



*Our mission is
Protect and Build*



*Our value is Caring,
Professional and Trustworthy*



*Our spirit is
We are family*



*Taiwan champion, Asia leader
One of the world's great companies*



Chinatrust Commercial Bank

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Website: <http://www.chinatrust.com.tw>

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Position: Senior Executive Vice President

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The Notarization CPA of Last Few Years

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Tel: (02) 8722-5800

Website: <http://www.taiwanratings.com/tw/>

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I. Letter to Shareholders

Dear Fellow Shareholders,

For Chinatrust Commercial Bank Co., Ltd. (CTBC Bank), 2012 will remain forever etched in our memories as the father of our company, our respected and most beloved Chairman Jeffrey L. S. Koo passed away on December 6th, 2012. We not only lost a great Taiwanese financial industry pioneer but also a giant of economic diplomacy. Under the leadership of Mr. Koo these past 40 years, CTBC Bank has fast emerged as the leading innovator in the financial industry and the best privately-owned bank in Taiwan.

In 2012, outstanding performance in each of our business lines made CTBC Bank the industry leader. We received myriad of awards from both domestic and international institutions for our wealth management, retail banking, cash management, trade finance, foreign exchange, syndicated loans, and structured finance services, marking an all time high for the company. Revenue and profitability were also at never-before-seen levels. Yearly net revenue totaled NT\$55.9 billion and pre-tax income reached NT\$21.56 billion, while after-tax income posted NT\$18.41 billion. Compared to 2011, pre-tax income enjoyed an increase of 8% yoy, pre-tax return on equity was 15.66 (%), and the pre-tax budget achievement rate was 109%.

The global economy remains weak and after two troubling years, the European debt crisis continues to loom. The EU, America, and Japan all adopted quantitative easing and flushed the global financial markets with excess liquidity. Interest rate forecasts will most likely remain low through 2014. Continuing to operate in a low interest rate environment, domestic banks are seeing narrower spread while tighter regulatory standards are resulting in increases in operating costs. In recent years, however, domestic banks have carefully controlled credit risk thereby reducing credit costs. The profitability of the Taiwanese banking industry as a whole has reached record high. Looking ahead, the main challenge for the industry will be to sustain the same level of momentum and growth.

As payment instruments continue to evolve and smart phone market penetration continues to increase, CTBC Bank has organized itself to capture new business opportunities. We have consolidated our resources and integrated our Teams to establish a Credit Card and Payment business unit. Moving forward, we will continue to advance our pace on cutting-edge ideas and technologies so that we can provide innovative products and services to support our customers' needs. In addition, to deploy our overseas business strategies, we will accelerate the expansion in Taiwan, China, Southeast Asia, and Japan while establishing new task forces and teams to best coordinate the use of resources.

While in active pursuit of profitability growth, CTBC Bank remains committed to risk management discipline. At the end of 2012, our NPL and coverage ratios were 0.41% and 253.55%, respectively. We have solid asset quality and strong BIS capital adequacy ratio at 14.29%. As such, we have received high ratings from both domestic and international rating agencies, outperforming our competitors.

Latest credit ratings and evaluation dates

Type of Rating	Rating Agency	Credit Rating Scale		Outlook	Other	Effective Date
		Long-Term	Short-Term			
Global	Moody's	A2	Prime-1	Stable	-	2012.10.03
	Standard & Poor's	A	A-1	Stable	-	2012.10.12
	Fitch	A	F1	Stable	Individual Rating:A Support Rating: 3	2012.11.22
National	Taiwan Ratings	twAA+	twA-1+	Stable	-	2012.10.12
	Fitch	AA+(twn)	F1+(twn)	Stable	Individual Rating:A Support Rating: 3	2012.11.22

Outlook for 2013

With the outstanding performance of 2012 as our base and looking ahead to 2013, CTBC Bank will continue to stand by its brand spirit “We are family” and work to protect and build our clients’ wealth. We will also uphold our brand values, “caring, professional, and trustworthy”, to providing a one-stop shop to our customers. With this commitment as our premise, we will continue to grow and expand to create the greatest value for our shareholders.

In 2013, our focuses will include defending our leading position in the Taiwanese market and actively expanding our overseas footprint and operations via organic and inorganic efforts to increase profitability. We strive to become a reputable and significant player in the region with our strategies as follows:

1. Defend Our Leading Position in the Taiwan Market

CTBC Bank takes leading position in various product lines in the Taiwan market, but competition is fierce as products and services offered by domestic banks are increasingly homogeneous by nature. CTBC Bank is highly customer-oriented and takes the customers’ needs into consideration in all aspects, including product development, customer segmentation and service platform.

A. Create innovative new products and better integrate resources. Continue to maintain our advantage in product differentiation in wealth management, credit cards, structured finance, foreign exchange, cash management, derivatives, and corporate trusts. In addition, we look to enhance online banking, mobile

banking, and our cross-border transaction platform to provide safe and convenient real-time services to meet customers' overall business needs.

B. Continue to expand new customer segments and provide differentiated service offerings. Through our comprehensive service offerings, we look to expand new retail customer base and provide tailor-made services to corporate customers based on their company-specific needs. In addition, we will also establish a service model to better serve those non-CTBC credit card customers.

C. In the areas of innovations, specifically on mobile payments, we look to (1) expand the interaction between merchants and customers by better coordinating the virtual and real worlds, (2) link up cross-border markets and (3) create convenient payment options.

2. Expanding Our Overseas Footprint to Increase Profitability

Our goal is to integrate our regional platform and continue to strengthen our Hong Kong and Singapore Branches as financial hubs. We will focus our services on the cross-border financial needs of customers in the greater China and Southeast Asia regions. Through expanding into new markets and growing our product and service offerings, we can increase profits and expand the revenue from our overseas operations through the following action plans:

- (1) Continue to develop overseas private banking business to meet the needs of high net worth individuals and enterprises in Asia.
- (2) Utilize our cross-border platform and product capabilities to provide regional financial services to financial institutions in Asia.
- (3) Take advantage of RMB internationalization and recent cross-strait cooperation to launch global RMB-related products, including cash management, trade finance, and trading products while actively expanding Chinese-owned enterprises (COE) customer base.
- (4) Strengthen products and services offered in overseas branches and subsidiaries, such as localized SME service models to increase our non-Taiwanese customer base.

3. Expanding Our Coverage Network Organically & Inorganically

As we see high economic growth potential in the Asia-Pacific region, our strategic goal is to become a significant player in the region. As such, CTBC Bank will continue to expand our coverage network in Asia to increase our overseas presence. At the same time, we are actively scanning for acquisition opportunities and/or partnership and alliances to strengthen our foothold in the region. With this network, CTBC Bank can provide our customers with more comprehensive, convenient cross-border financial services.

In sum, CTBC Bank is well-capitalized, has solid franchise in a number of business lines, strong organization and impressive financial performance. We will continue to dedicate ourselves to developing innovative, diverse, and differentiated financial products and services. With the goal of becoming a top regional bank, we will expand more overseas outlets and network to provide customers with the best, convenient, and real time financial services. In all that we do, we look to maximize business performance and profits for our shareholders.

A handwritten signature in black ink, appearing to read 'Chao', with a large, stylized initial 'C'.

Chao Chin Tung

Chairman

II. Company Profile

A. Company Overview

1. Introduction

(1) Date of Establishment: March 14, 1966

(2) History of Chinatrust Commercial Bank

Formerly known as China Securities Investment Corp., Chinatrust Commercial Bank (CTBC Bank) was established in 1966. Operations include deposits, loans, guarantees, foreign exchange, offshore banking units (OBU), trusts, credit cards, cash cards, securities, bonds, proprietary futures, derivative financial products, factoring, safe deposit boxes, electronic banking services, and the national lottery.

To maximize operational scope, CTBC Bank merged with Grand Commercial Bank in December 2003, acquired the Fengshan Credit Cooperative in July 2004 and successfully bid to purchase Enterprise Bank of Hualien in May 2007. To make the group more effective, CTBC Bank formally merged with the Chinatrust Bills Finance Corporation on April 26, 2008. Through the end of 2012, CTBC Bank had a total of 147 branches in Taiwan and 68 overseas and a total of 4,996 ATMs located across the island. CTBC Bank boasts NT\$1.53 trillion in deposits and NT\$1.93 trillion in total assets — the most of any privately-operated bank in Taiwan.

(3) Awards

Domestic Awards

Awards	Agency
Trusted Brand: Gold Winner in Banking Industry & Credit Card Issuing Bank	<i>Reader's Digest</i>
2012 Top 1000 Survey: First Place in the Banking Industry category	<i>Common Wealth Magazine</i>
Wealth Management Banking Survey 2012: Best Wealth Management Award, Most Professional Award, Best Team of Wealth Management Specialists Award, Best Products Award 5th Best Brand Survey: First Place in both Banking & Internet Banking Brands	<i>Business Today</i>
Taiwan Train Quality System (for Enterprises) Bronze Medal	<i>Bureau of Employment and Vocational Training, Council of Labor Affairs</i>
Best Trust Financial Award	<i>Taiwan Academy of Banking and Finance</i>
Bronze Medal at the 4th Athlete Sponsors Awards	<i>Sports Administration, Ministry of Education</i>
2012 Service Industry Survey: First Place at Financial Services and Banking Outstanding Service Award	<i>Global Views</i>

International Awards

Awards	Agency
Best Bank in Taiwan Best Foreign Exchange Bank in Taiwan Best Private Bank in Taiwan	<i>FinanceAsia</i>
Best Foreign Exchange Bank in Taiwan Best Emerging Market Bank in Taiwan #35 in 50 Safest Emerging Market Banks 2012	<i>Global Finance</i>
Best Transaction Bank in Taiwan Best Domestic Custodian Bank in Taiwan Best SME Bank for Treasury and Working Capital Management Best Wealth Management House, Taiwan Best Derivative House, Taiwan Best Domestic Bank in Taiwan Best Debt House in Taiwan	<i>The Asset</i>
Best Domestic Bank Best Domestic Private Bank in Taiwan Best Local Cash Management Bank in Taiwan: # 1 in Small, Medium, and Large corporate Best Overall Domestic Cash Management Service in Taiwan: # 1 in Small, Medium, and Large corporate Best Overall Cross-Border Cash Management Service in Taiwan: # 1 in Small, Medium, and Large corporate Best Local Currency Cash Management Services voted by Financial Institutions	<i>Asiamoney</i>
Best Managed Company in Taiwan Best Managed Company in the Banking and Financial Sector Best Bank in Taiwan Best Local Private Bank Services Overall	<i>Euromoney</i>
Best Private Bank in Taiwan	<i>The Banker & PWM</i>
#205 of Top 1000 World Banks 2012 Bank of the Year 2012 in Taiwan	<i>The Banker</i>
Best Retail Bank in Taiwan Best Cash Management Bank in Taiwan	<i>The Asian Banker</i>
House of the Year	<i>AsiaRisk</i>
Best Private Bank in Taiwan	<i>World Finance</i>
Taiwan Loan House	<i>IFR Asia</i>

Awards	Agency
Best Private Bank in Taiwan	<i>Private Banker International</i>
The prestigious “Top 10 Bank of 2012 in Taiwan” award from among the top 300 Asian Banks / Asia Excellence Brand Award 2012	<i>Yazhou Zhoukan</i>
Best Bank in Taiwan Best Trade Finance Bank in Taiwan	<i>Global Trade Review</i>
Best Cash Management House in Taiwan Best Trade Finance House in Taiwan	<i>The Corporate Treasurer</i>
Innovation in customer propositions and product design-financial services (Wholesale)	<i>Financial World</i>
Best Direct Custody (Taiwan)	<i>AsianInvestor</i>

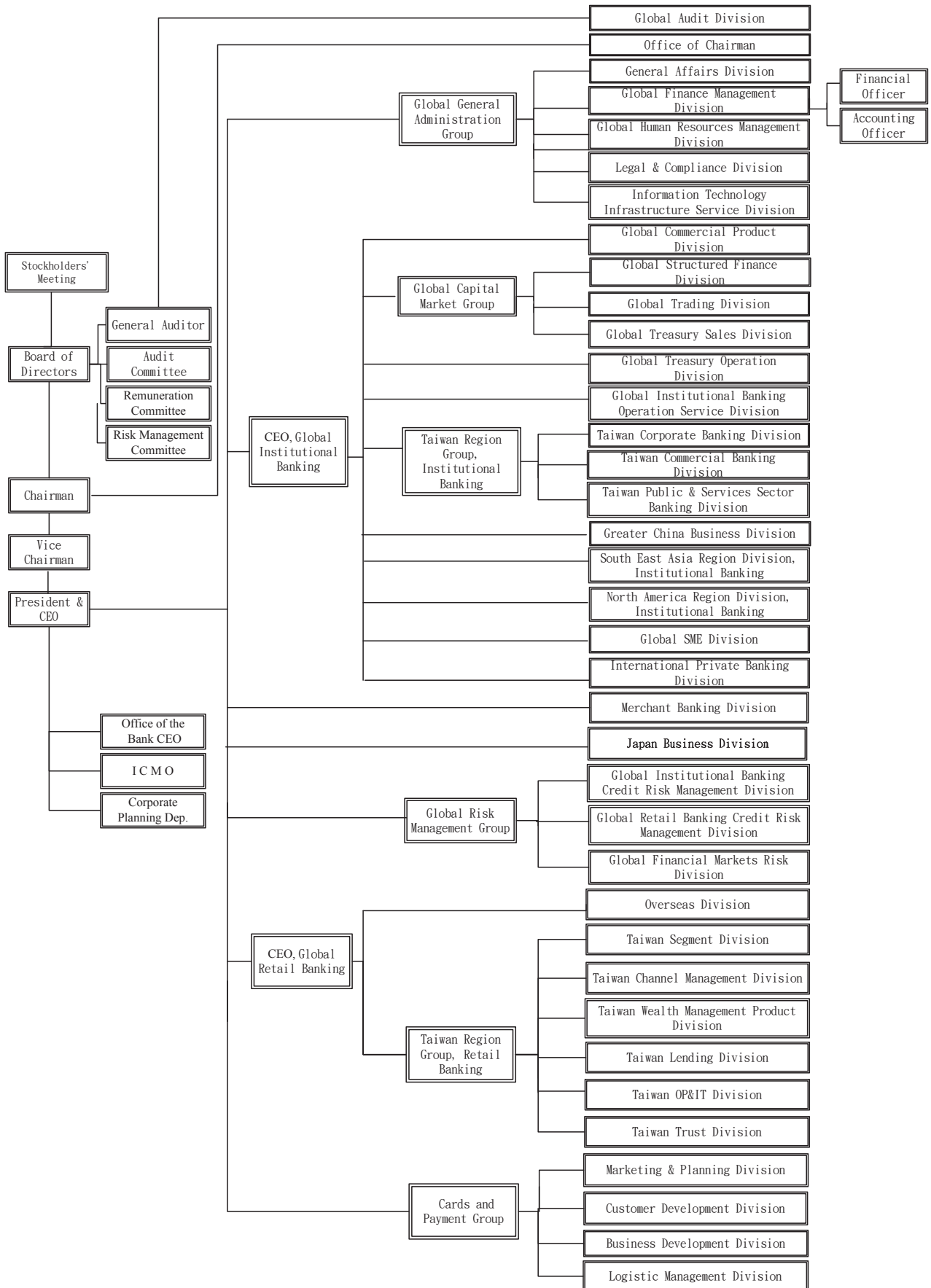
(4) Global Distribution

Faced with the challenges of financial liberalization and an increasingly globalized marketplace, CTBC Bank also took the initiative to increase our service locations both in Taiwan and abroad. By the end of 2012, we had a total of 147 branches within Taiwan and 68 outlets (representative offices, branches, and subsidiaries and their branches) overseas. Our many locations in the US, Canada, Japan, India, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, Singapore, and China make CTBC Bank Taiwan’s most international financial institution.

Looking ahead, CTBC Bank will continue to stand by its brand spirit “We are family”, while we work to protect and build our clients’ wealth. We will also uphold our brand values by being a caring, professional, and trustworthy bank and provide our customers with a complete variety of convenient financial services. CTBC Bank is set to become a “Taiwan Champion, Asia Leader, and American innovator”--a premium, trusted brand name recognized by customers around the world.

B. The Organization

1. Organization chart



2. Directors, supervisors, and major managers

(1) Directors and supervisors

April 26, 2013

Title	Name	Date of assignment	Office term	Significant experience	Education
Chairman	Chao-Chin Tung	Dec.26, 2012	3	Director of Chinatrust Financial Holding Co., Ltd. Director of Chinatrust Life Insurance Co., Ltd. Chairman of Chinatrust Capital Corporation Chairman of Chinatrust Bank (U.S.A.) Chairman of Showa Denko HD TRACE Corp.	M.S. in Material Science, University of Rochester
Vice Chairman	Thomas K.S.Chen			Director of Chinatrust Financial Holding Co., Ltd. Chairman of CTBC Investments Co., Ltd. Director of Chinatrust Life Insurance Co., Ltd. Director of Taipei Financial Center Corporation	Bachelor of Public Finance, National Chengchi University
Director	Wen-Long Yen	Jun.13, 2011		Chairman of Chinatrust Financial Holding Co., Ltd. Vice Chairman of Kainan University Director of United Real Estate Management Co., Ltd.	Department of Economics, Soochow University, Taiwan
Director	H. Steve Hsieh			Vice Chairman of Chinatrust Financial Holding Co., Ltd. Chairman of Taiwan Lottery Corporation Independent Director LITE-ON IT Co., Ltd. Secretary General, Executive Yuan	Ph. D.in Biochemical Nutrition, University of Wisconsin, U.S.A.
Director	Paul T. C. Liang			Director of Chinatrust Financial Holding Co., Ltd. Chinatrust Commercial Bank (shares), Deputy General Manager President of Chinatrust (Indonesia) Director of Chinatrust Life Insurance Co., Ltd.	Department of International Trade, National Chengchi University
Director	Chun-Te Chiang	Jul.21, 2011		Chairman of ISTRA Corporation Director of Long Chen Paper Co., Ltd. Independent Director Feng Sheng Technology Co., Ltd. Independent Director Swancor Ind. Co., Ltd. Director Importers and Exporters Association of Taipei	Bachelor of Commerce, University of the Witwatersrand, Johannesburg South Africa
Independent Director	Chung-Yu Wang	Jun.13, 2011		Independent Director of Chinatrust Financial Holding Co., Ltd. Vice Chairman of Tong Lung Metal Industry Co., Ltd. Chairman of China Steel Co., Ltd. Chairman of Kaohsiung Rapid Transit Corporation	Honorary Ph.D. Chung Yuan Christian University, Taiwan
Independent Director	Wen-Chih Lee			Independent Director of Chinatrust Financial Holding Co., Ltd. Professor, National Kaohsiung University of Applied Sciences Department of Wealth and Taxation Management Public Service supervisors of I-Shou University	Ph.D., National Taiwan University Graduate Institute of Commerce
Independent Director	Jie-Haun Lee		Independent Director of Chinatrust Financial Holding Co., Ltd. Professor, Finance Department, National Chengchi University	Ph.D. in Finance , Louisiana State University, U.S.A.	

Note: All directors and supervisors are legal representatives of Chinatrust Financial Holding Co., Ltd. which owns 7,510,325,739 shares of common stocks and 100% of ownership.

3. Top 10 shareholders or shareholders owning over 10%

Institutional shareholder	Shareholders of major institutional shareholders
Chinatrust Financial Holding Co., Ltd.	<ol style="list-style-type: none"> 1.Nan Shan Life Insurance Co., Ltd.(4.49%) 2.Jeffrey L. S. Koo (3.92%) 3.Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of Morgan Stanley Formosa Holdings (Cayman) Limited (3.24%) 4.Yi Kao Investment Co., Ltd. (3.14%) 5.Cathay Life Insurance Co., Ltd. (1.97%) 6.China Life insurance co., Ltd.(1.81%) 7.Chuan Well Investment Co., Ltd. (1.76%) 8.Vanguard Emerging Markets Stock Index Fund, a. Series Of Vanguard International Equity Index Funds (1.74%) 9.Government of Singapore--GOS-EFMC (1.47%) 10.Chinatrust Commercial Bank Trust Account for Chinatrust Financial Holding Co., Ltd. Employee Welfare Savings Committee (1.42%)

4. Major Managers

Apr 26, 2013

Name	Title	Education	Significant Experience
James Chen	President & CEO, Global Institutional Banking	MBA, The City University of New York, USA	President, Institutional Banking Group of CTBC Bank
Jack T.K. Cheng	Senior Executive Vice President	Bachelor of Business Administration, National Taiwan University	EVP of CTBC Bank
Su-Kuo Huang	Senior Executive Vice President	MBA, Takushoku University, Japan	EVP of CTBC Bank
Larry Hsu	Senior Executive Vice President	Bachelor of Business Administration, National Taiwan University	EVP of CTBC Bank
Perry Chang	Senior Executive Vice President	MBA, Tunghai University	EVP of CTBC Bank
Aaron King	Executive Vice President	Master of Law, Georgetown University, USA	Partner, Lotus International Law Office, Taipei
Frank Shih	Executive Vice President	MBA, University of Texas at Austin, USA	SVP of CTBC Bank
Julie L. Yang	Executive Vice President	MBA, Baruch College, The City University of New York, USA	SVP of CTBC Bank
Cliff Shen	Executive Vice President	Bachelor of Business Administration, National Cheng Kung University	SVP of CTBC Bank
Derek Lo	Executive Vice President	MBA, Madonna University, USA	SVP of CTBC Bank
Jeremy Ou	Executive Vice President	Master of Industrial Engineering, The Pennsylvania State University, USA	SVP of CTBC Bank
Openmind Yeh	Executive Vice President	Bachelor of Economics, Tunghai University	SVP of CTBC Bank
Tony Yang	Executive Vice President	MIBA, United States International University, USA	SVP of CTBC Bank
David Swei	Executive Vice President	MBA, University of Dallas, USA	SVP of CTBC Bank
Mingjohn Lee	Executive Vice President	MBA, New York University, USA	SVP of CTBC Bank
H.Y. Chen	Executive Vice President	MBA, Ohio State University, USA	SVP of CTBC Bank
C.C. Huang	Executive Vice President	MBA, Indiana University at Bloomington, USA	EVP of ABN AMRO Bank
Alex Chen	Executive Vice President	Bachelor of Economics, Chinese Culture University	SVP of CTBC Bank
Matthew Liaw	Executive Vice President	MBA, University of Wisconsin at Madison, USA	EVP of ABN AMRO Bank
Jack CP Wang	Executive Vice President	MBA, The U. of Western Ontario, Canada	Vice President of Citibank
Winston Hsia	Executive Vice President	MBA, University of Pennsylvania, USA	President of ViVa TV
CC Hong	Executive Vice President	International Trade, Chihlee College of Business	SVP of CTBC Bank
Amy Yang	Executive Vice President	International Trade, Chihlee College of Business	SVP of CTBC Bank
Robert Russell	Executive Vice President	Bachelor of Economics, York University, Canada	Managing Director of Falcon Private Bank
Noor Menai	Executive Vice President	MBA, University of Rochester, USA	CEO of Charles Schwab Bank
YongJin Chen	Executive Vice President	Bachelor of Accounting, Soochow University	SVP of CTBC Bank
Geoffrey Liu	Executive Vice President	MBA, University of Rochester USA	President & CEO of Chinatrust Bank (USA)
Rachael Kao	Executive Vice President	MBA, Baruch College, The City University of New York, USA	SVP of CTBC Bank
Peter Wei	Executive Vice President	MBA, National Taiwan University	SVP of CTBC Bank
Sting Yang	Senior Vice President	Bachelor of Accounting, Fu Jen Catholic University	VP of CTBC Bank
Friedman Wang	Senior Vice President	MIBA, National Taiwan University	VP of CTBC Bank
James Liao	Senior Vice President	Bachelor of Law, Tunghai University	VP of CTBC Bank
Eric Hsin	Senior Vice President	Executive MS in Finance, The City University of New York, USA	VP of CTBC Bank
Shirley Yang	Senior Vice President	Master in Advertising, Michigan State University, USA	VP of CTBC Bank
Amy HC Lin	Senior Vice President	Bachelor of Banking, National Chengchi University	VP of CTBC Bank
Albert Hu	Senior Vice President	MBA, George Washington University, USA	VP of CTBC Bank
Jason Chen	Senior Vice President	Bachelor of Business Administration, Feng Chia University	VP of CTBC Bank
Jim Jen	Senior Vice President	MBA, Boston University, USA	Vice President of Citibank
Chung Mao Hsiao	Senior Vice President	Bachelor of Economics, Keio University, Japan	SVP of Raiffeisen Zentralbank
Frank Hsu	Senior Vice President	Master of International Trade, National Chengchi University	VP of CTBC Bank
Christine Ko	Senior Vice President	MBA, Ohio State University, USA	Vice President of Standard Chartered Bank
Eric Tsai	Senior Vice President	EMBA, National Chengchi University	VP of CTBC Bank
Retinna Sung	Senior Vice President	Bachelor of Law, National Chung Hsing University	VP of CTBC Bank
Anderson Chen	Senior Vice President	Bachelor of Business Administration, Soochow University	VP of CTBC Bank
William Chu	Senior Vice President	Bachelor of Marine Transportation, National Chiao Tung University	VP of CTBC Bank

III. Business Review

A. Business Performance

1. Scope of Business

a. Institutional Banking

i. Commercial Banking:

Global Commercial Banking Product Group provides customers with diverse, specialized and international financial services including loans, trade financing, cash management, corporate trust and proxy services.

ii. Capital Markets:

Global Capital Market Group partners with our clients to provide tailored financial solutions to meet clients' financial requirements. These services include: syndication lending, leveraged and acquisition finance, advisory services, securitization, funding and gapping, treasury sales, trading and structured finance, including bonds, equity-linked products, and a wide range of over-the-counter derivatives, which covers foreign exchange, interest rate, credit, and commodity.

b. Retail Banking

i. Wealth Management:

Providing target customer groups with financial planning, asset allocation planning and advisory services, as well as a variety of financial products.

ii. Secured Lending:

Providing individuals with a variety of residential mortgage services (including home mortgages, refinancing, installment loans, policy-based loans, and financial planning mortgages).

c. Payment Services

i. Credit Cards:

Including issuing (Credit cards, debit cards, and prepaid card issuance) and acquiring business (merchant service), and also credit card related financial service such as revolving, cash advance, and bill installment.

ii. Unsecured lending:

Extending various unsecured personal loans.

Revenue Breakdown

Unit: NT\$ million

Revenue Source	Amount	%
Institutional Banking	20,084	35.93
Retail Banking	32,689	58.48
Other	3,127	5.59
Total	55,900	100.00

2. Business Discussion

a. Institutional Banking

i. Cash Management

Despite the challenging low interest rate environment, Chinatrust Commercial Bank (CTBC Bank) maintains steady growth domestically as well as internationally by broadening customer base, expanding deposit base and increasing fee-based business through innovative services. CTBC Bank had also established a fully-integrated IT platform to better service customers with cross-border needs at a lower cost via STP (straight-through-process). Our high STP rates (80% for collection service and 97% and 61% for local and cross-border payment services) offer better cut time and flexible services. CTBC Bank was awarded as the “2012 Best Cash Management Bank in Taiwan” by *Asiamoney* and *The Corporate Treasurer*.

ii. Trade Finance Business

In 2011, CTBC Bank launched CNY business in OBU. To fulfil customers’ international transactions and financial needs, CTBC Bank developed trade products such as structured trade financing, negotiation without recourse, usance L/C payable at sight (UPAS) and import refinancing in various currencies. As a primary trade bank for most of our clients, CTBC Bank grew significantly in trade finance business in 2012 with average balance and revenue increases of 35% and 31% respectively. The increases are from providing cross-border customers with lower funding rate and conducting CNY trade business in CTBC Bank Hong Kong Branch and OBU. As a result of exceptional product design, execution, and customer service, CTBC Bank was able to achieve robust business volume and revenue growth, as well as maintaining the advantageous position in market share. CTBC Bank also built strategic alliances with overseas banks, primarily in China and Southeast Asia, to extend its financial services to non-Taiwanese clients.

iii. Custody / Corporate Trust Business

CTBC Bank is the top transfer agency, employee benefit and savings trust, securities trust in the domestic market and the second largest FINI/FIDI custodian among all local service providers. CTBC Bank’s custody and corporate trust business strategy is to develop a full-range of services for corporate individuals, including employees and shareholders via our automated platform and local expertise. CTBC Bank has been awarded “The Best Domestic Custodian Bank in Taiwan” by *The Asset* for four consecutive years (from 2009 to 2012). CTBC Bank is also the sole trustee of Private School Pension Fund, which is the first pension fund in Taiwan to adopt member’s choice investment mechanism.

iv. Syndicated Loan

CTBC Bank continues to be one of the most valuable banking brands in Taiwan syndicated loan market. In addition to leading in deal volume/deal number, CTBC Bank is also highly recognized for deal execution quality and outstanding agent bank services. CTBC Bank applies its expertise to various types of financing activities including corporate financing, LBO/ acquisition financing, asset-based financing and project finance, etc. In 2012, CTBC Bank faced several unfavorable conditions which include:

- 1) The thin margin caused by fierce competition from government affiliated banks who was able to take large final hold amounts.
- 2) Fundraising reduction by borrowers especially in the technology sector.
- 3) Considerable US dollar funding cost fluctuation.

Notwithstanding these challenges, CTBC Bank moved up the rank in the league table in 2012. Moreover, CTBC Bank is also an international player for many years ahead of our domestic competitors. With our extensive international networks, especially in Asia, the bank has been participating in a substantial number of overseas transactions of which it acted as mandated lead arranger and/or bookrunner in 2012. The bank's strong capability to arrange cross-border deals in various industries and introducing different structures to the market was validated through various prestigious awards, such as awarded as "Taiwan Loan House of the Year 2012" by *IFR Asia*.

v. Treasury & Derivatives

As an innovative and complete derivatives product provider, CTBC Bank works with our commercial and corporate clients to provide hedging products through interest rate, equity, credit, currency and commodity derivatives, foreign exchange, and fixed-income products. Our commercial banking services provide a wide range of lending-related products and services, integrated treasury solutions to clients through our overseas network and client relationship. In 2012, CTBC Bank once again proved to be the number one bank in Taiwan's derivatives market. Moreover, CTBC Bank is the only local bank in Taiwan capable of warehousing commodity derivatives for our corporate clients instead of squaring back-to-back with other counterparties. We also maintain the higher warehousing ratio in currency derivatives.

Apart from developing new products and business in our domestic market, CTBC Bank has been developing overseas treasury businesses in Hong Kong, the Philippines, Indonesia, and Vietnam to provide comprehensive financial services to our clients by leveraging the strength of our Head Office's product development. Also, CTBC Bank established our Hong Kong Branch to serve as a complete CNY product center for various CNY derivatives as well as fixed income primary and secondary market-maker.

b. Retail Banking

i. Wealth Management

CTBC Bank has established a very strong wealth management brand, and the brand has been well-recognized in Taiwan as a caring, professional, and trustworthy financial institution. In 2012, the market share of VIP customers (AUM over NTD\$ 3 million) has reached 12%, which again makes CTBC Bank a leader in VIP customer segment.

In 2012, to continue better serve HNW (High Net Worth, AUM over NT\$ 15 millions) customers, CTBC Bank Retail Banking developed a HNW model, *M3 segment*. CTBC Bank provides "*strong rewards, strong service and strong advisory*" to fulfill M3 customers' diversified and distinctive needs.

- Strong rewards: launched new membership program "private plus" and "private" to accelerate migration of sizable potential HNWIs customers.
- Strong services: established M3 service platform to strengthen relationship and conversion

share of wallet from other banks.

- Strong advisory: launched M3 advisory & research service model to satisfy customers' needs and differentiate from competitors.

In 2012, CTBC Bank continues the steady growth in both customer base (YOY growth 4.4%) and total AUM (YOY growth 9.0%). CTBC Bank not only maintained leading position in Taiwan in terms of sales volume, but also was honored with more than 40 international and domestic awards, including "Best Private Bank in Taiwan" from *Euromoney*, "Best Retail Bank in Taiwan" from *The Asian Banker*, "Best Bank in Taiwan" from *The Banker and FinanceAsia.*, etc.

ii. Internet Banking

CTBC Bank Internet Banking not only provides basic informative and transactional services, but also highlights interactive platform to meet customer's diverse needs. Our Internet Banking has been well-recognized as the:

- Most popular Internet Bank : Over 2 million users with more than 28% market share.
- No.1 in safety: first to launch OTP (One Time Password) security mechanism in the market. OTP has also been applied to mobile banking and credit card online payment.
- Most innovative and customer-oriented:
 - First integrated internet banking with cards, savings, funds, loans, securities and insurance in the market.
 - First and most comprehensive mobile banking application for smartphones, providing on-the-go banking needs, including account inquires, transaction, paying bill etc
 - Virtual services of "e-FA "make customers' internet banking a personal and enjoyable experience.

iii. ATM Services

To provide convenient local services, CTBC Bank stationed the most ATM machines and transacted the highest volume in interbank withdrawals. There are a total of 4,996 ATMs, commanding a market share of 18% in Taiwan with more than 90% stationed in 7-ELEVEN convenience stores. The volume of interbank withdrawal transactions using CTBC Bank ATM is about 85 million transactions a year, commanding 34% of the total volume in Taiwan, ranking the highest in Taiwan.

iv. Mobile Banking

CTBC Bank has differentiated itself from the peers with user-friendly interface for customer to have holistic view and comprehensive banking services which has complete product support across retail banking and institutional banking since 2010.

