

Mega Financial Holding Company

Minutes for the 2012 Annual General Shareholders' Meeting (Summary Translation)

Time and Date: 9:00 a.m., June 15, 2012

Place: 13/F, Jinlin Bldg. of Mega International Commercial Bank, No. 100, Jinlin Road, Taipei, Taiwan, R.O.C.

Total shares represented by shareholders present in person or by proxy:

8,500,242,796 shares

Percentage of shares held by shareholders present in person or by proxy:

85.859% of the total number of 9,900,189,410 issued shares, excluding 1,380,425,352 shares held by shareholders residing in China.

Chairperson: Mr. Yeou-Tsair Tsai, Chairman of the Board of Directors

Recorder: Ms. Chia-Min Hong and Ms. Chia-Lin Chang

1. Announce a quorum is present and call the meeting to order

2. Chairperson's Remarks (omitted)

3. Company Reports

(1) 2011 Business Report (omitted)

(2) Supervisors' Review Report on the 2011 Financial Statements (omitted)

(3) Issuance of Corporate Bonds in 2011 (omitted)

(Shareholders' questions and the management's responses omitted)

4. Matters for Recognition

Proposal 1: Adoption of the 2011 Business Report and Financial Statements

(Proposed by the Board)

Explanation: The Company and its subsidiaries' consolidated financial statements were audited by CPA, Li, Chang-Chou and Lee, Hsiu-Ling of PricewaterhouseCoopers. The 2011 Business Report (omitted) and Financial Statements are attached as Attachment 1.

(Shareholders' questions and the management's responses omitted)

Voting results: the number of shares represented by the shareholders present at the time of voting was 8,500,242,796 and 7,220,576,394 votes were cast for the proposal, which was 84.95% of the votes represented by the

shareholders present.

RESOLVED, that the 2011 Business Report and Financial Statements be and hereby were accepted as proposed.

Proposal 2: Adoption of the Proposal for Distribution of 2011 Earnings

(Proposed by the Board)

Explanation:1. The proposal is handled in accordance with Article 228 of the Company Act and Article 33 of the Company's Articles of Incorporation.

2. The Company's 2011 earning is NT\$17,679,891,842 which was audited by PricewaterhouseCoopers, Taiwan. After adding the retained earning of NT\$5,148,239,738, and deducting the legal reserve

NT\$1,767,989,184, the distributable earning is NT\$21,060,142,396.

According to the Company's Articles of Incorporation and related regulation, the Board of Directors has proposed to distribute the dividends as follows (Attachment 2):

(1) NT\$ 0.85 per share in cash with aggregate cash dividends of NT\$9,588,522,548.

(2) NT\$ 0.15 per share in stock with aggregate stock dividends of NT\$1,692,092,210.

(3) Remuneration to directors and supervisors in cash of NT\$79,559,000, and employees profit sharing in cash for NT\$10,185,989.

3. To accommodate the adoption of income tax integration, the 2011 earnings shall be applied to the funds of dividends distribution first.

4. After this proposal is approved by the annual general shareholders' meeting, the board is authorized to set the ex-dividend date, and after authority approves the stock dividends, the board is authorized to set the ex-right date.

5. If shares outstanding number is changed due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances that affect dividend pay out ratio, the board is authorized to make the necessary adjustment on the pay out ratio.

6. If this proposal requires adjustment due to amendment of regulation, order from regulator or changes from external factors, the board is authorized to make the necessary adjustment.

(Shareholders' questions and the management's responses omitted)

Voting results: the number of shares represented by the shareholders present at the

time of voting was 8,500,242,796 and 7,184,694,456 votes were cast for the proposal, which was 84.52% of the votes represented by the shareholders present.

RESOLVED, that the above proposal for distribution of 2011 earnings be and hereby was accepted as proposed.

5. Matters for Discussion and Election

Proposal 1: Proposal for issuing new shares through capitalization of earnings (Proposed by the Board)

- Explanation:
1. To strengthen financial structure and raise capital adequacy ratio, the Company, in accordance with Article 240 of the Company Act, proposes to appropriate NT\$1,692,092,210 from 2011 earnings as capital for issuance of new 169,209,221 shares, with par value of NT\$10 per share.
 2. The Company's authorized capital is NT\$120,000,000,000, and paid-in capital is NT\$112,806,147,620. After capitalization of retained earnings of NT\$1,692,092,210, the Company's paid-in capital will be NT\$114,498,239,830.
 3. After this proposal is approved by the annual general shareholders' meeting and official authorities, the board is authorized to set the ex-right date. 15 free shares will be distributed per one thousand shares based on the shareholding percentage recorded in the shareholders register on the ex-right date. If the stock dividends include any fractional shares which are less than one full share, the shareholders may go to the Company's stock agent to form one full share by pooling together of their fractional shares within 5 days after the ex-right date, otherwise the distribution will be made in the form of cash in a dollar amount. The Chairman is authorized by the board to contact specific persons to subscribe remainder fractional shares at par value.
 4. Rights and obligations of the newly issued shares are same as the existing shares.
 5. If shares outstanding number is changed due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances that affect dividend pay out ratio, the board is authorized to make the necessary adjustment on the pay out ratio.
 6. If this proposal requires adjustment due to amendment of regulation, order from regulator or changes from external factors, the board is

authorized to make the necessary adjustment.

