. Liquidity risk, cash flow risk and amount/ period/ uncertainty of future cash needs

As of September 30, 2009 and 2008, options and futures held by Yuanta Futures and its subsidiaries have the ability to close out market positions. Hence, the cash flow risk is insignificant.

Yuanta Futures and its subsidiaries have prudent liquidity risk management which includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Yuanta Futures and its subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Yuanta Futures and its subsidiaries engage in options trading, pay (collect) premium prior transactions, and if counterparty request to perform the contract, Yuanta Futures and its subsidiaries have sufficient capital to meet the contract obligation; hence the cash flow risk is insignificant.

d. Operation risk

Yuanta Futures and its subsidiaries engage in futures and options, in order to manage substantial guarantee deposits, each guarantee deposit's collection and payment is controlled by operational procedures to prevent human errors.

e. Type, purpose, and strategy to accomplish the purpose

Yuanta Futures and its subsidiaries currently engage in futures and options designed for trading purposes to expand their investment channel and make effective use of the capital.

f. Specific risk exposed for futures business

Futures' trading is financial leverage transactions with low guarantee deposits, the risks include: when futures market price is adverse to what a client expects, a futures broker requests additional margin calls to maintain limits of guarantee deposits. If a client is unable to pay margin deposits on time, a futures broker is eligible to cover the futures contract held by the client. In addition, when market price fluctuates, futures contract held by a client may increase loss due to inability to settle.

Specific risk exposed for futures business is unexpected loss arising from a client's default due to changes in market price. Futures commission merchants are required to set aside 2% of monthly commission revenues of consignment trading in accordance with the "Rules Governing Futures Merchants".

(G) Yuanta Securities engaged in futures business shall meet the requirements of relevant futures transactions regulations. Financial ratio and enforcement of Yuanta Securities are as follows:

The table below is prepared according to: “Regulations Governing Futures Commission Merchants”

Article	Calculation formula	September 30, 2009		September 30, 2008		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	1,225,487	225%	763,410	233%	100%	Meets the requirement
	(Total liability - futures trader's equity - reserve for breach of contract losses - reserve for trading losses)	5,451		3,283			
17	Current assets	1,220,578	405%	756,333	444%	100%	Meets the requirement
	Current liabilities	3,014		1,705			
22	Stockholders' equity	1,225,489	306%	763,410	191%	60% 40% (Note 2)	Meets the requirement
	Minimum paid-in capital (Note 1)	400,000		400,000			
22	Adjusted net capital	1,173,360	1,307%	761,008	32,418%	20% 15%	Meets the requirement
	Total amount of customer margins required for the open positions of futures traders	89,746		2,348			

Note 1: “Minimum paid-in capital” is capital or appropriate operating capital stipulated in “Regulations Governing Futures Commission Merchants”.

Note 2: For foreign futures merchants engaging in foreign futures sub-contract business, the ratio for stockholders' equity/ minimum paid-in capital is adjusted to 50% and 30%.

Note 3: "Enforcement" discloses whether it meets the requirement of financial ratio.

(H) Yuanta Futures engaged in futures business shall meet the requirements of relevant futures transactions regulations. Financial ratio and enforcement of Yuanta Core Pacific Securities are as follows:

The table below is prepared according to: “Regulations Governing Futures Commission Merchants”

Article	Calculation formula	September 30, 2009		September 30, 2008		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	2,250,441	916.94%	2,146,052	679%	100%	Meets the requirement
	(Total liability - futures trader's equity - reserve for breach of contract losses - reserve for trading losses)	245,430		316,188			
17	Current assets	11,105,738	120.73%	10,081,882	121%	100%	Meets the requirement
	Current liabilities	9,198,449		8,320,277			
22	Stockholders' equity	2,250,441	314.75%	2,460,052	400%	60% 40% (Note 2)	Meets the requirement
	Minimum paid-in capital (Note 1)	715,000		615,000			
22	Adjusted net capital	2,141,447	198.46%	1,879,355	147%	20% 15%	Meets the requirement
	Total amount of customer margins required for the open positions of futures traders	1,079,031		1,277,428			

Note 1: “Minimum paid-in capital” is capital or appropriate operating capital stipulated in “Regulations Governing Futures Commission Merchants”.

Note 2: For foreign futures merchants engaging in foreign futures sub-contract business, the ratio for stockholders' equity/ minimum paid-in

capital is adjusted to 50% and 30%.

Note 3: "Enforcement" discloses whether it meets the requirement of financial ratio.

(I) Specific risk exposed for futures business

Main risk for futures merchants is credit risk. Credit risk occurs when clients do not deposit margin call on time. Yuanta Futures monitors margin limits on each individual client and requests client to deposit additional margins or decrease the transaction amounts to control this credit risk. In addition, the main risk exposed for Yuanta Futures is market price risk. The market contract price of futures or options held vary depending on the fluctuation of index of underlying investments. If market index price converses to underlying investments, losses occur. Yuanta Futures set up stop-loss points in order to control this risk.

Other subsidiaries

(A) Market risk

Subsidiaries engage in trading purposes, held-to-sale or derivative financial instruments transactions, whose primary market risk comes from price changes in those instruments. Subsidiaries have no significant market risk, as each instrument has set up a stop-loss point and its changes in the fair value are controlled using predetermined limits.

Financial assets of Yuanta Securities Finance are listed stocks, unlisted stocks, open-end funds, beneficiary securities, corporate bonds, convertible corporate bonds, government bonds, financial bonds and other marketable securities approved by the authorities. Except for unlisted stocks and bond investments with non-active market, changes in market interest rates and stock prices fluctuate the value of financial assets. In order to manage market risk, Yuanta Securities Finance conducts transactions with high-credit-quality securities investment firms to manage and reduce market risk.

(B) Credit risk

Yuanta Securities Finance's main business is margin trading, the main risk is credit risk. To control customers' risk, Yuanta Securities Finance not only follows the lower percentage or distributable amounts for abnormal stocks regulated by Taiwan Stock Exchange Corporation and Gre Tai Market but also stipulates distributable method for margin loan limits, warning and treatment, and spread of trust and etc., to reduce the occurrence of credit risk.

Potential credit risk of financial instruments held by Yuanta Securities Finance is derived from the possibility of default of counterparty. Derivative counterparties, issuers and guarantees are limited to high-credit-quality financial institutions; therefore, the possibility of default is insignificant. The maximum exposure risk of the financial assets is the positive fair value at the balance sheet date.

(C) Liquidity risk

Yuanta Securities Finance's capital and working capital are sufficient to fulfill all obligations. Thus, there was no material liquidity risk that Yuanta Securities Finance may fail to meet the obligations.

Financial assets invested by Yuanta Securities Finance, except for unlisted stocks, bonds investments and held-to-maturity bonds with non-active market, others are all with active market. Thus, these financial assets have high liquidity and are expected to be sold at fair value promptly when needed. As a result, Yuanta Securities Finance does not have significant liquidity risk.

The matching of the maturity date and interest rate for assets and liabilities and controlling unmatched gap are Yuanta Securities Finance's basic management policy. As trading conditions are uncertain and trading types are different, the maturity date and interest rate for assets and liabilities are usually unmatched; these gaps may generate either potential gains or losses.

(D) Risk from changes in interest rates

Short-term borrowings held by Yuanta Securities Finance are negotiated prices based on the interest rates in the monetary market. Thus, the changes in market interest rates affects the negotiated interest rates of short-term borrowings and result in fluctuations in future cash flows.

(E) Risk management structure and policy

To have the risk management of Yuanta Securities Finance functioning effectively, internal operation procedures acts as basic structure of Yuanta Securities Finance and Yuanta Securities Finance is equipped with an easy-to-managed computer system for risk information system. Risk management officers also hold weekly meetings on operation safety and strengthens various business information to enhance early warning function of financing and stock loans. In addition, Yuanta Securities Finance integrates resources of shares among related parties to provide a base for risk management.

- (2) Capital adequacy ratio:
Not applicable.
- (3) In accordance with Article 46 of the Financial Holding Company Act, the following table represents the Company's subsidiaries' provision of business credit or endorsements to, or other transactions with, the same individual, the same related party, or the same affiliated company (expressed in millions of New Taiwan dollars; %): Not applicable.
- (4) Significant impact arising from changes in government laws and regulations:
None.
- (5) Information for discontinued operations:
None.
- (6) Major operating assets or liabilities transferred from (or to) other financial institutions:
None.
- (7) Allocation of expenses between the Company and its subsidiaries and among subsidiaries
According to Article 25 of Yuanta Financial Holding Group's Cross-Marketing Management System, contracts regarding legal responsibility and the allocation method for expenses arising from the mutual use of business facilities and cross-sales between the Company's subsidiaries should be formulated and signed.
- (8) Information for private placement securities:
None.