CTBC Bank mobile banking application, with over 600,000 downloads and over 300,000 subscribers, has been the No. 1 in the Smartphone apps market. Also, CTBC Bank is the only bank in Taiwan recognized as "Best Consumer Internet Bank in Taiwan" held by *Global Finance* for 7 Years in a row.

v. Bancassurance

One of CTBC Bank's core values has always been providing the best equipped platform and the

most innovative products to serve customers' needs. Besides launching the Insurance Broker System (IBS), the most competitive and cutting-edge bancassurance system in Taiwan, CTBC Bank has been the top bancassurance player in premium income and revenue. CTBC Bank demonstrated robust growth of 15% in market share for the past three years.

c. Cards and Payment Banking

i. Lending

CTBC Bank is the market leader in unsecured lending and mortgage loans. CTBC Bank takes No. 6 in Taiwanese mortgage market (No.1 excluding government-affiliated financial institutions) and No. 1 in unsecured lending market.

In spite of various challenges and constraints due to government regulations, local housing market uncertainties, and internal compliance, CTBC Bank has continued to grow lending profitability through improvements in asset quality. In 2012, mortgage NPL improved to 0.13%, from 0.15% in 2011 and 0.28% in 2010. CTBC Bank applies differentiated strategies by segment:

- Mass segment- information-based customer selection: target customers with quality credit history and pre-defined sub-segments with attributes such as occupations and assets (prime customers and collaterals policy).
- Affluent and above segment- satisfy overall financial needs: for affluent/HNW customers, CTBC Bank provide customized advisory services to meet overall financial needs.

ii. Credit Card

CTBC Bank's credit card model includes both issuing and acquiring business. Currently, there are 5.4 million cards in circulation which can generate nearly NT\$307 billion spending annually and NT\$17 billion revolving outstanding. On the acquiring side, CTBC Bank has more than 26,000 merchants which contribute more than NT\$373 billion acquiring business annually.

CTBC Bank enjoys significant success from the "Issuing + Acquiring" business model. In the past 38 years, CTBC Bank has continued to innovate and maintained the leading position in the Taiwan market. CTBC Bank not only fulfills customers' spending needs but also creates more additional value in the total value chain management.

We take the following credit card market share:

- No.1 in card in circulation with 15.9% market share
- No.1 in spending volume with 17.4% market share
- No.1 in revenue (include spending, revolving and cash advance) with 15.1% market share

CTBC Bank has launched the credit card Smartphone application (Card APP) in May 2012. The Card APP offers not only merchant information but also management functionality, LBS service, and real-time benefits. Cardholders can check, redeem, and store the e-coupon by using the Card APP. Also, it helps customer find nearby merchants by leveraging the map service. It brings new traffic to the store and also benefits the cardholders. Meanwhile, since CTBC Bank is the top 1 issuer in Taiwan, it takes the payment security and convenience as one of its top priorities. CTBC Bank is the first bank to launch the 3D secure OTP service in Taiwan. Along with the increase of online transaction, it has promoted the 3D security aggressively in 2012.

B. Employees

YEAR		2012.12.31		2011.12.31	
Number of Employees		9,900		9,849	
Average Age (Years Old)		36.32		36.02	
Average Tenure of Employment (Years)		8.40		7.75	
Education		Employee Count	Percentage	Employee Count	Percentage
	Graduate School or Higher	1,859	18.78%	1,778	18.05%
	University and College	7,123	71.95%	7,101	72.1%
	Senior High School	881	8.90%	924	9.38%
	Below Senior High School	37	0.37%	46	0.47%

C. Corporate Social Responsibility and Ethical Conduct

Fulfilling our commitment to corporate social responsibility is Chinatrust Commercial Bank's (CTBC Bank) promise to the community we serve.

For many years, CTBC Bank has consistently striven to realize our corporate social responsibility. In the areas of corporate governance, corporate commitment, environmental protection, support for the arts, and charitable activities we hold fast to our brand spirit "We are family," our mission to "Protect and Build," and our brand value - "Caring, Professional, Trustworthy." We hope to provide the utmost care and service to our employees, shareholders, customers, investors, suppliers, and the community-at-large.

1. Philanthropy

Based on our philosophy, what is received from our community should be given back to our community. CTBC Bank actively participates in a variety of philanthropic activities. In addition to our annual "Light Up A Life" fundraising campaign, we encourage employees to donate their time as volunteers. Through the end of 2012, we organized a total of 1,132 volunteer activities where volunteers gave over 122,000 hours to assist disadvantaged children.

2. Arts and Culture

A country's capacity to appreciate the arts is also a representation of the country's standard of living. To enhance the selection of arts and cultural performances available in Taiwan, CTBC Bank became the first business in Taiwan to construct a performance venue, Novel Hall. Each year, we provide financial support for the venue's operations while actively sponsoring a variety of cultural performances and activities. In 2012, we sponsored performances of Disney's Broadway musical "AIDA", family screenings of the film "Jumping Boy", and travelling exhibitions of works by Salvador Dali and "Trick Art - 3D Art from Japan Part II".

3. Environmental Protection

Climate change has received increased global attention and CTBC Bank is committed to being a leader in environmental protection. In addition to adopting Songzhi Park, we have also actively participated in a variety of other activities to protect our Earth. In 2012, we established the Energy Management System Promotion Committee and implemented related management policies. CTBC Bank commissioned a third party auditor to certify our energy management system and we are now the first financial institution in Taiwan to receive such certification.

4. Sustainable Operations and Creating Shareholder Value

As a leading financial industry brand, CTBC Bank is aware of the high levels of attention and expectations placed upon us from all facades of society. The key to a company's survival is not simply to make money. In addition to creating shareholder value through high returns, we must also shoulder a larger portion of social responsibility. We believe a responsible, respectable company is not one that is most profitable, but one that can operate sustainably. In the future, we will insist on doing what is right, honorable and good, while continuing to strive for economic, social and environmental accomplishments. CTBC Bank is committed to giving back to our beloved Earth and to each of its citizens.

IV. Dividend Policy and Earnings Distribution

A. Dividend policy and status of execution

1. Dividend policy:

As a subsidiary of the Chinatrust Financial Holding Company, the Bank has the obligation to take care of the fund requirements of the parent company. It will also have to set aside an adequate statutory surplus reserve and maintain an equitable policy for distributing cash dividends. Dividends and bonuses for common shares shall in principle be in cash and shall be maintained at a stable level every year.

The above policy, however, is to be observed only in principle. The Bank shall take into consideration of business performance and budgeted capital requirements and make necessary adjustments in actual distribution.

Distribution terms, time, and amount: If there are earnings in the financial statement, the Bank shall first reserve funds for taxes, be adjusted according to the principles of financial accounting, and hold back funds for losses, if any. In addition, it shall assign 30% of the earnings as statutory surplus reserve, distribute special reserve and finally set aside 0.01% to 0.05% of the distributable earnings to employees as bonuses. The way of distributing the remainder and the beginning retained earnings shall be proposed by the Board of Directors and approved by annual general meetings. Before the statutory surplus reserve reaches the amount of the total capital, the distributed cash dividends shall not exceed 15% of the total capital.

If the bank's statutory surplus reserve has reached the total capital or paragraph 2 of Article 50 of the banking law financial business standards regulated by the authorities and has proposed the statutory surplus reserve according to the company law, it will not be limited by the statutory surplus reserve and the highest cash earning distribution.

If there are earnings in a fiscal year, the Bank, not in contradiction with the provisions of Article 50 of the Banking Law, shall distribute to the shareholders at least 10% of the dividends in cash.

The Board of Directors shall decide on the regulations governing the distribution of employee bonus, and the actual distribution ratio within the amount set aside as regulated in the preceding paragraph.

2. The Board has approved the earnings appropriation proposal for Year 2012. It is proposed that total NT\$14,556,474 thousand from retained earnings of Year 2012 will be distributed in cash and in stock according to the record shown in the shareholder book on the distribution record date (Record Date). The dividends are NT\$1.4999 per share in cash and NT\$0.4314 per share in stock, total common stock dividends are NT\$1.9313 per share.

B. The influence of dividend allocation this time to the operation performance and earnings per share:

There was no announced financial forecast for the bank in Year 2013; therefore no disclosure of such information is needed.

C. Information relating to employee bonuses and remuneration to directors and supervisors of the Board

1. The percentages or ranges with respect to employee bonuses and director/supervisor remuneration, as set forth in the company's articles of incorporation:

The employee bonuses allocation range is between 0.01%~0.05%. However, the remuneration to directors of the Board is not mentioned in the Articles of Incorporation.

2. The basis for estimating the amount of employee bonuses and director/supervisor remuneration, for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

Estimation of the fair value of employee bonuses is recognized as current-period expenses based on the Bank's net income after tax minus an appropriate reserve at the end of the accounting period multiplied by the most appropriate estimate set by the Bank's articles of incorporation. However, if later the actual allocation amount pursuant to a resolution of the Bank's Board Of Directors on behalf of shareholders is different from the estimated number, the difference would be recognized as the profit or loss of the next year.

3. Information on any employee bonus distribution proposal approved by the Board of Directors:

a. Distribution of cash bonuses or stock bonuses to employees, and compensation for directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

i. Cash bonus of employee is NT\$6,440,155.

ii. The discrepancy: Accrued expense of employee bonus is NT\$6,439,957.

The discrepancy between the actual allocation amount and accrued expense for employee bonus is NT\$198.

iii. Reason: The discrepancy caused is due to the following reasons:

The monthly closing effective tax rate used to calculate accrued expense is different from the final one provided to the auditor.

iv. Treatment: The difference would be treated as change in accounting estimates of year 2013.

b. The amount of any proposed distribution of employee stock bonuses, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee bonuses:

It is not applicable due to no employee bonus distributed in the form of stock.

c. The annual report shall assess the effect upon imputed earnings per share of any proposed distribution of employee bonuses and director/supervisor compensation:

It is not applicable due to the employee bonuses and remuneration to directors and supervisors of the Board has been expensed from January 1, 2008.

4. The actual distribution of employee bonuses and director/supervisor remuneration for year 2011 (with an indication of the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor remuneration, additionally the discrepancy, cause, and how it is treated:

	Year 2011			
	Distributed with the Resolution from the Annual General Meeting	Recognized Expense	Difference (Note)	Explanation
Distribution status				The difference is due to the following reasons :
A. Employee bonus distributed in the form of cash	NT\$5,018 thousand	NT\$5,317 thousand	NT\$299 thousand	a. The monthly closing number of unrealized loss on financial instrument used to calculate accrued expense is different from the final one provided to the auditor.
B. Employee bonus distributed in the form of stock				
(1) shares	-	-	-	
(2) amount	-	-	-	
(3) stock price	-	-	-	
C. Remuneration to Directors and Supervisors	-	-	-	b. The monthly closing effective tax rate used to calculate accrued expense is different from the final one provided to the auditor.

Note: The difference amounting to NT\$299 thousand regarded as changes in accounting estimates and recognized as profit or loss of year 2012.

V. Internal Control Representation

Internal Control Representation

Financial Supervisory Commission,

On behalf of Chinatrust Commercial Bank Co., Ltd, we hereby certify that the company's internal control system and risk management mechanism for the fiscal year of 2012 have been implemented and audited by the independent internal auditors as to comply with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", and the internal audit reports are periodically presented to the company's Board of Directors and the Audit Committee. For the securities business operations, the company has evaluated the effectiveness of related internal control system in accordance with requirements promulgated by "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets".

Except items listed on attachments, we hereby certify that the company complies with all related laws and regulations, and the internal controls are effectively in place. This representation is part of the annual report and publicly disclosed.

We understand that we are legally bound to SEC ordinance #20, 32, 171 & 174.

Sincerely yours,

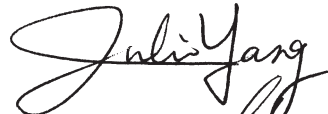
Chairman



President



General Auditor



Chief Compliance Officer



Chinatrust Commercial Bank Co., Ltd

Internal Control System - Items for Improvement/Improvement Plan

(Cut-off Date: 2012.12.31)


Items for Improvement	Improvement Measures	Scheduled Date of Completion
<p>1. Chinatrust Bank Corp. (USA) (CTBC Bank (USA)), the subsidiary of Chinatrust Commercial Bank Co., Ltd. (CTBC Bank), executed the disposal of 4 Non-Performing Loans (NPLs) or Other Real Estate Owned (OREO) from August 2009 to September 2010 with each transaction amount greater than NT\$300 million. However, Chinatrust Financial Holding Co., Ltd. (CTBC Holding) did not proclaim the information on behalf of CTBC Bank (USA), which violated Article 30, Paragraph 1, Subparagraph 5 and Article 33 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and Article 2, Paragraph 1, Subparagraph 20 of "Taiwan Stock Exchange Corporation (TWSE) Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities". The Chairman of CTBC Holding was fined by Financial Supervisory Commission (FSC) for NT\$240 thousand according to the regulation, and the CTBC Holding was fined by TWSE for NT\$50 thousand due to breaching the contract. <Letter No. Jin-Guan-Zheng-Fa-Zi-10100323591, August 14th, 2012>, <Letter No. Tai-Zheng-Shang-Yi-Zi-1010018543, August 23rd, 2012></p>	<p>1. CTBC Holding has instructed CTBC Bank to review and establish "The Performing Loan Sales Policy" and "Monitoring Notice for Announcement on Sale of Non-Performing Loans and Other Real Estate Owned" which regulate the procedure of material information announcement and provide the guidance for overseas branches/subsidiaries. 2. CTBC Holding, on behalf of CTBC Bank (USA), made the remedial proclamation of the 4 cases on Market Observation Posting System (MOPS) on August 27th, 2012.</p>	<p>The related internal guidelines have been announced in January 2012. In addition, CTBC Holding, on behalf of CTBC Bank (USA), made the remedial proclamation of the 4 cases on MOPS on August 27th, 2012.</p>
<p>2. In accordance with the request of Federal Deposit Insurance Corporation and California Department of Financial Institutions, CTBC Bank (USA), the subsidiary of CTBC Bank, executed a Stipulation to the Issuance of Consent Order on October 11th, 2012 and made a commitment to improve the deficiencies relating to Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) programs.</p>	<p>1. CTBC Bank (USA) has hired a consulting firm to reinforce the infrastructure and internal controls of BSA/AML programs. In addition, the firm will assist in reviewing the related operation and control procedures and draw up BSA Action Plan. 2. In order to ensure the conformity with related laws and regulations, CTBC Bank (USA) will continuously advocate and promote the sound compliance culture.</p>	<p>The BSA Action Plan has been drawn up and approved by the board of CTBC Bank (USA) on May 31st, 2012, and the execution of such plan has been initiated after the approval.</p>
<p>3. In the case of certain upgrade campaign to credit card customers in CTBC Bank, the activities involved adding customer obligations which did not apply to the exceptions in Article 39, Paragraph 1, Subparagraph 5 of "Regulations Governing Institutions Engaging In Credit Card Business". It may affect the sound operation of the Bank. In accordance with Article 61-1 of "The Banking Act of The Republic of China", the order correction is requested to be taken. <Letter No. Jin-Guan-Yin-Kong-Zi-10100021740, March 27th, 2012></p>	<p>CTBC Bank has established "The Guideline of Upgrading Credit Cards for Customers" to govern the standard of initiative card upgrade and the notification of the customer obligation change, and reported to the Board for approval. Meanwhile, the CTBC Bank has reinforced the advocacy of related regulations and the staff training to the related sales force.</p>	<p>The related improvement plan have been approved by the Board and submitted to FSC on May 21st, 2012.</p>
<p>4. Requested by FSC, CTBC Bank needs to review and enhance the related Information Technology (IT) security control mechanism in light of recent cases of IT operation error or system malfunction and the FSC Targeted Examination result, and such review result needs to be reported to the Board for discussion. <Letter No. Jin-Guan-Yin-Kong-Zi-10200004750, January 24th, 2013></p>	<p>1. To ensure the security of IT operations, CTBC Bank has reinforced the operation processes related to the emergency authorization, change management, automatic monitoring of the systems, the controls of authority, and data loss protection, etc. 2. CTBC Bank will reinforce the training plans of IT security and personal data protection. 3. In order to ensure the reinforcement of IT risk management, CTBC Bank has planned to invite external experts to review the overall IT operations. The action plan has been reported to the Board for discussion.</p>	<p>1. The improvements have been taken since February 2012 and will be completed by April 30th, 2013. 2. The training plan of IT security is scheduled to be completed by April 30th, 2013. 3. The overall review of IT operations is planned to be completed by 2013Q3.</p>
<p>5. The staff of CTBC Bank proceeded cash transactions without the actual delivery of cash, which breached the related internal guidelines and impaired the sound practice of the Bank. Since this case was discovered and reported to FSC with reinforcement action on Bank's own initiative, the order correction is requested to be taken. <Letter No. Jin-Guan-Yin-Kong-Zi-10100407510, March 15th, 2013></p>	<p>1. To ensure the sound operations of cash payment and collection, CTBC Bank has reaffirmed the current control mechanism, strengthened the internal controls of branch operations, and enhanced the checking functions in the transaction system. 2. CTBC Bank will include the related risk events to staff training materials for newcomers and reinforce the compliance as well as ethics training for staff.</p>	<p>The enhancements, including system functions, have been implemented by March 11th, 2013. In addition, the related staff training and advocacy will be reinforced continuously.</p>

VI. Audit Committee's Report of the Financial Statement Of the Last Year.

The Audit Committee's Report

In accordance with Article 14-4 of Security and Exchange Law and Article 219 of the Company Law, the undersigned, have duly examined and accepted as correct the financial report (unconsolidated and consolidated) for the year 2012 along with the business report and earnings distribution plan submitted by the Board of Directors of Chinatrust Commercial Bank Co., Ltd.

Chinatrust Commercial Bank Co., Ltd.
Audit Committee Convener



Wen-Chih Lee

Taipei, Taiwan , R.O.C.

April 26, 2013

VII. Head Office and Domestic Branches

Domestic Branches

Branch Name	Address	Telephone
Head Office (Banking Department)	1F., No.3, Songshou Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	+886-2-27222002
Jhancian Branch	1F., No.4, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	+886-2-23113598
Huashan Branch	1F., No.55, Sec. 1, Jhongsiao E. Rd., Zhongjheng District, Taipei City 100, Taiwan (R.O.C.)	+886-2-23413000
Dongmen Branch	1F.,No.213, Sec. 2, Sinyi Rd., Zhongjheng District, Taipei City 100, Taiwan (R.O.C.)	+886-2-23958000
Chengjhong Branch	1F., No.83, Sec. 1, Chongcing S. Rd., Zhongjheng District, Taipei City 100, Taiwan (R.O.C.)	+886-2-23818740
Daan Branch	1F., No.102, Sec. 2, Roosevelt Rd., Zhongjheng District, Taipei City 100, Taiwan (R.O.C.)	+886-2-33651988
Mincyuan West Road Branch	1F.,No.104-1, Mincyuan W. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	+886-2-25572919
Chengde Branch	1F., No.17, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	+886-2-25562088
Datong Mini Branch	1F.,No.196, Sec. 3, Chongcing N. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	+886-2-25982366
Jhongsan Branch	1F., No.106-2, Sec. 2, Jhongsan N. Rd., Jhongsan District , Taipei City 104, Taiwan (R.O.C.)	+886-2-25235222
Minsheng Branch	1F., No.58, Sec.1, Minsheng E. Rd., Jhongsan District, Taipei City 104, Taiwan (R.O.C.)	+886-2-25641818
East Minsheng Branch	1F.,No.51, Sec. 3, Minsheng E. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	+886-2-25093656
Dazhi Branch	1F., No.638, Mingshuei Rd., Jhongsan District, Taipei City 104, Taiwan (R.O.C.)	+886-2-85026002
Chengbei Branch	1F., No.218, Songjiang Rd., Jhongsan District, Taipei City 104, Taiwan(R.O.C.)	+886-2-25623789
Nanjing East Road Branch	1F., No.16, Sec. 1, Nanjing E. Rd., Jhongsan District, Taipei City 104, Taiwan (R.O.C.)	+886-2-25232238
Chengdong Branch	1F., No.88, Sec. 2, Nanjing E. Rd., Jhongsan District, Taipei City 104, Taiwan (R.O.C.)	+886-2-25677377
Longjiang Branch	1F., No.65, Sec. 3, Nanjing E. Rd., Jhongsan District, Taipei City 104, Taiwan (R.O.C.)	+886-2-25158811
Chang An Branch	No.26, Fusing N. Rd., Jhongsan Dist., Taipei City 104, Taiwan (R.O.C.)	+886-2- 27785881
Jhunglun Branch	1F., No.85, Sec. 4, Bade Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	+886-2-27672669
Fujin Branch	1F.,No.165, Sec. 5, Minsheng E. Rd., Songshan District., Taipei City 105, Taiwan (R.O.C.)	+886-2-27602766
Sisong Branch	1F., No.161, Sec.4, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan, (R.O.C.)	+886-2-27177100
Fubei Branch	1F., No.363, Fusing N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	+886-2-87705566
Dunbei Branch	1F., No.122, Dunhua N. Rd., Songshan District , Taipei City 105, Taiwan (R.O.C.)	+886-2-27133322
Renai Branch	1F., No.341, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	+886-2-27754600
Anhe Branch	1F., No.195, Sec. 2, Anhe Rd., Da'an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-27386171
Yanji Branch	1F., No.298, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-27716000
Jhongsiao Branch	1F., No.71, Sec. 4, Jhongsiao E. Rd., Da'an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-27520310
Sinyi Branch	1F., No.236, Sec. 4, Sinyi Rd., Da'an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-27079977
Fusing Branch	1F., No.251, Sec. 1, Dunhua S. Rd., Da'an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-27771988
Dunnan Branch	1F., No.68, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-23253616
Gungguan Branch	1F., No.281, Sec. 3, Roosevelt Rd., Da'an District, Taipei City 106, Taiwan (R.O.C.)	+886-2-23623377
Wanhua Branch	1F., No.92, Sec. 2, Changsha St., Wanhua District, Taipei City 108, Taiwan (R.O.C.)	+886-2-23898188
Yongji Branch	1F., No.18, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	+886-2-27617999
Songshan Branch	1F., No.550, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	+886-2-23466711
Shinfu Branch	1F.,No.9, Songgao Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	+886-2-27221668
Tianmu Branch	1F., No.90, Sec. 6, Jhongsan N. Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	+886-2-28322888

Branch Name	Address	Telephone
Shihlin Branch	1F., No.307, Zhongheng Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	+886-2-28839900
North Tianmu Branch	1F.,No.10, Tianmu W. Rd., Shilin District, Taipei City 111, Taiwan (R.O.C.)	+886-2-28766100
Jiantan Branch	1F, No.150, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	+886-2-28827979
Shihpai Branch	1F., No.46, Sec. 2,Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	+886-2-28213366
Beitou Branch	1F., No.217, Guangming Rd., Beitou District, Taipei City 112, Taiwan(R.O.C.)	+886-2-28983039
Rueiguang Branch	No.514, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	+886-2-27985600
Chenggong Branch	1F., No.161, Sec. 4, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	+886-2-87911686
Neihu Branch	1F., No.358, Sec. 4, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	+886-2-27938668
Donghu Mini Branch	1F., No.182, Sec. 3, Kangning Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	+886-2-26312288
Mujha Branch	1F., No.69, Sec. 3, Mujha Rd., Wunshan District, Taipei City 116, Taiwan (R.O.C.)	+886-2-29375890
Wunshan Branch	1F.,No. 248,Sec. 4,Sinhai Rd.,Wunshan District,Taipei City 116,Taiwan(R.O.C.)	+886-2-29335358
Jingmei Branch	No.405, Sec. 6, Roosevelt Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	+886-2-29329838
Keelung Branch	1F., No.150, Sinyi Rd., Sinyi District, Keelung City 201, Taiwan (R.O.C.)	+886-2-24221166
Bansin Branch	1F., No.293-1, Sec. 1, Zhongshan Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	+886-2-89611500
Banciao Branch	1F., No.187, Sec. 1, Wunhua Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	+886-2-29606600
Chongcing Branch	1F., No.290, Chongcing Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	+886-2-29634567
Sinbantecyu Branch	1F., No.88, Sec. 2, Sianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	+886-2-29619666
Jiangcui Branch	1F., No.8, Sec.3, Shuang 10th Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	+886-2-22578999
Sijhih Branch	1F., No.306, Sec. 1, Datong Rd., Sijhih District , New Taipei City 221, Taiwan (R.O.C.)	+886-2-26489699
Sindian Branch	1F., No.6, Sec. 2, Beisin Rd., Sindian District , New Taipei City 231, Taiwan (R.O.C.)	+886-2-29129988
North Sindian Branch	1F., No.25, Mincyuan Rd., Sindian District , New Taipei City 231, Taiwan (R.O.C.)	+886-2-29135000
Baociang Branch	1F., No.31, Baociang Rd., Sindian Dist., New Taipei City 231, Taiwan (R.O.C.)	+886-2-29123366
Yonghe Branch	1F., No.215, Sec. 1, Zhongshan Rd., Yonghe District , New Taipei City 234, Taiwan (R.O.C.)	+886-2-89235008
Shuanghe Branch	1F., No.588, Zhongheng Rd., Yonghe District , New Taipei City 234, Taiwan (R.O.C.)	+886-2-29233333
Nashihjiao Branch	1F., No.65, Zhongheng Rd., Yonghe District , New Taipei City 234, Taiwan (R.O.C.)	+886-2-29498838
Banhe Mini Branch	1F., No.726, Zhongheng Rd., Zhonghe District , New Taipei City 235, Taiwan (R.O.C.)	+886-2-82261288
Jhonghe Branch	1F., No.66, Liancheng Rd., Zhonghe District , New Taipei City 235, Taiwan (R.O.C.)	+886-2-22452277
Tucheng Branch	1F., No.304, Sec. 2, Zhongyang Rd., Tucheng District , New Taipei City 236, Taiwan (R.O.C.)	+886-2-22630888
Jincheng Branch	1F., No.16, Sec. 3, Jincheng Rd., Tucheng District , New Taipei City 236, Taiwan (R.O.C.)	+886-2-22601177
Shulin Branch	1F., No.122, Sec.1, Zhongshan Rd., Shulin District , New Taipei City 238, Taiwan (R.O.C.)	+886-2-26812345
Sanhe Branch	1F., No.119, Sec. 4, Sanhe Rd., Sanchong District , New Taipei City 241, Taiwan (R.O.C.)	+886-2-22863286
Sanchong Branch	1F., No.208, Jhengyi N. Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	+886-2-29828121
Erchongpu Mini Branch	1F., No.70-1, Sec. 1, Guangfu Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	+886-2-29959876
Chongyang Branch	1F., No.66, Sec. 1, Chongyang Rd., Sanchong District , New Taipei City 241, Taiwan (R.O.C.)	+886-2-89881199
Chongsin Branch	1F.,No.42-1, Sec. 2, Chongsin Rd., Sanchong District , New Taipei City 241, Taiwan (R.O.C.)	+886-2-89726189
Sinjhuang Branch	1F., No.320, Zhongheng Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	+886-2-29929696
Danfong Branch	1F., No.879-15, Zhongheng Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	+886-2-29066888
North Sinjhuang Branch	1F., No.57, Sec. 2, Zhonghua Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	+886-2-22776789
Minan Mini Branch	1F., No.179, Min-an Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	+886-2-22068887

Branch Name	Address	Telephone
Lujhou Branch	1F., No.211, Zhongshan 1st Rd., Lujhou District , New Taipei City 247, Taiwan (R.O.C.)	+886-2-28482008
East Lujhou Branch	1F., No.135, Minzu Rd., Lujhou District , New Taipei City 247, Taiwan (R.O.C.)	+886-2-22839300
North Lujhou Branch	1F., No.355, Changrong Rd., Lujhou Dist., New Taipei City 247, Taiwan (R.O.C.)	+886-2-22881999
Danshuei Mini Branch	1F.,No.123, Zhongshan Rd., Danshuei District , New Taipei City 251, Taiwan (R.O.C.)	+886-2-86318822
Yilan Branch	1F.,No.271,Sec.2,Jhongsan Rd.,Yilan City ,Yilan County 260,Taiwan(R.O.C.)	+886-3-9351122
Lohdong Branch	1F.,No.232, Singdong S. Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	+886-3-9574320
Hsinchu Branch	1F., No.158, Zhongheng Rd., Hsinchu City 300, Taiwan (R.O.C.)	+886-3-5222687
Guangfu Branch	No.35, Ln. 19, Guanxin Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	+886-3-5790678
Jhuke Branch	1F., No.2, Jinshan St., Hsinchu City300 , Taiwan (R.O.C.)	+886-3-5638080
East Hsinchu Branch	1F., No.32, Jianzhong Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	+886-3-5749190
Baoshan Branch	No.301, Shihpin Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)	+886-3-5628877
Jingguo Branch	1F., No.375, Sec. 1, Jingguo Rd., Hsinchu City 300, Taiwan (R.O.C.)	+886-3-5357655
Jhupei Branch	1F., No.49, Guangming 6th Rd., Jhupei City, Hsinchu County 302, Taiwan (R.O.C.)	+886-3-6560222
Jhongyuan Branch	1F., No.445, Sec. 2, Zhongbei Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	+886-3-4662211
Neili Mini Branch	1F.,No.262, Sec. 1, Zhonghua Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	+886-3-4611998
Jhongli Branch	1F., No.500, Yanping Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	+886-3-4223131
Nan JungLi Branch	No.68, Huannan Rd., Pingzhen City, Taoyuan County 324, Taiwan (R.O.C.)	+886-3-4028788
Yiwun Branch	No.1351, Zhongzheng Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	+886-3-3018000
Taoyuan Branch	1F., No.32, Sec. 1, Chenggong Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	+886-3-3373266
South Taoyuan Branch	1F., No.389, Fusing Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	+886-3-3388866
North Taoyuan Branch	1F., No.124, Jingguo Rd., Taoyuan City , Taoyuan County 330 ,Taiwan (R.O.C.)	+886-3-3150566
Linkou Branch	1F., No.233, Fuxing 1st Rd., Guishan Township , Taoyuan County 333, Taiwan (R.O.C.)	+886-3-3962777
Bade Branch	1F., No.965, Sec. 1, Jieshou Rd., Bade City, Taoyuan County 334, Taiwan (R.O.C.)	+886-3-3716565
Nankan Branch	1F., No.257, Zhongheng Rd., Lujhu Township, Taoyuan County 338, Taiwan (R.O.C.)	+886-3-3212211
Toufen Branch	1F., No.951, Zhonghua Rd., Toufen Township, Miaoli County 351, Taiwan (R.O.C.)	+886-3-7695678
Taichung Branch	1F., No.50, Minzu Rd., Central District, Taichung City 400, Taiwan (R.O.C.)	+886-4-22292161
Keboguan Branch	1F.,No.179, Sec. 1, Taichung Port Rd., West District, Taichung City 403, Taiwan (R.O.C.)	+886-4-23101258
Chunggang Branch	1F., No.400, Sec. 1, Taichung Port Rd., West District, Taichung City 403, Taiwan (R.O.C.)	+886-4-23149999
North Taichung Mini Branch	1F., No.77, Yucai N. Rd., North District, Taichung City 404, Taiwan (R.O.C.)	+886-4-22231666
Wunsin Branch	1F., No.875, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	+886-4-22469988
Shizheng Branch	No.93, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	+886-4-22545333
Situn Mini Branch	1F., No.111, Sec. 3, Taichung Port Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	+886-4-23551000
Nantun Branch	1F., No.234, Sec. 2, Wucyuan W. Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	+886-4-24712268
Gongyi Branch	1F., No.53, Sec. 2, Gongyi Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	+886-4-23291111
Hueijhong Mini Branch	No.88, Sec. 3, Hueijhong Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	+886-4-23891269
Dali Branch	1F., No.20, Dongrong Rd., Dali District, Taichung City 412, Taiwan (R.O.C.)	+886-4-24813333
Fongyuan Branch	1F., No.545, Zhongheng Rd., Fongyuan District, Taichung City 420, Taiwan (R.O.C.)	+886-4-25201010
Nantou Mini Branch	1F., No.220, Zhongshan St., Nantou City, Nantou County 540, Taiwan (R.O.C.)	+886-49-2207711
Changhua Branch	1F., No.76, SiaoYang Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	+886-4-7279933