(Shareholders' questions and the management's responses omitted)

Voting results: the number of shares represented by the shareholders present at the time of voting was 8,500,242,796 and 7,085,237,684 votes were cast for the proposal, which was 83.35% of the votes represented by the shareholders present.

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2: Amendment to the Company's Articles of Incorporation (Proposed by the Board)

Explanation:1. In order to comply with the amendments made to the Company Act and to set up the Audit Committee of the Company, it is proposed that some Articles of the Company's Articles of Incorporation be amended. The key points of the amendment are provided as follows:

- (1) To conform to the needs of capitalization and issuing new shares, the Company's authorized capital will be increased. (Article 6)
- (2) As the Company will set up the Audit Committee which will replace the supervisors, articles in connection with supervisors are amended or deleted. (Articles 10, 19-1, 24, 25, 27 and 28)
- (3) In compliance with Article 36 VII of the Securities Exchange Act, the regular Shareholders' Meeting should be held within 6 months after the close of each fiscal year with no exception. (Article 12)
- (4) In accordance with Article 183 of the Company Act, the distribution of the minutes of the Shareholders' Meeting may be effected by way of public notice. (Article 18)
- (5) To introduce electronic voting system for Shareholders' Meeting, the Company's Directors will be elected by adopting candidate nomination system starting from 2013. (Article 19)
- (6) To keep financial flexibility, the Shareholders' Meeting might propose to adjust the proportion of cash dividend and stock dividend for earning distribution. (Current article 33)

2. Comparison Table for Amended Articles of Incorporations is omitted.

(Shareholders' questions and the management's responses omitted)

Voting results: the number of shares represented by the shareholders present at the time of voting was 8,500,242,796 and 6,511,791,099 votes were cast for the proposal, which was 76.61% of the votes represented by the

shareholders present.

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 3: Amendment to the “Procedures for Acquisition or Disposal of Assets”.
(Proposed by the Board)

Explanation:1. In order to comply with the amendments made to the Regulations Governing the Acquisition or Disposal of Assets by Public Companies, promulgated by FSC on Feb. 13, 2012, it is proposed that some Articles of the Company’s “Procedures for Acquisition or Disposal of Assets” be amended. The key points of this amendment are provided as follows:

- (1) Explicitly specify that an appraisal report or relevant expert’s opinion should be obtained prior to the date when the fact of acquisition or disposal of material assets is occurring. (Article 7, 8 and 9)
- (2) Explicitly specify that there is no necessity to have certified public accountant’s opinion when the acquiring price of fixed assets is less than the expert’s appraisal price or when the disposing price of fixed assets is more than the expert’s appraisal price. (Article 7)
- (3) Explicitly specify the method of identifying material asset transaction. (Amended article 9-1)
- (4) Add the procedures for the Company to sell the property to the related party, or sell or acquire other assets, other than property, to and from the related party. (Article 11, 13 and 25)
- (5) The Company is going to set up the Audit Committee which will replace the supervisors. The wording of supervisor in Articles 13, 16 and 32 will be amended to the wording of Audit Committee. (Article 13, 16 and 32)
- (6) Explicitly specify that material assets transactions and amendment, or set-up, of “Procedures for Acquisition or Disposal of Assets” should be passed by the Audit Committee, if not passed, might be passed by the majority of two thirds of all Directors. (Article 31)

2. Comparison Table for Amended “Procedures for Acquisition or Disposal of Assets” is omitted.

(Shareholders’ questions and the management’s responses omitted)

Voting results: the number of shares represented by the shareholders present at the time of voting was 8,500,242,796 and 6,522,169,239 votes were cast for the proposal, which was 76.73% of the votes represented by the

shareholders present.

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 4: Amendment to the “Election Procedures of Directors and Supervisors”. (Proposed by the Board)

Explanation:1. In line with the amendments made to the Company’s Articles of Incorporation and setup of the Audit Committee, it is proposed that the title of “Election Procedures of Directors and Supervisors” be amended to “Election Procedures of Directors”. The key points of this amendment are provided as follows:

- (1) Setting up the Audit Committee to replace the Supervisors. (Articles 1, 2, 4~6 and 8)
- (2) Adopting the system of candidate nomination system for election of the directors starting from 2013. (Amended article 3)
- (3) Amending the conditions that the ballot will be treated as invalid. (Article 10)

2. Comparison Table for Amended “Election Procedures of Directors and Supervisors” is omitted.

(Shareholders’ questions and the management’s responses omitted)

Voting results: the number of shares represented by the shareholders present at the time of voting was 8,500,242,796 and 7,085,333,337 votes were cast for the proposal, which was 83.35% of the votes represented by the shareholders present.

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 5: Election of the fifth term Board of Directors. (Proposed by the Board)

Explanation:1. The tenure of the Company's fourth term directors and supervisors is going to expire on June 22, 2012. The Company proposes to elect board members at this Annual Meeting of Shareholders.

2. According to Article 14-4 of the Securities Exchange Act, company with public offering of shares should choose to set up an audit committee or supervisors. To follow the global trends and strengthen corporate governance, the Company proposes to set up an audit committee and abolish the supervisors, in accordance with the Securities Exchange Act.
3. According to the Company's Articles of Incorporation, a total of 15~21

directors shall be elected. However, in consideration of the scale of the Company's operation and the practical operation of the Board, the Company proposes to elect 15 directors (including 3 independent directors) for the fifth term Board of Directors. The fifth term Board members will take office immediately after the 2012 AGM, for 3 years, starting from June 15, 2012 to June 14, 2015; and incumbent directors (including independent directors) and supervisors will leave office at the same time.