(9) Financial information by business segments

Information by business segments for the nine months ended September 30, 2009 is as follows:

Items	Yuanta Bank	Yuanta Securities	Yuanta Securities Finance	Other businesses	Consolidated
Net interest income	\$ 2,666,704	\$ 503,293	\$ 1,671,415	(\$ 120,800)	\$ 4,720,612
Net non-interest income	<u>1,599,072</u>	<u>9,948,784</u>	<u>1,012,774</u>	<u>1,340,973</u>	<u>13,901,603</u>
Net revenues	4,265,776	10,452,077	2,684,189	1,220,173	18,622,215
Credit losses	(340,193)	(203)	-	(44,312)	(384,708)
Operating expenses	(<u>2,979,456</u>)	(<u>6,656,343</u>)	(<u>296,988</u>)	(<u>957,292</u>)	(<u>10,890,079</u>)
Net income (loss) from continuing operations before income tax	946,127	3,795,531	2,387,201	218,569	7,346,428
Income tax (expense) benefit	(<u>378,085</u>)	(<u>936,145</u>)	(<u>275,793</u>)	<u>280,380</u>	(<u>1,309,643</u>)
Net income (loss) from continuing operations after income tax	<u>\$ 568,042</u>	<u>\$ 2,859,386</u>	<u>\$ 2,111,408</u>	<u>\$ 498,949</u>	<u>\$ 6,037,785</u>

Information by business segments for the nine months ended September 30, 2008 is as follows:

<u>Items</u>	Yuanta Securities				
	<u>Yuanta Bank</u>	<u>Yuanta Securities</u>	<u>Finance</u>	<u>Other businesses</u>	<u>Consolidated</u>
Net interest income	\$ 3,520,557	\$ 532,382	\$ 2,712,990	(\$ 8,249)	\$ 6,757,680
Net non-interest income	<u>1,191,830</u>	<u>10,029,541</u>	<u>226,535</u>	(<u>335,141</u>)	<u>11,112,765</u>
Net revenues	4,712,387	10,561,923	2,939,525	(343,390)	17,870,445
Credit losses	(1,135,910)	(1,362)	-	(1,349)	(1,138,621)
Operating expenses	(<u>3,410,339</u>)	(<u>6,378,211</u>)	(<u>301,234</u>)	(<u>1,370,014</u>)	(<u>11,459,798</u>)
Net income (loss) from continuing operations before income tax	166,138	4,182,350	2,638,291	(1,714,753)	5,272,026
Income tax (expense) benefit	<u>147,635</u>	(<u>778,243</u>)	(<u>352,776</u>)	<u>192,387</u>	(<u>790,997</u>)
Net income (loss) from continuing operations after income tax	<u>\$ 313,773</u>	<u>\$ 3,404,107</u>	<u>\$ 2,285,515</u>	(<u>\$ 1,522,366</u>)	<u>\$ 4,481,029</u>

(10) Financial statements of the Company and condensed financial statements of its subsidiaries:

A. Yuanta Financial Holdings Co., Ltd.

Yuanta Financial Holdings Co., Ltd.

Balance Sheets

September 30, 2009 and 2008

(Expressed In Thousands of Dollars)

<u>ASSETS</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Cash and cash equivalents	\$ 9,624	\$ 14,580	Commercial paper payable - net	\$ 4,438,410	\$ 598,136
Investments in bills and bonds under resale agreements	-	684,218	Financial liabilities at fair value through profit or loss	-	1,450,132
Receivables – net	2,465,762	2,579,080	Payables	3,198,174	2,886,770
Assets held for sale	-	482,754	Bonds payable	5,000,000	5,000,000
Equity investments under the equity method - net	123,324,816	117,976,770	Accrued pension liabilities	6,950	7,496
Other financial assets – net	4,639	4,639	Other liabilities	106	-
Property and equipment - net	162,717	134,477	Total liabilities	<u>12,643,640</u>	<u>9,942,534</u>
Intangible assets – net	6,627	9,827	Common stocks	81,021,057	83,530,437
Other assets – net	535,640	806,245	Additional paid-in capital	24,945,182	27,487,149
			Retained earnings		
			Legal reserve	768,171	603,717
			Special reserve	814,445	101,640
			Unappropriated earnings	6,006,714	4,441,522
			Other stockholders' equity		
			Cumulative translation adjustments	5,996	38,535
			Unrealized gain or loss on available-for-sale financial assets	637,430	(122,051)
			Treasury stocks	(332,810)	(3,375,874)
			Equity directly related to assets held for sale	-	44,981
			Total stockholders' equity	<u>113,866,185</u>	<u>112,750,056</u>
Total assets	<u>\$ 126,509,825</u>	<u>\$ 122,692,590</u>	Total liabilities and stockholders' equity	<u>\$ 126,509,825</u>	<u>\$ 122,692,590</u>

Yuanta Financial Holdings Co., Ltd.
Statements of Income
For the Nine Months Ended September 30,
(Expressed in Thousands of Dollars, Except for Earnings per Share)

Accounts	2009	2008
Revenues		
Investment income accounted for under the equity method	\$ 6,148,418	\$ 4,686,393
Other revenues	22,691	196,766
	6,171,109	4,883,159
Expenses and losses		
Investment loss accounted for under the equity method	(77)	(212,054)
Operating expenses	(390,189)	(389,981)
Other expenses and losses	(137,114)	(89,055)
	(527,380)	(691,090)
Net gain before income tax expense	5,643,729	4,192,069
Income tax benefit	339,920	234,700
Net income	\$ 5,983,649	\$ 4,426,769
Earnings per share		
	<u>Before taxes</u> <u>After taxes</u>	<u>Before taxes</u> <u>After taxes</u>
Basic earnings per share	\$ 0.70 \$ 0.74	\$ 0.51 \$ 0.54

Yuanta Financial Holdings Co., Ltd.
Statements of Cash Flows
For the Nine Months Ended September 30, 2009 and 2008
(Expressed In Thousands of Dollars)

Item	For the nine months ended September 30.	
	2009	2008
<u>Cash flows from operating activities:</u>		
Net income	\$ 5,983,649	\$ 4,426,769
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	18,146	8,527
Amortization	2,497	6,334
Net gains on investments accounted under equity method	(6,148,341)	(4,474,339)
Cash dividends received from equity investments accounted for under the equity method	4,553,333	7,087,716
Net gains from sale of assets held for sale	-	(71,826)
Loss from retirement of assets	-	3,694
Changes on assets and liabilities		
Decrease (increase) in receivables	180,206	(357,947)
Decrease (increase) in other assets	2,227	(3,827)
Decrease in deferred income tax assets	199,212	69,738
Increase in financial liabilities at fair value through profit or loss	-	12,576
Increase in payables	278,247	562,045
Decrease in accrued pension liabilities	(379)	(501)
Increase (decrease) in other liabilities	106	(53,850)
Net cash provided by operating activities	<u>5,068,903</u>	<u>7,215,109</u>
<u>Cash flows from investing activities</u>		
Increase in investments in bills and bonds under resale agreement	-	1,728,595
Acquisition of property and equipment	(40,184)	(112,840)
Acquisition of intangible assets	(421)	(1,255)
Increase in equity investments accounted for under the equity method	(4,132,367)	(13,000,000)
Decrease in equity investments accounted for under the equity method	200,000	-
Return of capital due to capital reduction of investee companies	-	10,365,211
Proceeds from disposal of assets held for sale	-	269,084
Net cash used in investing activities	<u>(3,972,972)</u>	<u>(751,205)</u>
<u>Cash flows from financing activities</u>		
Decrease in commercial paper payable – net	1,986,140	(2,298,709)
Increase in bonds payable	-	5,000,000
Decrease in other borrowings	(1,625,000)	(300,000)
Cash dividends distributed	(1,453,339)	(5,429,478)
Remunerations to director distributed	-	(53,318)
Acquisition of treasury stocks	-	(3,375,874)
Net cash used in financing activities	<u>(1,092,199)</u>	<u>(6,457,379)</u>
Net increase in cash and bank deposits	3,732	6,525
Cash and bank deposits at beginning of period	5,892	8,055
Cash and bank deposits at end of period	<u>\$ 9,624</u>	<u>\$ 14,580</u>
<u>Supplemental disclosures of cash flow information</u>		
Payment of interest	<u>\$ 170,314</u>	<u>\$ 34,351</u>
Payment of income tax	<u>\$ 5</u>	<u>\$ 15,293</u>

B. Yuanta Bank and its subsidiaries

Yuanta Commercial Bank and Its Subsidiaries
Condensed Balance Sheets
September 30, 2009 and 2008
(Expressed In Thousands of Dollars)

<u>ASSETS</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Cash and cash equivalents	\$ 4,880,096	\$ 5,617,482	Due to Central Bank and other banks	\$ 10,033,457	\$ 14,068,758
Due from Central Bank and call loans to other banks	41,086,860	20,300,482	Financial liabilities at fair value through profit or loss	4,279,772	2,311,316
Financial assets at fair value through profit or loss – net	32,075,336	72,032,100	Bills and bonds payable under repurchase agreements	5,068,618	194,570
Investments in bills and bonds under resale agreements	4,569,749	5,132,443	Payables	21,367,955	9,767,789
Receivables – net	24,364,606	11,322,831	Deposits and remittances	290,366,547	298,026,412
Bills discounted and loans – net	234,277,256	223,038,285	Financial bonds payable	9,800,000	9,800,000
Available-for-sale financial assets – net	16,644,724	11,386,313	Accrued pension liabilities	2,222	2,275
Held-to-maturity financial assets – net	211,462	586,055	Other financial liabilities	202,384	301,970
Other financial assets - net	476,686	477,276	Other liabilities	<u>198,578</u>	<u>187,841</u>
Property and equipment – net	2,788,242	2,425,473	Total liabilities	<u>341,319,533</u>	<u>334,660,931</u>
Intangible assets	633,946	1,531,892	Common stocks	21,500,000	22,000,000
Other assets	2,750,199	2,547,694	Additional paid-in capital	1,377,456	-
			Retained earnings	198,022	(226,318)
			Other stockholders' equity	361,330	(39,153)
			Minority interest	<u>2,821</u>	<u>2,866</u>
			Total stockholders' equity	<u>23,439,629</u>	<u>21,737,395</u>
Total assets	<u>\$ 364,759,162</u>	<u>\$ 356,398,326</u>	Total liabilities and stockholders' equity	<u>\$ 364,759,162</u>	<u>\$ 356,398,326</u>