Branch Name	Address	Telephone
Yuanlin Branch	1F., No.372, Jhongjheng Rd., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	+886-4-8368676
Chiayi Branch	1F., No.241, Minsheng N. Rd., Chiayi City 600, Taiwan (R.O.C.)	+886-5-2286600
Douliou Branch	1F., No.2, Singhua St., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	+886-5-5360099
Central Tainan Branch	1F., No.167, Sec. 1, Minsheng Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	+886-6-2412318
Tainan Branch	1F., No.159,Sec. 1,Fucian Rd.,West Central District, Tainan City 700, Taiwan (R.O.C.)	+886-6-2152345
West Tainan Branch	1F., No.212, Sec. 4, Jinhua Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)	+886-6-2263636
Jhonghua Branch	1F., No.195, Sec. 2, Jhonghua E. Rd., East District, Tainan City 701, Taiwan (R.O.C.)	+886-6-3353535
East Tainan Branch	1F., No.290, Sec. 2, Changrong Rd., East District, Tainan City 701, Taiwan (R.O.C.)	+886-6-2085522
South Tainan Branch	1F., No.236, Sec. 2, Jiankang Rd., South District, Tainan City 702, Taiwan (R.O.C.)	+886-6-2919999
Yan Hang Branch	1F., No.111, Jhongjheng Rd., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	+886-6-2539199
Yongkang Branch	1F., No.425, Jhonghua Rd., Yongkang District, Tainan City 710, Taiwan (R.O.C.)	+886-6-2025787
Rende Mini Branch	1F.,No.478, Zhongshan Rd., Rende District, Tainan City 717, Taiwan (R.O.C.)	+886-6-2798099
Jiali Branch	1F.,No.410, Jhongshan Rd., Jiali District , Tainan City 722, Taiwan (R.O.C.)	+886-6-7221335
Sinying Branch	1F., No.137, Jhongshan Rd., Sinying District , Tainan City 730, Taiwan (R.O.C.)	+886-6-6336789
Sinsing Branch	1F., No.206, Minsheng 1st Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	+886-7-2262325
Minzu Branch	1F., No.97, Minzu 2nd Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	+886-7-2386567
Kaohsiung Branch	1F., No.168, Jhongjheng 4th Rd., Cianjin District, Kaohsiung City 801, Taiwan (R.O.C.)	+886-7-2318141
East Kaohsiung Branch	1F., No.29, Cingnian 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	+886-7-5351885
South Kaohsiung Branch	1F., No.21, Yisin 2nd Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	+886-7-3366768
Cianjhen Mini Branch	1F., No.480, Rueilong Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	+886-7-7261066
Jiouru Branch	1F.,No.551,Jiouru 1st Rd.,Sanmin District,Kaohsiung City 807,Taiwan (R.O.C.)	+886-7-3805558
Sanmin Branch	1F., No.366, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	+886-7-3161155
North Kaohsiung Branch	1F., No.52, Mingcheng 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	+886-7-3461199
Youchang Mini Branch	1F.,No.803-3,Houchang Rd., Nanzih District, Kaohsiung City 811,Taiwan(R.O.C.)	+886-7-3681699
Boai Branch	1F.,No.88, Boai 2nd Rd., Zuoying District., Kaohsiung City 813, Taiwan (R.O.C.)	+886-7-5567909
Gangshan Mini Branch	1F.,NO.388, Gangshan Rd.,Gangshan District,Kaohsiung City 820,Taiwan (R.O.C.)	+886-7-6235500
Fongshan Branch	1F., No.85-1, Jhongshan Rd., Fongshan District , Kaohsiung City 830, Taiwan (R.O.C.)	+886-7-7451199
Wujia Branch	1F.,No. 699, Wujia 2nd Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	+886-7-8215101
Cingnian Branch	1F., No.315, Sec. 2, Cingnian Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	+886-7-7776668
Pingtung Branch	1F., No.450, Zihyou Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	+886-8-7383000
Taitung Mini Branch	1F., No.279, Jhongshan Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	+886-8-9339898
Hualien Branch	1F., No.376, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	+886-3-8340566
East Hualien Branch	1F., No.1-7, Gongyuan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	+886-3-8351101

Overseas Service Outlets

Branch

Units	Address	Tel	Fax
Hong Kong Branch	28/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong	852-2916-1888	852-2810-9742
Kowloon Branch	26/F, One Peking, No.1 Peking Road, TsimSha Tsui, Kowloon, Hong Kong	852-2916-1688	852-2805-0899
Singapore Branch	8 Marina View, #33-02, Asia Square Tower 1, Singapore 018960	65-6351-4888	65-6532-5999
Shanghai Branch	27F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, P.R. China	86-21-2080-5888	86-21-6877-8788
New York Branch	3rd Fl., 366 Madison Ave., NY, NY10017, USA	1-212-4578888	1-212-4576666
New Delhi Branch	A1-16, Wenger House, Rajiv Chowk, Connaught Place, New Delhi-110 001, India	91-11-43688888	91-11-23731815
Sriperumbudur Branch	Plot No.42 (old No. 105) Chennai Bangalore Highways NH4, Sriperumbudur, Kancheepuram District Tamil Nadu- 602105,India	91-44-66227700	91-44-66227799
Ho Chi Minh City Branch	Unit 902-909, 9th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan St., Dist 1, HCMC, Vietnam	848-3910-1888	848-3910-1999
Tokyo Branch	Roppongi Hills Mori Tower, 37F 10-1 Roppongi 6-Chome, Minato-Ku, Tokyo 106-6137 Japan	813-5413-8168	813-5413-8140

Subsidiary

Units	Address	Tel	Fax
Chinatrust (Phils.) Commercial Bank Corp.	16th to 19th Floors, Fort Legend Towers, 31st Street corner 3rd Avenue, Bonifacio Global City, Taguig City , the Philippines 1634	63-2-9889287	63-2-5767935
CTC Bank of Canada	1518 West Broadway, Vancouver, B.C., Canada, V6J 1W8	1-604-6833882	1-604-6833723
Chinatrust Bank Corp. (U.S.A.)	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505, USA	1-310-7912828	1-310-7912877
PT. Bank Chinatrust Indonesia	TamaraCenter, 15th-17th Fl., J1 Jend. SudirmanKav. 24, Jakarta, 12920, Indonesia	62-21-25578787	62-21-5206378

Representative Office

Units	Address	Tel	Fax
Bangkok Rep. Office	Diethelm Tower A, Suite 803 93/1 Wireless Road, PathumwanBangkok 10330, Thailand	66-2-2543139	66-2-2566480
Hanoi Rep. Office	4th Fl., 41B Ly Thai To Street, Hanoi, Vietnam	84-4-8249088	84-4-8249099
Los Angeles Rep. Office	17851 Colima Road, Suite A1, City of Industry, CA91748, USA	1-626-8397660	1-626-8393562
Beijing Rep. Office	B-111, The Grand Pacific Duilding, 8a, Guanghua Rd., Chao Yang District, Beijing, P. R.C. 100026	86-10-65813700	86-10-65815701

**CHINATRUST COMMERCIAL BANK CO., LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
AND
INDEPENDENT AUDITORS' REPORT**

**ADDRESS: No. 3 SUNG-SHOU ROAD, TAIPEI, TAIWAN, R.O.C.
TELEPHONE NUMBER: 886-2-2722-2002**

CHINATRUST COMMERCIAL BANK CO., LTD.

FINANCIAL STATEMENTS

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安侯建業聯合會計師事務所

KPMG

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Internet 網址 www.kpmg.com.tw

Independent Auditors' Report

The Board of Directors
Chinatrust Commercial Bank Co., Ltd.

We have audited the accompanying balance sheets of Chinatrust Commercial Bank Co., Ltd. as of December 31, 2012 and 2011, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chinatrust Commercial Bank Co., Ltd. as of December 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing Securities Firms, the Regulations Governing Futures Commission Merchants, and generally accepted accounting principles in the Republic of China.



The structured notes cases as stated in Note 7(C) are still under investigation by the judiciary, and the results remain uncertain.

Chinatrust Commercial Bank Co., Ltd. has additionally prepared consolidated financial statements, on which we have expressed a modified unqualified opinion with an added explanatory paragraph for reference.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

Taipei, Taiwan, R.O.C.
March 27, 2013

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language accountants' review report and financial statements, the Chinese version shall prevail.

CHINATRUST COMMERCIAL BANK CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change %
	2012	2011	
	Amount	Amount	
ASSETS			
Cash (Notes 2, 4(A), and 5)	\$ 35,870,710	32,573,288	10
Due from Central Bank and call loans to banks (Notes 4(B) and 5)	95,212,837	102,174,935	(7)
Financial assets measured at fair value through profit or loss—net (Notes 2, 4(C), (O) and (AB), and 5)	73,636,594	61,913,374	19
Receivables—net (Notes 2, 4(D), 5, 6, and 10(C))	137,255,423	126,575,158	8
Loans—net (Notes 2, 4(E) and (AA), 5, and 10(C))	1,070,104,445	1,001,774,522	7
Available-for-sale financial assets—net (Notes 2, 4(F), (O) and (AB), 6, and 7(A))	300,793,151	312,895,651	(4)
Held-to-maturity financial assets—net (Notes 2, 4(G), (H) and (O), and 6)	69,893,179	93,759,422	(25)
Investments under equity method—net (Notes 2 and 4(I))	29,255,758	28,802,497	2
Other financial assets—net (Notes 2, 4(J), and 6)	7,641,836	13,177,035	(42)
Premises and equipment—net (Notes 2, 4(K), 6 and 7(A))	36,846,169	33,373,124	10
Intangible assets—net (Notes 2 and 4(L))	11,818,246	11,860,472	-
Other assets—net (Notes 2 and 4(M), (T) and (U))	6,616,409	5,799,944	14
TOTAL ASSETS	\$ 1,874,944,757	1,824,679,422	3
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Note 5)	\$ 30,209,829	49,693,276	(39)
Due to Central Bank and other banks (Note 4(N))	2,631,639	4,641,210	(43)
Financial liabilities measured at fair value through profit or loss (Notes 2, 4(C), and 5)	24,582,683	25,329,550	(3)
Securities sold under repurchase agreements (Notes 2, 4(O), and 5)	60,777,839	74,680,985	(19)
Payables (Notes 2, 4(P) and (Y), and 5)	57,385,364	52,511,562	9
Deposits and remittances (Notes 4(Q) and 5)	1,472,367,151	1,404,002,730	5
Financial debentures (Notes 4(R) and (AA))	54,121,632	55,182,382	(2)
Other financial liabilities (Notes 2 and 4(S))	24,941,455	21,037,434	19
Other liabilities (Notes 2, 4(T), 7(A), and 10(C))	5,914,761	4,383,846	35
Total Liabilities	1,732,932,353	1,691,462,975	2
Stockholders' Equity			
Common stock (Note 4(W))	75,371,376	75,371,376	-
Capital surplus (Notes 4(W) and (Y))	17,182,059	16,892,141	2
Retained earnings:			
Legal reserve	34,142,459	29,082,575	17
Special reserve (Note 2)	1,975,805	205,584	861
Accumulated earnings (Note 4(X))	18,400,978	16,866,339	9
Other adjustments to stockholders' equity:			
Unrealized revaluation increment	12,533	12,533	-
Unrealized revaluation increment of premises and equipment (Notes 2 and 4(K))	416	416	-
Cumulative translation adjustments (Note 2)	(3,397,351)	(2,238,369)	(52)
Unrealized losses on financial instruments (Notes 2 and 4(F) and (AB))	(94,351)	(1,770,221)	95
Net loss not recognized as pension cost (Notes 2 and 4(T))	(1,581,520)	(1,205,927)	(31)
Total Stockholders' Equity	142,012,404	133,216,447	7
Significant Commitments and Contingencies (Notes 2 and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,874,944,757	1,824,679,422	3

The accompanying notes are an integral part of the financial statements.

CHINATRUST COMMERCIAL BANK CO., LTD.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	<u>For the year ended December 31,</u>		Change %
	<u>2012</u>	<u>2011</u>	
	<u>Amount</u>	<u>Amount</u>	
Interest income (Note 2)	\$ 37,333,580	34,324,144	9
Less: Interest expenses	(12,987,419)	(10,999,180)	(18)
Net interest income	24,346,161	23,324,964	4
Non-interest income			
Service fee and commission income (Note 2)	23,329,644	22,009,348	6
Gains on financial assets or liabilities measured at fair value through profit or loss (Notes 4(C), (AA) and (AB))	1,999,708	304,424	557
Realized gains on available-for-sale financial assets (Note 4(AA))	911,935	1,793,036	(49)
Gains from investment under equity method (Note 4(I))	1,256,841	2,327,474	(46)
Foreign exchange gains	1,844,329	1,375,681	34
Impairment loss on assets (Notes 2 and 4(M))	(645)	-	-
Public-welfare lottery payment (Note 7(A))	(2,086,800)	(2,086,800)	-
Other net non-interest income (Notes 2, 4(J), and 10(A))	765,620	539,520	42
Net Revenue	52,366,793	49,587,647	6
Provision for bad debt expenses (Notes 4(D) and (E))	(345,294)	(492,573)	30
Operating expenses (Notes 2, 4(T), (W), (X) and (Y), and 10(A))			
Personnel expenses	(16,731,540)	(15,731,801)	(6)
Depreciation and amortization expenses	(1,730,405)	(1,938,060)	11
Other general and administrative expenses	(12,385,932)	(11,828,391)	(5)
Net Income Before Tax	21,173,622	19,596,822	8
Income tax expenses (Notes 2 and 4(U))	(2,773,179)	(2,730,543)	(2)
Net Income	<u>\$ 18,400,443</u>	<u>16,866,279</u>	9
	<u>Before</u>	<u>After</u>	<u>Before</u>
	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>
Earnings per share (EPS) (Note 4(Z))	<u>2.81</u>	<u>2.44</u>	<u>2.60</u>
	<u>2.24</u>		

The accompanying notes are an integral part of the financial statements.

CHINATRUST COMMERCIAL BANK CO., LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars)

	Capital stock		Retained earnings				Other adjustments to stockholders' equity				Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated earnings	Cumulative translation adjustments	Net loss not recognized as pension cost	Unrealized revaluation increment	Unrealized revaluation increment of premises and equipment	Unrealized gains (losses) on financial instruments	
Beginning Balance—January 1, 2011	75,103,237	16,637,747	25,128,194	2,269,633	13,217,663	(2,810,540)	(880,425)	12,533	416	123,983	128,822,463
Reversal of special reserve	-	-	-	-	2,269,635	-	-	-	-	-	234,394
Share-based payment transactions	-	234,394	-	-	-	-	-	-	-	-	-
Earnings appropriation and distribution (Note):	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	3,954,381	-	(3,954,381)	-	-	-	-	-	(11,264,738)
Cash dividends—common stock	-	-	-	-	(11,264,738)	-	-	-	-	-	-
Capital increase through capitalization of retained earnings	-	-	-	-	(268,119)	-	-	-	-	-	-
Net income for the year ended December 31, 2011	268,119	-	-	-	16,866,279	-	-	-	-	(1,820,250)	16,866,279
Recognition of unrealized losses on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	(79,773)	(1,820,250)
Recognition of unrealized losses on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	-	5,819	(79,773)
Recognition of unrealized gains on cash flow hedges	-	-	-	-	-	-	-	-	-	-	5,819
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(325,502)	-	-	-	(325,502)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	(428,281)	-	-	-	-	(428,281)
Recognition of net loss not recognized as pension cost	-	-	-	-	-	1,000,452	-	-	-	-	1,000,452
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	194,554
Trading loss reserve reclassified as special reserve	-	-	-	194,554	-	-	-	-	-	-	194,554
Recognition of subsidiaries' trading loss reserve reclassified as special reserve	-	-	-	11,030	-	-	-	-	-	-	11,030
Ending Balance—December 31, 2011	75,371,376	16,892,141	29,082,575	205,584	16,866,339	(2,238,369)	(1,205,927)	12,533	416	(1,770,221)	133,216,447
Share-based payment transactions	-	292,691	-	-	-	-	-	-	-	-	292,691
Earnings appropriation and distribution (Note):	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	5,059,884	-	(5,059,884)	-	-	-	-	-	-
Special reserve	-	-	-	1,770,221	(1,770,221)	-	-	-	-	-	-
Cash dividends—common stock	-	-	-	-	(10,035,699)	-	-	-	-	-	(10,035,699)
Net income for the year ended December 31, 2012	-	-	-	-	18,400,443	-	-	-	-	1,608,631	18,400,443
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	-	67,239	67,239
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(375,593)	-	-	-	(375,593)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	348,758	-	-	-	-	348,758
Recognition of net loss not recognized as pension cost	-	-	-	-	-	(1,507,740)	-	-	-	-	(1,507,740)
Cumulative translation adjustments	-	(2,773)	-	-	-	-	-	-	-	-	(2,773)
Recognition of capital surplus from subsidiaries' treasury stock buyback	-	-	-	1,975,805	-	(3,397,351)	-	-	-	-	-
Ending Balance—December 31, 2012	75,371,376	17,182,059	34,142,459	1,975,805	18,400,978	(3,397,351)	(1,581,520)	12,533	416	(94,351)	142,012,404

Note: The Bank's employee bonuses were recognized as operating expense through profit or loss, and not recognized as distribution of earnings.

The accompanying notes are an integral part of the financial statements.

CHINATRUST COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2012	2011
Cash Flows from Operating Activities:		
Net Income	\$ 18,400,443	16,866,279
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in)		
Operating Activities:		
Depreciation expense	1,164,743	1,344,066
Amortization expense	568,943	598,869
Provision for bad debt expenses	344,015	528,475
Provision (reversal of provision) for guarantee reserve	596	(37,927)
Other provision expenses	683	2,025
Share-based payment transactions	292,691	234,394
Amortization of premiums (discounts) on financial assets	620,410	(605,932)
Amortization of discounts (premiums) on financial debentures	14,486	(153,925)
Investment gains under equity method	(1,256,841)	(2,327,474)
Cash dividends received under equity method	52,765	68,639
Losses on disposal and retirement of premises and equipment	25,255	13,442
Losses on retirement of intangible assets	71	194
Gains on disposal of idle premises and equipment	(25,280)	(42,300)
Gains on disposal of equity investments carried at cost	(11,178)	(6,026)
Unrealized (gains) losses on valuation of financial assets	(513,381)	1,772,001
Impairment losses on assets	645	-
Losses on disposal of foreclosed properties	1,934	73,745
Other adjustments	(29,411)	72,259
Net Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets:		
Increase in financial assets held for trading	(11,710,686)	(3,082,912)
Increase in receivables	(10,888,527)	(6,859,714)
Decrease (increase) in other financial assets	5,835,762	(6,948,572)
Net Changes in Operating Liabilities:		
Decrease in financial liabilities held for trading	(746,867)	(6,869,662)
Increase in payables	4,874,792	2,980,233
Increase (decrease) in other financial liabilities	3,921,223	(22,970,881)
Net Cash Provided by (Used in) Operating Activities	<u>10,937,286</u>	<u>(25,350,704)</u>
Cash Flows from Investing Activities:		
Decrease (increase) in available-for-sale financial assets	13,711,131	(67,934,134)
Purchase of held-to-maturity financial assets	(38,061,004)	(54,524,380)
Proceeds from maturities and paydowns of held-to-maturity financial assets	61,480,375	136,367,025
Proceeds from capital reduction of financial assets carried at cost	7,586	270,808
Purchase of investments under equity method	(291,950)	-
Proceeds from disposal of investments under equity method	44,435	-
Purchase of premises and equipment	(4,686,809)	(2,303,072)
Proceeds from disposal of premises and equipment	12,594	3,574
Proceeds from disposal of idle premises and equipment	332,863	224,940
Purchase of intangible assets	(293,816)	(463,284)
Proceeds from disposal of foreclosed properties	95,171	266,465
Decrease (increase) in due from Central Bank and call loans to banks	22,234,353	(7,315,882)
Increase in loans	(69,331,687)	(66,723,819)
Decrease in receivables	751,693	2,980,549
(Increase) decrease in other assets	(2,463,825)	229,753
Net Cash Used in Investing Activities	<u>(16,458,890)</u>	<u>(58,921,457)</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2012	2011
Cash Flows from Financing Activities:		
Issuance of financial debentures	\$ -	12,900,000
Repayment of financial debentures	-	(18,750,000)
Decrease in securities sold under repurchase agreements	(13,903,146)	(17,261,883)
Decrease in payables	(990)	(120,065)
Increase (decrease) in other liabilities	1,159,713	(174,282)
Cash dividends—common stock	(10,035,699)	(11,264,738)
(Decrease) increase in deposits from Central Bank and other banks	(19,483,447)	2,188,317
Increase in deposits and remittances	68,364,421	138,143,696
(Decrease) increase in due to Central Bank and other banks	(2,009,571)	1,114,604
Net Cash Provided by Financing Activities	24,091,281	106,775,649
Net Increase in Cash and Cash Equivalents	18,569,677	22,503,488
Cash and Cash Equivalents, at the Beginning of the Period	77,576,889	78,102,101
Cash and Cash Equivalents, at the End of the Period	\$ 96,146,566	100,605,589
Investing and Financing Activities Not Affecting Cash Flows:		
Capital increase through capitalization of retained earnings	\$ -	268,119
Cash and Cash Equivalents:		
Cash	\$ 35,870,710	32,573,288
Call loans to banks	37,561,886	54,316,017
Due from Central Bank	22,713,970	13,716,284
	\$ 96,146,566	100,605,589
Supplemental Disclosures of Cash Flow Information:		
Interest paid (except for capitalized interest)	\$ 12,799,261	10,232,866
Income tax paid	\$ 2,551,334	836,031

The accompanying notes are an integral part of the financial statements.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. BASIS OF PRESENTATION

Chinatrust Commercial Bank Co., Ltd. (the “Bank”) was incorporated in March 1966 originally as “China Securities Investment Corporation.” In December 1970, the Bank changed its organization and was renamed China Trust Co., Ltd. Twenty-one years later, on July 2, 1992, it was approved to conduct commercial banking business and changed its name to Chinatrust Commercial Bank Co., Ltd.

In order to restructure overall resources, lower costs, expand the business scope, enhance competitiveness, and improve the quality of financial services and operating efficiency, on September 30, 2003, the Bank’s board of directors resolved to acquire Grand Commercial Bank, a wholly owned subsidiary of Chinatrust Financial Holding Company, Ltd., and to merge with it, with the Bank as the surviving entity. The acquisition date of record was December 1, 2003.

On August 1, 1991, Grand Commercial Bank was approved to conduct commercial banking business, and it began operations on December 30, 1991. As of November 30, 2003, Grand Commercial Bank had a business department, a trust department, a domestic banking unit, an offshore banking unit, and 42 domestic branches.

In order to develop the business units, enhance competitiveness, and provide customers with more convenient and varied financial services, the Bank assumed the outstanding assets, liabilities and operations of Fengshan Credit Cooperative (“FSCC”) and Enterprise Bank of Hualien (“EBH”) on October 1, 2004, and September 8, 2007, respectively.

In order to enhance the effectiveness of the overall operation of Chinatrust Financial Holding Company and to reduce operational risk and cost, the Bank merged with Chinatrust Bills Finance Corp., a wholly owned subsidiary of Chinatrust Financial Holding Company, Ltd., by issuing common shares in a 0.77-for-1 exchange for the shares of Chinatrust Bills Finance Corp. on April 26, 2008. The Bank is the surviving entity from this merger.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Bank has been approved to conduct business in the following areas:

- (A) Checking accounts, savings accounts, and time deposits;
- (B) Short-, medium-, and long-term loans;
- (C) Note discounting;
- (D) Investment in marketable securities;
- (E) Domestic foreign exchange business;
- (F) Banker's acceptances;
- (G) Issuance of domestic standby letters of credit;
- (H) Domestic endorsement guarantees business;
- (I) Collection and payment agency;
- (J) Agency for government bonds, treasury bills, corporate bonds, and securities transactions;
- (K) Agency transactions and proprietary trading of short-term bills;
- (L) Credit card-related products;
- (M) Agency for sale of gold nuggets, gold coins, and silver coins;
- (N) Financial derivative businesses as approved by the Financial Supervisory Commission (FSC);
- (O) Custody and warehouse services;
- (P) Renting of safe-deposit boxes;
- (Q) Financial advisory services on corporate banking;
- (R) Foreign exchange business in connection with exports and imports, fund remittance and repatriation, foreign currency deposits and loans; guarantee for secured repayment, and attestation on exports and imports;
- (S) Non-discretionary trust funds for investment in foreign and domestic marketable securities;
- (T) Account receivable factoring business as approved by the FSC;

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (U) Endorsement and issuance of corporate bonds;
- (V) Issuance of financial debentures;
- (W) Underwriting, agency transactions, and proprietary trading of marketable securities;
- (X) Proprietary trading of government bonds;
- (Y) All businesses related thereto as specified in the license or other agency services as approved by the FSC;
- (Z) Trust and fiduciary services;
- (AA) Margins on foreign currency transactions;
- (AB) Issuance of cash value cards;
- (AC) Public welfare lottery sales;
- (AD) Futures proprietary trading business; and
- (AE) Other businesses as approved by the FSC.

The Bank's headquarters coordinates corporate-wide operations and establishes domestic and overseas banking units to expand business. As of December 31, 2012, the Bank had 147 domestic branches, 9 foreign branches, and 4 overseas representative offices.

The Bank's parent company and ultimate parent company is Chinatrust Financial Holding Company, Ltd.

As of December 31, 2012 and December 31, 2011, the Bank had 9,824 and 9,881 employees, respectively.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

The Bank's financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing Securities Firms, the Regulations Governing Futures Commission Merchants, and generally accepted accounting principles in the Republic of China. The significant accounting policies and basis of measurement adopted in preparing these financial statements are summarized as follows:

(A) Foreign currency translations and transaction

The non-derivative foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange ruling at the balance sheet date. Any exchange differences resulting from fair value variation through profit or loss are included in the income statement, and exchange differences resulting from fair value variation through stockholder's equity are accounted for under stockholder's equity adjustments.

Foreign-currency-denominated assets and liabilities of overseas subsidiaries are translated at the spot rate on the balance sheet date; the components of their stockholders' equity are translated at the historical rate except for the beginning balance of retained earnings, for which the spot rate at the beginning of the year is used. Dividends are translated at the exchange rate on the date of declaration. Income statement accounts are translated at the weighted-average rate, with differences reflected as cumulative translation adjustments to stockholders' equity.

(B) Use of estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Economic conditions and events could cause actual results to differ from these estimates.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(C) Basis of compilation for statements of cash flows

The statements of cash flows are compiled based upon cash and cash equivalents. Cash comprises cash on hand, savings accounts, checking accounts, and unrestricted time deposits or negotiable certificates of deposits which may be terminated anytime without impairing the principal. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and will mature within a short period so that interest rate fluctuations have little effect on their values. Cash equivalents include short-term bills with maturities within three months from the investment date.

(D) Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities are classified as held for trading if they have been acquired or incurred principally for the purpose of selling or repurchasing in the near term. The derivative financial instruments held by the Bank, except for those designated as hedging instruments, are classified under these accounts. At each balance sheet date, the fair value is remeasured, and the resulting gain or loss from such remeasurement is recognized in current profit or loss. Financial instruments held by the Bank are recorded on the trading date except for debt securities, which are recorded on the settlement date. The financial instruments are initially recognized at fair value, and the transaction costs are recognized as current expense. Upon disposition, the cost of sale of equity securities is determined by the moving-average method, and the cost of sale of debt securities is determined by the first-in, first-out (FIFO) method.

Fair value of listed or OTC securities is determined based on the market closing price on the balance sheet date, fair value for open-end fund investment is the net worth on the balance sheet date, and fair value for debt securities is determined based on the closing price on the balance sheet date on the Gre Tai Securities Market or the pricing model used by the Bank. Fair value of derivative financial instruments is determined by the market value on the balance sheet date or the pricing model adopted by the Bank.

In accordance with the second amendment of Republic of China Statement of Financial Accounting Standards (SFAS) No. 34 “Financial Instruments: Recognition and Measurement”, financial assets classified as assets measured at fair value through profit or loss (other than derivative financial assets and those designated as assets measured at fair value through profit or loss by the entity upon initial recognition) upon initial recognition may be reclassified into other categories if those financial assets are no longer held for the purpose of selling and meet the criteria listed below. The accounting treatments on the date of reclassification are summarized as follows:

- (a) Financial assets classified as assets measured at fair value through profit or loss upon initial recognition that would have met the definition of loans and receivables shall be reclassified at their value on the date of reclassification, which will become their new cost or amortized cost, as applicable, if the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity. Any previous gain or loss already recognized in profit or loss shall not be reversed.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(b) Financial assets classified as assets measured at fair value through profit or loss upon initial recognition which do not meet the preceding criterion may be reclassified out of the fair value through profit or loss category only in rare circumstances and shall be reclassified at their fair value on the date of reclassification, which will become their new cost or amortized cost, as applicable. Any previous gain or loss already recognized in profit or loss shall not be reversed.

(E) Available-for-sale financial assets

At each balance sheet date, the fair value is remeasured, and the resulting gain or loss from such remeasurement is recognized directly in stockholders' equity. Interest on a debt instrument classified as available-for-sale is accrued; the relevant premium/discount is amortized by using the effective-interest-rate method. If there is objective evidence that an available-for-sale financial asset is impaired, the carrying amount of the asset is reduced, and impairment loss is recognized. Impairment loss recognized in profit or loss for available-for-sale equity securities shall not be reversed through profit or loss. If, in a subsequent period, the amount of the impairment loss of the available-for-sale debt securities decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A gain or loss on available-for-sale financial assets is recognized directly in stockholders' equity, except for impairment losses and foreign exchange gains or losses arising from monetary financial assets, until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in stockholders' equity is charged to profit or loss. Financial instruments held by the Bank are recorded on the trading date except for debt securities, which are recorded on the settlement date. Financial instruments are initially recognized at fair value plus transaction costs. Upon disposition, the cost of sale of equity securities is determined by the moving-average method, and the cost of sale of debt securities is determined by the first-in, first-out (FIFO) method.

Fair value of listed or OTC securities is determined based on the market closing price on the balance sheet date, fair value for open-end fund investment is the net worth on the balance sheet date, and fair value for debt securities is determined based on the closing price on the balance sheet date on the Gre Tai Securities Market or the pricing model adopted by the Bank.

In accordance with the second amendment of SFAS No. 34, financial assets initially classified as available-for-sale that would have met the definition of loans and receivables may be reclassified out of the available-for-sale category to the loans and receivables category. The accounting treatments on the date of reclassification are summarized as follows:

Financial assets classified as available-for-sale that would have met the definition of loans and receivables shall be reclassified at their value on the date of reclassification, which will become their new cost or amortized cost, as applicable, if the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity. For any previous gain or loss on a financial asset that has been recognized directly in stockholders' equity, if the financial asset has a fixed maturity, the gain or loss should be amortized to current profit or loss over the remaining life of the financial asset; if not, the gain or loss remains in stockholders' equity.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(F) Held-to-maturity financial assets

The amortized cost and interest income of held-to-maturity financial assets are determined by using the effective-interest-rate method. If there is objective evidence that a held-to-maturity financial asset is impaired, the carrying amount of the asset is reduced, and impairment loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. The book 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. Debt securities held by the Bank are recorded on the settlement date and are initially recognized at fair value plus transaction costs. Upon disposition, the cost of sale of debt securities is determined by the first-in, first-out (FIFO) method.

(G) Hedge accounting

When a fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation are in conformity with all the conditions for applying hedge accounting, the affected profit or loss is recognized by offsetting the changes in the fair value of hedging instruments and hedged items. The related accounting treatments are as follows:

- (a) Fair value hedge: Changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments against the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment are recognized through profit or loss in the current period.
- (b) Cash flow hedge: Where a derivative financial instrument is designated as a hedge of the variability in cash flow of a recognized asset or liability or a highly probable forecast transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognized directly in stockholders' equity. When the hedged transaction actually affects the profit or loss, the gain or loss previously recognized in stockholders' equity should be recognized through current profit or loss. Any gain or loss from the change in fair value relating to an ineffective portion of the hedge transaction is recognized immediately through profit or loss in the current period.
- (c) Hedge of a net investment in a foreign operation: The effective portion of any gain or loss on a hedging instrument relating to a hedge against foreign currency fluctuation in a foreign operation is recognized directly in stockholders' equity until the disposal of the foreign operation, at which time the cumulative gain or loss recognized directly in stockholders' equity is recognized in profit or loss in the current period.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(H) Financial assets carried at cost

Equity instruments with no quoted market price and whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost are impaired, the carrying amount of the assets is reduced, and impairment loss is recognized. However, the impairment losses may not be reversed subsequently. Financial assets carried at cost held by the Bank are recorded on the trading date. The financial instruments are initially recognized at fair value plus transaction costs. Upon disposition, the cost of sale of equity securities is determined by the moving-average method.

(I) Debt investments without active market

The amortized cost and interest income of debt investments without an active market are determined by using the effective-interest-rate method. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. The book 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. Debt investments without an active market held by the Bank are recorded on the settlement date. The financial instruments are initially recognized at fair value plus transaction costs. Upon disposition, the cost of sale of debt securities is determined by the first-in, first-out (FIFO) method.

(J) Assets securitization

Under the Regulations for Financial Assets Securitization, the Bank, with the assistance of a trustee, securitized its financial assets for the purpose of offering asset-backed securities in the form of related beneficiary certificates through a special-purpose trust, and the trustee will deliver all of the collected funds to the Bank. Under the framework of the transaction, the Bank has surrendered its rights to and control of these securitized financial assets. Such financial assets are no longer recognized on the Bank's accounts, and the gain or loss from securitization is recognized, except for the retained interests in the form of subordinated seller certificates necessary for credit enhancement, which are classified as held-to-maturity financial assets and other financial assets because those certificates do not have quoted market prices.