4. The independent directors shall be elected from the nominated candidates. Personal information of the three independent director candidates is provided at Attachment 3.

(Shareholders' questions and the management's responses omitted)

Election result: Fifteen directors, including three independent directors, were elected by the shareholders present. The list of the newly elected directors with votes received follows:

Position	Shareholder or ID No.	Name of Elected Directors	Shares in Favor
Director	100001	Yeou-Tsair Tsai (Representative of Ministry of Finance)	10,520,906,338
Director	100001	Kuang-Si Shiu (Representative of Ministry of Finance)	8,910,227,266
Director	100001	Ching-Tsai Chen (Representative of Ministry of Finance)	8,851,173,179
Director	100001	Sheng-Chung Lin (Representative of Ministry of Finance)	8,850,879,871
Director	100001	Joanne Ling (Representative of Ministry of Finance)	8,843,156,179
Director	100001	Tzong-Yau Lin (Representative of Ministry of Finance)	8,819,361,119
Director	300237	Kuo-Hui Hsiao (Representative of National	8,817,511,647

		Development Fund, Executive Yuan, R.O.C.)	
Director	837938	Oliver Fang-Lai Yu (Representative of Chunghwa Post Co., Ltd.)	8,814,222,485
Director	637985	Justin Jan-Lin Wei (Representative of Bank of Taiwan)	8,793,150,998
Director	827304	Chung-Hsiang Lin (Representative of Labor Union of Mega International Commercial Bank)	8,767,856,139
Director	100001	Hung-Wen Chien (Representative of Ministry of Finance)	4,159,218,647
Director	100001	Yaw-Chung Liao (Representative of Ministry of Finance)	4,153,586,740
Independent Director	N103324XXX	Tsun-Siou Lee	2,012,212,129
Independent Director	H101287XXX	Shean-Bii Chiu	2,012,182,114
Independent Director	A120631XXX	Chi-Hung Lin	2,012,182,114

Proposal 6: Proposal for exemption of the prohibition on directors from participation in competitive business. (Proposed by the Board)

Explanation:1. In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

2. Certain directors participate in the operations of another company that is the same or similar to that of the Company. It is proposed that the shareholders' meeting release directors and their representatives from the non-competition restrictions according the Article 209 of the Company Act.

3. Details of the above referenced competition activities of the directors are

as follows:

Position	Name of Director	Concurrent Position	Position Held
Director	Ministry of Finance	Taiwan Financial Holding Co.,Ltd.	Director
		Land Bank of Taiwan	Director
		The Export-Import Bank of the Republic of China	Director
		Taiwan Cooperative Holdings Co., Ltd.	Director
		First Financial Holding Co., Ltd.	Director
		Taiwan Business Bank	Director
		Chang Hwa Commercial Bank	Director
Director	Bank of Taiwan	First Financial Holding Co., Ltd.	Director
		Hua Nan Financial Holdings Co., Ltd.	Director
		Taiwan Business Bank	Director
		China Development Financial Holding Corporation	Director
		Union Bank of Taiwan	Director
		Taiwan Life Insurance Co. Ltd	Director
		Taiwan Fire & Marine Insurance Co., Ltd.	Director
		Taiwan Stock Exchange Corporation	Director
		Taipei Foreign Exchange Corporation	Director
Director	Yeou-Tsair Tsai	Mega Int'l Commercial Bank Co., Ltd.	Chairman
		Taiwan Stock Exchange Corporation	Director
		Taiwan Futures Exchange Corporation	Director
		Taipei Financial Center Corporation	Director
		Taiwan Asset Management Corporation	Director

Position	Name of Director	Concurrent Position	Position Held
Director	Kuang-Si Shiu	Mega Int'l Commercial Bank Co., Ltd.	Managing Director
		Mega Int'l Investment Trust Co., Ltd.	Director
		ICBC Assets Management & Consulting Co., Ltd.	Director
		Mega Int'l Commercial Bank (Canada)	Chairman
		Mega Int'l Commercial Bank Public Co., Ltd.,	Director
		Financial Information Service Co., Ltd.	Director
		Taiwan Finance Corporation	Director
Director	Ching-Tsai Chen	Small and Medium Business Credit Guarantee Fund	Managing Director
Director	Joanne Ling	Financial Information Service Co., Ltd.	Director
Director	Hung-Wen Chien	Mega Securities Co., Ltd.	Chairman
		Mega Int'l Commercial Bank Co., Ltd.	Director
		Taiwan Integrated Shareholder Service Company	Chairman
		Mega Futures Co., Ltd.	Director
		GreTai Securities Market	Director
Director	Oliver Fang-Lai Yu	Chunghwa Post Co., Ltd.	Chairman
Independent Director	Tsun-Siou Lee	Taiwan Futures Exchange Corporation	Director
Independent Director	Chi-Hung Lin	Pac-Link Bio Venture Capital Investment Corporation	Director

(Shareholders' questions and the management's responses omitted)

Voting results: the number of shares represented by the shareholders(excluding Ministry of Finance, R.O.C. and Bank of Taiwan) present at the time of voting was 7,091,377,105 and 4,258,980,898 votes were cast for the proposal, which was 60.06% of the votes represented by the shareholders present excluding Ministry of Finance, R.O.C. and Bank of Taiwan.