Yuanta Commercial Bank and Its Subsidiaries
Condensed Statements of Income
For the Nine Months Ended September 30, 2009 and 2008
(Expressed in Thousands of Dollars, Except for Earnings (Loss) per Share)

Accounts	For the nine months ended September 30,	
	2009	2008
Net interest income	\$ 2,578,230	\$ 3,371,956
Other non-interest income	1,596,877	1,181,939
Net revenue	4,175,107	4,553,895
Bad debts expense	(340,193)	(1,135,910)
Operating expenses	(3,258,625)	(3,776,917)
Net gain (loss) before income tax expense	576,289	(358,932)
Income tax (expense) benefit	(378,085)	147,365
Net income (loss) after income tax expense	\$ 198,204	(\$ 211,297)
 Earnings per share		
Net income (loss) before income tax	\$ 0.28	(\$ 0.16)
Net income (loss) after income tax	\$ 0.10	(\$ 0.10)

C. Yuanta Securities and Its Subsidiaries

Yuanta Securities and Its Subsidiaries
 Condensed Balance Sheets
 September 30, 2009 and 2008
 (Expressed In Thousands of Dollars)

<u>ASSETS</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Current assets	\$ 60,693,441	\$ 63,105,139	Current liabilities	\$ 31,662,001	\$ 34,999,858
Mutual funds and investments	13,108,906	14,330,523	Other liabilities	<u>2,316,798</u>	<u>3,436,575</u>
Property and equipment – net	5,429,265	4,394,340	Total liabilities	<u>33,978,799</u>	<u>38,436,433</u>
Intangible assets	1,884,688	1,963,096	Common stocks	43,679,388	43,679,388
Other assets	7,414,966	8,696,175	Additional paid-in capital	1,355,860	1,345,604
			Retained earnings	8,450,748	7,992,210
			Other stockholders' equity	<u>1,066,471</u>	<u>1,035,638</u>
			Total stockholders' equity	<u>54,552,467</u>	<u>54,052,840</u>
Total assets	<u>\$ 88,531,266</u>	<u>\$ 92,489,273</u>	Total liabilities and stockholders' equity	<u>\$ 88,531,266</u>	<u>\$ 92,489,273</u>

Yuanta Securities and Its Subsidiaries
Condensed Statements of Income
For the Nine Months Ended September 30, 2009 and 2008
(Expressed in Thousands of Dollars, Except for Earnings per Share)

	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Revenues	\$ 11,700,358	\$ 12,915,454
Expenses	(6,865,090)	(6,874,233)
Net income before income tax expense	4,835,268	6,041,221
Income tax expense	(936,145)	(778,243)
Net income after income tax expense	3,899,123	5,262,978
Minority interest	(54,136)	-
Net income	<u>\$ 3,844,987</u>	<u>\$ 5,262,978</u>
 Earnings per share		
Net income before income tax	<u>\$ 1.11</u>	<u>\$ 1.14</u>
Net income after income tax	<u>\$ 0.89</u>	<u>\$ 1.02</u>

D. Yuanta Securities Finance

Yuanta Securities Finance
Condensed Balance Sheets
September 30, 2009 and 2008
(Expressed In Thousands of Dollars)

ASSETS	September 30, 2009	September 30, 2008	LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2009	September 30, 2008
Current assets	\$ 61,309,696	\$ 59,035,271	Current liabilities	\$ 29,117,313	\$ 25,785,412
Mutual funds and investments	2,110,699	4,175,916	Long-term liabilities	5,006,274	7,509,448
Property and equipment	91,123	220,912	Other liabilities	<u>113,145</u>	<u>111,321</u>
Intangible assets	3,391	9,967	Total liabilities	<u>34,236,732</u>	<u>33,406,181</u>
Other assets	2,627,041	537,911	Common stocks	16,500,000	15,000,000
			Additional paid-in capital	5,525,693	7,025,693
			Retained earnings	9,787,578	8,556,255
			Other stockholders' equity	<u>91,947</u>	<u>(8,152)</u>
			Total stockholders' equity	<u>31,905,218</u>	<u>30,573,796</u>
Total assets	<u>\$ 66,141,950</u>	<u>\$ 63,979,977</u>	Total liabilities and stockholders' equity	<u>\$ 66,141,950</u>	<u>\$ 63,979,977</u>

Yuanta Securities Finance
Condensed Statements of Income
For the Nine Months Ended September 30, 2009 and 2008
(Expressed in Thousands of Dollars, Except for Earnings per Share)

	<u>For the nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 2,293,392	\$ 4,048,491
Operating costs	(1,029,955)	(2,510,516)
Net operating revenues	1,263,437	1,537,975
Operating expenses	(320,799)	(352,777)
Non-operating revenues and gains	824,641	228,857
Non-operating expenses and losses	(34,490)	(272,973)
Net income before income tax	<u>\$ 1,732,789</u>	<u>\$ 1,141,082</u>
Net income after income tax	<u>\$ 1,456,996</u>	<u>\$ 833,548</u>
Earnings per share		
Net income before income tax	<u>\$ 1.05</u>	<u>\$ 1.01</u>
Net income after income tax	<u>\$ 0.88</u>	<u>\$ 0.74</u>

(11) Profitability, asset quality, management information, liquidity and market risk sensitivity of subsidiaries:

Yuanta Bank

A. Profitability

		For the nine months ended September 30,	
		2009	2008
Return on total assets (%)	Before tax	0.16	(0.10)
	After tax	0.06	(0.06)
Return on stockholders' equity (%)	Before tax	2.72	(1.67)
	After tax	0.94	(0.97)
Net profit margin ratio (%)		4.80	(4.71)

Note 1: Return on total assets = Income before (after) income tax/average total assets.

Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.

Note 3: Net profit margin ratio = Income after income tax / total operating revenues.

Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

B. Non-performing loans and non-performing loan asset quality

Unit: thousands of New Taiwan dollars, %

Month / Year		September 30, 2009					September 30, 2008					
Business / Items		Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)	Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)	
Corporate banking	Secured loans	945,129	70,316,092	1.34%	1,159,801	122.71%	966,948	64,428,118	1.50%	732,959	75.80%	
	Unsecured loans	448,012	76,137,904	0.59%	929,739	207.53%	477,764	65,747,296	0.73%	669,776	140.19%	
Consumer banking	Residential mortgage loans (Note 4)	915,173	73,649,196	1.24%	1,035,598	113.16%	1,137,154	72,355,164	1.57%	944,924	83.10%	
	Cash card services	-	-	-	-	-	-	-	-	-	-	
	Small amount of credit loans (Note 5)	178,398	6,166,299	2.89%	1,361,351	763.10%	573,119	10,091,757	5.68%	1,463,951	255.44%	
	Others (Note 6)	Secured loans	199,789	12,195,197	1.64%	145,327	72.74%	490,318	13,889,612	3.53%	127,473	26.00%
		Unsecured loans	11,390	546,460	2.08%	9,003	79.04%	19,659	487,773	4.03%	22,352	113.70%
Gross loan business		2,697,891	239,011,148	1.13%	4,640,819	172.02%	3,664,962	226,999,720	1.61%	3,961,435	108.09%	
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	
Credit card services		28,714	2,210,147	1.30%	41,986	146.22%	30,275	2,499,920	1.21%	52,480	173.34%	
Without recourse factoring (Note 7)		-	719,059	-	-	-	-	2,688,164	-	-	-	
Total balance of non-performing loans exempted from disclosure as debt negotiated (Note 8) <u>\$1,345,494</u>												
Total balance of accounts receivable exempted from disclosure as debt negotiated (Note 8) <u>\$16,773</u>												
Total balance of non-performing loans exempted from disclosure as debt liquidation program and restructuring program (Note 9) <u>\$430,228</u>												
Total balance of non-performing accounts receivable exempted from disclosure as debt liquidation program and restructuring program (Note 9) <u>\$4,893</u>												

- Note 1: The amount recognized as non-performing loans is in compliance with the “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.
- Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.
- Note 3: Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.
- Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.
- Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.
- Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.
- Note 7: Pursuant to the Banking Bureau (5) Letter No. 094000494 dated July 19, 2005, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.
- Note 8: Total balance of non- performing loans exempts from disclosure as debt negotiated and total balance of accounts receivable exempts from disclosure as debt negotiated are disclosed in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 of the FSC dated April 25, 2006.
- Note 9: Total balance of non- performing loans exempts from disclosure as debt liquidation program and restructuring program and total balance of accounts receivable exempts from disclosure as debt liquidation program and restructuring program are disclosed in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 of the FSC dated September 15, 2008.

C. Contract amounts of significant credit risk concentration are as follows:

September 30, 2009			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / net worth of the Current Period
1	Formosa Plastic Group	\$ 3,490,700	14.89
2	CHIMEI Group	3,317,754	14.16
3	HALSHI LIHWA Co., Ltd.	3,304,192	14.10
4	Evergreen Group	2,338,700	10.19
5	Basso Industry Corp.	2,054,230	8.76
6	Mosel Vitelic Inc.	1,922,254	8.20
7	Foxconn Technology Group	1,728,256	7.37
8	Continental Engineering Corporation	1,592,526	6.79
9	Pou Chen Group	1,561,898	6.66
10	E-United Group	1,404,398	5.99

September 30, 2008			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / net worth of the Current Period
1	Formosa Plastic Group	\$ 3,790,936	17.44
2	CHIMEI Group	2,959,112	13.61
3	HALSHI LIHWA Co., Ltd.	2,877,150	13.24
4	Mosel Vitelic Inc.	2,205,954	10.15
5	Basso Industry Corp.	2,080,110	9.57
6	E-United Group	1,681,940	7.74
7	Evergreen Group	1,648,430	7.58
8	PSC Group	1,523,960	7.01
9	Tatung Group	1,405,869	6.47
10	Foxconn Technology Group	1,285,315	5.91

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total outstanding loan amount.