The gain or loss from the securitization of financial assets is determined based on the difference between the proceeds from securitization and the book value of the securitized financial assets. The cost of each class of asset-backed securities, which is determined based on the previous book value of the securitized financial assets, is allocated in proportion to the fair value of each class of the asset-backed securities and the retained interests on the date of transfer. Because the securitized financial assets do not have a quoted market price, the fair value of each class of the asset-backed securities and the retained interests is evaluated based on the present value of future cash flows considering the expected credit loss rate, prepayment rate, and discount rate on the financial assets.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The cash receipts of subordinated seller certificates from the trustee are accounted for using the cost recovery method. On the balance sheet date, the fair value of these certificates is evaluated based on the present value of expected future cash flows, and the resulting losses (if any) are recognized as current losses.

(K) Accounts receivable

Consumer loans to credit card holders are reflected by the amounts reported by merchants, excluding unearned interest. Interest thereon is recognized on an accrual basis using the effective interest method.

A credit card loan, accrued interest, and other related advances that are over 90 days past due are reclassified as a non-accrual account without accruing interest. Interest collected while accruing of interest has been suspended is included in earnings only to the extent of cash actually received.

The Bank engages in factoring and management of accounts receivable. The interest and transaction fees from factoring and management of such accounts are treated as current income. An allowance for credit losses is provided by reviewing the balance of factored accounts receivable at period-end. As regards the factored accounts receivable, those sold by the account-selling companies which have not yet been paid for are accounted for under “payables”.

Please refer to the accounting policies for loans (Note 2(L)) for the provision for allowance for credit losses and the write-off of accounts receivable.

(L) Loans

At initial recognition, loans include incremental direct transaction costs, and the subsequent measurement recognizes interest revenues through the effective interest method, under which the loans are carried at amortized cost less impairment losses.

Loans are reclassified as a non-accrual account if either of the following conditions is met:

- (a) Collection of payment of principal or interest accrued is considered highly unlikely; or
- (b) Payment of principal or interest accrued is over 3 or 6 months past due.

Interest collected while accruing of interest has been suspended is included in earnings only to the extent of cash actually received.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Adequate allowance for credit losses is provided by assessing the balance, under the definition of loans and receivables in SFAS No. 34, in accordance with SFAS No. 34, the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans,” and the “Regulations Governing Institutions Engaging in Credit Card Business”.

The third amendment of SFAS No. 34 was effective from January 1, 2011; the carrying value of loans and receivables within the applicable scope as of December 31, 2010, should be measured at amortized cost for which SFAS No. 34 was initially applied. Under the definition of loans and receivables in SFAS No. 34, the objective evidence should be identified first to reveal any impairment existing for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it should be included in a set of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment are not required to be collectively assessed because an impairment is or continues to be recognized.

If there is an objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is recognized and measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate; the amount of the loss should be recognized as bad debt expenses in profit or loss in the current period. The estimation of future cash flows includes the recoverable amount of collateral and related insurance when determining the amount of the loss.

The aforesaid objective evidence includes:

- (a) Significant financial difficulty of the issuer or obligor;
- (b) A breach of contract, such as a default or delinquency in interest or principal payments;
- (c) The lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) The disappearance of an active market for that financial asset because of the issuer’s financial difficulties;
- (f) Adverse changes in the payment status of the borrower; and
- (g) Changes in national or local economic conditions that correlate with defaults on the assets.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Non-accrual loans and accounts receivable—non-accrual accounts deemed uncollectible are written off upon approval of the board of directors. The recovery of such written-off loans and accounts receivable is accounted for under the reversal of the allowance for credit losses.

Reserves for guarantees are appropriately provided based on an estimate of probable losses inherent in the ending balances of guarantees, acceptances receivable, and commercial paper.

(M) Securities under repurchase/resell agreements

Securities sold/purchased with a commitment to repurchase/resell at predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expenses/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resell agreements.

(N) Non-financial asset impairment

In accordance with SFAS No. 35 “Impairment of Assets”, unless inapplicable, the recoverable amount of an asset (individual assets or cash-generating units other than goodwill) is estimated and compared with the carrying amount whenever there is an indication that the asset may be impaired. An impairment loss is recognized when the recoverable amount (higher of fair market value or value in use) is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The book 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.

(O) Investments under equity method

Investees in which the Bank and subsidiaries, directly or indirectly, hold more than 20% of the outstanding voting stock, or hold less than 20% but are able to exercise significant influence over the investees, are accounted for under the equity method.

Gain or loss on disposal of long-term equity investment is calculated based on the difference between the selling price and book value of investment at the disposal date. The remaining capital surplus arising from a long-term equity investment is adjusted to profit or loss proportionate to sales proceeds.

The Bank prepares consolidated financial statements that include the accounts of its majority-owned affiliates in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Bank adopted the amended SFAS No. 5 “Long-term Investments under Equity Method.” In accordance with this amended standard, when the investment cost exceeds the fair value of identifiable net assets acquired, the excess should be recorded as goodwill. Prior to December 31, 2005, the differences between original investment and net equity of an investee previously recognized whose underlying causes could not be analyzed were amortized using the straight-line method over twenty years. Since January 1, 2006, these differences are no longer amortizable.

(P) Premises and equipment, and idle equipment

Premises and equipment are stated at cost or cost plus incremental value from revaluation. The incremental value of land is adjusted using the Government Announced Price. Major additions, improvements, and replacements are capitalized, while maintenance and repairs are charged to current expenses. Interest incurred in the acquisition of premises until an asset is ready for its intended use is capitalized as part of the acquisition costs.

Depreciation is computed using the straight-line method; the useful lives are calculated based on the normal economic lives. Useful lives of major premises and equipment are as follows:

Buildings and premises	10 to 56 years
Transportation equipment	3 to 6 years
Miscellaneous equipment	3 to 10 years

A superficies is recognized and capitalized at acquisition cost and amortized over the term of the contract. During the period of construction on the surface, the amortization expenses are capitalized as the cost of the building construction.

Idle premises and equipment are accounted for under other assets at the lower of net realizable value or book value. The current year’s depreciation expenses are accounted for under other non-interest income. Idle premises and equipment are valued at the lower of book value or recoverable amount at year-end.

(Q) Intangible assets

Computer software system expenses, which are recorded on the basis of the actual cost of acquisition, are amortized using a straight-line method over a period of 5 to 10 years.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(R) Goodwill

Prior to January 1, 2006, goodwill of the Bank acquired from business combination was amortized over 5 years using the straight-line method. In accordance with the amended SFAS No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements," the goodwill previously recognized is no longer amortized commencing from January 1, 2006.

Goodwill relating to cash-generating units is tested for impairment periodically each year. An impairment loss is recognized when the recoverable amount is less than the book value. Impairment losses cannot be reversed once an impairment loss has been recognized.

If the result of the evaluation of future economic benefits of goodwill indicates a significant impairment, the unamortized portion of goodwill is reduced based on the amount of impairment loss, and the reduction is recognized as asset impairment losses.

(S) Foreclosed properties

Foreclosed properties received are stated at estimated net fair market value, and the difference between it and the nominal value of the original claim is reflected as a credit loss. On the balance sheet date, if the foreclosed properties received are still unsold, the net fair market value shall be reassessed, and the difference after reassessment is accounted for under impairment loss on assets if there is sufficient evidence indicating that the net fair market value is lower than the book value of foreclosed properties. Gain or loss on disposal of foreclosed properties is accounted for under other net non-interest income as well.

(T) Securities and futures trading loss reserve

In compliance with the Regulations Governing Securities Firms, a securities trading loss reserve is provided in the amount of 10% of the net gain per month from proprietary trading of securities when gain exceeds loss.

In compliance with the Regulations Governing Futures Commission Merchants, a futures commission merchant engaging in proprietary futures trading shall each month set aside 10% of that month's realized net profit as reserve for trading loss.

Effective from January 11, 2011, the Financial Supervisory Commission revoked the above two regulations after the amended Jin-Kuan-Cheng-Chuan No. 0990073857 and Jin-Kuan-Cheng-Chi No. 1000000289 were issued.

As of December 31, 2010, the amount of trading loss reserve which securities firms and futures commission merchants had made provision for should be reclassified as special reserve. The special reserve can only be used to offset a deficit or when it reaches 50% of total paid-in capital, of which 50% can be capitalized.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(U) Pension fund

In accordance with the resolution of the board of directors, the Bank maintains and funds a retirement plan covering all regular employees according to the Labor Standards Law (LSL) and the Labor Pension Act of the R.O.C., respectively. The annual contribution to the interest-bearing pension fund under the LSL is made at rates ranging up to 15% of gross salary paid. This pension fund is not reflected in the financial statements.

Payments of pension benefits to employees who are covered by the LSL are calculated based on the employee's average monthly salary for the last six months prior to approved retirement and base point (b.p.) entitlement. The b.p. earned by each employee is 2 b.p. for the first 15 years of service and 1 b.p. for the 16th year and thereafter. Under the retirement plan, the pension benefits obligation is the responsibility of the Bank.

Under SFAS No. 18 "Accounting for Pensions," the balance sheet date is the measurement date of the actuarial report, and a minimum pension liability is recorded in the financial statements based on the difference between the accumulated benefit obligation and the fair value of plan assets. Commencing from January 1, 1996, net periodic pension cost recognized in accordance with SFAS No. 18 includes the current service cost, net transition asset or obligation, prior service cost, and unrecognized gain or loss on the pension plan, which is amortized using the straight-line method over the expected average remaining service period of 15 years of the employees in accordance with the rules set by the Securities and Futures Bureau. The Bank contributes monthly no less than 2% of gross salary to the employee pension fund, which is deposited into a designated depository account with Bank of Taiwan in accordance with Labor Standards Act.

For employees covered by the Labor Pension Act of the R.O.C., the Bank is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly salary and to deposit the contribution in a personal retirement benefit account at the Council of Labor Affairs. This contribution is recognized as pension expense for the current period when the contribution is actually made.

The pension cost contributions for the employees of foreign branches are based on the regulations of the countries where those branches are domiciled.

(V) Income taxes

The Bank adopted SFAS No. 22 "Income Taxes" for the purpose of making inter- and intra-period income tax allocation, as well as for calculating the current income tax expense (refund). Accordingly, the income tax effects from taxable temporary differences are recognized as deferred tax liabilities, while deductible temporary differences, prior years' loss carryforward benefits, investment tax credits, and income tax credits are recognized as deferred income tax assets. A valuation allowance is provided against deferred income tax assets if it is more likely than not that the deferred income tax assets will not be realized.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Prior-year income tax adjustments are recognized as current income tax expenses of the adjustment period.

Investment tax credits are recognized in the current year.

The 10% surtax on undistributed earnings is recorded as current expense on the date of the annual shareholders' meeting held by the board of directors on behalf of stockholders for declaring the distribution of earnings.

As a subsidiary of Chinatrust Financial Holding Company, Ltd., the Bank files a consolidated corporate income tax return with its parent company and its subsidiaries. The difference between the consolidated income tax and the Bank's ordinary income tax is adjusted at the parent-company level, and the Bank recognizes such difference as a payable or receivable.

(W) Share-based payment transactions

The accounting treatments of options under the share-based payment agreements for options granted after January 1, 2008, are according to SFAS No. 39 "Share-based Payment".

(a) Equity-settled share-based payments

The payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, and the corresponding increase in stockholders' equity is recognized. The vesting period is estimated based on the ultimate vesting conditions that must be satisfied. The vesting conditions include service conditions and performance conditions (including market conditions). In valuing equity-settled payments, no account is taken of any vesting conditions other than market conditions.

(b) Cash-settled share-based payments

For cash-settled share-based payment transactions, a liability equal to the portion of the goods or services received is recognized at its current fair value determined at each balance sheet date and at the date of settlement, with any changes in the fair value recognized in profit or loss of the period.

(c) Determining the fair value of share-based payments

Fair value of the share options at the grant date is measured with the use of an option pricing model based on management's best estimate of the exercise price, expected term, underlying share price, expected volatility, expected dividend yield, risk-free interest rate, and any other inputs to the model.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(X) Employee bonuses and directors' remuneration

Commencing from January 1, 2008, the Bank estimates the amount of employee bonuses and directors' (including independent directors') remuneration according to Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation and recognizes it as personnel expenses. If later the actual allocation amount pursuant to a resolution of the Bank's board of directors on behalf of stockholders is different from the estimated amount recognized in the financial statements, the difference is accounted for as changes in accounting estimates and recognized as profit or loss of the current period.

(Y) Revenue recognition

Please refer to accounts receivable and loans for more information on interest income from receivables and loans. In addition, commission income is recognized on an accrual basis.

(Z) Commitments and contingencies

If the losses from commitments and contingencies are deemed probable and the amount can be reasonably estimated, such losses are recorded currently, otherwise only the nature of commitments and contingencies is disclosed in the notes to the financial statements.

(AA) Operating segments

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank). The segment's operating results are reviewed regularly by the Bank's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

The major business of the Bank's parent company, Chinatrust Financial Holding Co., Ltd., is to manage its subsidiaries, and the operational performance and the resource allocation plan regarding the subsidiaries was executed after the resolution of the board of directors of Chinatrust Financial Holding Co., Ltd. Thus, the Bank provides financial information to the board of directors of Chinatrust Financial Holding Co., Ltd. periodically according to the operating conditions of the Group. Thus, the chief operating decision maker of the Bank is the board of directors of Chinatrust Financial Holding Co., Ltd.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES

Effective from January 1, 2011, the Bank adopted the third amendment of SFAS No. 34 “Financial Instruments: Recognition and Measurement.” In accordance with SFAS No. 34, loans and receivables should apply the guidelines on recognition, subsequent evaluation, and impairment in SFAS No. 34. The troubled debt restructuring and negotiated debt instruments with new contracts and modification of terms were also in accordance with the third amendment of SFAS No. 34 effective from January 1, 2011. Please refer to Notes 4(D) and (E) for more information.

Effective from January 1, 2011, the Bank adopted SFAS No. 41 “Operating Segments”. In accordance with SFAS No. 41, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The Bank determines and presents operating segments based on the information that internally is provided to the chief operating decision maker. This standard supersedes SFAS No. 20 “Segment Reporting”. For the year ended December 31, 2011, such changes in accounting principle did not have any impact on the Bank’s net income. Please refer to the consolidated financial statements for segment information.

Effective from January 1, 2011, the Bank modified the estimate of amortization life for a portion of the intangible assets; the amortization life was extended from five years to ten years in order to reflect the real economic life of the intangible assets. For the year ended December 31, 2011, the modified estimate did not have significant impact on the Bank’s net income.

4. SUMMARY OF MAJOR ACCOUNTS

(A) Cash

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Cash on hand	\$ 11,563,211	11,246,279
Petty cash and revolving fund	10,730	10,823
Checks for clearance	4,807,981	4,198,145
Cash in transit	7,390,529	6,119,027
Due from other banks	<u>12,098,259</u>	<u>10,999,014</u>
Total	<u><u>\$ 35,870,710</u></u>	<u><u>32,573,288</u></u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Required reserve—Account A	\$ 22,669,188	13,511,926
Required reserve—Account B	33,703,789	34,097,464
Required reserve—Foreign currency	-	199,914
Due from Central Bank	44,782	4,444
Call loans to banks	38,795,078	54,361,187
Total	<u>\$ 95,212,837</u>	<u>102,174,935</u>

The reserves for deposits are calculated at prescribed rates, using the average monthly balances of various deposit accounts, and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposits in “Required reserve—Account A” are interest-free and can be withdrawn at any time; deposits in “Required reserve—Account B” are interest-bearing and cannot be withdrawn except for the monthly adjustment to the required reserve permitted by relevant regulations.

(C) Financial instruments measured at fair value through profit or loss—net

As of December 31, 2012 and 2011, the financial assets held for trading were as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Commercial paper	\$ 36,388,149	24,074,309
Treasury bills	113,343	468,219
Government bonds	1,745,301	1,146,910
Financial debentures	19,772	35,547
Convertible bonds	8,851,281	8,082,769
Listed and OTC securities	268,057	31,946
Asset-backed securities	2,268,724	2,268,708
Derivative financial instruments	23,928,019	26,132,978
Valuation adjustment of financial assets	53,948	(328,012)
Total	<u>\$ 73,636,594</u>	<u>61,913,374</u>

Please refer to Note 4(O) for information with regard to repurchase conditions for financial assets held for trading shown above. In addition, for the information on reclassification of financial assets, please refer to Note 4(AB).

There was no financial asset designated on initial recognition as one to be measured at fair value, with changes in fair value recognized in profit or loss.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

As of December 31, 2012 and 2011, financial liabilities held for trading were as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Derivative financial instruments	\$ 24,574,309	25,327,480
Borrowed listed and OTC securities	8,374	2,070
Total	<u>\$ 24,582,683</u>	<u>25,329,550</u>

For the years ended December 31, 2012 and 2011, the net realized gains on financial assets and liabilities held for trading amounted to \$1,486,327 and \$2,076,425, respectively, and net unrealized gains (losses) amounted to \$513,381 and \$(1,772,001), respectively.

(D) Receivables—net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Notes receivable	\$ 17,388	22,196
Accounts receivable	123,567,209	110,581,061
Interest receivable	3,914,520	3,717,310
Acceptances receivable	4,529,316	9,711,594
Accrued income	24,004	23,945
Tax refund receivable	870,223	1,066,168
Other receivables	<u>6,249,270</u>	<u>3,527,070</u>
Subtotal	139,171,930	128,649,344
Less: Allowance for credit losses	(1,911,699)	(2,055,413)
Less: Adjustment of discount and premium	<u>(4,808)</u>	<u>(18,773)</u>
Total	<u>\$ 137,255,423</u>	<u>126,575,158</u>

The accounts receivable shown above included the receivables from credit card holders who were involved in debt repayment negotiation with the Bank.

As of December 31, 2012 and 2011, accounts receivable, which included the balance arising from factoring, amounted to \$59,861,960 and \$49,808,155, respectively.

Please refer to Note 6 for information with regard to the restrictions on other receivables shown above.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Allowance for credit losses attributed to the accounts receivable, non-accrual loans transferred from non-loan financial assets, and short-term advances (both of the latter accounted for under other financial assets—net) is established via a process that collectively evaluates and estimates the probable losses inherent in the portfolio based upon various analyses. The changes in allowance for credit losses were as follows:

For the year ended December 31, 2012	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 776,096	1,413,880	2,189,976
Current reversal of provision	(99,189)	(401,308)	(500,497)
Current charge-off	-	(901,777)	(901,777)
Recovery of bad debts	-	1,260,100	1,260,100
Exchange rate effect	(8,305)	-	(8,305)
Ending balance	<u>\$ 668,602</u>	<u>1,370,895</u>	<u>2,039,497</u>

For the year ended December 31, 2011	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 763,228	750,228	1,513,456
Current provision	12,366	167,437	179,803
Current charge-off	-	(1,217,893)	(1,217,893)
Recovery of bad debts	-	1,706,403	1,706,403
Allowance for credit losses transferred from guarantee reserve	-	7,705	7,705
Allowance for credit losses transferred from loans	877	-	877
Exchange rate effect	(375)	-	(375)
Ending balance	<u>\$ 776,096</u>	<u>1,413,880</u>	<u>2,189,976</u>

Receivables should be included in impairment assessment. Please refer to the following table for the amount of receivables and the respective allowance for credit losses, excluding that of credit card receivables, which is accounted for under other liabilities. Total amounts of receivables included non-accrual loans transferred from non-loan financial assets, and short-term advances (both accounted for under other financial assets—net); tax refund receivable and securities investment receivable are excluded. As of December 31, 2012 and 2011, the amount of receivables that needs not be included was \$3,553,262 and \$2,219,921, respectively.

Items		December 31, 2012		
		Receivables	Adjustment of discount and premium	Allowance for credit losses
With objective evidence of impairment	Individual assessment	\$ 332,872	-	308,899
	Collective assessment	4,740,752	-	1,061,996
Without objective evidence of impairment	Collective assessment	128,923,149	(4,808)	668,602
Total		<u>\$ 133,996,773</u>	<u>(4,808)</u>	<u>2,039,497</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Items		December 31, 2011		
		Receivables	Adjustment of discount and premium	Allowance for credit losses
With objective evidence of impairment	Individual assessment	\$ 205,655	-	192,527
	Collective assessment	5,620,125	-	1,221,353
Without objective evidence of impairment	Collective assessment	119,916,286	(18,773)	776,096
Total		<u>\$ 125,742,066</u>	<u>(18,773)</u>	<u>2,189,976</u>

(E) Loans—net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Corporate loans	\$ 426,023,035	373,364,672
Micro-business loans	8,770,556	14,116,718
Mortgage loans	324,255,280	314,950,401
Automobile loans	2,401	2,985
Consumer loans	89,578,296	90,996,025
Subtotal of NTD loans	848,629,568	793,430,801
Foreign currency loans	228,999,775	217,639,756
Non-accrual loans	3,636,149	1,809,976
Subtotal	1,081,265,492	1,012,880,533
Less: Allowance for credit losses	(10,405,561)	(10,605,164)
Less: Adjustment of discount and premium	(755,486)	(500,847)
Total	<u>\$ 1,070,104,445</u>	<u>1,001,774,522</u>

The loans shown above included the loans to cash card holders and fiduciary loans to clients who were involved in debt repayment negotiation with the Bank.

Please refer to Note 4(AA) for the industry information.

As of December 31, 2012 and 2011, non-performing loans amounted to \$3,884,107 and \$2,039,479, respectively.

As of December 31, 2012 and 2011, suspended accrual of interest for all of the non-accrual accounts amounted to \$72,927 and \$22,830, respectively.

For the years ended December 31, 2012 and 2011, there were no loans written off without prior recourse.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Allowance for credit losses attributed to the loans and short-term advances (accounted for under other financial assets—net) is established via a process that collectively evaluates and estimates the probable losses inherent in the portfolio based upon various analyses. The changes in allowance for credit losses were as follows:

For the year ended December 31, 2012	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 3,152,381	7,462,983	10,615,364
Current provision	653,755	190,757	844,512
Current charge-off	-	(3,262,231)	(3,262,231)
Recovery of bad debts	-	2,316,085	2,316,085
Exchange rate effect	(96,859)	-	(96,859)
Ending balance	<u>\$ 3,709,277</u>	<u>6,707,594</u>	<u>10,416,871</u>

For the year ended December 31, 2011	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 5,979,028	4,082,984	10,062,012
Current (reversal of) provision	(2,879,862)	3,228,534	348,672
Current charge-off	-	(3,379,304)	(3,379,304)
Recovery of bad debts	-	3,530,769	3,530,769
Allowance for credit losses transferred to receivables	(877)	-	(877)
Exchange rate effect	54,092	-	54,092
Ending balance	<u>\$ 3,152,381</u>	<u>7,462,983</u>	<u>10,615,364</u>

Loans and short-term advances (accounted for under other financial assets—net) should be included in the total amounts of assessment of impairment to determine the allowance for credit losses, which was as follows:

		December 31, 2012		
Items		Loans	Adjustment of discount and premium	Allowance for credit losses
With objective evidence of impairment	Individual assessment	\$ 21,906,491	(143)	4,182,229
	Collective assessment	12,390,923	-	2,525,365
Without objective evidence of impairment	Collective assessment	1,046,990,233	(755,343)	3,709,277
Total		<u>\$ 1,081,287,647</u>	<u>(755,486)</u>	<u>10,416,871</u>

		December 31, 2011		
Items		Loans	Adjustment of discount and premium	Allowance for credit losses
With objective evidence of impairment	Individual assessment	\$ 12,664,636	(261)	4,731,867
	Collective assessment	13,803,783	-	2,731,116
Without objective evidence of impairment	Collective assessment	986,439,143	(500,586)	3,152,381
Total		<u>\$ 1,012,907,562</u>	<u>(500,847)</u>	<u>10,615,364</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(F) Available-for-sale financial assets—net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Commercial paper	\$ -	3,007,233
Negotiable certificates of deposit	233,600,000	238,000,000
Treasury bills	92,063	1,912,652
Government bonds	54,246,629	51,732,599
Corporate bonds	300,165	2,834,767
Financial debentures	99,988	2,598,050
Beneficiary certificate	-	53,436
Listed and OTC securities	12,648,562	14,559,801
Valuation adjustment of financial assets	(194,256)	(1,802,887)
Total	<u>\$ 300,793,151</u>	<u>312,895,651</u>

Please refer to Notes 4(O) and 6 for the information with regard to the repurchase conditions for, or restrictions on, available-for-sale financial assets shown above. In addition, please refer to Note 4(AB) for the information on reclassification of financial assets.

Please refer to Note 7(A) for details of the trust contract with regard to Mega Financial Holding Company's shares held by the Bank.

During 2008, through the National Credit Card Center of the R.O.C., the Bank received 1,114 thousand shares of VISA stocks distributed by VISA Inc. after its global restructuring. During the year ended December 31, 2009, the Bank sold 334 thousand shares that met the conditions concerning their transfer. All of the remaining 780 thousand shares were sold in December 2011.

(G) Held-to-maturity financial assets—net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Negotiable certificates of deposit	\$ 37,666,000	60,561,000
Treasury bills	11,139,595	9,145,434
Government bonds	12,463,657	14,146,765
Corporate bonds	5,603,005	5,607,526
Financial debentures	2,913,689	4,185,193
Asset-backed securities	107,233	113,504
Total	<u>\$ 69,893,179</u>	<u>93,759,422</u>

Please refer to Notes 4(O) and 6 for information with regard to the repurchase conditions for, or restrictions, on held-to-maturity financial assets shown above.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(H) Financial assets securitization

During the third quarter of 2004, the Bank securitized its mortgage loans with a book value of \$5,031,192 with Deutsche Bank AG, Taipei Branch (Deutsche Bank), as Trustee, and offered security in the form of beneficiary certificates. These beneficiary certificates have a redemption period from August 10, 2004, to August 25, 2024. The other terms of these beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount/ Face value	Interest Rate	Payment frequency
Class A	1 st	4,325,000	the index rate +0.25%	once a month
Class B	2 nd	250,000	the index rate +0.55%	once a month
Class C	3 rd	150,000	the index rate +0.80%	once a month
Class D	4 th	130,000	the index rate +1.25%	once a month
Class E	5 th	176,192	None	once a month

The Bank holds the Class E beneficiary certificates and retains the right to interest in excess of the amount paid to the holders of class A, B, C and D beneficiary certificates. If the mortgage loan debtors default, neither the investor nor the Trustee has the right of recourse to the Bank. The repayment of the principal of Class E beneficiary certificates is subordinate to the investors' certificates, and their value is affected by the credit risk, prepayment, and interest risk of the securitized loans.

(a) Key assumptions used in measuring retained interests

The key assumptions used in measuring the subordinated seller certificates arising from the loan securitization at the measurement date of initial recognition and the balance sheet date were as follows:

	<u>December 31, 2012</u>	<u>August 10, 2004</u>
Prepayment rate (annual rate)		
Adjustable Rate Mortgage	42.00 %	17.50 %
Government Subsidized Mortgage	56.00 %	7.00 %
Weighted-average life (in years)	2.30	17.36
Expected credit default rate (annual rate)	1.32 %	3.01 %
Discounting rate for residual cash flows (annual rate)		
- principal	4.00 %	5.70 %
- interest	3.50 %	2.34 %

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(b) Sensitivity analysis

As of December 31, 2012, the key economic assumptions and sensitivity of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

	Mortgage loans securitization
Book value of retained interests	\$ 107,233
Weighted-average life (in years)	2.30
Prepayment rate (annual rate)	
Adjustable Rate Mortgage	42.00 %
Government Subsidized Mortgage	56.00 %
Impact on fair value of 10% adverse change	(649)
Impact on fair value of 20% adverse change	(1,419)
Expected credit default rate (annual rate)	0.85 %
Impact on fair value of 10% adverse change	(81)
Impact on fair value of 20% adverse change	(159)

(c) Expected static pool weighted-default rate

The expected static pool weighted-default rate is equal to the expected credit default rate.

(d) Cash flows

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

	For the year ended December 31	
	2012	2011
Servicing fees received	\$ 1,394	1,757
Other cash flows received on retained interests	5,644	7,415
Recovery of cash reserve	443	561
Servicing advances	(3,882)	(5,421)
Recovery of servicing advances	3,485	5,805

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(I) Investments under equity method—net

	December 31, 2012		December 31, 2011	
	%	Book value	%	Book value
Chinatrust (Philippines) Commercial Bank Corp. (original investment at PHP2,695,137 thousand)	99.60	\$ 4,771,278	99.41	4,424,642
PT Bank Chinatrust Indonesia (original investment at Rupiah 191 billion)	99.00	5,745,083	99.00	5,826,375
Chinatrust Forex Corporation (Note) (original investment at PHP31,045 thousand)	-	-	60.00	20,727
CTC Bank of Canada (original investment at CAD28,000 thousand and CAD18,000 thousand as of December 31, 2012 and 2011, respectively.)	100.00	1,162,117	100.00	828,615
ChinaTrust Capital Corp. (original investment at \$22,808,844 thousand)	100.00	15,521,417	100.00	15,655,993
Grand Bills Finance Corporation (original investment at \$1,010,880 thousand)	21.15	1,718,709	21.15	1,705,255
GCB Finance (HK) Limited (original investment at \$223,050 thousand)	100.00	337,154	100.00	340,890
Total		<u>\$ 29,255,758</u>		<u>28,802,497</u>

During the year ended December 31, 2012, the Bank subscribed for CAD10,000 thousand of common stock of CTC Bank of Canada due to its increase in capital. A total of 608,642 shares of common stock of CTC Bank of Canada were issued at CAD16.43 per share.

For the years ended December 31, 2012 and 2011, gains from investments under the equity method were as follows:

	For the year ended December 31	
	2012	2011
Chinatrust (Philippines) Commercial Bank Corp.	\$ 222,853	222,293
PT Bank Chinatrust Indonesia	473,516	642,125
Chinatrust Forex Corporation (Note)	2,057	-
CTC Bank of Canada	51,941	56,395
ChinaTrust Capital Corp.	428,730	1,321,812
Grand Bills Finance Corporation	76,242	84,707
GCB Finance (HK) Limited	1,502	142
Total	<u>\$ 1,256,841</u>	<u>2,327,474</u>

Note: Liquidated in December 2012.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(J) Other financial assets—net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Short-term advances—net	\$ 1,722,649	1,298,118
Refundable deposits—net	2,550,637	4,104,354
Hedging derivative financial assets	1,577,954	2,067,772
Deposits pledged	437,016	215,665
Debt investment without active market—net	-	242,107
Investment in equity instruments carried at cost—net	1,315,701	1,368,868
Non-accrual loans transferred from non-loan financial assets	144,562	180,375
Less: Allowance for credit losses—non-accrual loans transferred from non-loan financial assets	(116,545)	(123,884)
Operating capital of overseas branches	-	3,816,778
Others	9,862	6,882
Total	<u>\$ 7,641,836</u>	<u>13,177,035</u>

Financial assets carried at cost are stock investments of the Bank with no quoted market price and whose fair value cannot be reliably measured.

The operating capital of overseas branches is the Bank's preparation funds for its Shanghai branch in Mainland China. The accumulated investment is US\$126,314 thousand. Please refer to Note 11(C) for further information.

Please refer to Note 6 for information with regard to the restrictions on the other financial assets shown above.

(K) Premises and equipment—net

<u>December 31, 2012</u>	<u>Cost</u>	<u>Revaluation appreciation</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net</u>
Land	\$ 16,627,858	52,812	-	41,383	16,639,287
Superficies	2,921,194	-	-	-	2,921,194
Buildings	12,602,044	416	4,346,749	26,142	8,229,569
Transportation equipment	1,507	-	699	-	808
Miscellaneous equipment	3,735,607	-	2,411,448	-	1,324,159
Construction in progress	6,451,421	-	-	-	6,451,421
Prepayment for equipment	15,667	-	-	-	15,667
Prepayment for land and buildings	1,025,229	-	-	-	1,025,229
Leased premises	288,361	-	49,526	-	238,835
Total	<u>\$ 43,668,888</u>	<u>53,228</u>	<u>6,808,422</u>	<u>67,525</u>	<u>36,846,169</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>December 31, 2011</u>	<u>Cost</u>	<u>Revaluation appreciation</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net</u>
Land	\$ 16,637,059	52,812	-	41,383	16,648,488
Superficies	2,988,477	-	-	-	2,988,477
Buildings	14,423,762	416	5,912,226	26,142	8,485,810
Transportation equipment	37,540	-	36,509	-	1,031
Miscellaneous equipment	9,243,564	-	7,747,522	-	1,496,042
Construction in progress	3,660,407	-	-	-	3,660,407
Leased premises	337,907	-	245,038	-	92,869
Total	<u>\$ 47,328,716</u>	<u>53,228</u>	<u>13,941,295</u>	<u>67,525</u>	<u>33,373,124</u>

In May 2006, the Bank acquired the superficies of lots 43, 43-1, 45 and 45-1 of Jingmao Section, Nankang, Taipei, from Taiwan Fertilizer Co., Ltd. for 50 years through a public tender. The acquisition cost amounted to \$3,364,140 (including business tax and other related expenses of the superficies). The rental is determined annually at the rate of 8% of the government-assessed present value. Please refer to Note 6 for information on performance guarantee deposits.