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. Questions and Motions

(Shareholders' questions and the management's responses omitted)

7. Adjournment: 16:05 p.m.

Attachment 1: The 2011 Financial Statements

Attachment 2: The 2011 Profit Distribution Table

Attachment 3: List of Independent Director Candidates

Attachment 1

Report of Independent Accountants

To the Board of Directors and Stockholders

Mega Financial Holding Co., Ltd.

We have audited the accompanying consolidated balance sheets of Mega Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mega Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Public Held Bills Finance Companies", "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparation of

Financial Reports by Enterprises Engaging in Insurance”, “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China.

The consolidated financial statements of Mega Financial Holding Co., Ltd. and its subsidiaries as of and for the year ended December 31, 2011 expressed in US dollars were translated from the New Taiwan dollar consolidated financial statements using the exchange rate of US\$1:NT\$30.272 as of December 31, 2011 solely for the convenience of the readers. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

March 27, 2012

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review 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 review 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.

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

(EXPRESSED IN THOUSANDS OF DOLLARS)

<u>ASSETS</u>	<u>December 31, 2011</u>		<u>December 31, 2010</u>		<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>		<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>
Cash and cash equivalents (Notes 4 (1) and 5)	\$ 322,992,872	\$ 10,669,691	\$ 271,737,992	\$ 8,800,000	Due to the Central Bank and financial institutions (Notes 4 (13) and 5)	\$ 367,548,678	\$ 12,141,539	\$ 322,704,165	\$ 10,669,691
Due from the Central Bank and call loans to banks (Notes 4 (2) and 5)	180,399,521	5,959,287	126,448,073	3,800,000	Funds borrowed from the Central Bank and other banks (Note 4 (14))	71,873,400	2,374,253	38,568,640	11,400,000
Financial assets at fair value through profit or loss (Notes 4 (3) and 6)	188,869,552	6,239,084	162,320,183	4,800,000	Commercial paper payable, net (Notes 4 (15) and 5)	1,749,387	57,789	8,862,396	11,400,000
Bills and bonds purchased under resale agreements	1,460,685	48,252	1,783,691	50,000	Financial liabilities at fair value through profit or loss (Note 4 (16))	21,312,632	704,038	30,019,921	50,000
Receivables, net (Notes 4 (4), (6) and 6)	107,160,487	3,539,921	145,135,808	4,200,000	Bills and bonds sold under repurchase agreements (Notes 4 (3), (7) and (17))	199,581,332	6,592,935	181,816,680	5,300,000
Bills discounted and loans, net (Notes 4 (5), (6) and 5)	1,462,054,154	48,297,243	1,336,834,541	38,000,000	Payables (Notes 4 (18), (30) and 5)	58,514,085	1,932,944	71,479,379	20,000,000
Available-for-sale financial assets, net (Notes 4 (7), (32) and 6)	161,432,963	5,332,749	185,898,407	5,300,000	Deposits and remittances (Notes 4 (19) and 5)	1,588,560,967	52,476,248	1,558,573,139	45,000,000
Held-to-maturity financial assets, net (Notes 4 (8), (32) and 6)	131,290,215	4,337,018	217,839,872	6,300,000	Bonds payable (Note 4 (20))	61,401,059	2,028,312	53,050,000	6,300,000
Equity investments accounted for by the equity method, net (Note 4 (9))	2,548,394	84,183	2,574,762	75,000	Other loans (Notes 4 (21) and 6)	5,429,400	179,354	11,168,000	75,000
Other financial assets, net (Notes 4 (10), (32) and 6)	23,289,566	769,343	23,460,086	680,000	Accrued pension liability (Note 4 (22))	2,069,310	68,357	1,805,559	680,000
Real estate investments, net (Note 6)	480,452	15,871	468,997	13,000	Reserve for operations and liabilities (Note 4 (23))				13,000
Property and equipment, net (Notes 4 (11), (32) and 6)	21,416,577	707,472	21,139,449	600,000	Reserve for insurance	8,532,270	281,854	9,283,446	600,000
Intangible assets, net	297,150	9,816	236,768	700,000	Other reserves	5,078,198	167,752	4,967,231	700,000
Other assets, net (Notes 4 (12), (30), (32), 5 and 6)	<u>14,709,347</u>	<u>485,906</u>	<u>13,969,366</u>	1,300,000	Other financial liabilities (Note 4 (24))	12,620,054	416,889	7,357,699	1,300,000
					Other liabilities (Notes 4 (11) and (25))	<u>10,952,437</u>	<u>361,801</u>	<u>8,951,014</u>	
					Total Liabilities	<u>2,415,223,209</u>	<u>79,784,065</u>	<u>2,308,607,269</u>	
					Stockholders' Equity				
					Capital stock				
					Common stock (Note 4 (26))	112,806,148	3,726,419	110,594,262	
					Capital surplus (Note 4 (27))	43,426,403	1,434,540	43,426,403	
					Retained earnings (Note 4(28))				
					Legal reserve	18,298,900	604,483	16,787,828	
					Special reserve	833,091	27,520	354,967	
					Unappropriated retained earnings	22,828,132	754,101	18,824,681	
					Equity adjustments				
					Unrealized revaluation increment	2,206,808	72,899	2,319,945	
					Cumulative translation adjustments	1,505,518	49,733	829,397	
					Unrealized gains or losses on financial instruments	1,033,669	34,146	7,733,637	
					Net loss on unrecognized pension cost	(57,283)	(1,892)	-	
					Minority interest	<u>297,340</u>	<u>9,822</u>	<u>369,606</u>	
					Total Stockholders' Equity	<u>203,178,726</u>	<u>6,711,771</u>	<u>201,240,726</u>	
					Commitments and Contingent Liabilities (Note 7)				
					Significant Subsequent Events (Note 9)				
TOTAL ASSETS	<u>\$ 2,618,401,935</u>	<u>\$ 86,495,836</u>	<u>\$ 2,509,847,995</u>		TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,618,401,935</u>	<u>\$ 86,495,836</u>	<u>\$ 2,509,847,995</u>	