Note 2: Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

Note 3: Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, forfeiting, overdraft, short-term unsecured loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

D. Structure analysis of time to maturity

September 30, 2009

(Expressed in Thousands of New Taiwan Dollars)

	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	80,080,041	21,270,778	15,939,692	31,936,817	177,431,704	326,659,032
Primary funds outflow upon maturity	37,906,108	28,224,266	35,140,140	47,865,294	173,699,690	322,835,498
Gap	42,173,933	(6,953,488)	(19,200,448)	(15,928,477)	3,732,014	3,823,534

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.

September 30, 2009

(Expressed in Thousands of US Dollars)

	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	459,897	148,003	98,521	29,113	127,362	862,896
Primary funds outflow upon maturity	788,062	105,264	75,584	41,618	6,011	1,016,539
Gap	(328,165)	42,739	22,937	(12,505)	121,351	(153,643)

Note : The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units, except otherwise indicated.

September 30, 2008

(Expressed in Thousands of New Taiwan Dollars)

	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	143,529,996	12,410,075	18,626,394	33,974,356	162,047,030	370,587,851
Primary funds outflow upon maturity	89,467,827	31,370,713	69,867,130	104,843,238	80,855,584	376,404,492
Gap	54,062,169	(18,960,638)	(51,240,736)	(70,868,882)	81,191,446	(5,816,641)

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.

September 30, 2008

(Expressed in Thousands of US Dollars)

	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Primary funds inflow upon maturity	759,771	380,112	191,405	16,157	144,842	1,492,287
Primary funds outflow upon maturity	973,027	371,056	54,524	36,314	7,730	1,442,651
Gap	(213,256)	9,056	136,881	(20,157)	137,112	49,636

Note : The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units, except otherwise indicated.

E. Sensitivity analysis of interest rate for assets and liabilities

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

September 30, 2009

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	74,456,223	21,317,168	22,407,042	183,273,575	301,454,008
Interest-rate-sensitive liabilities	85,568,401	170,932,681	13,978,087	13,458,885	283,938,054
Interest-rate-sensitive gap	(11,112,178)	(149,615,513)	8,428,955	169,814,690	17,515,954
Total stockholders' equity					23,251,069
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					106.17
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					75.33

Note: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both Head Office and domestic branches and overseas branches.

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

September 30, 2009

(Expressed in thousands of US dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	297,396	92,836	28,221	117,569	536,022
Interest-rate-sensitive liabilities	579,889	72,970	41,245	-	694,104
Interest-rate-sensitive gap	(282,493)	19,866	(13,024)	117,569	(158,082)
Total stockholders' equity					5,769
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					77.23
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					(2,740.20)

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

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

September 30, 2008

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	184,337,711	23,930,446	17,402,115	75,151,413	300,821,685
Interest-rate-sensitive liabilities	100,440,371	144,787,768	37,701,833	11,424,541	294,354,513
Interest-rate-sensitive gap	83,897,340	(120,857,322)	(20,299,718)	63,726,872	6,467,172
Total stockholders' equity					21,502,698
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					102.20
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					30.08

Note: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head Office and domestic branches and overseas branches.

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

September 30, 2008

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	350,455	132,631	15,913	143,375	642,374
Interest-rate-sensitive liabilities	566,831	40,879	36,132	-	643,842
Interest-rate-sensitive gap	(216,376)	91,752	(20,219)	143,375	(1,468)
Total stockholders' equity					6,739
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					99.77
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					(21.78)

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

(12) Information with respect to the subsidiary holding the capital stock of parent company:

Please refer to Note 1(10) for details.

(13) Presentation of financial statements

Certain accounts of the consolidated financial statements for the nine months ended September 30, 2008 have been reclassified to conform to the presentation of the consolidated financial statements for the nine months ended September 30, 2009.

11. Other Disclosure Items

(1) Related information on material transaction items:

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: None.

B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.

C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.

D. Information regarding receivables from related parties exceeding \$300 million or 10% of the Company's paid-in capital:

The company listed accounts receivable	Counterparty	Relationship	Accounts receivable from related party at September 30, 2009 (Note)	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Disposure		
Yuanta Financial Holdings Co., Ltd	Yuanta Securities Co., Ltd.	A Subsidiary of the Yuanta Group	1,269,668	-	-	-	-	-

Note: Income tax refundable arising from filing consolidated income tax returns which has been eliminated.

E. Information regarding selling non-performing loans: None.

F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

G. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies:

In thousands of NT dollars

Investee	Address	Main service	Percentage of ownership at the period end (%)	Book value	Investment income / loss	Shares (In thousands)	Pro-forma share of ownership (Note 2)	Share ownerships of the Company and related parties (Note 1)	
								Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities Co., Ltd.	11, 12, 13 and 14F, No. 225, Sec. 3, Nanjin E. Rd. Taipei City, Taiwan (R.O.C)	Securities brokerage, dealing and underwriting	100	\$ 60,237,064	\$ 3,844,988	4,367,939	-	4,367,939	100
Yuanta Commercial Bank Co., Ltd.	1, 3, 5, 8F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan (R.O.C)	Banking	100	23,436,808	198,022	2,150,000	-	2,150,000	100
Yuanta Securities Finance Co., Ltd.	7F., No. 66 and 68, Sec., 1, Dunhua S. Rd., Taipei City, Taiwan (R.O.C)	Securities financing, refinancing to securities firms	100	31,796,924	1,408,819	1,650,000	-	1,650,000	100
Yuanta Futures Co., Ltd.	12F, No. 225, Sec. 3, Nanjin E. Rd. Taipei City, Taiwan (R.O.C)	Futures business	100	2,289,910	310,279	100,000	-	100,000	100
Yuanta Asset Management Co., Ltd.	11F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan (R.O.C)	Management of monetary debts of financial institutions	100	2,328,132	274,504	200,000	-	200,000	100
Yuanta Venture Capital Co., Ltd.	6F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan (R.O.C)	Venture capital business	100	3,042,325	111,512	300,000	-	300,000	100
Yuanta Securities Investment Consulting Co., Ltd.	2-3, 10F, No.225, Sec. 3, Nanjin E. Rd. Taipei City, Taiwan (R.O.C)	Investment consulting on securities	100	123,644	293	10,000	-	10,000	100
Yuanta Leasing Co., Ltd.	11F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan (R.O.C)	Purchase, sale, and lease of various real estate and movable properties	99.60	107,026	(2,739)	19,908	-	19,908	99.60

Share ownerships of the Company and related parties (Note 1)

Investee	Address	Main service	Percentage of ownership at the period end (%)	Book value	Investment income / loss	Shares (In thousands)	Pro-forma share of ownership (Note 2)	Total	
								Shares (In thousands)	Percentage of ownership (%)
Yuanta Property Insurance Agency Co., Ltd.	7F, No. 66, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan(R.O.C)	Property insurance agent	100	\$ 6,443	\$ 1,109	-	-	-	100
Yuanta Life Insurance Agency Co., Ltd.	"	Life insurance agent	100	24,669	11,016	300	-	300	100
Yuanta Securities Asia Finance Co., Ltd.	Bermuda	Investment holding	100	11,318,551	167,740	174,063	-	174,063	100
Yuanta Insurance Agency Co., Ltd.	R.O.C	Insurance agent	100	8,633	1,985	500	-	500	100
Yuanta Securities Investment Trust Co., Ltd.	R.O.C	Investment trust	83.19	2,675,192	267,190	51,523	-	51,523	83.19
Din Hwa Securities Investment Management Co., Ltd.	British Virgin Islands	Investments business	50	28,386	-	500	-	500	50
Yuanta Securities (H.K) Co., Ltd. (Note 3)	Hong Kong	Securities brokerage, dealing and underwriting	100	1,967,685	-	708,133	-	708,133	100
Kim Eng Finance Pte. Ltd. (Note 5)	Singapore	Securities brokerage, dealing and underwriting	29.19	6,089,589	-	168,477	-	168,477	29.19
Grand Asia Capital Services Pte. Ltd. (Note 5)	"	Property management consultations	50	7,565	-	500	-	500	50
Yuanta Securities (BVI) Holding Co., Ltd. (Note 4)	British Virgin Islands	Investment holding	100	7,890	-	10	-	10	100
Yuanta I Venture Capital Co., Ltd.	6F, No. 66, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan (R.O.C)	Venture capital business	100	697,070	71,220	74,000	-	74,000	100

Note 1: Common stocks or pro-forma of the Company, directors, supervisors, general managers, vice general manager and investee companies conforming to Company Law shall be included.

Note 2: (a) Pro-forma share of ownership refers to equity marketable securities or derivative instrument contracts (not yet transferred to ownership of shares).

(b) “Equity marketable securities” are marketable securities stipulated in Paragraph 1, Article 11 of Securities and Exchange Law Enforcement Rules, eg: convertible corporation bonds or warrants.

(c) “Derivative instrument contracts” are derivative instruments meeting the definition stipulated in SFAS No. 34, eg: stock options.

Note 3: Formerly Core Pacific International Co., Ltd.

Note 4: Formerly Fuhwa (BVI) Holding Co., Ltd.

Note 5: It is based on the annual financial statements which were not reviewed by independent accountants.