The Bank plans to build an operation center in mid-Taiwan and, on September 4, 2012, signed with Continental Development Corporation a contract of sale of buildings and land. The Bank will obtain the rights of land along with new buildings located there. The zoning code of the land is No. 99 & 100, Huikuo Section, Xitun District, Taichung City. The contract price will be paid in installments proportionate with construction progress during the contract period, accounted for under premises and equipment-net, prepayment for land and buildings. Please refer to Note 7(A) for related information.

(L) Intangible assets – net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Goodwill	\$ 10,152,835	10,152,835
Computer software	1,665,411	1,707,637
Total	<u>\$ 11,818,246</u>	<u>11,860,472</u>

As of December 31, 2012 and 2011, goodwill of the Bank was acquired from business combination.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(M) Other assets—net

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Prepayments	\$ 4,943,789	3,794,918
Deferred charges	35,544	53,616
Foreclosed properties received	10,783	78,074
Less: Accumulated impairment	(1,156)	(59,656)
Deferred pension cost	44,879	49,866
Deferred income tax assets—net	1,223,046	1,227,105
Idle premises and equipment	413,673	1,145,166
Less: Accumulated impairment	(82,206)	(515,511)
Temporary payments	20,779	22,469
Others	7,278	3,897
Total	<u><u>\$ 6,616,409</u></u>	<u><u>5,799,944</u></u>

For the year ended December 31, 2012, the Bank recognized an impairment loss of \$645 on foreclosed properties received.

Please refer to Note 4(U) for further information on “deferred income tax assets—net”.

(N) Due to Central Bank and other banks

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Financing from Central Bank	<u><u>\$ 2,631,639</u></u>	<u><u>4,641,210</u></u>

As of December 31, 2012 and 2011, the Bank had borrowed US\$90,323 thousand and US\$103,226 thousand, respectively, from the Central Bank in order to facilitate the business expansion of its overseas branches and subsidiaries. This loan bears interest at the annual rate of 6M LIBOR. All financing will mature prior to July 26, 2019, and interest is payable semi-annually and at the maturity date.

As of December 31, 2011, the Bank had borrowed US\$50,000 thousand from the Central Bank with an annual interest rate of 0.27%. The financing matured at January 3, 2012, with interest payable at the maturity date.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(O) Securities sold under repurchase agreements

December 31, 2012				
<u>Assets</u>	<u>Par value</u>	<u>Selling price (Note)</u>	<u>Designated repurchase amount</u>	<u>Designated repurchase date</u>
Financial assets measured at fair value through profit or loss	\$ 14,109,000	14,086,011	14,093,980	Prior to February 22, 2013
Available-for-sale financial assets	28,714,280	30,648,478	30,665,242	Prior to April 12, 2013
Held-to-maturity financial assets	15,080,400	16,043,350	16,053,903	Prior to June 27, 2013
Total	<u>\$ 57,903,680</u>	<u>60,777,839</u>	<u>60,813,125</u>	

December 31, 2011				
<u>Assets</u>	<u>Par value</u>	<u>Selling price (Note)</u>	<u>Designated repurchase amount</u>	<u>Designated repurchase date</u>
Financial assets measured at fair value through profit or loss	\$ 18,641,000	18,605,109	18,613,922	Prior to February 23, 2012
Available-for-sale financial assets	36,322,480	38,788,080	38,799,335	Prior to August 31, 2012
Held-to-maturity financial assets	16,422,000	17,287,796	17,301,333	Prior to August 7, 2012
Total	<u>\$ 71,385,480</u>	<u>74,680,985</u>	<u>74,714,590</u>	

Note: Accounted for under securities sold under repurchase agreements.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(P) Payables

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Accounts payable	\$ 17,436,533	13,336,144
Accrued expenses	10,857,506	9,940,932
Income taxes payable	1,644,908	1,435,750
Interest payable	2,932,376	2,724,218
Acceptances payable	4,525,783	7,885,368
Collection payable	2,179,996	1,303,052
Other tax payable	294,672	283,628
Dividends and bonuses payable	31,057	31,307
Checks for clearance	4,596,531	4,040,287
Interbank clearing payable	361,439	306,055
Non-discretionary monetary trust payable	44,187	283,393
Miscellaneous lottery accounts payable	7,699,598	6,131,254
Construction retainage received	407,796	146,915
Financial transaction payable	1,319,181	-
Online accounts payable	394,930	1,985,689
Fees payable to trustee for asset securitization	577,754	573,038
Settlement compensation payable	1,071,541	1,206,411
Other payables	1,009,576	898,121
Total	<u>\$ 57,385,364</u>	<u>52,511,562</u>

As of December 31, 2012 and 2011, the Bank's accounts payable included the balances arising from factoring of \$7,606,677 and \$8,637,762, respectively.

Settlement compensation payable, which was the estimated amount in compliance with generally accepted accounting principles in the Republic of China, was approved by the board of directors to be appropriated for settlement compensation of structured notes, and the Bank actively negotiated with the investors.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(Q) Deposits and remittances

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
NTD deposits		
Checking accounts	\$ <u>8,861,185</u>	<u>8,173,642</u>
Demand deposits		
Demand deposits	121,685,618	118,195,044
Demand savings deposits	443,010,179	410,409,914
Public treasury deposits	<u>6,448,488</u>	<u>6,075,995</u>
Subtotal of demand deposits	<u>571,144,285</u>	<u>534,680,953</u>
Time deposits		
Time deposits	196,763,617	221,796,081
Time savings deposits	290,170,300	270,669,117
Negotiable certificates of deposit	844,400	1,231,200
Public treasury deposits	24,058,252	17,183,729
Others	<u>23,200,000</u>	<u>27,462,000</u>
Subtotal of time deposits	<u>535,036,569</u>	<u>538,342,127</u>
Subtotal of NTD deposits	<u>1,115,042,039</u>	<u>1,081,196,722</u>
Foreign currency deposits	356,774,354	321,875,323
Stored value cards	275	49,202
Remittances under custody	141,950	57,840
Remittances outstanding	<u>408,533</u>	<u>823,643</u>
Total	<u>\$ <u>1,472,367,151</u></u>	<u><u>1,404,002,730</u></u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(R) Financial debentures

December 31								
Bonds	Issue date	Maturity date	Terms of transactions		Type	Bond issued		
			Interest rate			Amount	Amount	
						2012	2011	
5.625% Step-up Callable Perpetual Subordinated Notes	03/17/2005	N/A	5.625%; interest is payable semi-annually; if redemption right is not exercised 10 years after the issue date, the interest rate will be USD 6M LIBOR + 1.86%.		Perpetual accumulated subordinated financial debentures	\$ 14,568,756	15,143,145	
2005-5	11/29/2005	N/A	A=3.35%, B=3.35%; if redemption right is not exercised 10 years after the issue date, the interest rate will be 90 days CP+1.85% for A and 4.35% for B.		Perpetual non-accumulated subordinated financial debentures	12,000,000	12,000,000	
2006-1	05/17/2006	05/17/2016	2.14%		Unsecured financial debentures	3,100,000	3,100,000	
2007-3	12/14/2007	12/14/2014	The prime rate plus 0.40% (Note)		Unsecured subordinated financial debentures	1,500,000	1,500,000	
2007-4	12/18/2007	12/18/2014	3.05%		"	2,000,000	2,000,000	
2008-1	04/10/2008	04/10/2023	3.49%		"	2,000,000	2,000,000	
2008-2	04/25/2008	N/A	3.60%; if redemption right is not exercised 7 years after the issue date, the interest rate will be 4.60%.		Perpetual accumulated subordinated financial debentures	700,000	700,000	
2008-3	04/25/2008	04/25/2015	A=3.10%, B=3.00%.		Unsecured subordinated financial debentures	3,350,000	3,350,000	
2008-4	04/25/2008	10/25/2013	The single coupon rate is Bank of Taiwan's quoted floating interest rate for 3-year time deposit plus 0.28%; simple interest is accrued annually.		"	450,000	450,000	
2011-1	09/27/2011	09/27/2021	A=1.80%. B=1.95%. From the 4 th year after the issue date, the interest rate will be the prime rate plus 0.55% (Note)		"	12,900,000	12,900,000	
						Adjustment for fair value increase of hedged transactions	1,581,216	2,082,063
						Unamortized discount	(28,340)	(42,826)
						<u>\$ 54,121,632</u>	<u>55,182,382</u>	

Note : The prime rate is based on page code 6165 of Reuters (original: Associated Press), the fixed interest rate of 90-day CP/BA at 11:00 am on the interest reset date.

Please refer to Note 4(AA) for information on the hedging of bonds shown above.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(S) Other financial liabilities

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Appropriated loan funds	\$ 45,000	71,325
Guarantee deposits received	2,089,459	1,814,379
Hedging derivative financial liabilities	34,959	48,576
Lease payable	239,648	60,688
Structured commodity principal	22,519,505	19,037,736
Others	12,884	4,730
Total	<u>\$ 24,941,455</u>	<u>21,037,434</u>

(T) Retirement plan

The pension funds and related accounts for the years ended December 31, 2012 and 2011, were as follows:

	<u>For the year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Ending balance of pension fund	\$ 5,072,635	4,983,584
Net periodic pension cost:		
Defined benefit pension plan	451,976	334,543
Defined contribution pension plan	370,533	364,393

The Bank maintains a retirement plan covering all regular employees. Payments of pension benefits are calculated based on the employee's number of years of service and average salary of the last six months prior to approved retirement. The Bank contributes 4.65% of the monthly payroll to a pension fund. Furthermore, the Bank established a Workers' Retirement Reserve Fund Supervisory Committee on May 31, 2000, upon approval of the authority-in-charge and contributes 8.18% of monthly payroll to a designated depository account with Bank of Taiwan.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

As of December 31, 2012 and 2011, the funding status was reconciled with accrued pension liabilities per books as follows:

	December 31,	
	2012	2011
Benefit obligation:		
Vested benefit obligation	\$ (1,773,873)	(1,305,767)
Non-vested benefit obligation	(5,083,821)	(5,042,097)
Accumulated benefit obligation	(6,857,694)	(6,347,864)
Additional benefit based on future salaries	(1,718,132)	(1,764,763)
Projected benefit obligation	(8,575,826)	(8,112,627)
Fair value of pension plan assets	5,072,635	4,983,584
Funding status	(3,503,191)	(3,129,043)
Unrecognized gain on pension fund	3,389,412	3,070,422
Unrecognized prior service cost	(44,880)	(49,866)
Supplementary accrued pension liability	(1,626,399)	(1,255,793)
Accrued pension liability	<u>\$ (1,785,058)</u>	<u>(1,364,280)</u>

Actuarial assumptions used in the pension liabilities calculation were as follows:

	For the year ended December 31,	
	2012	2011
Discount rate	1.75 %	2.00 %
Incremental rate of future compensation levels	3.00 %	3.00 %
Expected long-term rate of return on plan assets	1.75 %	2.00 %

The components of net periodic pension costs were as follows:

	For the year ended December 31,	
	2012	2011
Service cost	\$ 183,406	322,183
Interest cost	162,253	156,261
Expected return on plan assets	(99,672)	(103,469)
Amortization and deferred amount	200,391	113,803
Net periodic pension cost	<u>\$ 446,378</u>	<u>488,778</u>

As of December 31, 2012 and 2011, the vested benefit obligation of the Bank's retirement plan amounted to \$1,700,653 and \$1,262,583, respectively.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(U) Income taxes

Pursuant to the amendment of the Income Tax Act which was published on June 15, 2010, the Bank's applicable income tax rate is 17%. The Bank also adopted the "Income Basic Tax Act" in determining the income basic tax.

For the years ended December 31, 2012 and 2011, the income tax expenses and related accounts were as follows:

	<u>For the year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Current income tax expenses	\$ 2,760,492	2,664,557
Deferred income tax expenses	12,639	65,986
10% surtax on undistributed earnings	48	-
Income tax expenses	<u>\$ 2,773,179</u>	<u>2,730,543</u>

The components of deferred income tax expenses were as follows:

	<u>For the year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Temporary difference due to provision of allowance for credit losses in excess of the limit imposed by tax laws	\$ (111,469)	-
Realized impairment loss on assets	19,985	3,956
Foreign investment gains recognized under equity method	72,884	224,708
Benefit on reversal of allowance for market value decline of foreclosed properties	9,945	487
Net unrealized gains (losses) on foreign exchange and derivative instruments	11,303	(214,483)
Difference in pension provision for financial and tax purposes	(8,529)	(791)
Settlement compensation payable	18,520	52,109
Total	<u>\$ 12,639</u>	<u>65,986</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2012 and 2011, the differences between income tax under the tax rate and income tax expenses were as follows:

	<u>For the year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Income tax calculated on net income before tax	\$ 3,599,516	3,331,460
Net income from domestic investment	(117,813)	(127,398)
Tax-exempt (gains) losses on disposal of land	(2,479)	12,865
Tax-exempt securities transaction (income) loss	(34,931)	17,769
Foreign investment gains recognized under equity method	(127,752)	(156,562)
Expenses and losses on futures proprietary trading	16,046	25,857
Net income from offshore banking unit	(588,804)	(449,289)
Imputed interest of separate trading of registered interest and principal securities (STRIPS)	214	447
Amortization of goodwill	(137,547)	(206,320)
10% surtax on undistributed earnings	48	-
(Overestimated) underestimated income tax for prior year	(63,335)	92,349
Effects of difference between domestic and foreign tax rate	230,409	154,125
Expenses from transferring the parent company's treasury stock to employee	-	39,847
Others	(393)	(4,607)
Total	<u>\$ 2,773,179</u>	<u>2,730,543</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

As of December 31, 2012 and 2011, the temporary differences resulting in deferred income tax assets, loss carryforward, and other tax effects individually stated were as follows:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Deductible temporary difference due provision of allowance for credit losses in excess of the limit imposed by tax laws	\$ 655,701	111,469	-	-
Deductible temporary difference due to provision for impairment loss on assets	54,138	9,203	171,695	29,188
Deductible temporary difference due to allowance for market value decline of foreclosed properties	1,156	197	59,656	10,142
Taxable temporary difference due to unrealized gains on foreign exchange and derivative instruments	(877,803)	(149,227)	(391,125)	(66,491)
Deductible temporary difference due to investment loss recognized under equity method	3,810,556	647,795	4,239,286	720,679
Taxable temporary difference due to provision for foreign investment loss reserve	(2,148,690)	(365,277)	(2,148,690)	(365,277)
Deductible temporary difference due to provision for cumulative translation adjustments	3,623,316	615,963	2,543,472	432,390
Deductible temporary difference due to settlement compensation payables	1,097,467	186,570	1,206,411	205,090
Deductible temporary differences due to other reasons	932,854	158,585	1,268,452	215,636
Investment tax credit	<u>45,695</u>	<u>7,768</u>	<u>269,108</u>	<u>45,748</u>
Total	<u>\$ 7,194,390</u>	<u>1,223,046</u>	<u>7,218,265</u>	<u>1,227,105</u>

As of December 31, 2012 and 2011, under the consolidated corporate income tax return, the Bank recognized the difference between the consolidated income tax and its ordinary income tax amounting to \$432,833 and \$68,188, respectively, accounted for under payables.

Chinatrust Commercial Bank Co., Ltd. (not restated)

The Bank's income tax returns for the years through 2006 were examined by the Tax Authority. For the year ended December 31, 2006, the Bank reached an agreement with the National Tax Administration to receive a refund equal to 65% of withholding taxes on bond interest income that was attributed to the preceding bondholders, and the effect on income tax was recorded with proper accounting treatment.

The Bank's income tax returns for 2003-2006 were examined by the Tax Authority. The Bank disagreed with the result and appealed and applied for re-examination according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Year</u>	<u>Re-examination</u>
2005	Amortization of goodwill and interest income
2006	Amortization of goodwill, interest income, and other expenses

<u>Year</u>	<u>Appeal</u>
2003	Amortization of goodwill
2004	Amortization of goodwill and interest income

Chinatrust Bills Finance Corp. (dissolved)

The income tax returns for the years through 2006 were examined by the Tax Authority. With regard to the interest on investments in bonds attributable to the preceding bondholders, Chinatrust Bills Finance Corp. reached an agreement with the National Tax Administration to receive a refund equal to 60% of the withholding taxes for accrued interest on bonds, and the effect on income tax was recorded with proper accounting treatment.

The Bank's income tax returns for years 2005 and 2006 were examined by the Tax Authority. Due to the disagreement on the result regarding the amount of interest income, the Bank intends to apply for re-examination according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

(V) Imputation credit account

As of December 31, 2012, the balance of the stockholders' imputation credit account amounted to \$34,088.

The actual tax-deductible ratios of cash dividends on distribution of earnings for year 2011 and 2010 were 0.78% and 1.99%, respectively. The actual tax-deductible ratio of stock dividends on distribution of earnings for year 2010 was 13.97%. All of the ending balance of undistributed retained earnings arose from earnings in 1998 and thereafter.

(W) Capital stock and capital surplus

(a) Capital stock

A resolution on capitalizing undistributed retained earnings of \$268,119 of the Bank by issuing 26,812 thousand new shares was approved by the board of directors on behalf of shareholders on May 27, 2011, and as of August 18, 2011, the Bank had completed the relevant registration process. Hence as of December 31, 2012, the Bank's authorized capital was \$80,000,000, and paid-in capital for common stock was \$75,371,376.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(b) Capital surplus

The components and sources of capital surplus were as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Additional paid-in capital—stock	\$ 16,000,568	16,000,568
Share-based payment transactions	1,184,264	891,573
Others	<u>(2,773)</u>	<u>-</u>
Total	<u>\$ 17,182,059</u>	<u>16,892,141</u>

In compliance with the Company Act, capital surplus can only be used to offset a deficit when surplus reserve is not sufficient to offset losses or to be distributed by issuing new shares or by cash pursuant to a resolution to be adopted by a shareholders' meeting as required in Article 241, Paragraph 1 of the Company Act. Furthermore, according to Article 72-1, Paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be used to increase capital shall not exceed 10% of total paid-in capital. The capital surplus arising from a capital increase can be capitalized only in the following fiscal year after being registered by the company with the competent authority for approval.

The Bank's parent company, Chinatrust Financial Holding Company, Ltd., transferred 26,434, and 3,093 thousand shares of its treasury stock to the Bank's employees in March and July 2011, respectively. Pursuant to Interpretation (97) No. 17 issued by the Accounting Research and Development Foundation, the Bank recognized both personnel expenses and capital surplus amounting to \$194,026 and \$40,368 in March and July 2011, respectively.

A resolution of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., to raise capital by issuing 715,000 thousand new shares was approved by the board of directors on November 25, 2011. In compliance with Article 267, Paragraph 1 of the Company Act, the parent company reserves 10% of the new shares for the employees of the parent company and its subsidiaries to purchase, among which 62,248 thousand shares are reserved for employees of the Bank. Pursuant to Interpretation (97) No. 17 issued by the Accounting Research and Development Foundation, the Bank recognized both personnel expenses and capital surplus amounting to \$292,691 in February 2012.

(X) Earnings distribution and dividend policy

As a subsidiary of Chinatrust Financial Holding Company, Ltd., the Bank is required to fulfill the operating fund demands of the parent company and to maintain its own capital adequacy ratio. Therefore, common stock dividends and bonuses are generally distributed as cash dividends. The Bank adopts a constant and balanced dividend policy through annual common stock dividends and distribution of bonuses.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The above-mentioned methodology is merely a guideline used to select an appropriate dividend policy. In consideration of current operations and capital budget planning for the next year, an appropriate dividend distribution ratio is selected.

Annual earnings, if any, are used to pay taxes, to make certain adjustments in accordance with SFAS, and to offset cumulative losses. Then 30% of the remaining earnings is appropriated as legal reserve. Before the legal reserve balance reaches an amount equal to total paid-in capital, cash dividends are limited to 15% of total paid-in capital. When the legal reserve balance reaches an amount equal to total paid-in capital or satisfies Article 50, paragraph 2 of the Banking Law, if the Bank is sound in both its finance and business operations and has set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not apply.

After the appropriation of legal reserve and special reserve according to law or regulation, the total amount of employee bonuses ranges from 0.01% to 0.05% of the remaining balance. Any additional distribution of the remaining amount after distribution plus the beginning balance of undistributed retained earnings will be proposed by the board of directors with a resolution approved by the board of directors on behalf of stockholders during a shareholders' meeting.

In years when the Bank makes a profit without violating Article 50 of the Banking Law, at least 10% of dividends will be appropriated and distributed in cash.

Distribution of employee bonuses and the percentage actually distributed within the range of appropriation mentioned previously are subject to resolutions by the board of directors.

A resolution on 2010 earnings distribution of the Bank was approved by the board of directors on behalf of stockholders on May 27, 2011, and the distribution of employee bonuses amounted to \$4,613. However, the distribution of employee bonuses which was disclosed in the financial report of 2010 amounted to \$4,634. The difference amounting to \$21 was regarded as a change in accounting estimate and recognized as profit of year 2011.

A resolution on 2011 earnings distribution of the Bank was approved by the board of directors on behalf of stockholders on May 24, 2012, and the distribution of employee bonuses amounted to \$5,018. However, the distribution of employee bonuses which was disclosed in the financial report of 2011 amounted to \$5,317. The difference amounting to \$299 was regarded as a change in accounting estimate and recognized as profit of year 2012.

For the year ended December 31, 2012, employee bonuses were estimated amounting to \$6,440. Estimation of the fair value of employee bonuses is recognized as current-period operating expenses based on the Bank's net income after tax minus an appropriate reserve at the end of the accounting period multiplied by the most appropriate estimate set by the Bank's articles of incorporation. However, if later the actual allocation amount pursuant to a resolution of the board of directors on behalf of stockholders is different from the estimated amount, the difference would be recognized in the profit or loss of the next year.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The relevant information on employee bonuses approved by the board of directors on behalf of stockholders can be accessed through the Market Observation Post System or other sites.

In compliance with the regulations of the Securities and Futures Bureau, Financial Supervisory Commission, the year 2012 distribution of employee bonuses is still waiting for the approval of the board of directors on behalf of stockholders of the Bank during a shareholders' meeting next year. The related information can be accessed through the Market Observation Post System or other sites after the related meeting takes place.

(Y) Share-based payment

- (a) For the years ended December 31, 2012 and 2011, the Bank had set out the measurement principles and specific requirements for the share-based payment transactions for the years 2008, 2010, and 2011:

	Management stock appreciation rights plan for the years		
	2008	2010	2011
Grant date	2009.01.23	2011.01.26	2012.01.13
Grant number	66,299	100,445	93,524
Exercise period	2011.01.01~2011.12.31	2013.01.01~2013.12.31	2014.12.31
Exercise price at grant date	13.01	23.63	19.05

Regarding the implementation of the preceding stock appreciation rights plan (SARP), the Bank has the right to make cash settlement. When employees terminate their employment or are on leaves of absence without pay, they forfeit their stock appreciation rights.

Disclosures for the Bank's employee stock appreciation rights plan:

	For the year ended December 31, 2012			
	Management stock appreciation rights plan for the years			
	2010		2011	
	Number	Weighted-average exercise price	Number	Weighted-average exercise price
Outstanding at the beginning of the period	105,446	19.07	93,524	16.94
Granted during the period	15,307	19.07	10,926	16.94
Forfeited during the period	7,936	19.07	2,746	16.94
Exercised during the period	3,177	19.07	3,114	16.94
Expired during the period	-	19.07	-	16.94
Outstanding at the end of the period	109,640	19.07	98,590	16.94
Exercisable at the end of the period	-	19.07	-	16.94

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	For the year ended December 31, 2011			
	Management stock appreciation rights plan for the years			
	2008		2010	
	Number	Weighted-average exercise price	Number	Weighted-average exercise price
Outstanding at the beginning of the period	64,062	9.66	100,445	21.36
Granted during the period	7,194	9.66	7,188	21.36
Forfeited during the period	87	9.66	1,579	21.36
Exercised during the period	71,057	9.66	608	21.36
Expired during the period	112	9.66	-	21.36
Outstanding at the end of the period	-	9.66	105,446	21.36
Exercisable at the end of the period	-	9.66	-	21.36

For the year ended December 31, 2012, the weighted-average stock prices on the date that the Bank's employees actually exercised the stock appreciation rights plan of 2010 and 2011 were NT\$24.20 (dollars) and NT\$22.41 (dollars), respectively. As of December 31, 2012, the weighted-average remaining contractual term for the share options outstanding as a result of the adoption of the employee stock appreciation rights plans of 2010 and 2011 was 1 and 2 years, respectively.

- (b) Please refer to Note 4(W) for information related to the transfer of treasury stock of the Bank's parent company to the Bank's employees in March and July 2011.

(Z) EPS

	For the year ended December 31,			
	2012		2011	
	Before tax	After tax	Before tax	After tax
Net income attributable to common stockholders	<u>\$ 21,173,622</u>	<u>18,400,443</u>	<u>19,596,822</u>	<u>16,866,279</u>
Weighted-average shares of common stock outstanding (in thousands)	<u>7,537,138</u>	<u>7,537,138</u>	<u>7,537,138</u>	<u>7,537,138</u>
Basic EPS (in dollars)	<u>\$ 2.81</u>	<u>2.44</u>	<u>2.60</u>	<u>2.24</u>

Since the Bank's implementation of share-based payment transactions would proceed by cash settlement, there is no impact on the Bank's weighted-average shares of common stock outstanding during the period.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(AA) Financial instruments

(a) Fair value of financial instruments

<u>Financial assets</u>	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Non-Derivative Financial Instruments				
Cash	\$ 35,870,710	35,870,710	32,573,288	32,573,288
Due from Central Bank and call loans to banks	95,212,837	95,212,837	102,174,935	102,174,935
Financial assets measured at fair value through profit or loss—net	49,708,575	49,708,575	35,780,396	35,780,396
Receivables—net	137,255,423	137,255,423	126,575,158	126,575,158
Loans—net	1,070,104,445	1,070,104,445	1,001,774,522	1,001,774,522
Available-for-sale financial assets—net	300,793,151	300,793,151	312,895,651	312,895,651
Held-to-maturity financial assets—net	69,893,179	70,445,576	93,759,422	94,605,768
Other financial assets—net	6,063,882	6,063,882	11,109,263	11,109,263
Derivative Financial Instruments				
Trading purpose:				
Forwards	965,105	965,105	174,679	174,679
Non-delivery forwards	754,001	754,001	1,470,936	1,470,936
Currency swaps	5,884,171	5,884,171	3,531,136	3,531,136
Cross currency swaps	1,474,725	1,474,725	435,579	435,579
Interest rate swaps	11,900,687	11,900,687	15,944,608	15,944,608
Options	2,668,565	2,668,565	3,854,764	3,854,764
Warrants	-	-	42	42
Asset swaps	189,929	189,929	301,979	301,979
Credit default swaps	29,018	29,018	182,705	182,705
Commodity-linked forward contracts	-	-	7,230	7,230
Interest rate futures	-	-	213	213
Commodity futures	28	28	1,178	1,178
Commodity swaps	61,379	61,379	226,784	226,784
Equity index futures	411	411	1,145	1,145
Hedging purpose:				
Non-delivery forwards	458	458	42	42
Interest rate swaps	1,575,777	1,575,777	2,067,730	2,067,730
Currency swaps	1,719	1,719	-	-

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Financial liabilities</u>	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Non-Derivative Financial Instruments				
Deposits from Central Bank and other banks	\$ 30,209,829	30,209,829	49,693,276	49,693,276
Due to Central Bank and other banks	2,631,639	2,631,639	4,641,210	4,641,210
Financial liabilities measured at fair value through profit or loss	8,374	8,374	2,070	2,070
Securities sold under repurchase agreements	60,777,839	60,777,839	74,680,985	74,680,985
Payables	57,385,364	57,385,364	52,511,562	52,511,562
Deposits and remittances	1,472,367,151	1,472,367,151	1,404,002,730	1,404,002,730
Financial debentures	54,121,632	54,121,632	55,182,382	55,182,382
Other financial liabilities	24,906,496	24,906,496	20,988,858	20,988,858
Derivative Financial Instruments				
Trading purpose:				
Forwards	761,637	761,637	309,775	309,775
Non-delivery forwards	719,183	719,183	1,414,331	1,414,331
Currency swaps	6,829,199	6,829,199	2,076,879	2,076,879
Cross currency swaps	721,914	721,914	1,135,156	1,135,156
Interest rate swaps	12,242,343	12,242,343	16,706,094	16,706,094
Options	3,190,395	3,190,395	3,198,749	3,198,749
Asset swaps	31,076	31,076	172,648	172,648
Credit default swaps	22,391	22,391	121,901	121,901
Commodity-linked forward contracts	-	-	4,644	4,644
Interest rate futures	1,548	1,548	-	-
Commodity futures	203	203	548	548
Commodity swaps	50,754	50,754	186,546	186,546
Equity index futures	3,666	3,666	209	209
Hedging purpose:				
Non-delivery forwards	1,295	1,295	4,878	4,878
Interest rate swaps	1,748	1,748	8,329	8,329
Currency swaps	31,916	31,916	35,369	35,369

(b) Methods and assumptions used by the Bank for fair value evaluation of financial instruments were as follows:

- (1) Fair value of short-term financial instruments is estimated by their book value on the balance sheet date. Since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value. This method is applied to cash, due from Central Bank and call loans to banks, receivables, deposits from Central Bank and other banks, due to Central Bank and other banks, remittances, securities sold under repurchase agreements, and payables.
- (2) If there is a quoted price in an active market for the financial asset, including financial instruments measured at fair value through profit or loss, available-for-sale and held-to-maturity financial assets, and hedging derivative financial instruments, the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices provided by financial institutions. The discounted cash flow technique is used to estimate the fair value of a debt instrument where an active market does not exist. The estimates, hypotheses and discount rates for valuation refer to quoted prices, from financial institutions, of financial

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

instruments having substantially the same terms and characteristics, including the credit quality of debtors, the remaining term over which the contractual interest rate is fixed, the remaining term to repayment of the principal, and the currency in which the payments are to be made. Fair value of debt investments without an active market accounted for under other financial assets is determined by the methods described above, and recorded in accordance with the “Regulations Governing the Preparation of Financial Reports by Publicly Held Banks” at amortized cost. Fair value for an equity investment is determined based on either the price calculated using a valuation technique or its book value.