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

MEGA FINANCIAL HOLDING CO., LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS)

	For the Years Ended December 31,		
	2011		2010
	NT\$	US\$	NT\$
Interest income (Note 5)	\$ 41,474,318	\$ 1,370,055	\$ 36,120,844
Less: Interest expense (Note 5)	(13,195,214)	(435,888)	(11,057,015)
Interest income, net	<u>28,279,104</u>	<u>934,167</u>	<u>25,063,829</u>
Revenues other than interest, net			
Service fee revenue and commissions, net (Notes 4(29) and 5)	8,796,841	290,593	9,543,624
Insurance revenue, net	1,312,671	43,362	1,571,582
Gain from financial assets and liabilities at fair value through profit or loss (Note 5)	(652,778)	(21,564)	1,997,917
Realized gain on available-for-sale financial assets, net	1,328,018	43,870	1,247,843
Realized gain on held-to-maturity financial assets, net	8,980	297	21,990
Investment income from equity investments accounted for by the equity method	152,248	5,029	183,496
Gain on real estate investments	1,835	61	1,953
Foreign exchange gain	1,514,526	50,031	1,928,606
Gain on disposal of assets (Note 11)	1,002,108	33,103	(3,137)
Loss on asset impairment (Note 4 (33))	(195,758)	(6,467)	(1,081,420)
Gain on financial assets carried at cost, net	734,243	24,255	579,677
Gain on sale of non-performing loans (Note 11)	2,046,138	67,592	643,212
Bad debts and overdue accounts recovered, net	439,536	14,520	200,801
Other losses (Note 4(7))	-	-	(3,007,951)
Other reserves (Note 4(7))	(1,509)	(50)	2,193,593
Other revenue other than interest income	<u>984,947</u>	<u>32,537</u>	<u>1,325,510</u>
Net revenue	45,751,150	1,511,336	42,411,125
Bad debts expense (Notes 4(6),(10) and (23))	(3,714,335)	(122,699)	(2,233,788)
Provisions for insurance reserve	67,136	2,218	(544,604)
Operating expenses			
Personnel expenses (Note 4(30))	(13,898,515)	(459,121)	(14,468,002)
Depreciation and amortization (Note 4(30))	(824,501)	(27,237)	(885,980)
Other business and administrative expenses (Note 5)	(6,265,431)	(206,971)	(5,639,059)
Income before Income Tax	21,115,504	697,526	18,639,692
Income Tax Expense (Note 4 (31))	(3,429,822)	(113,300)	(3,490,074)
Consolidated Net Income	<u>\$ 17,685,682</u>	<u>\$ 584,226</u>	<u>\$ 15,149,618</u>
Consolidated Net Income Attributable to:			
Stockholders of the Company	\$ 17,679,892	\$ 584,035	\$ 15,110,720
Minority interest	<u>5,790</u>	<u>191</u>	<u>38,898</u>
	<u>\$ 17,685,682</u>	<u>\$ 584,226</u>	<u>\$ 15,149,618</u>

	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Earnings per share (in dollars) (Note 4(32))	\$ <u>1.87</u>	\$ <u>1.57</u>	\$ <u>0.05</u>			
Consolidated net income	=	=	\$ <u>0.06</u>	=	\$ <u>1.65</u>	\$ <u>1.34</u>
Diluted earnings per share (in dollars) (Note 4(32))	\$ <u>1.87</u>	\$ <u>1.57</u>				
Consolidated net income	:	=	\$ <u>0.06</u>	\$ <u>0.05</u>	\$ <u>1.65</u>	\$ <u>1.34</u>