(3) Significant transactions regarding investee companies

A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 20% of the Company's paid-in capital:

Acquirer	Category and name of securities	Account name	Transaction counter-party	Relationship	Beginning balance		Acquisition		Disposal			Ending balance		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Book value	Gain / loss on Disposal	Number of shares (in thousand)	Amount
Yuanta Securities Finance	Beneficiaries certificates:													
	Capital Income Fund	Financial assets at fair value through profit or loss		An affiliated company controlled by the same company as the Company	32,541	\$ 500,000	32,471	\$ 500,000	65,012	\$ 1,001,129	\$ 1,000,000	\$ 1,129	-	\$ -
	Hua Nan Phoenix Bond Fund	"	-		64,453	1,000,000	-	-	64,453	1,002,191	1,000,000	2,191	-	-
	ING Taiwan Bond Fund	"	-	-	64,280	1,000,000	-	-	64,280	1,001,498	1,000,000	1,498	-	-
	FSITC Bond Fund	"	-	-	2,946	500,000	-	-	2,946	501,270	500,000	1,270	-	-
	FSITC Taiwan Bond Fund	"	-	-	30,945	450,000	-	-	30,945	451,071	450,000	1,071	-	-
	PCA Well Pool Fund	"	-	-	61,872	800,000	-	-	61,872	802,030	800,000	2,030	-	-
	Prudential Financial Bond Fund	"	-	-	26,527	400,000	6,623	100,000	33,150	500,910	500,000	910	-	-
	Shin Kong Chi-Shin Fund	"	-	-	33,843	500,000	-	-	33,843	500,555	500,000	555	-	-
													-	-

Acquirer	Category and name of securities	Account name	Transaction counter-party	Relationship	Beginning balance		Acquisition		Disposal			Ending balance		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Book value	Gain / loss on Disposal	Number of shares (in thousand)	Amount
Yuanta Securities Finance	Stocks listed in the TSE or OTC													
	Capital Securities Corporation	Available-for-sale financial assets	-	-	79,837	\$ 843,427	-	\$ -	79,837	\$ 1,208,768	\$ 843,427	\$ 365,341	-	-
	HannStar Display Corporation	"	-	-	19,250	99,051	28,000	194,405	47,250	336,623	293,456	43,167	-	-
Yuanta Asset Management	Stocks listed in the TSE or OTC													
	Capital Securities Corporation	Available-for-sale financial assets	-	-	29,670	235,583	-	-	29,670	528,820	498,002	30,818	-	-

B. Information on the acquisition or disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital:

Disposer	Property item	Acquisition date	Carrying amount	Transaction amount	Payment Status	Transaction counterparty	Relationship	Purpose for disposal	Reference basis of pricing decision	Other arrangement
Yuanta Commercial Bank Co., Ltd.	Land (1~7 floors and parking spaces)	2009/05/27	-	\$444,547	(1) 2009/05/06 \$63,507 (2) 2009/05/08 \$254,027	Yuanta Asset Management	Related party	Offices for operation	Based on appraisal reports issued by real estate appraisers	Note 2
Yuanta Commercial Bank Co., Ltd.	Building (1~7 floor and parking spaces)	2009/05/27	-	\$190,520	(3) 2009/05/18 \$254,026 (4) 2009/05/25 \$63,507	Yuanta Asset Management	Related party			Note 2
		Subtotal	-	\$635,067	635,067					

Note: Represents property transaction between related parties which has been eliminated in the consolidated financial statements.

C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.

D. Information regarding receivables from related parties for which the amount exceeded \$3 million or 10% of the Company's paid-in capital:

The company listed accounts receivable	Counterparty	Relationship	Accounts receivable from related party at September 30, 2009	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Disposure		
Yuanta Commercial Bank Co., Ltd.	Yuanta Financial Holdings Co., Ltd.	Parent Company	\$ 2,016,384 (Note 1)	-	-	-	-	-

Note 1: Income tax refundable arising from filing consolidated income tax returns which has been eliminated.

- E. Information regarding selling non-performing loans: None.
- F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: Note 4(32).
- G. Other material transaction items which were significant to the users of the financial statements: None.
- H. Funds lent to others:

Yuanta Bank engages in the loan and credit business regulated by the Banking Law and is classified as being in the financial service industry. Thus, the disclosure requirement is not applicable. Yuanta Securities and Yuanta Securities Finance which engage in the margin loan and stock loan business are classified as securities firms. Yuanta Securities and Yuanta Securities Finance do not lend funds to others.

Yuanta Futures, Yuanta Securities Investment Consulting, Yuanta Venture Capital and Yuanta Asset Management: None.

Indirect investees : None.

- I. Endorsements and guarantees provided for others:

Yuanta Bank engages in guarantee business regulated by the Banking Law and is classified as being in the financial service industry, so the disclosure requirement is not applicable.

Yuanta Securities Finance, Yuanta Securities, Yuanta Futures, Yuanta Securities Investment Consulting, Yuanta Venture Capital and Yuanta Asset Management: None.

Indirect investees: None.