- (3) Loans and deposits are both classified as interest-bearing financial assets; therefore, the book value of financial assets is equivalent to their fair value. The net book value of the non-accrual account, after deducting provision for credit loss, is adopted as the fair value.
- (4) Fair value of long-term liabilities is estimated by the present value of expected future cash flows. The discount rate is based on rates of equivalent loans available elsewhere, that is, loans with similar maturity date and terms (close to the maturity date).
- (5) Derivatives usually adopt mark-to-model prices. The Discounted-Cash-Flow model is adopted for non-option derivatives, and the Black-Scholes model is adopted for option derivatives.
- (6) If an instrument trades on an exchange, the exchange price is used. Over-the-counter (OTC) positions use the independent price/parameter quoted by reliable brokers or pricing services, such as Reuters, Bloomberg, or other brokers. In general, market environment and trading strategy, trade price, settlement price, middle price at a fixed cut-off time, and average price of several independent brokers could be used as market data.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) The fair values of the financial assets and liabilities of the Bank which were based on quoted market prices or determined by using certain valuation techniques were as follows:

Financial assets	December 31, 2012		December 31, 2011	
	Based on quoted market prices	Determined by using valuation techniques	Based on quoted market prices	Determined by using valuation techniques
Non-Derivative Financial Instruments				
Cash	\$ -	35,870,710	-	32,573,288
Due from Central Bank and call loans to banks	-	95,212,837	-	102,174,935
Financial assets measured at fair value through profit or loss—net	2,009,015	47,699,560	1,180,294	34,600,102
Receivables—net	-	137,255,423	-	126,575,158
Loans—net	-	1,070,104,445	-	1,001,774,522
Available-for-sale financial assets—net	66,685,694	234,107,457	64,501,388	248,394,263
Held-to-maturity financial assets—net	14,087,931	56,357,645	13,978,182	80,627,586
Other financial assets—net	-	6,063,882	-	11,109,263
Derivative Financial Instruments				
Trading purpose				
Forwards	-	965,105	-	174,679
Non-delivery forwards	-	754,001	-	1,470,936
Currency swaps	-	5,884,171	-	3,531,136
Cross currency swaps	-	1,474,725	-	435,579
Interest rate swaps	-	11,900,687	-	15,944,608
Options	40,791	2,627,774	50,222	3,804,542
Warrants	-	-	42	-
Asset swaps	-	189,929	-	301,979
Credit default swaps	-	29,018	-	182,705
Commodity-linked forward contracts	-	-	-	7,230
Interest rate futures	-	-	213	-
Commodity futures	28	-	1,178	-
Commodity swaps	-	61,379	-	226,784
Equity index futures	411	-	1,145	-
Hedging purpose				
Non-delivery forwards	-	458	-	42
Interest rate swaps	-	1,575,777	-	2,067,730
Currency swaps	-	1,719	-	-

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial liabilities	December 31, 2012		December 31, 2011	
	Based on quoted market prices	Determined by using valuation techniques	Based on quoted market prices	Determined by using valuation techniques
Non-Derivative Financial Instruments				
Deposits from Central Bank and other banks	\$ -	30,209,829	-	49,693,276
Due to Central Bank and other banks	-	2,631,639	-	4,641,210
Financial liabilities measured at fair value through profit or loss	8,374	-	2,070	-
Securities sold under repurchase agreements	-	60,777,839	-	74,680,985
Payables	-	57,385,364	-	52,511,562
Deposits and remittances	-	1,472,367,151	-	1,404,002,730
Financial debentures	-	54,121,632	-	55,182,382
Other financial liabilities	-	24,906,496	-	20,988,858
Derivative Financial Instruments				
Trading purpose				
Forwards	-	761,637	-	309,775
Non-delivery forwards	-	719,183	-	1,414,331
Currency swaps	-	6,829,199	-	2,076,879
Cross currency swaps	-	721,914	-	1,135,156
Interest rate swaps	-	12,242,343	-	16,706,094
Options	136,384	3,054,011	59,625	3,139,124
Asset swaps	-	31,076	-	172,648
Credit default swaps	-	22,391	-	121,901
Commodity-linked forward contracts	-	-	-	4,644
Interest rate futures	1,548	-	-	-
Commodity futures	203	-	548	-
Commodity swaps	-	50,754	-	186,546
Equity index futures	3,666	-	209	-
Hedging purpose				
Non-delivery forwards	-	1,295	-	4,878
Interest rate swaps	-	1,748	-	8,329
Currency swaps	-	31,916	-	35,369

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(d) Fair value hierarchy information on financial instruments and the statements of changes in fair value of Level 3

(1) Fair value hierarchy information on financial instruments

Fair value measurement for a financial instrument	December 31, 2012			
	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
<u>Non-Derivative Financial Instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets held for trading				
Investment in stocks	\$ 265,369	265,369	-	-
Investment in bonds	49,443,206	9,278,948	38,768,617	1,395,641
Available-for-sale financial assets				
Investment in stocks	12,135,843	12,135,843	-	-
Investment in bonds	288,657,308	226,721	288,430,587	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	8,374	8,374	-	-
<u>Derivative Financial Instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 23,928,019	41,237	23,168,684	718,098
Other financial assets				
Hedging derivative financial assets	1,577,954	-	144,894	1,433,060
Liabilities:				
Financial liabilities measured at fair value through profit or loss	24,574,309	141,802	23,670,858	761,649
Other financial liabilities				
Hedging derivative financial liabilities	34,959	-	34,959	-

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Fair value measurement for a financial instrument	December 31, 2011			
	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
<u>Non-Derivative Financial Instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets held for trading				
Investment in stocks	\$ 32,604	32,604	-	-
Investment in bonds	35,747,792	9,042,631	26,423,603	281,558
Available-for-sale financial assets				
Investment in stocks	12,371,329	12,371,329	-	-
Investment in bonds	300,471,922	325,325	300,146,597	-
Others	52,400	52,400	-	-
Other financial assets				
Debt investments without active market	242,107	-	-	242,107
Liabilities:				
Financial liabilities measured at fair value through profit or loss	2,070	2,070	-	-
<u>Derivative Financial Instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 26,132,978	52,800	25,692,133	388,045
Other financial assets				
Hedging derivative financial assets	2,067,772	-	202,626	1,865,146
Liabilities:				
Financial liabilities measured at fair value through profit or loss	25,327,480	60,382	24,808,352	458,746
Other financial liabilities				
Hedging derivative financial liabilities	48,576	-	48,576	-

(2) Statements of changes in financial assets which were classified to Level 3 based on fair value measurement

Items	For the year ended December 31, 2012								
	Beginning balance	Amount recognized in current net income or stockholders' equity	Current increase			Current decrease			Ending balance
			Purchase or issue	Transfer in of Level 3 and out of other levels	Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	Sale, disposal, or settlement	Transfer in of other levels and out of Level 3	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	
Financial assets measured at fair value through profit or loss									
Financial assets held for trading	\$ 669,603	948,071	1,392,980	10,753,182	72,598	2,141,680	9,581,015	-	2,113,739
Other financial assets									
Derivative financial assets	1,865,146	(432,086)	-	-	-	-	-	-	1,433,060
Debt investments without active market	242,107	(9,049)	-	-	-	233,058	-	-	-
Total	\$ 2,776,856	506,936	1,392,980	10,753,182	72,598	2,374,738	9,581,015	-	3,546,799

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Items	For the year ended December 31, 2011								Ending balance
	Beginning balance	Amount recognized in current net income or stockholders' equity	Current increase			Current decrease		Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	
			Purchase or issue	Transfer in of Level 3 and out of other levels	Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	Sale, disposal, or settlement	Transfer in of other levels and out of Level 3		
Financial assets measured at fair value through profit or loss									
Financial assets held for trading	\$ 1,278,114	(406,134)	15,954,359	6,585,559	224,002	17,379,288	5,587,009	-	669,603
Other financial assets									
Derivative financial assets	1,757,027	108,119	-	-	-	-	-	-	1,865,146
Debt investments without active market	242,395	(288)	-	-	-	-	-	-	242,107
Total	\$ 3,277,536	(298,303)	15,954,359	6,585,559	224,002	17,379,288	5,587,009	-	2,776,856

(3) Statements of changes in financial liabilities which were classified to Level 3 based on fair value measurement

Items	For the year ended December 31, 2012								Ending balance
	Beginning balance	Amount recognized in current net income or stockholders' equity	Current increase			Current decrease		Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	
			Purchase or issue	Transfer in of Level 3 and out of other levels	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	Sale, disposal, or settlement	Transfer in of other levels and out of Level 3		
Financial liabilities measured at fair value through profit or loss									
Financial liabilities held for trading	\$ 458,746	54,831	1,051,097	362,718	72,598	897,031	341,310	-	761,649

Items	For the year ended December 31, 2011								Ending balance
	Beginning balance	Amount recognized in current net income or stockholders' equity	Current increase			Current decrease		Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	
			Purchase or issue	Transfer in of Level 3 and out of other levels	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	Sale, disposal, or settlement	Transfer in of other levels and out of Level 3		
Financial liabilities measured at fair value through profit or loss									
Financial liabilities held for trading	\$ 845,352	(309,420)	497,210	584,432	224,002	648,115	734,715	-	458,746

Note 1: Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. In accordance with the fifth paragraph of SFAS No. 34 "Financial Instruments: Recognition and Measurement", the definition of active market has all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

Note 2: Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of observable price are as follows:

- (1) The quoted price for an identical financial instrument in an active market means the fair value from the market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices do not represent fair value at the measurement date), the difference in transaction terms for financial instruments, transaction prices involving related parties, and the correlation between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.

- (2) The quoted market price of the same or identical financial instruments in an inactive market.
- (3) The fair value is estimated on the basis of the results of a valuation technique, and the market inputs used (i.e., interest rate, yield curve, and fluctuation rate) are based on obtainable data from the market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).
- (4) A majority of inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

Note 3: Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

- (e) For the years ended December 31, 2012 and 2011, unrealized gains (losses) recognized from the fair value evaluation of financial instruments by using valuation techniques amounted to \$528,055 and \$(1,739,299), respectively.
- (f) For the years ended December 31, 2012 and 2011, the interest income arising from the financial assets and liabilities which were not carried at fair value through profit or loss by the Bank amounted to \$36,914,427 and \$33,993,019, respectively, while the interest expenses amounted to \$12,987,419 and \$10,999,180, respectively. For the years ended December 31, 2012 and 2011, adjustments of available-for-sale financial assets recognized as adjustments of stockholders' equity amounted to \$2,520,566 and \$(27,214), respectively; realized gains resulting from such adjustments were recognized in current profit or loss on available-for-sale financial assets amounting to \$911,935 and \$1,793,036, respectively.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(g) Financial risk information

(1) Market risk

Unit: In Thousands of New Taiwan Dollars

	Currency/ Country	December 31, 2012	December 31, 2011
<u>FX factor sensitivity (FX delta)</u>			
	AUD	\$ (48,277)	(53,522)
	CNY	5,422,529	3,231,937
	EUR	199,253	(551,579)
	GBP	5,959	(82,546)
	HKD	(729,645)	(701,943)
	JPY	(1,043,397)	(93,659)
	IDR	(76,102)	130,715
	USD	(6,240,831)	628,655
	Others	490,180	25,021
<u>Interest rate factor sensitivity (PVBP)</u>			
Cross currency swaps curve			
	CNY	23	155
	EUR	(181)	(94)
	HKD	(646)	(744)
	NTD	2,937	2,126
	Others	(731)	(71)
Interest rate swaps curve			
	CNY	44	125
	EUR	-	(7)
	KRW	(44)	(58)
	NTD	(2,277)	(2,118)
	USD	(1,715)	(1,122)
	Others	(115)	45
Forwards curve			
	CNY	(54)	73
	KRW	5	8
	NTD	(12)	(17)
	Others	(6)	-
Bond yield curve			
	EUR	(176)	(1,025)
	NTD	(19,601)	(20,531)
	USD	430	(2,316)
	Others	(1,152)	(219)
<u>Equity factor sensitivity (Equity delta)</u>			
	Taiwan	13,543,129	13,559,832
	U.S.A.	205,518	-
<u>Commodity factor sensitivity (Commodity delta)</u>			
	Gold	(96,618)	5,486
	Copper	25,168	(239)
	Silver	1,193	(41,808)
	Others	16,119	8,287
<u>Credit spread factor sensitivity (CR01)</u>			
		(1,360)	(3,075)

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors such as interest rates (including credit spread), foreign exchange, securities and commodities. The market liquidity of these types of instruments is also considered.

The risk factor of each instrument is clearly identified and analyzed. The following items are included in market risk measurement:

Foreign exchange rate factor sensitivity (FX delta) represents the change in the net present value of the foreign exchange positions with respect to a 100% change in the underlying currency's exchange rate.

Interest rate factor sensitivity (PVBP, the present value of one basis point) is the change in fair value as the yield curves shifts up by one basis point (0.01%).

Equity factor sensitivity (Equity delta) is the change in fair value with respect to a 100% change in the corresponding stock or index prices. The Bank's equity portfolios include stocks, convertible bonds, equity index options and equity options.

Credit spread factor sensitivity (CR01, credit01) is the change in fair value with respect to a parallel shift of 0.01% (1 bp) in credit spread. The Bank's implied credit risk product portfolios include credit derivatives.

Commodity factor sensitivity (Commodity delta) is the change in fair value with respect to a 100% change in the corresponding commodity prices. The Bank's commodity portfolios include gold and crude oil derivatives.

(2) Credit risk

Possible loss may occur in the event of non-performance by borrowers or counterparties to financial instrument contracts issued or held by the Bank. However, the credit rating of the counterparties will be determined before entering into transactions such as loans, accounts receivable, and certain guarantees. Moreover, the sufficiency of collateral provided by counterparties will also be evaluated. If the counterparty or borrower fails to perform the obligation, the Bank has the right to compulsory enforcement and is thus able to dispose of the collateral following specific procedures and recover the loans. Such procedures have effectively reduced the credit risk for the Bank. The fair value of the collateral is not factored into the disclosure of maximum credit risk exposure. Neither is the credit-risk-eliminating effect of net settlement agreements. The amount of credit risk of the Bank refers to contracts with positive fair value on the balance sheet date.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The analysis of the maximum exposure to credit risk of the financial instruments held was as follows:

<u>Financial instruments</u>	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Book value</u>	<u>Maximum exposure to credit risk</u>	<u>Book value</u>	<u>Maximum exposure to credit risk</u>
Non-Derivative Financial Instruments				
Financial assets measured at fair value through profit or loss—net	\$ 49,443,206	49,443,206	35,747,792	35,747,792
Receivables—net	137,255,423	137,255,423	126,575,158	126,575,158
Loans—net	1,070,104,445	1,070,104,445	1,001,774,522	1,001,774,522
Available-for-sale financial assets—net	288,657,308	288,657,308	300,471,922	300,471,922
Held-to-maturity financial assets—net	69,893,179	69,893,179	93,759,422	93,759,422
Other financial assets—net	4,748,181	4,748,181	9,740,395	9,740,395
Derivative Financial Instruments				
Trading purpose				
Forwards	965,105	965,105	174,679	174,679
Non-delivery forwards	754,001	754,001	1,470,936	1,470,936
Currency swaps	5,884,171	5,884,171	3,531,136	3,531,136
Cross currency swaps	1,474,725	1,474,725	435,579	435,579
Interest rate swaps	11,900,687	11,900,687	15,944,608	15,944,608
Options	2,668,565	2,668,565	3,854,764	3,854,764
Warrants	-	-	42	42
Asset swaps	189,929	189,929	301,979	301,979
Credit default swaps	29,018	29,018	182,705	182,705
Commodity-linked forward contracts	-	-	7,230	7,230
Interest rate futures	-	-	213	213
Commodity futures	28	28	1,178	1,178
Commodity swaps	61,379	61,379	226,784	226,784
Equity index futures	411	411	1,145	1,145
Hedging purpose				
Non-delivery forwards	458	458	42	42
Interest rate swaps	1,575,777	1,575,777	2,067,730	2,067,730
Currency swaps	1,719	1,719	-	-

Information on concentration of credit risk

Significant concentrations of credit risk exist when there are significant exposures to an individual counterparty to a transaction or a number of related counterparties engage in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank has a strategy to manage the concentration of credit risk in terms of a single client or counterparty to a transaction or clients located in nearby regions or specific industries.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Contracts with concentration of credit risk were as follows:

<u>By Industry</u>	Unit: In Millions of New Taiwan Dollars	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Individual Clients	\$ 459,435	448,265
Manufacturing Sector	230,402	225,494
Public Sector	126,487	86,600
Finance, Insurance and Real Estate	108,174	88,206
Wholesale, Retail, Food and Beverage Sector	43,393	27,560

Financial instruments with off-balance-sheet credit risk

Since the Bank provides loans and issues credit cards, it provides clients with credit lines. Furthermore, the Bank provides guarantee endorsements, guarantee endorsements for commercial paper, and commercial letters of credit as a guarantee for clients' obligations to third parties.

Contract amounts of financial instruments with off-balance-sheet credit risk were as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Unused lines of credit, guarantees, and letters of credit, etc.	\$ 1,002,231,879	1,086,339,581
Unused credit card commitments	473,191,999	451,386,995
	<u>\$ 1,475,423,878</u>	<u>1,537,726,576</u>

As of December 31, 2012 and 2011, contingencies that incur obligations to clients, such as committed credit lines, guarantees, and letters of credit, were \$348,878,383 and \$363,020,336, respectively.

Since these financial instruments are not settled prior to maturity, the contract amount does not represent cash outflow in the future; that is, demand for cash in the future is lower than the contract amount. If credit lines are reached and collateral or other guarantees are completely worthless, credit risk is equivalent to the book value, which is the maximum possible loss. However, prior to providing loans, guarantee endorsements, guarantee endorsements for commercial paper, and commercial letters of credit, the Bank performs a strict credit review and grants appropriate credit lines based upon review results.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For credit card facilities, no collateral is required, but the credit status of the credit card holder is closely monitored, and the credit lines will be amended if necessary. When providing a guarantee endorsement for commercial paper for a client with a specific risk, the Bank will request the client to furnish appropriate collateral. The acceptable collateral for guarantee endorsement for commercial paper includes bonds, time deposits, securities and real estate. If the counterparty fails to comply with its obligation, the Bank is granted the right to dispose of that collateral, and the credit risk of the Bank is therefore reduced.

(3) Liquidity risk

Since financial derivatives held by the Bank are denominated in major currencies with active trading and reverse transactions are readily available to offset positions, market liquidity risk is deemed to be low.

For funding liquidity risk, various limits are set, including the degree of maturity mismatch on assets and liabilities as well as funding concentration, to assure the Bank maintains adequate liquidity to accommodate cash outflows. In addition, the Bank has a Contingency Funding Plan as the guide to all units when liquidity crises emerge. Therefore, the funding liquidity risk is closely monitored and properly managed.

(4) Interest rate risk

Interest rate risk implies the extent to which interest income and expenses and the net economic value are influenced by interest rate changes. The Bank deploys various interest rate risk limits to monitor and control its interest rate risk exposure, such as the extent to which net interest income within the next year and net economic value will be affected by a change in interest rate of 1bp (0.01%). To further effectively manage and harness the risk to be within a tolerable level, the Bank applies the Matched-term Fund Transfer Pricing mechanism and utilizes securities or derivatives to guide or adjust its risk profile and optimize the structure of assets and liabilities.

A) Information on expected interest rate reset date or maturity date

As of December 31, 2012 and 2011, the interest rate risk exposures on assets and liabilities of the Bank were as shown below. Non-derivative financial assets and liabilities are presented at book value (prior to deducting allowance for bad debts, evaluation adjustments, and accumulated impairment), and derivative financial assets and liabilities are presented at book value. The aforesaid assets and liabilities are allocated to time bands by reference to the earlier of the next interest rate reset date or maturity date.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Items	December 31, 2012				
	Between 0 and 90 days	Between 91 and 180 days	Between 181 days and 1 year	Over 1 year	Total
Assets					
Interest-rate-sensitive assets					
Due from and call loans to banks	\$ 47,280,444	36,570,515	-	-	83,850,959
Non-derivative financial assets measured at fair value through profit or loss	41,216,129	7,370,442	190,000	609,999	49,386,570
Derivative financial assets measured at fair value through profit or loss	17,042,198	2,404,357	1,808,679	206,526	21,461,760
Loans	972,228,916	50,349,118	29,511,028	24,785,834	1,076,874,896
Available-for-sale financial assets	234,385,135	599,988	6,988,981	46,364,741	288,338,845
Held-to-maturity financial assets	36,665,400	4,348,638	19,672,072	9,215,425	69,901,535
Other financial assets	584,468	-	1,433,060	-	2,017,528
Liabilities					
Interest-rate-sensitive liabilities					
Deposit from Central Bank and other banks	28,627,912	1,398,591	-	-	30,026,503
Due to Central Bank and other banks	2,631,639	-	-	-	2,631,639
Derivative financial liabilities measured at fair value through profit or loss	17,319,676	2,370,952	1,704,318	618,417	22,013,363
Securities sold under repurchase agreements	60,137,847	639,992	-	-	60,777,839
Deposits	479,453,159	828,252,051	137,499,766	8,322,576	1,453,527,552
Financial debentures	29,390,432	-	-	23,149,984	52,540,416
Other financial liabilities	21,171,799	357,411	1,025,254	45,000	22,599,464

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Items	December 31, 2011				Total
	Between 0 and 90 days	Between 91 and 180 days	Between 181 days and 1 year	Over 1 year	
Assets					
Interest-rate-sensitive assets					
Due from and call loans to banks	\$ 57,837,574	40,579,401	-	-	98,416,975
Non-derivative financial assets measured at fair value through profit or loss	25,681,844	9,469,618	195,000	730,000	36,076,462
Derivative financial assets measured at fair value through profit or loss	19,823,240	1,395,716	1,279,686	766,621	23,265,263
Loans	925,820,531	32,043,951	15,658,073	37,047,155	1,010,569,710
Available-for-sale financial assets	243,062,770	2,111,014	3,606,562	51,304,955	300,085,301
Held-to-maturity financial assets	49,651,228	11,916,857	14,069,512	18,130,181	93,767,778
Other financial assets	2,314,741	215,665	-	-	2,530,406
Liabilities					
Interest-rate-sensitive liabilities					
Deposit from Central Bank and other banks	47,779,482	1,709,886	-	-	49,489,368
Due to Central Bank and other banks	4,641,210	-	-	-	4,641,210
Derivative financial liabilities measured at fair value through profit or loss	19,888,879	1,275,774	1,080,788	681,927	22,927,368
Securities sold under repurchase agreements	73,827,862	814,311	38,812	-	74,680,985
Deposits	531,862,825	763,471,796	87,966,309	6,174,650	1,389,475,580
Financial debentures	33,731,409	-	-	19,368,910	53,100,319
Other financial liabilities	18,291,340	216,361	578,611	71,325	19,157,637

Note: The above analysis excludes non-interest-bearing assets and liabilities, equity instruments, and accumulated impairment.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

B) Effective interest rates (excluding financial assets held for trading)

As of December 31, 2012 and 2011, the effective interest rates of financial instruments held or issued by the Bank, classified by the currencies, were as follows:

<u>Financial instruments</u>	<u>NTD</u>		<u>USD</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:				
Due from Central Bank	0.39 %	0.32 %	0.21 %	-
Due from and call loans to banks	0.63 %	0.71 %	0.88 %	0.59 %
Securities purchased under resell agreements	0.77 %	0.48 %	-	-
Available-for-sale financial assets	0.93 %	0.96 %	2.06 %	2.47 %
Held-to-maturity financial assets	1.17 %	1.04 %	0.69 %	1.06 %
Debt investment without active market	-	-	1.25 %	1.38 %
Loans	2.52 %	2.44 %	2.10 %	2.22 %
Receivables—credit card	13.44 %	13.43 %	-	-
Liabilities:				
Deposits	0.66 %	0.60 %	0.30 %	0.09 %
Due to other banks	0.32 %	0.25 %	0.70 %	0.45 %
Borrowing and other financing	2.61 %	2.30 %	0.10 %	0.07 %
Securities sold under repurchase agreements	0.77 %	0.63 %	0.95 %	0.63 %

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

C) Effects of interest rate risk exposure arising from hedge transactions

The effects of interest rate risk exposure from hedge transactions of the Bank are presented based on the present value of one basis point (PVBP) as follows:

<u>Hedged items</u>	<u>Hedging instruments</u>	<u>PVBP</u>	
		<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Fair value hedge			
Financial debentures in NTD	Interest rate swaps	NTD (6,545)	(8,136)
Subordinated debentures in USD	"	USD (113)	(169)

(h) Fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation

(1) Fair value hedge

In order to minimize the risk from future market interest rate fluctuation, the Bank entered into interest rate swap transactions, where the interest rate payable on fixed-interest-rate debts issued has been swapped with a floating interest rate to reduce interest rate risk. The Bank further entered into non-delivery forwards; these contracts are principally to hedge against the foreign exchange fluctuation of capital of the international banking department.

<u>Hedged items</u>	<u>Financial instruments designated as hedging instruments</u>	<u>Designated hedging instruments</u>	
		<u>Fair value</u>	
		<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Perpetual subordinated debentures in USD	Interest rate swaps	\$ 1,433,060	1,865,146
Financial debentures in NTD	"	140,969	194,255
Capital of international banking department in USD	Non-delivery forwards	(837)	(4,836)

(2) Cash flow hedge

To minimize the uncertainty of future cash flow risk from future market interest rate fluctuation affecting future interest payment amount, the Bank entered into interest rate swap transactions, where the structural interest rate payable on structural debts issued has been swapped with a fixed interest rate to fix future interest payment. These hedge transactions expired during the year ended December 31, 2011, and the \$5,819 that had been recognized as other adjustments to stockholders' equity was transferred to profit and loss for the year ended December 31, 2011.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(3) Hedge of a net investment in a foreign operation

In order to minimize the risk from overseas investments, the Bank entered into currency swaps to hedge against foreign exchange fluctuation.

<u>Hedged items</u>	<u>Financial instruments designated as hedging instruments</u>	<u>Designated hedging instruments</u>	
		<u>Fair value</u>	
		<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Chinatrust Commercial Bank, Ho Chi Minh City Branch	Currency swaps	\$ (3,031)	(3,391)
ChinaTrust Capital Corp.	"	(28,885)	(31,978)
CTC Bank of Canada	"	1,719	-

(i) Risk control and hedging strategy

The Bank applies various mechanisms to control the potential adverse impacts on net interest revenue and market price fluctuation. The mechanisms include evaluating reasonable risk allowances, setting appropriate risk limits, and constructing efficient hedging strategies. The Bank's hedging approaches include fair value hedge and hedge of a net investment in a foreign operation.

Under fair value hedge, transactions with fixed income or structured transactions will be converted into transactions with floating income in order to minimize the risk from variability of market value. Under cash flow hedge, transactions with variable future cash flows will be converted into transactions with fixed cash flows in order to evade the risk from variability of interest income. Under hedge of a net investment in a foreign operation, foreign investment in derivative products will be converted into the equivalent value in New Taiwan Dollars in order to minimize the adverse impacts from foreign exchange rate fluctuation.

The hedging instruments of the Bank are mainly interest rate swaps (IRS), foreign exchange swaps (FX swaps) and non-delivery forwards (NDF).

(AB) Information on reclassification of financial assets

- (a) Commencing from July 1, 2008, the Bank retroactively adopted the second amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement" and proceeded to reclassify its financial assets. The fair value at the reclassification date was determined as follows:

	<u>Available-for-sale financial assets</u>
Items which were initially classified as financial assets held for trading	<u>\$ 12,567,964</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Due to the dramatic changes in the domestic and global financial and economic trends in recent periods, where the facts and circumstances indicated that the situations were those rare ones stated in item 1, (3)② of paragraph 104 of SFAS No. 34 "Financial Instruments: Recognition and Measurement," the Bank reclassified its stock investments to available-for-sale financial assets from those classified as held for trading at initial recognition.

(b) Book value and fair value of financial assets which were reclassified

	December 31, 2012		December 31, 2011	
	Book value	Fair value	Book value	Fair value
Available-for-sale financial assets	\$ 10,626,205	10,626,205	11,190,533	11,190,533

(c) Recognizing reclassification of financial assets measured at fair value through profit or loss or stockholders' equity

	Items which were classified as financial assets held for trading	
	Gains (losses) on financial assets measured at fair value through profit or loss if not reclassified	Amount recognized in profit or loss under reclassification
For the year ended December 31, 2012	\$ 1,128,447	77,680
For the year ended December 31, 2011	\$ (1,246,470)	5,701
For the years ended December 31, 2008~2010	\$ (165,731)	-

5. RELATED-PARTY TRANSACTIONS

(A) Names of related parties and relationship with the Bank

Name of related party	Relationship with the Bank
Chinatrust Financial Holding Company, Ltd.	Parent company of the Bank.
Chinatrust (Philippines) Commercial Bank Corp.	An investee company carried under the equity method.
PT Bank Chinatrust Indonesia	//
CTC Bank of Canada	//
ChinaTrust Capital Corp.	//
Grand Bills Finance Corporation	//

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Name of related party</u>	<u>Relationship with the Bank</u>
GCB Finance (HK) Limited	An investee company carried under the equity method.
Chinatrust Forex Corporation	// (Liquidated in December 2012)
Chinatrust Bank (USA)	An investee company carried under the equity method by ChinaTrust Capital Corp.
Taiwan Institute of Economic Research	The former Chairman of the Bank is its Chairman. (Note 3)
The Koo Foundation	// (Note 3)
Straits Exchange Foundation	The former Chairman of the Bank is its Commissioner. (Note 3)
Chinatrust Securities Co., Ltd.	Controlled by the same company which controls the Bank.
CTCB (Mauritius) Holding Company, Ltd.	//
Chinatrust Asia Limited	//
Chinatrust Insurance Brokers Co., Ltd.	//
Chinatrust Venture Capital Corp.	//
Chinatrust Asset Management Co., Ltd.	//
Chinatrust Security Co., Ltd.	//
Taiwan Lottery Co., Ltd.	//
Chinatrust Life Insurance Co., Ltd.	//
CTBC Investments Co., Ltd. (formerly known as Truswell Securities Investment Trust Co., Ltd.)	//
CTCB Leasing Co., Ltd.	//
CTCB Venture Capital Investment Management (Shanghai) Co., Ltd.	//
CTCB International Co., Ltd.	//
CTCB Capital International Corporation Ltd.	//
CT Opportunity Investment Company	// (Liquidated in November 2012)
Chung Shin-1 Asset Management Co., Ltd.	// (Liquidating)
Tuo Yu Asset Management Servicing Co., Ltd.	// (Liquidated in September 2012)

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Name of related party</u>	<u>Relationship with the Bank</u>
Chinatrust Charity Foundation	The Bank contributed over 1/3 of its total funds.
Chinatrust Culture Foundation	"
Quanwei Investment Limited	Related party in substance.
CTC Group Inc.	"
Chailease Finance Co., Ltd.	"
Sunghung Investment Co., Ltd.	"
Sunpak Co., Ltd.	"
Jungguan Investment Co., Ltd.	"
Kuan Ho Construction & Development Co., Ltd.	"
Hexin Venture Capital Corp.	"
Fenglu Investment Co., Ltd.	"
Jiehe Construction Co., Ltd.	"
Chinatrust Real Estate Co., Ltd.	"
Ta-Yo-Wei Construction Co., Ltd.	"
Zhonghang Co., Ltd.	"
Chilease Resources Technology Co., Ltd.	"
My Leasing (BVI) Corporation	"
APEX Credit Solutions Co., Ltd.	"
Chung-Chie Property Management Co., Ltd.	"
Chailease International Leasing Co., Ltd. (Vietnam)	"
Chung Cheng Investment Co., Ltd.	"
Wei Fu Investment Co., Ltd.	The Chairman of the parent company of the Bank is its Chairman.
6-Fifteen Franchise Corporation Co., Ltd.	The company's representative is the second-degree relatives of the former deputy Chairman of the Bank's parent company. (resigned in January 2011)
Tectonics Laboratories Co., Ltd.	Related party in substance. (Note 1)

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Name of related party</u>	<u>Relationship with the Bank</u>
Advanced Synchronous Solutions Company Limited	Related party in substance. (Note 1)
Linearity Company Limited	"
Doppler Precision Co., Ltd.	"
Other related parties	The directors of Chinatrust Financial Holding Company, Ltd. and subsidiaries (including independent directors), supervisors, managers and their families, spouses, etc. (Notes 2 and 7(C))

Note 1: Steven C.Z. Cheng, the former Chief Executive Officer of the Institutional Group of the Bank, had the authority to sign for major bank accounts of these related parties in substance without prior notice to the board of the Bank, and he did not inform the board of the Bank that he was involved with the fund management of these companies. For the major bank accounts of these related parties in substance, the person with signing authority had been changed to non-related parties, and the accounts had been closed as of December 31, 2006. Steven C.Z. Cheng, the former Chief Executive Officer of the Institutional Group of the Bank, resigned in March 2007. In accordance with the results of internal investigation ordered by the independent directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., and the results of internal investigation reported to the 52nd and 53rd board of directors' meetings for the third term of Chinatrust Financial Holding Company, Ltd., those related parties in substance are special purpose vehicles ("SPV") substantially controlled and invested in under the cost approach by CT Opportunity Investment Company (CTO), which, like the Bank, is controlled by Chinatrust Financial Holding Financial Company, Ltd. Those related parties in substance were liquidated in the year ended December 31, 2011.

Note 2: According to the 2007 Chong-Su-Zi No. 19 Criminal Judgment delivered by the Taiwan Taipei District Court on October 7, 2008, Red Fire Developments Limited (Red Fire), a counterparty to the Bank's structured notes transaction, was substantially controlled by Mr. Steven C.Z. Cheng, the former Chief Executive Officer of the Institutional Group of the Bank, at the time, hence the transaction was deemed a related-party transaction between Red Fire and the Bank. However, regarding the relationship described as aforesaid, Mr. Steven C.Z. Cheng had never reported it to the board members of the Bank or of the Bank's parent company, Chinatrust Financial Holding Company, Ltd. Pursuant to the judgment and the principle of substantial recognition, the Bank deemed Red Fire a related party in substance.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Furthermore, in accordance with the 2009 Chin-Chong-Su-Zi No. 40 Judgment delivered by the Taiwan Taipei District Court, Red Fire is an SPV substantially controlled by the Bank's parent company, Chinatrust Financial Holding Company, Ltd.

In accordance with the results of internal investigation ordered by the independent directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd. and the results of internal investigation reported to the 50th board of directors meeting for the third term of Chinatrust Financial Holding Company, Ltd., Red Fire is an SPV substantially controlled and invested in under the cost approach by CTO, which, like the Bank, is controlled by Chinatrust Financial Holding Company, Ltd.

Note 3: The former Chairman of the Bank, Jeffery Koo Sr., passed away on December 6, 2012.

(B) Significant transactions between related parties and the Bank

(a) Lease

For the years ended December 31, 2012 and 2011, the rental revenue that the Bank received from related parties for the rental of buildings and parking spaces amounted to \$44,539 and \$43,869, respectively, constituting 34.43% and 32.66%, respectively, of total rental income. For the years ended December 31, 2012 and 2011, the guarantee deposit for the use of space and machinery received from related parties amounted to \$11,432 and \$10,440, respectively.

For the years ended December 31, 2012 and 2011, the guarantee deposit for renting a safe deposit box to related parties amounted to \$6 for each period; the rental income from the lease amounted to \$10 for each period. For the years ended December 31, 2012 and 2011, the building rental the Bank received in advance from related parties amounted to \$1,274 and \$1,206, respectively.

(b) Commissions and service fees

For the years ended December 31, 2012 and 2011, the Bank traded listed and OTC securities through Chinatrust Securities Co., Ltd. and paid brokerage fees to Chinatrust Securities Co., Ltd. amounting to \$1,676 and \$3,495, respectively.