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

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Minority Interest	<u>Total</u>
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
<u>For the year ended December 31, 2010</u>											
Balance, January 1, 2010	\$ 110,594,262	\$ 43,426,403	\$ 15,354,639	\$ 354,967	\$ 16,206,576	\$ 2,319,945	\$ 1,598,513	\$ 5,799,275	\$ -	\$ 640,915	\$ 196,295,495
Earnings distribution for 2009 (Note)											
Legal reserve	-	-	1,433,189	-	(1,433,189)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,059,426)	-	-	-	-	-	(11,059,426)
Adjustments in other stockholders' equity arising from long-term equity investments											
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(886,457)	-	-	(886,457)
Changes in cumulative translation adjustments	-	-	-	-	-	-	(769,116)	-	-	-	(769,116)
Consolidated net income for the year ended December 31, 2010	-	-	-	-	15,110,720	-	-	-	-	38,898	15,149,618
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	2,820,819	-	-	2,820,819
Changes in minority interest	-	-	-	-	-	-	-	-	-	(310,207)	(310,207)
Balance, December 31, 2010	<u>\$ 110,594,262</u>	<u>\$ 43,426,403</u>	<u>\$ 16,787,828</u>	<u>\$ 354,967</u>	<u>\$ 18,824,681</u>	<u>\$ 2,319,945</u>	<u>\$ 829,397</u>	<u>\$ 7,733,637</u>	<u>\$ -</u>	<u>\$ 369,606</u>	<u>\$ 201,240,726</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011
(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Minority Interest	<u>Total</u>
	<u>Common Stock</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Retained Earnings</u>						
<u>For the year ended December 31, 2011</u>											
Balance, January 1, 2011	\$ 110,594,262	\$ 43,426,403	\$ 16,787,828	\$ 354,967	\$ 18,824,681	\$ 2,319,945	\$ 829,397	\$ 7,733,637	\$ -	\$ 369,606	\$ 201,240,726
Earnings distribution for 2010 (Note)											
Legal reserve	-	-	1,511,072	-	(1,511,072)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,953,483)	-	-	-	-	-	(9,953,483)
Stock dividends	2,211,886	-	-	-	(2,211,886)	-	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity investments											
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(4,831,835)	-	-	(4,831,835)
Changes in cumulative translation adjustments	-	-	-	-	-	-	676,121	-	-	-	676,121
Default loss reserve transferred as special reserve	-	-	-	195,344	-	-	-	-	-	-	195,344
Trading loss reserve transferred as special reserve	-	-	-	282,780	-	-	-	-	-	-	282,780
Changes in asset revaluation increments	-	-	-	-	(113,137)	-	-	-	-	-	(113,137)
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	(57,283)	-	(57,283)	-
Consolidated net income for the year ended December 31, 2011	-	-	-	-	17,679,892	-	-	-	-	5,790	17,685,682
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(1,868,133)	-	-	(1,868,133)
Changes in minority interest	-	-	-	-	-	-	-	-	-	(78,056)	(78,056)
Balance, December 31, 2011	<u>\$ 112,806,148</u>	<u>\$ 43,426,403</u>	<u>\$ 18,298,900</u>	<u>\$ 833,091</u>	<u>\$ 22,828,132</u>	<u>\$ 2,206,808</u>	<u>\$ 1,505,518</u>	<u>\$ 1,033,669</u>	<u>(\$ 57,283)</u>	<u>\$ 297,340</u>	<u>\$ 203,178,726</u>

Note: Remunerations to directors and supervisors amounting to NT\$64,493 and NT \$67,998 thousand and employee bonuses amounting to NT \$20,637 and NT \$10,892 thousand for 2009 and 2010, respectively, had been deducted from the statement of income.

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

(Expressed in Thousands of US Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Minority Interest	<u>Total</u>
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
<u>For the year ended December 31, 2011</u>											
Balance, January 1, 2011	\$ 3,653,352	\$ 1,434,540	\$ 554,567	\$ 11,726	\$ 621,851	\$ 76,636	\$ 27,398	\$ 255,472	\$ -	\$ 12,209	\$ 6,647,751
Earnings distribution for 2010 (Note)											
Legal reserve	-	-	49,916	-	(49,916)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(328,802)	-	-	-	-	-	(328,802)
Stock dividends	73,067	-	-	-	(73,067)	-	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity investments											
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(159,614)	-	-	(159,614)
Changes in cumulative translation adjustments	-	-	-	-	-	-	22,335	-	-	-	22,335
Default loss reserve transferred as special reserve	-	-	-	6,453	-	-	-	-	-	-	6,453
Trading loss reserve transferred as special reserve	-	-	-	9,341	-	-	-	-	-	-	9,341
Changes in asset revaluation increments	-	-	-	-	(3,737)	-	-	-	-	-	(3,737)
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	(1,892)	-	(1,892)	(1,892)
Consolidated net income for the year ended December 31, 2011	-	-	-	-	584,035	-	-	-	-	191	584,226
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(61,712)	-	-	(61,712)
Changes in minority interest	-	-	-	-	-	-	-	-	-	(2,578)	(2,578)
Balance, December 31, 2011	<u>\$ 3,726,419</u>	<u>\$ 1,434,540</u>	<u>\$ 604,483</u>	<u>\$ 27,520</u>	<u>\$ 754,101</u>	<u>\$ 72,899</u>	<u>\$ 49,733</u>	<u>\$ 34,146</u>	<u>(\$ 1,892)</u>	<u>\$ 9,822</u>	<u>\$ 6,711,771</u>

Note: Remunerations to directors and supervisors amounting to NT\$64,493 and NT \$67,998 thousand and employee bonuses amounting to NT \$20,637 and NT \$10,892 thousand for 2009 and 2010, respectively, had been deducted from the statement of income.