J. Securities held at the end of period:

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Finance	Beneficiary certificates:							
	FSITC Strategy Balanced Fund	-	Financial assets held for trading purpose	1,305	\$ 11,658	-	\$ 11,658	
	SinoPac Fund	-	"	994	23,825	-	23,825	
	Jin Sun Hi-Tech Fund	-	"	1,110	10,566	-	10,566	
	FSITC Global Trends Fund	-	"	1,540	24,393	-	24,393	
	FSITC Global Taiwan Enterprise Fund	-	"	2,680	31,833	-	31,833	
	PCA Global Green Solutions Fund	-	"	3,000	30,180	-	30,180	
	Shin Kong China Growth Fund	-	"	3,000	36,630	-	36,630	
	Trus well Eastern Key Fund	-	"	3,311	28,775	-	28,775	
	TLAM Taiwan New Trend Fund	-	"	442	5,500	-	5,500	
	Cathay Bond Fund	-	"	67,325	804,445	-	804,445	
					<u>\$ 1,007,805</u>		<u>\$ 1,007,805</u>	
	Beneficiary securities:							
	952 Polaris C	-	Available-for-sale financial assets	-	\$ 462,903	-	\$ 462,903	
	Listed stocks:							
	Asia Cement	-	Available-for-sale financial assets	2,857	102,852	-	102,852	
	Uni-President	-	"	1,163	44,078	-	44,078	
	Formosa Plastics Corporation	-	"	1,218	79,779	-	79,779	
	Formosa Chemicals & Fiber Corporation	-	"	522	32,260	-	32,260	
	Taiwan Fertilizer Company	-	"	200	23,000	-	23,000	
	China Steel	-	"	1,350	40,365	-	40,365	
	Tung Ho Steel Enterprise Corporation	-	"	1,316	44,876	-	44,876	
	Delta Electronics, Inc.	-	"	535	48,953	-	48,953	
	Lemel	-	"	1,906	130,532	-	130,532	
	Epistar Corporation	-	"	160	18,560	-	18,560	
	Mediatek Corporation	-	"	60	32,160	-	32,160	
	Catcher Technology	-	"	331	28,267	-	28,267	
	Evergreen Group	-	"	5,778	106,893	-	106,893	
	Cathay Financial Holdings	-	"	936	49,982	-	49,982	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta Securities Finance	Listed stocks:							
	Chinatrust Financial Holdings	-	Available-for-sale financial assets	206	\$ 4,302	-	\$ 4,302	
	Largan Precision Co., Ltd.	-	"	21	8,862	-	8,862	
	Far Eastone Telecommunications	-	"	3,383	127,201	-	127,201	
	Catcher Technology	-	"	265	25,599	-	25,599	
	Richtek Technology Corporation	-	"	133	36,841	-	36,841	
	CTCI	-	"	766	23,976	-	23,976	
	Elite Enterprise	-	"	322	52,749	-	52,749	
	Dynapack	-	"	80	9,000	-	9,000	
	Simple Technology	-	"	225	41,062	-	41,062	
	Motech Industrial Inc.	-	"	610	53,556	-	53,556	
					<u>1,165,705</u>		<u>1,165,705</u>	
					<u>\$ 1,628,608</u>		<u>\$ 1,628,608</u>	
	Financial bonds:							
	92 Taipei Bank 2C04	-	Held-to-maturity financial assets	-	\$ 300,000	-	\$ 300,000	
	92 Fubon Bank 1A13	-	"	-	200,000	-	200,000	
	92 First Bank 4A	-	"	-	291,347	-	291,347	
	92 Nordic Europe Bond 3F	-	"	-	300,000	-	301,963	
	92 Nordic Europe Bond 3H	-	"	-	120,000	-	120,785	
					<u>\$ 1,211,347</u>		<u>\$ 1,214,095</u>	
Yuanta Securities Finance	Government bonds:							
	85 A5 Central Government Significant Traffic Construction Bond	-	Held-to-maturity financial assets	-	\$ 16,192	-	\$ 17,053	
	85 A6 Central Government Significant Traffic Construction Bond	-	"	-	10,078	-	10,689	
	92 A10 Central Government Construction Bond	-	"	-	101,761	-	107,885	
	95 A5 Central Government Construction Bond	-	"	-	3,006	-	3,103	
	96 A1 Central Government Construction Bond	-	"	-	197,539	-	206,337	
	96 A5 Central Government Construction Bond	-	"	-	197,163	-	207,881	
	97 A1 Central Government Construction Bond	-	"	-	199,630	-	210,923	
					<u>725,369</u>		<u>763,871</u>	
					<u>\$ 1,936,716</u>		<u>\$ 1,977,966</u>	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			
					Book value	(%)	Market value	Note
Yuanta Securities Finance	Stocks:							
	Taiwan Depository & Clearing Corporation	-	Financial assets stated at cost	53,540	\$ 565,330	17.96	\$ -	
	Taiwan Futures Exchange Corporation	-	"	12,523	<u>100,000</u>	5.00	<u>-</u>	
	Financial assets carried at cost				<u>\$ 665,330</u>		<u>\$ -</u>	
Yuanta Asset Management	93 Taiwan Business Bank 1	-	Bond investments in non-active market	-	<u>\$ 300,000</u>	-	<u>\$ 322,418</u>	
	Stocks:							
		The company was an affiliated company controlled by the same company as the Company	Financial assets stated at cost	9 shares	\$ -	-	\$ -	
	Yuanta Life Insurance Agency Co., Ltd. Yuanta Leasing Co., Ltd.	"	"	208	<u>1,212</u>	1.04	<u>1,212</u>	
					<u>\$ 1,212</u>		<u>\$ 1,212</u>	
	Yuanta Property Insurance Agency Co., Ltd.	"	Equity accounted for under the equity method		<u>\$ 1,351</u>	20.00	<u>\$ 1,351</u>	
Yuanta Venture Capital	Beneficiary certificate:							
	Yuanta Wan Tai Bond Fund	The fund management company was an affiliated company controlled by the same company as the Company	Available-for-sale financial assets	15,634	\$ 226,106	-	\$ 226,106	
	Stocks:							
	Advanced Ceramic X Corporation	-	Available-for-sale financial assets	61	7,833	0.10	7,833	
	Jiin Yeeh Ding Enterprise Corp.	-	"	200	7,983	0.37	7,983	
	Logan Technology Corporation	-	"	616	24,706	0.56	24,706	
	Tung Thih Electronic Co., Ltd.	-	"	8	748	0.02	748	
	Neo Solar Power Corporation	-	"	100	4,015	0.06	4,015	
	Advanced International Multitech Co., Ltd.	-	"	164	10,097	0.14	10,097	
	Chi Cheng Enterprise Co., Ltd.	-	"	0.4	73,500	0.00	73,500	
Unitech Electronics Co., Ltd.	-	"	50	1,715	0.11	1,715		
Cub Elecparts Inc.	-	"	35	<u>\$ 2,044</u>	0.07	<u>\$ 2,044</u>		
					<u>\$ 358,747</u>		<u>\$ 358,747</u>	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company		Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
			Account					
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd.	Investee company accounted for under the equity method	Equity accounted for under the equity method	74,000	\$ 697,070	100	\$ 697,070	
	Stocks:							
	Kun Ji Er Venture Capital Co., Ltd.	-	Financial assets stated at cost	10,000	\$ 126,000	14.29	\$ 126,000	
	Ho Ding Venture Capital Co., Ltd.	-	"	10,000	103,200	10.00	103,200	
	Hwa Wei Shi Ji Venture Capital Co., Ltd.	-	"	10,000	101,200	10.00	101,200	
	Qi Ding Venture Capital Co., Ltd.	-	"	10,000	91,200	4.35	91,200	
	Hwa Lu Venture Capital Co., Ltd.	-	"	9,000	90,900	8.70	90,900	
	Hwa Cheng Venture Capital Co., Ltd.	-	"	13,000	90,740	13.00	90,740	
	Sheng Hwa Venture Capital Co., Ltd.	-	"	5,959	62,730	4.00	62,730	
	Lian Jia International Venture Capital Co., Ltd.	-	"	4,000	50,350	8.93	50,350	
	Sheng Tong Venture Capital Co., Ltd.	-	"	6,000	57,120	9.23	57,120	
	TSC Venture Management	-	"	3,700	52,429	9.80	52,429	
	Cheng Xin Technology Development Corporation	-	"	5,000	49,650	6.93	49,650	
	Hwa Sheng Venture Capital Co., Ltd.	-	"	4,000	39,080	3.33	39,080	
	Sheng Yuan Venture Capital Co., Ltd.	-	"	4,000	35,760	9.88	35,760	
	Guan Hwa Venture Capital Co., Ltd.	-	"	4,000	35,600	5.56	35,600	
	Da Hwa Venture Capital Co., Ltd.	-	"	800	8,000	0.50	8,000	
	Li Ding Venture Capital Co., Ltd.	-	"	20,000	204,000	17.39	204,000	
	Prudence Capital Management	-	"	16,000	148,160	8.00	148,160	
	Lian Ding Venture Capital Co., Ltd.	-	"	15,000	142,050	15.00	142,050	
	Xin Sheng Venture Capital Co., Ltd.	-	"	15,300	166,005	16.04	166,005	
	Global Strategic Investment Management, Inc.	-	"	3,000	27,720	1.94	27,720	
	Lian Xun San Venture Capital Co., Ltd.	-	"	10,000	87,200	10.00	87,200	
	KISmart Corporation	-	"	713	8,550	1.45	8,550	
	J Touch Corporation	-	"	644	14,983	1.25	14,983	
	Raydium Semiconductor Corporation	-	"	42	5,038	0.09	5,038	
	C-TECH United Corp.	-	"	827	19,691	2.77	19,691	
	Bai Sha Technology Co., Ltd.	-	"	330	5,700	1.08	5,700	
	Alentropy Taiwan Co., Ltd.	-	"	800	28,000	3.17	28,000	
	CyberPower Systems B.V.	-	"	98	5,648	0.14	5,648	
	Integrated System Solution Corp.	-	"	1,500	15,000	4.16	15,000	
	Kai Din Technology Corporation	-	"	176	8,681	0.19	8,681	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Venture Capital	Stocks:							
	Sheng Hong Medicine Corporation	-	Financial assets stated at cost	1,000	\$ 21,600	3.32	\$ 21,600	
	Tai Doc Technology Corporation	-	"	219	28,160	0.59	28,160	
	G. Marso Electronics, Inc.	-	"	800	<u>13,400</u>	0.00	<u>-</u>	
					<u>\$ 1,943,545</u>		<u>\$ 1,930,145</u>	
Yuanta I Venture Capital	Beneficiary certificates:							
	Yuanta WanTai Bond Fund	-	Available-for-sale financial assets	5,536	\$ 80,073	-	\$ 80,073	
	Stocks:							
	Ralink Technology Corp.	-	"	0.26	<u>24</u>	-	<u>24</u>	
					<u>\$ 80,097</u>		<u>\$ 80,097</u>	
	Capella Microsystems (Taiwan) Inc.	-	Financial assets stated at costs	2,094	\$ 24,046	11.48	\$ 24,046	
	G-TECH Optoelectronics Corporation	-	"	2,391	22,849	9.56	22,849	
	Eon Silicon Solution Inc.	-	"	40	462	11.54	462	
	Great Team Backend Foundry, Inc.	-	"	1,800	66,764	5.17	66,764	
	E-RAY Optoelectronics Technology Co., Ltd.	-	"	2,726	45,990	18.34	45,990	
	U Pack Technology Co., Ltd.	-	"	2,180	42,286	5.23	42,286	
	Integrated System Solution Corp.	-	"	502	32,915	1.40	32,915	
	Ether Precision, Inc.	-	"	2,500	32,220	2.57	32,220	
	WANXIN Mage Inc.	-	"	1,878	31,560	5.02	31,560	
	Greenrich Technology Co., Ltd.	-	"	4,265	27,649	11.22	27,649	
	Micro Base Technology Corp.	-	"	1,560	26,520	5.20	26,520	
	Kai Hwa Trading Co., Ltd.	-	"	1,057	25,008	3.52	25,008	
	Lionin Corporation	-	"	650	25,000	4.57	25,000	
	Achievo Corporation	-	"	126	23,291	0.85	23,291	
	Bridgewell Inc.	-	"	900	22,500	4.81	22,500	
	OEpic Semiconductors Inc.	-	"	1,231	22,263	7.24	22,263	
	KISmart Corporation	-	"	1,250	15,000	2.55	15,000	
	Sync Power Corp.	-	"	625	15,000	6.58	15,000	
	Luminous Town Electronic Co., Ltd.	-	"	1,471	12,864	2.29	12,864	
	Glory Oraise Photonics Corporation	-	"	1,145	12,447	3.56	12,447	
	ANDA Networks, Inc.	-	"	977	12,128	3.75	12,128	
	Arrow Span Inc.	-	"	248	11,331	8.11	11,331	

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Percentage of ownership			Note
					Book value	(%)	Market value	
Yuanta I Venture Capital	Evest Corporation	-	Financial assets stated at costs	182	\$ 6,064	1.52	\$ 6,064	
	Tai Ho Technology Co., Ltd.	-	"	239	2,390	1.61	2,390	
	EoNex Technologies, Inc.	-	"	15	-	1.32	-	
	Infomedia Inc.	-	"	1,608	-	0.87	-	
	Blue Packet Communications, Co., Ltd.	-	"	414	-	4.86	-	
	NUMA Technology Inc.	-	"	1,929	-	19.89	-	
	eLCOS Microdisplay Technology, Ltd.	-	"	2,193	-	6.73	-	
	Microtech International Limited	-	"	7,800	-	4.92	-	
	i1 Inc.	-	"	80	-	1.69	-	
	Procoat Technology Inc.	-	"	847	-	1.30	-	
Ahead Technology Ltd.	-	"	1,000	-	6.67	-		
					<u>\$ 558,547</u>		<u>\$ 558,547</u>	
Yuanta Futures	Stock:							
	Taiwan Futures Exchange	-	Financial assets stated at costs	11,135	\$ 236,309	4.45	\$ 376,690	
	Funds:							
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss	1,259	\$ 15,000	-	\$ 15,047	
	PCA Well Pool Fund	-	"	7,714	<u>100,000</u>	-	<u>100,116</u>	
					<u>\$ 115,000</u>		<u>\$ 115,163</u>	
Yuanta Securities Investment Consulting	Beneficiary certificates:							
	Yuanta WanTai Bond Fund		The fund management company was an affiliated company controlled by the same company as the Company					
			Financial assets stated at costs	2,079	\$ 30,026	-	\$ 30,068	

(4) Investments in People's Republic of China

A. Information of investment in Mainland China:

For the nine months ended September 30, 2009, the investments made by Yuanta Venture Capital's subsidiary, Yuanta I Venture Capital, in entities incorporated in Mainland China were as follows (expressed in thousands of dollars):

Name of investee in Mainland China	Main operational items	Issued capital	Method of investment (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Percentage of direct or indirect investment holding	Gain (loss) recognized during the period (Note 3)	Book value as of September 30, 2009	Accumulated gain returned to Taiwan at end of period
					Invested amount	Retuned amount					
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	USD 36,868	(Note 1)	USD 1,980	-	-	USD 1,980	5.21%	-	NTD 66,764	-
Ether Precision Inc. (Su Zhou)	Manufacturing and selling of a variety of discs	USD 27,700	(Note 2)	USD 1,000	-	-	USD 1,000	2.57%	-	NTD 32,220	-

Note 1: Great Team Backend Foundry, Ltd. (BVI), a 5.21%-owned subsidiary of Yuanta I Venture Capital, resides in a third country. Jie Qun Electronic Technology (Dong Guan) Ltd. is a wholly-owned subsidiary of Great Team Backend Foundry Ltd. (BVI).