(c) Site usage fees

For the years ended December 31, 2012 and 2011, the Bank paid Chinatrust Securities Co., Ltd. site usage fees and other related expenses for operations amounting to \$30,085 and \$31,333, respectively (\$3,934 and \$5,290, respectively, accounted for under payables).

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(d) Donations

Related party	For the year ended December 31,	
	2012	2011
Chinatrust Culture Foundation	\$ 82,000	49,631
Chinatrust Charity Foundation	44,000	51,200
Straits Exchange Foundation	20,000	-
Total	\$ 146,000	100,831

(e) Loans

December 31, 2012							
Categories	Number/name of related party	Maximum balance	Ending balance	Settlement status		Collateral	Loan conditions
				Normal loans	Overdue loans		
Consumer loan—employee	52	\$ 23,596	13,097	13,097	-	None	(Note)
Home loan mortgage	271	1,362,307	1,047,016	1,047,016	-	Real estate/others	"
Others	Quanwei Investment Limited	845,000	845,000	845,000	-	Real estate	"
"	CTC Group Inc.	499,105	480,744	480,744	-	Real estate	"
"	Zhonghang Co., Ltd.	462,000	414,400	414,400	-	Vehicle/cargo aircraft	"
"	Jungguan Investment Co., Ltd.	195,000	195,000	195,000	-	Real estate	"
"	Jiehe Construction Co., Ltd.	404,310	154,755	154,755	-	Real estate/securities under central custody/stock	"
"	Kuan Ho Construction & Development Co., Ltd	315,000	130,000	130,000	-	Real estate	"
"	Chailease International Leasing Co, Ltd. (Vietnam)	131,953	126,035	126,035	-	Machinery	"
"	Ta-Yo-Wei Construction Co., Ltd.	333,298	73,291	73,291	-	Real estate/securities under central custody	"
"	Wei Fu Investment Co., Ltd.	70,000	70,000	70,000	-	Real estate	"
"	Sunghung Investment Co., Ltd.	263,300	43,300	43,300	-	Real estate	"
"	Others	55,937	44,919	44,919	-	Real estate/vehicle	"

December 31, 2011							
Categories	Number/name of related party	Maximum balance	Ending balance	Settlement status		Collateral	Loan conditions
				Normal loans	Overdue loans		
Consumer loan—employee	53	\$ 21,601	10,094	10,094	-	None	(Note)
Home loan mortgage	242	1,370,247	1,018,148	1,018,148	-	Real estate/others	"
Others	CTC Group Inc.	520,197	505,615	505,615	-	Real estate	"
"	Zhonghang Co., Ltd.	509,600	462,000	462,000	-	Vehicle/cargo aircraft	"
"	Jiehe Construction Co., Ltd.	617,468	414,310	414,310	-	Real estate/securities under central custody/stock	"
"	Ta-Yo-Wei Construction Co., Ltd.	542,327	343,313	343,313	-	Real estate/securities under central custody	"
"	Kuan Ho Construction & Development Co., Ltd.	315,000	315,000	315,000	-	Real estate	"
"	Sunghung Investment Co., Ltd.	299,300	263,300	263,300	-	Real estate	"
"	Fenglu Investment Co., Ltd.	190,000	190,000	190,000	-	Real estate	"
"	Jungguan Investment Co., Ltd.	244,000	170,000	170,000	-	Real estate	"
"	Chailease Finance Co., Ltd.	152,176	102,880	102,880	-	Machinery	"
"	6-Fifteen Franchise Corporation	7,000	7,000	7,000	-	Real estate	"
"	Others	53,016	46,465	46,465	-	Real estate/vehicle	"

Note: The rates of the loans are substantially on the same terms as for comparable transactions with third-party counterparties.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(f) Deposits

<u>Related party</u>	For the year ended December 31, 2012			
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Interest rates</u>	<u>Interest expenses</u>
ChinaTrust Capital Corp.	\$ 2,913,600	2,913,600	0.25	4,672
Chinatrust Securities Co., Ltd.	2,195,931	1,826,440	0~1.35%	14,365
CTCB Asset Management Co., Ltd.	3,918,845	1,073,834	0~0.17%	279
Chinatrust Life Insurance Co., Ltd.	5,150,143	986,772	0~4.65%	1,220
Chinatrust Charity Foundation	709,081	658,820	0~1.35%	3,437
Taiwan Lottery Co., Ltd.	533,445	478,865	0~0.55%	2,081
Chinatrust Insurance Brokers Co., Ltd.	3,852,140	373,473	0~0.17%	1,535
Taiwan Institute of Economic Research	397,663	335,588	0~1.40%	1,244
Chung Cheng Investment Co., Ltd.	905,395	270,324	0~0.17%	111
CTCB Securities Co., Ltd.	260,482	238,103	0~0.81%	50
Chinatrust Real Estate Co., Ltd	165,222	154,669	0~1.35%	1,699
Chinatrust Venture Capital Corp.	762,254	108,774	0.01~0.58%	465
Others	<u>49,746,000</u>	<u>3,147,802</u>		<u>32,957</u>
Total	<u>\$ 71,510,201</u>	<u>12,567,064</u>		<u>64,115</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Related party</u>	<u>For the year ended December 31, 2011</u>			
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Interest rates</u>	<u>Interest expenses</u>
CTBC Asset Management Co., Ltd.	\$ 4,068,315	3,918,800	0~0.17%	481
Chinatrust Securities Co., Ltd.	1,893,506	1,838,665	0~1.35%	10,500
Chinatrust Life Insurance Co., Ltd.	1,723,526	1,723,526	0~5.56%	4,014
Chinatrust Insurance Brokers Co., Ltd.	3,422,704	634,053	0~0.17%	1,021
Hexin Venture Capital Corp.	1,478,674	442,610	0~0.17%	587
CT Opportunity Investment Company	4,169,693	412,342	0.001~0.65%	6,044
Taiwan Lottery Co., Ltd.	479,834	372,956	0~0.55%	1,299
Chinatrust Charity Foundation	612,343	366,662	0~1.35%	3,052
GCB Finance (HK) Limited	320,807	317,993	0~1.15%	292
Taiwan Institute of Economic Research	331,475	282,341	0~1.4%	1,103
Chinatrust Financial Holding Company, Ltd.	20,559,857	269,185	0~0.17%	4,722
Kuan Ho Construction & Development Co., Ltd.	1,308,718	150,239	0~0.17%	342
Chinatrust Real Estate Co., Ltd.	193,656	147,453	0~1.35%	1,628
My Leasing (BVI) Corporation	519,309	135,917	0.02~0.88%	420
Jungguan Investment Co., Ltd.	1,071,699	116,564	0~0.17%	269
Chung Cheng Investment Co., Ltd.	187,862	106,046	0~0.17%	116
Chinatrust (Philippines) Commercial Bank Corp.	170,462	103,081	0.02%	7
The Koo Foundation	109,457	101,771	0~1.37%	1,193
Others	<u>13,390,552</u>	<u>3,079,309</u>		<u>19,948</u>
Total	<u>\$ 56,012,449</u>	<u>14,519,513</u>		<u>57,038</u>

The above interest rates on deposits are substantially the same as for comparable transactions with third-party counterparties.

(g) Call loans to banks

<u>Related party</u>	<u>For the year ended December 31, 2012</u>		
	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest income</u>
Chinatrust (Philippines) Commercial Bank Corp.	\$ <u>1,369,392</u>	0.49~1.00%	<u>2,941</u>

<u>Related party</u>	<u>For the year ended December 31, 2011</u>		
	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest income</u>
Chinatrust (Philippines) Commercial Bank Corp.	\$ 454,350	0.52~1.30%	3,156
PT Bank Chinatrust Indonesia	-	0.7%	7
Total	<u>\$ 454,350</u>		<u>3,163</u>

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(h) Due to banks

<u>Related party</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
PT Bank Chinatrust Indonesia	\$ 24,835	9,854
Chinatrust (Philippines) Commercial Bank Corp.	20,110	22,376
	<u>\$ 44,945</u>	<u>32,230</u>

Note: In accordance with international practice, the above accounts are non-interest-bearing items.

(i) Due from banks

<u>Related party</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Chinatrust (Philippines) Commercial Bank Corp.	\$ 8,015	10,279
Chinatrust Bank (USA)	18,579	15,633
CTC Bank of Canada	14,556	11,911
	<u>\$ 41,150</u>	<u>37,823</u>

(j) Derivative financial instruments

<u>December 31, 2012</u>						
<u>Related party</u>	<u>Derivative financial instruments</u>	<u>Contract period</u>	<u>Notional principal</u>	<u>Unrealized profit (loss)</u>	<u>Balance sheet</u>	
					<u>Account</u>	<u>Ending balance</u>
Chinatrust Life Insurance Co., Ltd.	Currency swaps	2012.11.06~ 2013.05.08	USD 10,000	(1,481)	(Note 2)	(1,481)
"	"	2012.11.27~ 2013.08.29	USD 5,000	101	(Note 1)	101
"	"	2012.12.14~ 2013.12.18	USD 10,000	248	(Note 1)	248
PT Bank Chinatrust Indonesia	Interest swaps	2011.10.06~ 2014.10.06	USD 3,333	348	(Note 1)	348
"	"	2011.11.01~ 2014.11.03	USD 3,333	287	(Note 1)	287
"	"	2012.01.04~ 2015.01.05	USD 4,500	680	(Note 1)	680

<u>December 31, 2011</u>						
<u>Related party</u>	<u>Derivative financial instruments</u>	<u>Contract period</u>	<u>Notional principal</u>	<u>Unrealized profit (loss)</u>	<u>Balance sheet</u>	
					<u>Account</u>	<u>Ending balance</u>
PT Bank Chinatrust Indonesia	Non-delivery forwards	2011.01.28~ 2012.10.22	NTD 767,444	(44,134)	(Note 2)	(44,134)
"	Interest swaps	2011.10.06~ 2014.10.06	USD 5,000	(59)	(Note 2)	(59)
"	"	2011.11.01~ 2014.11.03	USD 5,000	(270)	(Note 2)	(270)

Note 1: Accounted for under financial assets measured at fair value through profit or loss.

Note 2: Accounted for under financial liabilities measured at fair value through profit or loss.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(k) Trading of bills and bonds

<u>Related party</u>	<u>For the year ended December 31, 2012</u>	
	<u>Bills and bonds purchased</u>	<u>Bills and bonds sold</u>
Chinatrust Securities Co., Ltd.	\$ 301,125	-
Grand Bills Finance Corporation	50,024	50,032
Chinatrust Life Insurance Co., Ltd.	-	493,019

<u>Related party</u>	<u>For the year ended December 31, 2011</u>	
	<u>Bills and bonds purchased</u>	<u>Bills and bonds sold</u>
Chinatrust Securities Co., Ltd.	\$ 605,079	1,328,421
Grand Bills Finance Corporation	101,831	404,578
Chinatrust Insurance Brokers Co., Ltd.	-	449,578

(l) Securities sold under repurchase agreements

<u>Related party</u>	<u>For the year ended December 31, 2012</u>		
	<u>Ending balance</u>	<u>Interest payable</u>	<u>Interest expense</u>
Straits Exchange Foundation	\$ 52,113	4	275
Chinatrust Life Insurance Co., Ltd.	-	-	63
Total	<u>\$ 52,113</u>	<u>4</u>	<u>338</u>

(m) Others

For the years ended December 31, 2012 and 2011, the Bank received payments of transaction fees from PT Bank Chinatrust Indonesia amounting to \$50,970 and \$40,993, respectively.

For the years ended December 31, 2012 and 2011, the Bank received payments of computer information fees from Chinatrust (Philippines) Commercial Bank Corp. amounting to \$4,683 (accounted for under receivables) and \$10,884, respectively (\$5,464 accounted for under receivables as of December 31, 2011).

For the years ended December 31, 2012 and 2011, the Bank received payments of computer information and related fees from Chinatrust Financial Holding Company, Ltd. amounting to \$28,676 and \$18,347, respectively (\$1,968 and \$3,858, respectively, accounted for under receivables). The Bank also advanced for Chinatrust Financial Holding Company, Ltd. proxy related expenses amounting to \$10,332 (\$6 accounted for under short-term advances not yet recovered). Furthermore, for the years ended December 31, 2012 and 2011, the Bank reimbursed Chinatrust Financial Holding Company, Ltd. for the advanced payments of insurance premium, credit rating fees, and remittance fee of \$223 and \$12,774, respectively.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2012 and 2011, the Bank received payments of computer information and related fees from Chinatrust Securities Co., Ltd. amounting to \$2,461 and \$2,774, respectively (\$15 and \$627, respectively, accounted for under receivables). Furthermore, for the years ended December 31, 2012 and 2011, the Bank paid computer system information fees, trust-service fees, and consulting services fees to Chinatrust Securities Co., Ltd. amounting to \$4,115 and \$7,416, respectively (\$2,305 accounted for under payables as of December 31, 2011). For the year ended December 31, 2011, the Bank bought a securities and options trading system and related equipment from Chinatrust Securities Co., Ltd. for \$7,961.

For the years ended December 31, 2012 and 2011, the Bank received payments of computer information integration fees, bond maintenance fees, and allocation of fees and profits from Chinatrust Insurance Brokers Co., Ltd. amounting to \$5,243,868 and \$3,925,256 (\$476,512 and \$363,217, respectively, accounted for under receivables).

For the years ended December 31, 2012 and 2011, the Bank paid Chinatrust Security Co., Ltd. security fees and outsourcing fees amounting to \$84,906 and \$79,766, respectively (\$7,796 and \$5,968, respectively, accounted for under payables).

The Bank signed a management consulting contract with Taiwan Lottery Co., Ltd. For the years ended December 31, 2012 and 2011, the Bank paid Taiwan Lottery Co., Ltd. management consulting service fees and printers maintenance fees, amounting to \$898,896 and \$812,755, respectively (\$248,604 and \$171,088, respectively, accounted for under payables). For the years ended December 31, 2012 and 2011, the Bank received payments for machine relocation and other service fees from Taiwan Lottery Co., Ltd. amounting to \$3,722 and \$4,474, respectively (\$332 and \$324, respectively, accounted for under receivables).

For the years ended December 31, 2012 and 2011, the Bank bought client gifts from Sunpak Co., Ltd. amounting to \$1,629 and \$1,600, respectively.

For the years ended December 31, 2012 and 2011, the Bank received payments for trust-service fees and office space rents from Chinatrust Asia Limited amounting to \$3,564 and \$1,093, respectively.

The Bank signed a strategic alliance agreement contract with Chailease Finance Co., Ltd. indicating that a loan will be made by the Bank directly to the clients of Chailease Finance Co., Ltd. without the use of a third party and that Chailease Finance Co., Ltd. pledges to buy back the loan (creditor's right) from the Bank when payments of interest and principal are past due. As of December 31, 2012 and 2011, the loans which had not yet been repaid amounted to \$451,240 and \$923,128, respectively. For the years ended December 31, 2012 and 2011, the Bank paid related business services fees amounting to \$51,615 and \$85,747, respectively, and received service income amounting to \$1,397 and \$4,799, respectively. For the year ended December 31, 2011, the Bank received financial advisory services of receivable securitization amounting to \$8,308. Furthermore, for the years ended December 31, 2012 and 2011, the Bank paid Chailease Finance Co., Ltd. guarantee deposits for capital leasing of official vehicles amounting to \$7,573 and \$4,554, respectively.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2012 and 2011, the Bank paid Chinatrust Real Estate Co., Ltd. project service rewards amounting to \$5,902 and \$5,147, respectively (\$3,065 and \$1,068, respectively, accounted for under payables).

For the years ended December 31, 2012 and 2011, the Bank paid Sunghung Investment Co., Ltd. venue rental amounting to \$2,362 for each period.

For the years ended December 31, 2012 and 2011, the Bank paid financial research and industrial consultancy research fees to the Taiwan Institute of Economic Research amounting to \$11,000 for both years (\$2,750 accounted for under payables).

For the years ended December 31, 2012 and 2011, the Bank bought client gifts from Chilease Resources Technology Co, Ltd. amounting to \$701 and \$1,167, respectively.

For the years ended December 31, 2012 and 2011, the Bank paid site cleaning fees, equipment maintenance fees, and building rentals to Chung-Chie Property Management Co., Ltd. amounting to \$8,287 and \$26,161, respectively (\$1 and \$1,474, respectively, accounted for under payables).

For the years ended December 31, 2012 and 2011, the Bank paid collection assistance fees to APEX Credit Solutions Co., Ltd. amounting to \$21,921 and \$26,498, respectively (\$3,244 and \$3,984 accounted for under payables).

For the years ended December 31, 2012 and 2011, the Bank received handling fees from Chinatrust Life Insurance Co., Ltd., amounting to \$108,617 (\$96 accounted for under receivables) and \$17,107, respectively. For the year ended December 31, 2012, the Bank paid the group insurance fees to Chinatrust Life Insurance Co., Ltd. amounting to \$58,471 (\$4,870 accounted for under payables), and collected on behalf of Chinatrust Life Insurance Co., Ltd. mortgage insurance premiums amounting to \$4,070.

For the year ended December 31, 2012, the Bank received from Grand Bills Finance Corporation trust fees amounting to \$735 (\$49 accounted for under receivables).

For the year ended December 31, 2012, the Bank collected \$651 of year-end party expense from Chinatrust Securities Co., Ltd. and reimbursed it on behalf of Chinatrust Securities Co., Ltd.

(n) Other significant overseas related-party legal matters for prior years

The former management team of Chinatrust Financial Holding Company, Ltd., the Bank's parent company, including the Vice Chairman, Chief Strategic Officer, Chief Compliance Officer, and Chief Financial Officer, and the Bank's former Chief Executive Officer of the Institutional Group and Senior Vice President of the Finance Department were involved in inadequate authorization of the US\$390 million structured notes transaction with Red Fire Developments Limited. For the legal information related to this case, please refer to Note 7(C).

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

In November 2005, the Bank formally contracted with Tectonics Laboratories Co., Ltd. to purchase real estate located at Cheng Ching Lake for use as the second training center with a purchase price of \$950,000, which was fully paid in December 2005. The ownership of that real estate was completely transferred in January 2006. Tectonics Laboratories Co., Ltd. realized a gain of approximately \$87,821 from this transaction. At the end of 2006, the book value of that real estate was reduced by \$87,821 for the sake of conservatism.

Between March and April 2006, the Bank sold its non-performing loans as follows:

The Bank sold the non-performing loans made to Hua Wang Electric Industry Ltd. to Linearity Company Limited for \$180,329; sold the non-performing loans made to Corwell Development Corp. to Doppler Precision Co., Ltd. for \$44,062; and sold the non-performing loans made to Banyu Paper Mill Co., Ltd. to Tectonics Laboratories Co., Ltd. for \$40,000. No gain or loss was realized from these sales because the selling prices were determined based on the book value of the loans after deducting the provision for losses. In July 2006, however, these sales transactions were canceled, and all of the sales proceeds were returned.

In March 2005, the Bank sold its non-performing loans made to Fengshan Credit Cooperative with a book value of \$840,000 (original principal was \$5,900,000) to Advanced Synchronous Solutions Company Limited for \$840,000. No gain or loss was realized from this transaction because the selling price was determined based on the book value of the loans after deducting the provision for losses.

(C) Key management personnel compensation in total

For the years ended December 31, 2012 and 2011, the aggregate fees and compensation paid to the directors (including independent directors), general managers, vice general managers and other senior management of the Bank were as follows:

	<u>For the year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Salaries	\$ 317,231	216,424
Cash awards and special allowances	382,955	608,920
Transportation allowances and business expenses	2,055	1,545
Employee bonuses	<u>6,440</u>	<u>5,317</u>
Total	<u>\$ 708,681</u>	<u>832,206</u>

The aggregate amounts above include the directors' (including independent directors') remuneration and estimated employee bonuses. Please refer to Note 4(X) Earnings Distribution and Dividend Policy for detailed information regarding the estimation method.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. Pledged Assets

Pledged assets of the Bank were as follows:

Unit: In Thousands of New Taiwan Dollars

<u>Assets</u>	<u>Type of securities</u>	<u>December 31, 2012 Par value of refundable deposits</u>	<u>December 31, 2011 Par value of refundable deposits</u>	<u>Purpose of collateral</u>
Available-for-sale financial assets	NCD of Central Bank	7,800,000	1,500,000	Daytime overdrafts of Central Bank
	"	500,000	-	Deposits for issuing financial debentures
Held-to-maturity financial assets	NCD of Central Bank	3,700,000	12,500,000	Daytime overdrafts of Central Bank
	"	9,500,000	10,000,000	Deposits for issuing financial debentures
	"	100,000	50,000	Deposits for bills dealer
	"	3,000,000	3,000,000	Call loan liquidation account in U.S. Dollars
	NCD	391,000	391,000	Guarantee fulfilment of superflucies
	Government bond	490,000	540,000	Trust funds reserve
	"	150,000	150,000	Bond settlement reserves
	"	203,600	215,400	Deposits for litigation and other deposits
Other financial assets	Time deposit	70,000	70,000	Operational guarantee deposit for securities dealer
	"	40,000	40,000	Underwriting guarantee deposit for securities dealer
	"	10,000	10,000	Guarantee deposit for futures dealer
	"	-	10,000	Chunghwa Telecom Co., Ltd. guarantee fulfillment
	"	-	8,000	Taiwan Railways guarantee fulfillment for receipt service
	"	317,016	77,665	CPC Corporation, Taiwan guarantee fulfillment
Receivables	Matured securities classified under other receivables	106,600	125,800	Deposits for litigation and other deposits

As of December 31, 2012 and 2011, the Bank's non-cancellable secured letter of credit of \$1,800,000 and \$750,000 was a guarantee deposit to serve as lottery contractor.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

7. Significant Commitments and Contingencies

(A) Major commitments and contingencies

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Contingent liabilities from guarantee and letter of credit business	\$ 60,651,163	48,977,452
Promissory note to Central Bank for bank's clearance	2,894,032	3,175,600
Client notes in custody	93,028,130	99,784,961
Marketable securities in custody	234,548,586	210,153,948
Consigned travellers' cheques in custody	204,166	602,786
Designated purpose trust accounts	870,345,618	871,354,069
Other items in custody	168,225	89
Total	<u>\$ 1,261,839,920</u>	<u>1,234,048,905</u>

The services contract for information resources supply the Bank renewed on July 31, 2007 with International Business Machines expired on July 31, 2012. On August 1, 2012, the Bank signed a contract renewal, which lasted until September 30, 2012. On September 1, the Bank signed a formal renewal of the contract, authorizing a five-year contract term commencing from September 1, 2012, and ending on August 31, 2017, for the amount of \$1,805,000, which includes a fixed monthly fee of \$7,844 comprising a host computer lease fee, an authorization fee, and an annual software maintenance fee.

On September 4, 2012, the Bank signed with Continental Development Corporation a contract of sale of buildings and land. Five years from now, the Bank will obtain the rights of land, currently owned by Continental Development Corporation, along with the 1st to 8th floors and parking spaces of the new building located there. The zoning code of the land is No. 99 & 100, Huikuo Section, Xitun District, Taichung City. The \$2,181,000 contract price was negotiated based on the appraisal report prepared by DTZ Real Estate Appraisal Firm and Savills Real Estate Appraisal Firm. The contract price will be paid in installments proportionate with construction progress during the contract period, accounted for under premises and equipment-net, prepayment for land and buildings. Please refer to Note 4(K) for related information.

The Bank was designated by the Ministry of Finance (the "MOF") as the issuing institution of the public welfare lottery for a period of seven years commencing from January 1, 2007, and ending on December 31, 2013. The Bank was authorized to arrange and issue traditional lottery, scratch-and-win lottery, and computerized lottery tickets. The Bank receives a commission for issuing lottery tickets, representing 4.35% of the total lottery sales amount. The commission will be settled monthly; meanwhile, the Bank's profit will be what remains after a fixed payment of \$2,086,800 to the MOF per year. However, if the amount of annual total lottery sales is less than 80% of promised sales, which is \$88.8 billion, then the Bank needs to pay 26.75% of the shortage between the promised and actual sales amount to the government. Furthermore, in order to ensure that the lottery prize pay-out rate is not greater than 60% of the lottery issuing amount, the Bank created a transitional monitoring account,

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

provision for the lottery prize. By creating the account, the Bank also helps the government to settle and distribute the public welfare earnings. The amount of provision for the lottery prize may be negative (debit) or positive (credit), depending on the possibility of winning the lottery. In accordance with Ministry of Finance Tai-Cai-Ku No. 09800050290, the Bank has the financial responsibility for the negative provision for the lottery prize. When the period designated by the MOF ends and the amount of provision for the lottery prize is negative, the Bank has to absorb it. However, the Bank has already adopted appropriate risk control strategies in order to control the aforesaid financial risk.

On May 18, 2006, the Bank signed a purchase contract for lottery software, hardware and maintenances services with LotRich Information Co. in the amount of \$1,159,185, which includes a six-year maintenance services contract term commencing from August 2008 and ending in July 2014 in the amount of \$638,880.

The Bank entrusted Taiwan Lottery Co., Ltd. to operate the public welfare lottery's ticket issuing, sales, promotion, drawing, payment of prize, and management, with a contract period from January 1, 2007, and ending on June 30, 2014. The Bank will disburse 1.50% of the total lottery sales amount as commission to Taiwan Lottery Co., Ltd. monthly. Additionally, if the annual total lottery sales amount is over \$90 billion, the commission for the excess part (over \$90 billion) will be equal to 1.80% of the total excess lottery sales amount. The Bank signed an amended contract with Taiwan Lottery Co., Ltd. on July 9, 2008, and rescinded the guarantee deposit amounting to \$500,000. In addition, the Bank will disburse 1.20% of the total lottery sales amount as commission to Taiwan Lottery Co., Ltd. monthly from January 1, 2008. Additionally, if the annual total lottery sales amount is over \$90 billion, the commission for the excess part will be equal to 1.50% of the total excess lottery sales amount. On September 23, 2009, the Bank signed a second amended contract with Taiwan Lottery Co., Ltd. Commencing from January 1, 2009, the Bank will distribute \$700 million as commission to Taiwan Lottery Co., Ltd. annually. Additionally, if the annual total lottery sales amount is over \$64 billion, the commission for the excess part (over \$64 billion) will be equal to 0.45% of the total excess lottery sales amount.

On June 25, 2010, the Bank awarded the contract for its new headquarters building project located in Nankang to RSEA Engineering Corporation and Evergreen Construction Corporation with a total construction cost of \$11.475 billion. From the contract date, the total construction cost will be paid at different stages: appointed subcontract stage and un-appointed subcontract stage. In December 2010, the Bank re-awarded the contract for its new headquarters building project located in Nankang to RSEA Engineering Corporation.

On March 14, 2011, the Bank received a complaint from Evergreen Construction Corporation regarding the performance of the contract for the Bank's new headquarters building project. Evergreen Construction Corporation lodged a complaint against the Bank and RSEA Engineering Corporation (RSEA Corporation) and sought compensation of \$316 million. The Bank handled the contract according to the related regulations and terms in the contract, and there was no breach of the contract. The Bank has appointed lawyers to take the necessary legal procedures to protect stockholder rights and goodwill. Furthermore, in response to the dispute, the Bank received a written commitment on November 15, 2010, that RSEA

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Corporation will bear all losses and expenses of the Bank resulting from the lawsuit. On April 20, 2012, the Taipei District Court dismissed the appeal regarding the complaint and provisional execution from Evergreen Construction Corporation. Evergreen Construction Corporation filed a further appeal, and the preliminary proceedings by Taiwan High Court are scheduled to start on July 26, September 6, October 18, December 6, 2012, and January 17, 2013.

On November 26, 2009, Chinatrust Financial Holding, the Bank's parent company, signed a large-scale Enterprise Enrollment procurement contract with SYSTEX Corporation (Taiwan Microsoft Dealer) with a six-year contract term commencing from December 1, 2009, and ending on November 30, 2015. Since the Bank was the main user of the software, the Bank signed a new contract with SYSTEX Corporation amounting to \$361,683, which will be paid in installments over a period of six years beginning from the effective date of the contract. The first three installments of \$55,754 and the last three installments of \$64,807 will be paid annually.

On April 17, 2009, in order to show the determination to dispose of Mega Financial Holding Company (Mega Financial) shares, the Bank authorized Bank of Taiwan (BOT) as the trustee to dispose of all Mega Financial shares during the contractual period. During the contractual period, BOT will represent the Bank to attend the Mega Financial annual shareholders' meeting and execute the voting rights, in compliance with the Ministry of Finance's direction.

- (B) Pursuant to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the Bank reveals its annotated trust information as follows:

Trust Account Balance Sheets		
Trust assets	December 31, 2012	December 31, 2011
Cash in banks	\$ 48,134,524	37,564,296
Bonds	46,381,761	64,721,468
Stocks	116,044,896	111,170,572
Funds	272,608,358	268,689,509
Other investments	8,857,547	7,383,268
Receivables	3,603,961	1,587,475
Real estate—net	10,648,987	7,976,338
Marketable securities in custody	359,265,060	367,401,408
Other assets	4,800,524	4,859,735
Total trust assets	\$ 870,345,618	871,354,069
Trust liabilities	December 31, 2012	December 31, 2011
Payables	\$ 361,806,879	367,518,946
Other liabilities	224,605	9,177,618
Trust capital	450,143,658	448,651,680
Reserves and accumulated earnings	58,170,476	46,005,825
Total trust liabilities	\$ 870,345,618	871,354,069

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Trust Account Property Catalogue		
Investment items	December 31, 2012	December 31, 2011
Cash in banks	\$ 48,134,524	37,564,296
Bonds	46,381,761	64,721,468
Stocks	116,044,896	111,170,572
Funds	272,608,358	268,689,509
Other investments	8,857,547	7,383,268
Marketable securities in custody	359,265,060	367,401,408
Real estate—net		
Land	10,563,572	7,722,700
Buildings	85,448	265,595
Construction in progress	-	27,100
Accumulated depreciation—buildings	(33)	(39,057)
Subtotal	<u>10,648,987</u>	<u>7,976,338</u>
Other assets		
Other prepayments	524	2,331
Loan claims	-	51,500
Refundable deposits	-	5,904
Beneficial right of trust	4,800,000	4,800,000
Total	<u>\$ 866,741,657</u>	<u>869,766,594</u>

Trust Account Statement of Income		
	For the year ended December 31,	
	2012	2011
Trust income	\$ 25,219,561	19,857,457
Trust expenses	(588,449)	(1,901,506)
Net income before tax	24,631,112	17,955,951
Income tax expenses	(40,784)	(7,196)
Net income after tax	<u>\$ 24,590,328</u>	<u>17,948,755</u>

(C) Others

(a) Structured notes case

During the period September to December 2005, the Hong Kong Branch of the Bank purchased overseas investments in structured notes linked to a basket of stocks with total face value of US\$390 million for US\$392,633 thousand from Barclays Bank PLC. This investment was authorized by the Bank's board of directors. (The structured notes were originally linked to a basket of stocks; however, the portfolio focused mainly on the stock of Mega Financial Holding Company, when exercised.) On January 27, 2006, Chinatrust Financial Holding Company, Ltd., the Bank's parent company, submitted to the FSC the formal application to invest in Mega Financial Holding Company; on the same day, the Hong Kong Branch of the Bank sold the structured notes to Red Fire for US\$401,081 thousand with a gain of US\$11,080 thousand. In order to pay for the structured notes, Red Fire redeemed the structured notes from Barclays Bank PLC with a gain of US\$30,474,717.12.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

According to FSC Jin-Kuan-Yin-(6)-Zi No. 09560003931, 09560003933, and 09560003934, dated July 25, 2006, the structured notes transaction was suspected to be a non-arm's-length transaction with risk management and internal control deficiencies, which did not conform to sound business operation and the regulations of "The Banking Act of the Republic of China." As a result of the improper transaction, the FSC required the Bank to pay a fine of \$10,000 for certain deficiencies in the purchase and sale of overseas structured notes by the Hong Kong Branch of the Bank and requested it to recover the price difference of \$1,003,533 on the structured notes that Red Fire had acquired and redeemed. Before resolving such deficiencies, the Bank was prohibited by the FSC from establishing new overseas branches and subsidiaries. Additionally, the Hong Kong Branch of the Bank was restrained from engaging in equity-linked derivative financial instrument transactions until July 20, 2007. Furthermore, the originally approved investment quota of 5% to 10% for investing in Mega Financial Holding Company was adjusted to 5% to 6.1%. In March 2007, after the Bank and its parent company developed a related internal control system and submitted a specific improvement plan in compliance with the directions of the competent authorities, the FSC lifted the business restrictions on strategic reinvestment by the parent company and on engaging in establishing overseas branches and subsidiaries and the business of foreign-currency-denominated options on stocks listed in Taiwan by the Bank. As of June 21, 2007, the parent company, Chinatrust Financial Holding Company, Ltd. had disposed of the foregoing 3.9% stake in Mega Financial Holding Company.