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

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the Years Ended December 31,		
	2011		2010
	NT\$	US\$	NT\$
<u>Cash Flows from Operating Activities</u>			
Consolidated net income attributable to stockholders of the company	\$ 17,679,892	\$ 584,035	\$ 15,110,720
Consolidated net income attributable to minority interest	5,790	191	38,898
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	824,501	27,237	885,980
Valuation gain from financial assets and liabilities	(911,730)	(30,118)	(1,100,922)
Investment income from equity investments accounted for by the equity method	(152,248)	(5,029)	(183,496)
Cash dividends distributed by equity investments accounted for by the equity method	136,306	4,503	129,034
Bad debts expense	3,714,335	122,699	2,233,788
Loss on asset impairment	195,758	6,467	1,081,420
(Reversal of) provisions for insurance reserves	(67,136)	(2,218)	544,604
Gain from disposal of assets, net	(1,002,108)	(33,103)	3,137
Loss on scrapped assets	(509)	(17)	304
(Reversal of) provisions for other reserves	1,509	50	(2,193,593)
Changes in assets and liabilities:			
Increase in financial assets at fair value through profit or loss	(25,637,639)	(846,909)	(33,693,931)
Decrease (increase) in bills and bonds purchased under resale agreements	323,006	10,670	(987,596)
Decrease (increase) in receivables	39,702,243	1,311,517	(27,696,254)
Increase in other financial assets	(100,073)	(3,306)	(675,996)
Net change in deferred income tax assets/liabilities	201,029	6,641	774,095
(Increase) decrease in other assets	(3,230,655)	(106,721)	1,778,714
Decrease in financial liabilities at fair value through profit or loss	(8,707,289)	(287,635)	(5,364,624)
(Decrease) increase in payables	(12,898,788)	(426,097)	13,913,915
Increase (decrease) in accrued pension liability	263,751	8,712	(150,281)
Increase (decrease) in other financial liabilities	5,262,355	173,835	(2,108,100)
Increase (decrease) in other liabilities	2,132,674	70,450	(1,402,172)
Net cash provided by (used in) operating activities	<u>17,734,974</u>	<u>585,854</u>	<u>(39,062,356)</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Expressed in Thousands of Dollars)

	For the Years Ended December 31,		
	2011		2010
	NT\$	US\$	NT\$
<u>Cash Flows from Investing Activities</u>			
Increase in due from the Central Bank and call loans to banks	(\$ 53,951,507)	(\$ 1,782,225)	(\$ 35,773,419)
Increase in bills discounted and loans	(128,325,506)	(4,239,082)	(52,661,996)
Decrease in available-for-sale financial assets	16,856,533	2,472	49,985,619
Decrease in held-to-maturity financial assets	86,549,657	556,836	45,337,820
Decrease in financial instruments carried at cost	74,835	2,859,066	329,260
Proceeds from capital reduction of equity investments accounted for by the equity method	26,880	888	206,880
Proceeds from sale of property and equipment	1,107,197	36,575	15,744
Acquisition of property and equipment	(728,928)	(24,079)	(675,612)
Acquisition of intangible assets	(88,966)	(2,939)	(4,121)
Net cash (used in) provided by investing activities	(78,479,805)	(2,592,488)	(6,760,175)
<u>Cash Flows from Financing Activities</u>			
Increase in bills and bonds sold under repurchase agreements	17,764,652	586,834	10,451,154
Increase (decrease) in due to the Central Bank and financial institutions	44,844,513	1,481,386	(87,873,259)
Increase (decrease) in funds borrowed from the Central Bank and financial institutions	33,304,760	1,100,184	(4,751,663)
(Decrease) increase in commercial papers payable	(7,113,009)	(234,970)	1,756,730
Increase in deposits and remittances	29,987,828	990,613	79,374,497
Increase in bonds payable	8,351,059	275,867	2,897,000
Decrease in other loans	(5,738,600)	(189,568)	(98,600)
Decrease in minority interest	(72,266)	(2,387)	(271,309)
Payments of cash dividends	(9,953,483)	(328,802)	(11,059,426)
Net cash provided by (used in) financing activities	111,375,454	3,679,157	(9,574,876)
Effect of changes in foreign exchange rate	624,257	20,622	(589,391)
Net increase (decrease) in cash and cash equivalents	51,254,880	1,693,145	(42,466,448)
Cash and cash equivalents, beginning of year	271,737,992	8,976,546	314,204,440
Cash and cash equivalents, end of year	\$ 322,992,872	\$ 10,669,691	\$ 271,737,992
<u>Supplemental cash flow information:</u>			
Interest paid	\$ 12,690,535	\$ 419,217	\$ 12,055,945
Income tax paid	\$ 5,843,278	\$ 193,026	\$ 4,384,807
<u>Non-cash Investing And Financing Activities</u>			
Payables - corporate bonds within 1 year of maturity	\$ 300,000	\$ 9,910	\$ 12,125,261

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

MEGA FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS

December 31, 2011 and 2010

(Expressed in Thousands of Dollars)