Note 2: Ether Precision Inc. (Cayman Islands), a 2.57%-owned subsidiary of Yuanta I Venture Capital, resides in a third country. Ether Precision Inc. (Su Zhou) is a wholly-owned subsidiary of Ether Precision Inc. (Cayman Islands).

Note 3: Gain or loss on investments was not recognized for the reason that the investees are accounted for as financial assets carried at cost.

B. Limitation on investment in Mainland China (expressed in thousands of dollars)

Aggregate investment amount remitted from Taiwan to Mainland China	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investments in Mainland China by Investment Commission of Ministry of Economic Affairs
USD 2,980	USD 2,980	NTD 418,242

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta I Venture Capital's net worth of \$697,070.

(5) Significant commitments or contingency of subsidiaries

Please refer to Note 7.

(6) Significant loss from disasters of subsidiaries

Please refer to Note 8.

(7) Significant subsequent events of subsidiaries

Please refer to Note 9.

(8) Related party transactions of subsidiaries amounting to at least \$100 million

Please refer to Note 5.

(9) Significant transactions between parent company and subsidiaries

Information for the nine months ended September 30, 2009:

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
0	Yuanta Financial Holdings	Yuanta Securities Finance	1	Other payables	17,695	No significant difference from general customers	0.00%
0	Yuanta Financial Holdings	Yuanta Securities Finance	1	Other receivables	221,013	"	0.04%
0	Yuanta Financial Holdings	Yuanta Securities Finance	1	Other receivables	572	"	0.00%
0	Yuanta Financial Holdings	Yuanta Securities	1	Other receivables	1,269,668	"	0.24%
0	Yuanta Financial Holdings	Yuanta Securities	1	Other payables	53,410	"	0.01%
0	Yuanta Financial Holdings	Yuanta Securities	1	Refundable deposits	11,009	"	0.00%
0	Yuanta Financial Holdings	Yuanta Securities	1	Other business and administrative expense	32,930	"	0.01%
0	Yuanta Financial Holdings	Yuanta Bank	1	Other payables	2,016,384	"	0.38%
0	Yuanta Financial Holdings	Yuanta Venture Capital	1	Other payables	6,841	"	0.00%
0	Yuanta Financial Holdings	Yuanta Asset Management	1	Other payables	24,929	"	0.00%
0	Yuanta Financial Holdings	Yuanta Futures	1	Other receivables	55,699	"	0.01%
0	Yuanta Financial Holdings	Yuanta Securities Investment Consulting	1	Other receivables	81	"	0.00%
1	Yuanta Securities Finance	Yuanta Bank	3	Rental income	5,218	"	0.00%
1	Yuanta Securities Finance	Yuanta Bank	3	Due from other banks	9,350	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
1	Yuanta Securities Finance	Yuanta Bank	3	Due from and call loans to other banks	4	No significant difference from general customers	0.00%
1	Yuanta Securities Finance	Yuanta Bank	3	Other payables	16	"	0.00%
1	Yuanta Securities Finance	Yuanta Securities	3	Refinancing handling charges expenses	685,900	"	0.13%
1	Yuanta Securities Finance	Yuanta Securities	3	Rental income	3,882	"	0.00%
1	Yuanta Securities Finance	Yuanta Securities	3	Other business and administrative expense	17,511	"	0.00%
1	Yuanta Securities Finance	Yuanta Securities	3	Other payables	90,669	"	0.02%
1	Yuanta Securities Finance	Yuanta Securities	3	Other payables	16	"	0.00%
1	Yuanta Securities Finance	Yuanta Securities	3	Deposits received on securities lending	88,242	"	0.02%
1	Yuanta Securities Finance	Yuanta Securities	3	Refundable deposits	5,982	"	0.00%
1	Yuanta Securities Finance	Yuanta Securities	3	Gain from disposal of financial assets at fair value through profit or loss	2,421	"	0.00%
1	Yuanta Securities Finance	Yuanta Securities	3	Gain from property transactions	48,177	"	0.01%
1	Yuanta Securities Finance	Yuanta Securities Investment Trust	3	Rental income	315	"	0.00%
1	Yuanta Securities Finance	Yuanta Financial Holdings	2	Other receivables	17,695	"	0.00%
1	Yuanta Securities Finance	Yuanta Financial Holdings	2	Other payables	221,013	"	0.04%
1	Yuanta Securities Finance	Yuanta Financial Holdings	2	Other payables	572	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
1	Yuanta Securities Finance	Yuanta Securities Investments Consulting	3	Other business and administrative expense	6,300	No significant difference from general customers	0.00%
1	Yuanta Securities Finance	Yuanta Securities Investments Consulting	3	Other payables	735	"	0.00%
1	Yuanta Securities Finance	Yuanta Life Insurance Agency	3	Rental income	124	"	0.00%
1	Yuanta Securities Finance	Yuanta Leasing	3	Rent payables	3,140	"	0.00%
2	Yuanta Securities	Yuanta Securities Finance	3	Other miscellaneous income	685,900	"	0.13%
2	Yuanta Securities	Yuanta Securities Finance	3	Other business and administrative expense	3,882	"	0.00%
2	Yuanta Securities	Yuanta Securities Finance	3	Rental income	17,511	"	0.00%
2	Yuanta Securities	Yuanta Securities Finance	3	Other receivables	90,669	"	0.02%
2	Yuanta Securities	Yuanta Securities Finance	3	Other receivables	16	"	0.00%
2	Yuanta Securities	Yuanta Securities Finance	3	Deposits received on securities lending	88,242	"	0.02%
2	Yuanta Securities	Yuanta Securities Finance	3	Refundable deposits	5,982	"	0.00%
2	Yuanta Securities	Yuanta Securities Finance	3	Brokerage commission income	2,421	"	0.00%
2	Yuanta Securities	Yuanta Securities Finance	3	Land	38,784	"	0.01%
2	Yuanta Securities	Yuanta Securities Finance	3	Buildings	9,393	"	0.00%
2	Yuanta Securities	Yuanta Financial Holdings	2	Other payables	1,269,668	"	0.24%
2	Yuanta Securities	Yuanta Financial Holdings	2	Other receivables	53,410	"	0.01%
2	Yuanta Securities	Yuanta Financial Holdings	2	Refundable deposits	11,009	"	0.00%
2	Yuanta Securities	Yuanta Financial Holdings	2	Rental income	32,930	"	0.01%
2	Yuanta Securities	Yuanta Futures	2	Futures commission income	166,531	"	0.03%
2	Yuanta Securities	Yuanta Futures	2	Interest expense – bills and bonds payable under repurchase agreements	64	"	0.00%
2	Yuanta Securities	Yuanta Futures	2	Accounts receivable	17,579	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
2	Yuanta Securities	Yuanta Futures	2	Customer margin deposit account	602,154	No significant difference from general customers	0.11%
2	Yuanta Securities	Yuanta Bank	3	Restricted assets	6,000	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Due from other banks	587,984	"	0.11%
2	Yuanta Securities	Yuanta Bank	3	Due from other banks	89,700	"	0.02%
2	Yuanta Securities	Yuanta Bank	3	Due from other banks	1,865	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Due from other banks	278,459	"	0.05%
2	Yuanta Securities	Yuanta Bank	3	Other interest income	10,217	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Investments in bills and bonds under resale agreements	2,109,351	"	0.39%
2	Yuanta Securities	Yuanta Bank	3	Interests receivable	177	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Other miscellaneous income	125,717	"	0.02%
2	Yuanta Securities	Yuanta Bank	3	Other miscellaneous income	19,064	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Other miscellaneous income	2,074	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Other miscellaneous income	124,327	"	0.02%
2	Yuanta Securities	Yuanta Bank	3	Other miscellaneous income	449	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Other receivables	4,434	"	0.00%
2	Yuanta Securities	Yuanta Bank	2	Interest expense – bills and bonds payable under repurchase agreements	1	"	0.00%
2	Yuanta Securities	Yuanta Bank	2	Interest expense – bills and bonds payable under repurchase agreements	98	"	0.00%
2	Yuanta Securities	Yuanta Bank	3	Cash on hand	825,000	"	0.15%
2	Yuanta Securities	Yuanta Bank	3	Cash on hand	93,500	"	0.02%
2	Yuanta Securities	Yuanta Bank	3	Brokerage commission income	4,794	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
2	Yuanta Securities	Yuanta Bank	3	Refundable deposits	42,044	No significant difference from general customers	0.01%
2	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expense	156,680	"	0.03%
2	Yuanta Securities	Yuanta Venture Capital	3	Rental income	1,838	"	0.00%
2	Yuanta Securities	Yuanta Asset Management	3	Land	85,413	"	0.02%
2	Yuanta Securities	Yuanta Asset Management	3	Buildings	59,882	"	0.01%