ASSETS	December 31, 2011		December 31, 2010		LIABILITIES AND STOCKHOLDERS' EQUITY		December 31, 2011		December 31, 2010	
	NT\$	US\$	NT\$	NT\$	NT\$	US\$	NT\$	US\$	NT\$	
Assets					Liabilities					
Cash and cash equivalents	\$ 4,276,849	\$ 141,281	\$ 2,689,068		Payables	\$ 10,778,190	\$ 356,045	\$ 11,083,061		
Receivables, net	715,141	23,624	2,182,939		Bonds payable	16,301,059	538,486	15,750,000		
Available-for-sale financial assets, net	5,279,193	174,392	7,147,325		Accrued pension liability	41,906	1,384	36,779		
Equity investments accounted for by the equity method, net	218,167,682	7,206,913	214,061,392		Other liabilities	<u>1,608</u>	<u>53</u>	<u>5,188</u>		
Financial assets carried at cost	762,046	25,173	762,046		Total Liabilities	<u>27,122,763</u>	<u>895,968</u>	<u>26,875,028</u>		
Property and equipment, net	784,065	25,901	702,490		Stockholders' Equity					
Other assets, net	15,514	512	119,298		Common stock	112,806,148	3,726,419	110,594,262		
Deferred tax assets, net	<u>3,659</u>	<u>121</u>	<u>81,590</u>		Capital surplus	43,426,403	1,434,540	43,426,403		
					Retained earnings					
					Legal reserve	18,298,900	604,483	16,787,828		
					Special reserve	833,091	27,520	354,967		
					Unappropriated retained earnings	22,828,132	754,101	18,824,681		
					Equity adjustments					
					Land revaluation increment	2,206,808	72,899	2,319,945		
					Cumulative translation adjustments	1,505,518	49,733	829,397		
					Unrealized gains on financial instruments	1,033,669	34,146	7,733,637		
					Net loss of unrecognized pension cost	(57,283)	(1,892)	-		
					Total Stockholders' Equity	<u>202,881,386</u>	<u>6,701,949</u>	<u>200,871,120</u>		
					TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY					
TOTAL ASSETS	<u>\$ 230,004,149</u>	<u>\$ 7,597,917</u>	<u>\$ 227,746,148</u>			<u>\$ 230,004,149</u>	<u>\$ 7,597,917</u>	<u>\$ 227,746,148</u>		

MEGA FINANCIAL HOLDING CO., LTD.

STATEMENTS OF INCOME

For the years ended December 31, 2011 and 2010

(Expressed in Thousands of Dollars, Except Earnings Per Share Amounts)

	For the year ended December 31, 2011		For the year ended December 31, 2010	
	NT\$	US\$	NT\$	
Revenues				
Interest income	\$ 37,256	\$ 1,231	\$	19,063
Gain from financial assets and liabilities at fair value through profit or loss	241,800	7,988		-
Investment income from equity investments accounted for by the equity method	18,111,631	598,296		16,099,414
Other revenue except for interest income	11,079	366		13,460
Total revenue	<u>18,401,766</u>	<u>607,881</u>		<u>16,131,937</u>
Expenses and losses				
Interest expense	(364,912)	(12,055)	(490,865)
Personnel expenses	(223,532)	(7,384)	(219,824)
Depreciation and amortization	(31,677)	(1,046)	(39,355)
Other business and administrative expenses	(97,340)	(3,216)	(80,700)
Total expenses and losses	<u>(717,461)</u>	<u>(23,701)</u>	<u>(</u>	<u>830,744)</u>
Income before Income Tax from Continuing Operations	17,684,305	584,180		15,301,193
Income tax expense	(4,413)	(146)	(190,473)
Net Income	<u>\$ 17,679,892</u>	<u>\$ 584,034</u>	<u>\$</u>	<u>15,110,720</u>
Basic Earnings Per Share (in dollars)	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Net Income from Continuing Operations	<u>\$ 1.57</u>	<u>\$ 1.57</u>	<u>\$ 1.36</u>	<u>\$ 1.34</u>
Diluted Earnings Per Share (in dollars)	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Net Income from Continuing Operations	<u>\$ 1.57</u>	<u>\$ 1.57</u>	<u>\$ 1.36</u>	<u>\$ 1.34</u>

Attachment 2

Mega Financial Holding Co., Ltd.

Earnings Distribution Table

Year 2011

Unit : NT\$

Items	Amount
Beginning retained earnings	5,148,239,738
Add : Net income of 2011	17,679,891,842
Subtotal	22,828,131,580
Less : 10% legal reserve	(1,767,989,184)
Total distributable earnings	21,060,142,396
Less : Distribution items	
Cash dividend to shareholders (NT\$0.85 per share)	(9,588,522,548)
Stock Dividend to shareholders (NT\$0.15 per share)	(1,692,092,210)
Unappropriated retained earnings	9,779,527,638
Note :	
Remuneration to directors and supervisors-cash NT\$79,559,000.	
Employee profit sharing-cash NT\$10,185,989.	

Note : The 2011 earnings shall be distributed first.

Attachment 3

List of Independent Director Candidates

Name	Education	Major Experience	Current Position	Share-holding
Tsun-Siou Lee	Ph. D. in Finance, University of California, Berkely	Chairman, Department of Finance, National Taiwan University	Professor, Department of Finance, National Taiwan University	0
Shean-Bii Chiu	Ph. D. in Finance, University of Washington, Seattle	Chairman, Pension Fund Association, R.O.C.	Professor, Department of Finance, National Taiwan University	0
Chi-Hung Lin	Ph. D. of Juridical Science, National Cheng Chi University	(1)Associate Professor of Laws, Soochow Law School (2)Senior Attorney, Lee & Li Attorneys-At-Law	Managing Partner of Lin & Partners Attorneys at Law	0