2	Yuanta Securities	Yuanta Asset Management	3	Rental income	3,280	"	0.00%
2	Yuanta Securities	Yuanta Leasing	3	Rental income	123	"	0.00%
2	Yuanta Securities	Yuanta Life Insurance Agency	3	Rental income	2,277	"	0.00%
2	Yuanta Securities	Yuanta Property Insurance Agency	3	Rental income	505	"	0.00%
2	Yuanta Securities	Yuanta Venture Capital	3	Brokerage commission income	14	"	0.00%
2	Yuanta Securities	Yuanta Asset Management	3	Brokerage commission income	491	"	0.00%
3	Yuanta Bank	Yuanta Securities Finance	3	Other miscellaneous expenses	5,218	"	0.00%
3	Yuanta Bank	Yuanta Securities Finance	3	Demand deposits	9,350	"	0.00%
3	Yuanta Bank	Yuanta Securities Finance	3	Interest expense – deposits	4	"	0.00%
3	Yuanta Bank	Yuanta Securities Finance	3	Other receivables	16	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Checking deposits	587,984	"	0.11%
3	Yuanta Bank	Yuanta Securities	3	Demand deposits	89,700	"	0.02%
3	Yuanta Bank	Yuanta Securities	3	FX demand deposits	1,865	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Demand deposits	278,459	"	0.05%
3	Yuanta Bank	Yuanta Securities	3	Time deposits	6,000	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Interest expense – deposits	10,217	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Bills payable under repurchase agreements	2,109,351	"	0.39%
3	Yuanta Bank	Yuanta Securities	3	Interests payable	177	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
3	Yuanta Bank	Yuanta Securities	3	Other business and administrative expense	18,965	No significant difference from general customers	0.00%
3	Yuanta Bank	Yuanta Securities	3	Other business and administrative expense	125,942	"	0.02%
3	Yuanta Bank	Yuanta Securities	3	Other business and administrative expense	1,959	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Other business and administrative expense	124,765	"	0.02%
3	Yuanta Bank	Yuanta Securities	3	Accrued expenses	4,434	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Interest income – investments in bills and bonds under resale agreements	1	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Interest income – investments in bills and bonds under resale agreements	98	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Time deposits	825,000	"	0.15%
3	Yuanta Bank	Yuanta Securities	3	Negotiable certificates of deposits	93,500	"	0.02%
3	Yuanta Bank	Yuanta Securities	3	Gain from disposal of financial assets at fair value through profit or loss	4,794	"	0.00%
3	Yuanta Bank	Yuanta Securities	3	Refundable deposits	42,044	"	0.01%
3	Yuanta Bank	Yuanta Financial Holdings	2	Other receivables	2,016,384	"	0.38%
3	Yuanta Bank	Yuanta Securities Investment Trust	3	Other handling fees income	7,816	"	0.00%
3	Yuanta Bank	Yuanta Securities Investment Trust	3	Demand deposits	3,080	"	0.00%
3	Yuanta Bank	Yuanta Securities Investment Trust	3	Time deposits	138,000	"	0.03%
3	Yuanta Bank	Yuanta Futures	3	Other business and administrative expense	206	"	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
3	Yuanta Bank	Yuanta Futures	3	Interest expense – deposits	78,352	No significant difference from general customers	0.01%
3	Yuanta Bank	Yuanta Futures	3	Demand deposits	14,316	"	0.00%
3	Yuanta Bank	Yuanta Futures	3	Demand deposits	1,520,726	"	0.28%
3	Yuanta Bank	Yuanta Futures	3	Time deposits	403,000	"	0.08%
3	Yuanta Bank	Yuanta Securities Investment Consulting	3	Time deposits	101,600	"	0.02%
3	Yuanta Bank	Yuanta Securities Investment Consulting	3	Time deposits	15,000	"	0.00%
3	Yuanta Bank	Yuanta Asset Management	3	Other business and administrative expense	7,332	"	0.00%
3	Yuanta Bank	Yuanta Asset Management	3	Demand deposits	30,194	"	0.01%
3	Yuanta Bank	Yuanta Asset Management	3	Land	195,120	"	0.04%
3	Yuanta Bank	Yuanta Asset Management	3	Buildings	148,334	"	0.03%
3	Yuanta Bank	Yuanta Securities Asia Finance	3	Time deposits	570,906	"	0.11%
3	Yuanta Bank	Yuanta Securities Asia Finance	3	FX demand deposits	3,496	"	0.00%
3	Yuanta Bank	Yuanta Securities (H.K)	3	FX time deposits	320,522	"	0.06%
3	Yuanta Bank	Yuanta Securities (H.K)	3	FX demand deposits	2,038	"	0.00%
6	Yuanta Venture Capital	Yuanta Financial Holdings	2	Other receivables	6,841	"	0.00%
6	Yuanta Venture Capital	Yuanta Securities	3	Other business and administrative expense	1,838	"	0.00%
6	Yuanta Venture Capital	Yuanta Securities	3	Gain from disposal of financial assets at fair value through profit or loss	14	"	0.00%
7	Yuanta Asset Management	Yuanta Bank	3	Rental income	7,332	"	0.00%
7	Yuanta Asset Management	Yuanta Bank	3	Due from other banks	30,194	"	0.01%
7	Yuanta Asset Management	Yuanta Bank	3	Gain from property transactions	195,120	"	0.04%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
7	Yuanta Asset Management	Yuanta Bank	3	Loss from property transactions	148,334	No significant difference from general customers	0.03%
7	Yuanta Asset Management	Yuanta Securities	3	Gain from property transactions	85,413	"	0.02%
7	Yuanta Asset Management	Yuanta Securities	3	Loss from property transactions	59,882	"	0.01%
7	Yuanta Asset Management	Yuanta Securities	3	Other business and administrative expense	3,280	"	0.00%
7	Yuanta Asset Management	Yuanta Financial Holdings	2	Other receivables	24,929	"	0.00%
7	Yuanta Asset Management	Yuanta Securities	3	Gain from disposal of financial assets at fair value through profit or loss	491	"	0.00%
9	Yuanta Futures	Yuanta Securities	3	Futures commission expenses	166,531	"	0.03%
9	Yuanta Futures	Yuanta Securities	3	Interest income – investments in bills and bonds under resale agreements	64	"	0.00%
9	Yuanta Futures	Yuanta Securities	3	Accounts payable	17,579	"	0.00%
9	Yuanta Futures	Yuanta Securities	3	Futures trader's equity	602,154	"	0.11%
9	Yuanta Futures	Yuanta Bank	3	Rental income	206	"	0.00%
9	Yuanta Futures	Yuanta Bank	3	Other interest income	78,352	"	0.01%
9	Yuanta Futures	Yuanta Bank	3	Due from other banks	1,938,042	"	0.36%
9	Yuanta Futures	Yuanta Financial Holdings	2	Other payables	55,699	"	0.01%
9	Yuanta Futures	Yuanta Securities (H.K)	3	Futures trader's equity	157,042	"	0.03%
10	Yuanta Securities Investment Consulting	Yuanta Securities Finance	3	Income from consulting services	6,300	"	0.00%
10	Yuanta Securities Investment Consulting	Yuanta Securities Finance	3	Accounts receivable	735	"	0.00%
10	Yuanta Securities Investment Consulting	Yuanta Securities	3	Income from consulting services	156,680	"	0.03%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of accounting for the total consolidated net revenues or assets (Note 3)
10	Yuanta Securities Investment Consulting	Yuanta Bank	3	Due from other banks	101,600	No significant difference from general customers	0.02%
10	Yuanta Securities Investment Consulting	Yuanta Bank	3	Cash on hand	15,000	"	0.00%
10	Yuanta Securities Investment Consulting	Yuanta Financial Holdings	2	Other payables	81	"	0.00%
11	Yuanta Leasing	Yuanta Securities	3	Other business and administrative expense	123	"	0.00%
11	Yuanta Leasing	Yuanta Securities Finance	3	Notes receivable	3,140	"	0.00%
13	Yuanta Securities Asia Finance	Yuanta Bank	3	Due from other banks	570,906	"	0.11%
13	Yuanta Securities Asia Finance	Yuanta Bank	3	Due from other banks	3,496	"	0.00%
14	Yuanta Securities (H.K)	Yuanta Bank	3	Due from other banks	322,560	"	0.06%
14	Yuanta Securities (H.K)	Yuanta Futures	3	Customer margin deposit account	157,042	"	0.03%
15	Yuanta Life Insurance Agency	Yuanta Securities	3	Other business and administrative expense	2,277	"	0.00%
15	Yuanta Life Insurance Agency	Yuanta Securities Finance	3	Other business and administrative expense	124	"	0.00%
16	Yuanta Property Insurance Agency	Yuanta Securities	3	Other business and administrative expense	505	"	0.00%
18	Yuanta Securities Investment Trust	Yuanta Securities Finance	3	Other business and administrative expense	315	"	0.00%
18	Yuanta Securities Investment Trust	Yuanta Bank	3	Other business and administrative expense	7,816	"	0.00%
18	Yuanta Securities Investment Trust	Yuanta Bank	3	Due from other banks	141,080	"	0.03%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

12. Segment Information:

Not applicable.