In order to sustain the operation of overseas and domestic businesses, the directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., resolved to advance the aforesaid price difference amounting to \$1,003,533, which was accounted for under other revenues of the Bank in September 2006. On October 7, 2008, the judgment of the court of first instance (Taiwan Taipei District Court) indicated that the loss and damage that were inflicted on the Hong Kong Branch of Chinatrust Commercial Bank Co., Ltd. were as a result of a benefit obtained by Red Fire in connection with the redemption of structured notes. However, in the opinion of the advisory attorney appointed by the Bank and its parent company, Chinatrust Financial Holding Company, Ltd., "regardless of the fact that the judgment on the recognition of the "loss or damage" concept and the criterion for damage under the Civil Law and interests lost are not exactly identical, the directors of Chinatrust Financial Holding Company, Ltd. had complied with FSC, Executive Yuan Rulings Jin-Kuan-Yin-(6)-Zi No. 09560003930 and Jin-Kuan-Yin-(6)-Zi No. 09560003932 to advance NT\$1 billion to Chinatrust Commercial Bank Co., Ltd. to recover the price gap of US\$30,474,717.12 as a result of the redemption of structured notes obtained by Red Fire as found in that judgment. Furthermore, according to the facts as recognized in the aforesaid judgment delivered by the District Court, Chinatrust Commercial Bank Co., Ltd. purchased overseas investments in structured notes with a total face value of US\$390 million and sold the structured notes to Red Fire for US\$410 million with a gain of US\$11,080 thousand within two months after the date of purchase. With regard to the financial aspects, Chinatrust Commercial Bank Co., Ltd. had not suffered any loss or damage from the transactions in structured notes and equity investment in Mega Financial Holding Company which were indicated in the preceding judgment delivered by the District Court." In addition, the Bank had previously agreed and promised to follow the

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

directions of the FSC to recover the price gap of the aforesaid transaction from Red Fire and return it to members of the board of directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., if any money is recovered. In order to save the money and time that it may cost the Bank when it calls for prosecution of Red Fire afterwards and to enable the Bank to ultimately receive the advancement of \$1,003,533 paid by members of the board of directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., a resolution was approved by the board of directors during the month of January 2009 that the Bank would give over the right to recover the price gap from Red Fire to Kuan Ho Construction & Development Co., Ltd. (hereinafter Kuan Ho Construction & Development) and Chung Cheng Investment Co., Ltd. (hereinafter Chung Cheng Investment), which are the institutional directors of the Bank's parent company that originally advanced the price gap. Meanwhile, Kuan Ho Construction & Development and Chung Cheng Investment have also released the Bank from the commitment that "the Bank has to recover the price gap from Red Fire and return it to members of the board of directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., if any money is recovered" and would need to make a claim against Red Fire by themselves afterwards.

The Bank received a letter from Chung Cheng Investment and Kuan Ho Construction & Development, the institutional directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd. ("CTFHC"), on April 28, 2011, informing the Bank that according to the Analysis Report on the Sale of Structured Notes by Chinatrust Commercial Bank, Hong Kong Branch to Red Fire Developments Limited (the "Analysis Report") attached to the letter (Chung-Hsin-Chin No.1002243570005) dated March 10, 2011, from CTFHC, the Bank did not sustain a loss from the sale of the structured notes. Based on the aforesaid Analysis Report, the premise of the Bank sustaining damages no longer stands for the prior execution of the contract dated February 9, 2009, by and among CTFHC, Chung Cheng Investment, and Kuan Ho Construction & Development. Therefore, the Bank has been requested to negotiate with Chung Cheng Investment and Kuan Ho Construction & Development for a reasonable resolution. On August 16, 2011, the Bank sent a letter to Chung Cheng Investment and Kuan Ho Construction & Development requesting the institutional directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., to withdraw the right of recourse regarding the advance payment of US\$30,470 thousand to the Bank. The institutional directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., responded on August 18, 2011, agreeing to the request and wishing that the Bank spend US\$20,900 thousand of the advance payment on emergency assistance and public welfare loans and pay US\$9,570 thousand to the Bank's parent company, Chinatrust Financial Holding Company, Ltd., as recovery for the investment income which originally should have been recognized by the Bank's parent company, Chinatrust Financial Holding Company, Ltd. The latter amount was considered to be the investment income of CT Opportunity Investment Company.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

On October 7, 2008, the judgment of the court of first instance (Taiwan Taipei District Court) was delivered (please refer to the Law and Regulations retrieval system of the Judicial Yuan, 2007 Chong-Su-Zi No. 19 Criminal Judgment for related information), and the case is now under review by the court of second instance. According to the opinion letter prepared by the advisory lawyers appointed by the Bank and its parent company, Chinatrust Financial Holding Company, Ltd., “with regard to the legal aspects, the case above is a criminal case, and since Chinatrust Financial Holding Company, Ltd. is a corporate entity, the employees’ individual criminal liability will not have any influence on Chinatrust Financial Holding Company, Ltd. Therefore, there should be no significant disadvantageous effects on the financial or business affairs of Chinatrust Financial Holding Company, Ltd. The judgment delivered by the District Court also indicated that the employees did not obtain any personal profits due to the aforesaid transaction, nor intend to engage in malpractice for personal gain or to do harm to the company. In addition, the criminal judgment delivered by the District Court is not yet finalized, and the attribution of responsibility, the question of whether Chinatrust Financial Holding Company, Ltd. is jeopardized due to this case, and the actual extent of that damage if it exists will be determined based on the judgment of the court of appeals in the future. Therefore, the judgment should not have any significant disadvantageous effects on the current financial or business affairs of Chinatrust Financial Holding Company, Ltd.”

Furthermore, on October 18, 2010, the judgment of the court of first instance (Taiwan Taipei District Court) regarding the Jeffery J.L. Koo Jr. case was delivered (please refer to the Law and Regulations retrieval system of the Judicial Yuan, 2009 Chong-Su-Zi No. 40 Criminal Judgment for related information). However, the judgment of the court indicated that the price difference of the structured notes redeemed by Red Fire amounted to US\$30.47 million, of which US\$20.9 million was remitted back to the overseas sub-subsidiary of the Bank’s parent company, Chinatrust Financial Holding Company, Ltd., and the remaining US\$9.57 million was embezzled by Steven C.Z. Cheng and Jeffery J.L. Koo Jr. based on mens rea. The former chief financial officer, Perry Chang, and former vice general manager, Hsiang-his Lin, of the Bank’s parent company, Chinatrust Financial Holding Company, Ltd., were not involved in this case, and Jeffery J.L. Koo Jr. has appealed the judgment of the court to a higher court. Furthermore, in accordance with the opinion letter prepared by the advisory lawyers appointed by the Bank and its parent company, Chinatrust Financial Holding Company, Ltd., regarding the aforesaid judgment, this case is a criminal case and does not involve the responsibility of a corporate entity. Jeffery J.L. Koo Jr. did not occupy any position in the Bank or its parent company, Chinatrust Financial Holding Company, Ltd., and as a result, Jeffery J.L. Koo Jr.’s individual criminal case should not have any significant disadvantageous effects on the current business affairs of the Bank and its parent company, Chinatrust Financial Holding Company, Ltd. With regard to the price difference of the redemption of structured notes of US\$30,474,717.12 which belonged to the Bank as mentioned in the judgment, US\$30,474,717.12 was advanced by the directors of the parent company, Chinatrust Financial Holding Company, Ltd., on September 25 and 26, 2006, to make up the price difference of the structured notes redeemed by Red Fire in the aforesaid judgment. The directors of the parent company, Chinatrust Financial Holding Company, Ltd., agreed afterwards that the total aforesaid recovered amount belonged to the Bank and no claims

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

for its return will be made. As far as civil rights and duties are concerned, if the Bank has suffered a financial loss because of the structured notes transaction which was directed by Jeffery J.L. Koo Jr. mentioned in the aforesaid judgment, the financial loss has been totally compensated for by the aforesaid directors' advances, and as a result, a financial loss does not exist. The aforesaid criminal case is uncertain, and the facts and related responsibility are still waiting for the result of the court judgment in the future. In respect of legislation, the aforesaid judgment should not have any significant disadvantageous effects on the current financial or business affairs of the Bank's parent company, Chinatrust Financial Holding Company, Ltd.

(b) Others

In regard to the transactions between the Bank and Tectonics Laboratories Co., Ltd. and other related parties (please refer to Note 5(B) for further information), this matter now is under investigation by prosecutors. As for the alleged violation of the Banking Act of the Republic of China and of the Securities and Exchange Act by the defendants who conducted the related-party transactions which were not disclosed in accordance with regulations, the matter has been transferred by the prosecutors to the Taiwan High Court. After assessment, this lawsuit should not have significant effect on the branch's operations and stockholders' equity.

8. Significant Catastrophic Losses: None.

9. Significant Subsequent Events

To replenish the funding for making loans and provide for medium and long-term liquidity, the Bank submitted the application to issue general financial debentures of \$5,000,000 or an equivalent amount in other currencies. The application was approved as effective registration via FSC Jin-Kuan-Yin-Kong-Zi No. 10200032200 and Tai-Yang-Wai-(7)-Zi 1020005475, dated February 5 and February 8, 2013, respectively. The first issuance of 3-year unsecured financial debentures of CNY 1 billion was made on March 12, 2013 with a fixed rate of 2.90%.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

10. Others

(A) Personnel, depreciation, and amortization expenses were as follows:

<u>Nature</u>	<u>For the year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
	<u>Operating expenses</u>	<u>Operating expenses</u>
Personnel expenses		
Salary expenses	\$ 14,156,623	13,156,194
Insurance expenses	802,326	770,614
Retirement expenses	884,027	739,841
Other personnel expenses	<u>888,564</u>	<u>1,065,152</u>
Total personnel expenses	16,731,540	15,731,801
Depreciation expenses (Note)	1,161,462	1,339,191
Amortization expenses	<u>568,943</u>	<u>598,869</u>
	<u>\$ 18,461,945</u>	<u>17,669,861</u>

Note: Excluding the depreciation of idle premises and equipment amounting to \$3,281 and \$4,875 for the years ended December 31, 2012 and 2011, respectively (accounted for under other net non-interest income).

(B) Maturity periods of the assets and liabilities of the Bank, average value of the Bank's interest-bearing assets and liabilities, average interest rates (or yield), and significant net positions in foreign currencies were as follows:

(a) The analysis of the maturity periods of the assets and liabilities of the Bank was as follows

	<u>December 31, 2012</u>				
	<u>Within 3 months</u>	<u>Between 3 and 6 months</u>	<u>Between 6 months and 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Assets					
Due from banks	\$ 9,265,688	2,554,571	238,000	40,000	12,098,259
Due from Central Bank and call loans to banks	38,293,630	609,388	-	56,309,819	95,212,837
Financial assets measured at fair value through profit or loss (Notes 1 and 3)	49,386,570	-	-	-	49,386,570
Loans (Note 2)	237,782,007	93,215,589	142,177,311	603,699,989	1,076,874,896
Available-for-sale financial assets (Notes 1 and 3)	236,673,914	600,117	6,710,325	44,354,489	288,338,845
Held-to-maturity financial assets (Note 3)	34,178,634	4,344,129	19,697,685	11,681,087	69,901,535
Liabilities					
Deposits from Central Bank and other banks	\$ 25,776,874	1,245,429	3,187,526	-	30,209,829
Due to Central Bank and other banks	187,975	-	187,974	2,255,690	2,631,639
Securities sold under repurchase agreements	60,137,847	639,992	-	-	60,777,839
Deposits and remittances	547,341,029	235,403,348	674,630,696	14,992,078	1,472,367,151
Financial debentures (Note 3)	-	450,000	-	52,090,416	52,540,416

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	December 31, 2011				
	Within 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Assets					
Due from banks	\$ 10,999,014	-	-	-	10,999,014
Due from Central Bank and call loans to banks	56,458,645	-	-	45,716,290	102,174,935
Financial assets measured at fair value through profit or loss (Notes 1 and 3)	36,076,462	-	-	-	36,076,462
Loans (Note 2)	219,491,592	85,660,946	121,727,044	583,690,128	1,010,569,710
Available-for-sale financial assets (Notes 1 and 3)	241,663,863	3,159,045	3,776,343	51,486,050	300,085,301
Held-to-maturity financial assets (Note 3)	46,252,302	12,164,515	14,055,800	21,295,161	93,767,778
Other financial assets—debt investment without active market	-	-	-	242,107	242,107
Liabilities					
Deposits from Central Bank and other banks	\$ 44,728,952	1,454,379	3,509,945	-	49,693,276
Due to Central Bank and other banks	1,709,919	-	195,419	2,735,872	4,641,210
Securities sold under repurchase agreements	73,827,862	814,311	38,812	-	74,680,985
Deposits and remittances	574,845,396	233,685,821	580,382,486	15,089,027	1,404,002,730
Financial debentures (Note 3)	-	-	-	53,100,319	53,100,319

Note 1: Excluding derivatives, funds, beneficiary certificates, and listed and OTC securities.

Note 2: Excluding non-accrual accounts or allowance for credit losses.

Note 3: Excluding hedging adjustments, financial assets valuation adjustments, or accumulated impairment losses.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (b) Average value of the Bank's interest-bearing assets and liabilities and average interest rates (or yield) were as follows:

	December 31, 2012		December 31, 2011	
	Average value	Average interest rate (%)	Average value	Average interest rate (%)
Assets				
Due from Central Bank	\$ 52,495,934	0.38	54,448,744	0.32
Due from and call loans to banks	90,597,668	1.18	120,933,811	0.46
Financial assets measured at fair value through profit or loss	54,178,025	0.77	38,069,312	0.90
Securities purchased under resell agreements	1,238,430	0.77	1,310,831	0.48
Available-for-sale financial assets	319,541,766	0.96	249,126,123	1.06
Held-to-maturity financial assets	78,355,191	1.07	169,600,882	1.01
Debt investment without active market	184,171	1.25	235,476	1.38
Loans—NTD	825,611,490	2.52	794,162,612	2.44
Loans—foreign currency	224,550,516	2.66	200,489,086	2.59
Receivables—credit card	20,009,871	13.44	18,553,727	13.43
Liabilities				
Deposits—NTD	1,109,831,732	0.66	1,048,474,396	0.60
Deposits—foreign currency	345,512,761	0.60	304,702,691	0.44
Call loans from banks	49,700,545	0.65	123,757,539	0.40
Borrowing and other financing	57,671,347	3.23	61,563,257	2.93
Securities sold under repurchase agreements	90,902,809	0.75	85,427,560	0.62

- (c) Significant positions in foreign currencies were as follows:

- (1) Significant net positions in foreign currencies:

December 31, 2012			December 31, 2011		
Currency	Foreign currency amount	NTD amount	Currency	Foreign currency amount	NTD amount
USD	547,304	15,946,249	USD	200,738	6,080,360
CNY	2,250,965	10,525,514	JPY	8,583,319	3,352,644
JPY	6,373,851	2,151,175	EUR	25,726	1,008,418
CAD	10,041	294,179	CNY	48,435	232,875
NZD	4,702	112,533	GBP	1,826	85,375

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Financial assets and liabilities of significant positions in foreign currencies:

	December 31, 2012			December 31, 2011		
	Foreign currency amount	Spot rate	NTD amount	Foreign currency amount	Spot rate	NTD amount
Financial assets						
<u>Monetary items</u>						
USD	10,055,242	29.1360	292,969,528	11,859,400	30.2900	359,221,217
CNY	9,753,965	4.6760	45,609,541	5,567,928	4.8080	26,770,599
JPY	48,875,987	0.3375	16,495,646	57,518,843	0.3906	22,466,860
CAD	79,799	29.2970	2,337,879	49,862	29.6870	1,480,252
NZD	5,265	23.9350	126,015	26,284	23.3990	615,031
<u>Equity investment under equity method</u>						
USD	532,723	29.1360	15,521,417	516,870	30.2900	15,655,993
Financial liabilities						
<u>Monetary items</u>						
USD	3,773,329	29.1360	109,939,721	13,076,835	30.2900	396,097,323
CNY	13,364,238	4.6760	62,491,177	5,795,404	4.8080	27,864,304
JPY	48,708,985	0.3375	16,439,282	56,983,037	0.3906	22,257,574
CAD	79,750	29.2970	2,336,431	49,784	29.6870	1,477,947
NZD	33,556	23.9350	803,161	26,269	23.3990	614,674

(C) Supplementary disclosures of asset quality, concentration of credit extensions, interest rate sensitivity information, profitability, and the structure analysis of assets and liabilities time to maturity are as follows:

(a) Asset quality

Unit: In Thousands of New Taiwan Dollars, %

Month/Year		December 31, 2012					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	2,196,647	155,479,338	1.41 %	5,134,221	183.87 %	
	Unsecured (Note 10)	595,720	511,060,042	0.12 %			
Consumer finance	Residential mortgages	361,777	305,997,774	0.12 %	1,639,740	453.25 %	
	Cash cards	34,473	3,509,677	0.98 %	555,015	1,610.00 %	
	Micro-credit loans	Original	638,635	78,560,780	0.81 %	2,918,703	457.02 %
		Purchase	67	834	8.03 %	-	- %
Others	Secured	44,788	25,625,908	0.17 %	157,882	278.02 %	
	Unsecured	12,000	1,031,139	1.16 %			
Total loan business		3,884,107	1,081,265,492	0.36 %	10,405,561	267.90 %	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit cards business		133,881	59,099,693	0.23 %	1,627,059	1,215.30 %	
Without-recourse factoring		-	59,861,960	- %	80,555	- %	

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Unit: In Thousands of New Taiwan Dollars, %

Month/Year		December 31, 2011					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	110,544	137,687,022	0.08 %	5,243,910	628.08 %	
	Unsecured (Note 10)	724,371	468,274,105	0.15 %			
	Residential mortgages	446,872	302,943,288	0.15 %	1,476,155	330.33 %	
Consumer	Cash cards	43,386	4,484,702	0.97 %	739,608	1,704.72 %	
finance	Micro-credit loans	Original	691,421	79,436,269	0.87 %	3,026,935	437.78 %
		Purchase	81	885	9.15 %	-	- %
	Others	Secured	16,201	18,629,568	0.09 %	118,556	519.89 %
		Unsecured	6,603	1,424,694	0.46 %		
Total loan business		2,039,479	1,012,880,533	0.20 %	10,605,164	519.99 %	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit card business		141,437	57,795,224	0.24 %	1,889,183	1,335.71 %	
Without-recourse factoring		-	49,808,155	- %	78,657	- %	

Note 1: Non-performing loans represent the amount of overdue loans as reported in accordance with the “Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans.” The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2: Non-performing loans ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ balance of receivables.

Note 3: Coverage ratio for loans = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.

Note 4: For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5: Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6: Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.

Note 7: In accordance with Jin-Kuan-Yin-(5)-Zi No. 094000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Note 8: The above information excluded non-accrual loans arising from guarantees. Please refer to other liabilities for further information about relevant allowance for credit losses.

Note 9: Supplemental disclosures:

The information below shows supplemental disclosures of loans and receivables that may be exempted from reporting as non-performing loans and overdue receivables, respectively.

Unit: In Thousands of New Taiwan Dollars

	December 31, 2012		December 31, 2011	
	Loans that may be exempted from reporting as a non-performing loan	Receivables that may be exempted from reporting as overdue receivables	Loans that may be exempted from reporting as a non-performing loan	Receivables that may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note 1)	256,614	108,695	335,934	125,688
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	290,802	75,635	179,887	78,350
Total	547,416	184,330	515,821	204,038

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, relief and liquidation under the "Consumer Debt Clearance Act."

Note 10: Those loans that are not 100% backed by collateral are classified as unsecured.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(b) Concentration of credit extensions

Unit: In Thousands of New Taiwan Dollars, %

December 31, 2012			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders' equity (%)
1	A group. Liquid crystal panel and components manufacturing	19,378,822	13.65 %
2	B group. Petroleum and chemical industry material manufacturing	13,354,699	9.40 %
3	C group. Liquid crystal panel and components manufacturing	11,400,557	8.03 %
4	D group. Integrated circuits manufacturing	7,386,394	5.20 %
5	E group. Marine shipping	7,306,209	5.14 %
6	F group. Integrated circuits manufacturing	6,990,640	4.92 %
7	G group. Other financial intermediation not elsewhere classified	6,568,636	4.63 %
8	H group. Petroleum and chemical industry material manufacturing	6,025,000	4.24 %
9	I group. Cement manufacturing	5,924,561	4.17 %
10	J group. Security service	4,977,123	3.50 %

Unit: In Thousands of New Taiwan Dollars, %

December 31, 2011			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders' equity (%)
1	A group. Liquid crystal panel and components manufacturing	30,238,821	22.70 %
2	C group. Liquid crystal panel and components manufacturing	16,631,536	12.48 %
3	B group. Petroleum and chemical industry material manufacturing	13,334,633	10.01 %
4	F group. Integrated circuits manufacturing	7,449,089	5.59 %
5	D group. Integrated circuits manufacturing	7,268,902	5.46 %
6	G group. Other financial intermediation not elsewhere classified	6,543,167	4.91 %
7	I group. Cement manufacturing	5,977,451	4.49 %
8	K group. General warehousing	5,755,932	4.32 %
9	L group. Computers manufacturing	5,154,413	3.87 %
10	M group. Steel rolling and extruding	5,152,300	3.87 %

Note 1: The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2: Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Note 3: The total outstanding credit amount is the sum of the balances of all loan types (including import and export bill negotiations, loans, overdrafts, short/medium/long-term secured and unsecured loans, margin loans receivable, and non-accrual loans), bills purchased, without-recourse factoring, acceptances receivable, and guarantees receivable.

(c) Interest rate sensitivity information

(1) Sensitivity analysis of interest rate for assets and liabilities (New Taiwan Dollars)

Unit: In Thousands of New Taiwan Dollars, %

December 31, 2012					
	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 1,079,471,039	81,126,080	56,729,227	75,937,358	1,293,263,704
Interest-rate-sensitive liabilities	465,430,125	628,019,673	104,570,958	28,472,430	1,226,493,186
Interest rate sensitivity gap	614,040,914	(546,893,593)	(47,841,731)	47,464,928	66,770,518
Net worth					142,012,404
Ratio of interest-rate-sensitive assets to liabilities (%)					105.44
Ratio of interest rate sensitivity gap to net worth (%)					47.02

Unit: In Thousands of New Taiwan Dollars, %

December 31, 2011					
	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 1,043,559,666	70,056,836	32,559,036	101,534,956	1,247,710,494
Interest-rate-sensitive liabilities	518,814,872	592,678,135	68,605,100	26,303,346	1,206,401,453
Interest rate sensitivity gap	524,744,794	(522,621,299)	(36,046,064)	75,231,610	41,309,041
Net worth					133,216,447
Ratio of interest-rate-sensitive assets to liabilities (%)					103.42
Ratio of interest rate sensitivity gap to net worth (%)					31.01

Note 1: Listed amounts of the head office, domestic and overseas branches, (excluding foreign currency amounts) are denominated in NTD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rate spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets — Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in NTD).

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Sensitivity analysis of the interest rate for assets and liabilities (U.S. Dollars)

Unit: In Thousands of US Dollars, %

December 31, 2012					
	1-90 days (inclusive)	91-180 days (inclusive)	181 days-1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 8,255,837	521,628	92,886	102,211	8,972,562
Interest-rate-sensitive liabilities	3,574,276	5,784,517	810,012	8,772	10,177,577
Interest rate sensitivity gap	4,681,561	(5,262,889)	(717,126)	93,439	(1,205,015)
Net worth					4,874,121
Ratio of interest-rate-sensitive assets to liabilities (%)					88.16
Ratio of interest rate sensitivity gap to net worth (%)					(24.72)

Unit: In Thousands of US Dollars, %

December 31, 2011					
	1-90 days (inclusive)	91-180 days (inclusive)	181 days-1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 8,033,759	741,985	137,921	177,714	9,091,379
Interest-rate-sensitive liabilities	4,722,720	4,837,151	536,316	297	10,096,484
Interest rate sensitivity gap	3,311,039	(4,095,166)	(398,395)	177,417	(1,005,105)
Net worth					4,398,034
Ratio of interest-rate-sensitive assets to liabilities (%)					90.04
Ratio of interest rate sensitivity gap to net worth (%)					(22.85)

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches (excluding contingent assets and liabilities) are denominated in U.S. Dollars.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rate spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in U.S. Dollars).

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(d) Profitability

Unit: %

Items		December 31, 2012	December 31, 2011
Return on assets ratio (annual)	Before income tax	1.14	1.10
	After income tax	0.99	0.95
Return on equity ratio (annual)	Before income tax	15.39	14.96
	After income tax	13.37	12.87
Net income ratio		35.14	34.01

Note 1: Return on assets ratio = Net income before/after income tax ÷ average total assets.

Note 2: Return on equity ratio = Net income before/after income tax ÷ average total stockholders' equity.

Note 3: Net income ratio = Net income after income tax ÷ Net revenue.

Note 4: Net income before/after tax represented accumulated income of the current year.

(e) Analysis of time to maturity of assets and liabilities

(1) Structure analysis of New Taiwan Dollars time to maturity

December 31, 2012

Unit: In Millions of New Taiwan Dollars

	Total	Amount remaining to maturity date				
		1~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major capital inflow at maturity	\$ 2,010,653	643,242	255,733	167,589	242,891	701,198
Major capital outflow at maturity	1,884,012	389,049	302,362	266,236	319,325	607,040
Gap	126,641	254,193	(46,629)	(98,647)	(76,434)	94,158

December 31, 2011

Unit: In Millions of New Taiwan Dollars

	Total	Amount remaining to maturity date				
		1~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major capital inflow at maturity	\$ 1,958,658	569,657	395,722	163,312	170,514	659,453
Major capital outflow at maturity	1,856,086	370,653	422,327	262,793	262,831	537,482
Gap	102,572	199,004	(26,605)	(99,481)	(92,317)	121,971

Note: Listed amounts of the head office and domestic branches (excluding foreign currency amounts) are denominated in NTD.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Structure analysis of U.S. Dollars time to maturity

December 31, 2012

Unit: In Thousands of U.S. Dollars

	Total	Amount remaining to maturity date				
		1~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major capital inflow at maturity	\$ 27,034,469	8,286,947	7,419,218	5,736,262	3,573,401	2,018,641
Major capital outflow at maturity	27,780,846	8,692,912	6,999,137	7,133,001	3,937,601	1,018,195
Gap	(746,377)	(405,965)	420,081	(1,396,739)	(364,200)	1,000,446

December 31, 2011

Unit: In Thousands of U.S. Dollars

	Total	Amount remaining to maturity date				
		1~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major capital inflow at maturity	\$ 26,451,236	7,419,433	10,097,910	4,476,483	1,780,917	2,676,493
Major capital outflow at maturity	26,896,446	8,803,790	9,036,660	5,678,753	1,591,592	1,785,651
Gap	(445,210)	(1,384,357)	1,061,250	(1,202,270)	189,325	890,842

Note: Listed amounts of the head office, domestic branches and offshore banking unit are denominated in U.S. Dollars.

(f) Capital adequacy

Capital adequacy ratios of the Bank:

Unit: In Thousands of New Taiwan Dollars, %

Analysis item		Period	December 31, 2012	December 31, 2011
Eligible capital	Tier 1 capital		122,742,324	113,359,673
	Tier 2 capital		13,737,726	14,216,354
	Tier 3 capital		-	-
	Eligible Capital		136,480,050	127,576,027
Risk-weighted assets	Credit risk	Standardized approach	932,104,070	899,167,099
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach / Alternative standard approach	69,633,226	71,534,917
		Advanced measurement approach	-	-
	Market risk	Standardized approach	42,522,168	37,150,805
Internal model approach		-	-	
Total risk-weighted assets			1,044,259,464	1,007,852,821
Capital adequacy ratio			13.07 %	12.66 %
Tier 1 capital / Risk-weighted assets ratio			11.75 %	11.25 %
Tier 2 capital / Risk-weighted assets ratio			1.32 %	1.41 %
Tier 3 capital / Risk-weighted assets ratio			- %	- %
Common stock equity / Total assets ratio			4.02 %	4.13 %
Leverage ratio			6.75 %	6.50 %

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Capital adequacy ratios of the Bank and subsidiaries:

Unit: In Thousands of New Taiwan Dollars, %

Analysis item		Period	December 31, 2012	December 31, 2011	
Eligible capital	Tier 1 capital		136,264,230	126,598,371	
	Tier 2 capital		27,688,337	28,052,514	
	Tier 3 capital		-	-	
	Eligible Capital		163,952,567	154,650,885	
Risk-weighted assets	Credit risk	Standardized approach	1,002,446,977	963,620,449	
		Internal ratings-based approach	-	-	
		Securitization	521,944	607,581	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach / Alternative standard approach	82,325,175	86,268,083	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	62,413,748	58,394,290	
		Internal model approach	-	-	
	Total			1,147,707,844	1,108,890,403
	Capital adequacy ratio			14.29 %	13.95 %
Tier 1 capital / Risk-weighted assets ratio			11.88 %	11.42 %	
Tier 2 capital / Risk-weighted assets ratio			2.41 %	2.53 %	
Tier 3 capital / Risk-weighted assets ratio			-	-	
Common stock equity / Total assets ratio			3.90 %	3.99 %	
Leverage ratio			7.20 %	6.96 %	

(D) Significant contract: Please refer to Note 7(A) for further information.

(E) The income and expenses arising from the joint marketing operation and information interoperability amongst the Financial Holding Company's subsidiaries were allocated as follows:

The joint marketing expenses between the Bank and Chinatrust Insurance Brokers Co., Ltd. (Chinatrust Insurance Brokers) were allocated to the Bank's management division costs and bonuses based on input labor hours and profitability of insurance products. Furthermore, the ratios of realized commission earned from insurance companies for the Bank and Chinatrust Insurance Brokers are 70% and 30%, respectively. For the years ended December 31, 2012 and 2011, the Bank received the allocation of fees and profits from Chinatrust Insurance Brokers amounting to \$5,244,142, and \$3,924,779, respectively (\$476,191 and \$363,001, respectively, accounted for under receivables).

(F) Account reclassification

Certain accounts in the financial statements for the year ended December 31, 2011 have been reclassified to be consistent with the presentation of the current-period financial statements.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(G) Under order Jin-Kuan-Yin-Fa-Zi No.10000073410 issued by the Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC), starting from 2013, domestic banks are required to prepare financial reports in conformity with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and the explanations of the Standing Interpretations Committee (SICs) and the International Financial Reporting Interpretations Committee (IFRICs) approved by the FSC. In compliance with the adjustment, the Bank has formed a special task force and established an IFRS adoption plan. The Bank's financial executive is responsible for the conversion plan. Please refer to the consolidated financial statements for the significant plan content, expected completion schedule, and current status.

11. Disclosure Required

(A) Related information on significant transactions

- (a) Cumulative purchase or sale of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: None.
- (b) Acquisition of real estate up to \$300,000 or 10% of paid-in capital :

Unit: In Thousands of New Taiwan Dollars

Acquiring company	Name of property	Transaction date	Transaction amount	Payment status	Counterparty	Relation-ship	Previous transfer data when counterparty is a related party				Reference for acquisition price	Acquisition purpose and use status	Other additional term
							Owner	Relationship with issuer	Transfer date	Amount			
Chinatrust Commercial Bank Co., Ltd.	Land and buildings	2012.9.4	2,181,339	1,025,229 (Note 1)	Continental Development Corporation	Non-related parties	N/A	N/A	N/A	-	Appraisal report	Real estate for the Bank's own use	Note 2

Note 1: The construction of the acquired building is not yet complete. The Bank has made three installment payments following the contract, and both parties of the contract agreed to make remaining payments or refunds when they later tally up the total construction cost of the building.

Note 2: The rights of ownership of the building will be transferred to the Bank after its construction is complete.

- (c) Disposal of real estate up to \$300,000 or 10% of paid-in capital: None.
- (d) Discount on commission fees for transaction with related parties up to \$5,000: None.
- (e) Receivables from related parties up to \$300,000 or 10% of paid-in capital: None.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(f) Transaction information on NPL disposal:

(1) Summary table of NPL disposal:

Unit: In Thousands of New Taiwan Dollars

Trade date	Counterparty	Debt component	Book value	Sale price	Gains on disposal	Additional term	Relationship
2012.05.15	Mega Asset Management Corp.	Secured loan	252,722	516,303	263,581	None	None

(2) Disposal of a single batch of NPL up to \$1,000,000 (excluding sales to related parties), and information on each transaction: None.

(g) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.

(h) Other significant transactions that may have substantial influence upon the decisions made by financial statement users: None.

(B) Related information on investee companies

(a) Names and locations of, and relevant information on, investees upon which the Bank exercises significant influence and the shareholding ratios:

Unit: In Thousands of New Taiwan Dollars/Thousands of shares

Name of investee company	Address	Main business scope	Shareholding ratio	Book value	Investment gains (losses) recognized	Aggregate shareholding of the Company and subsidiaries				Remark
						No. of shares	No. of pro forma shares	Total Number of shares	Shareholding ratio	
Chinatrust (Philippines) Commercial Bank Corp.	3rd Fl., Tower One, Ayala Triangle, Ayala Avenue cor. Paseo De Roxas, Metro Manila, Makati, Philippines	Commercial banking and financing business	99.60 %	4,771,278	222,853	246,496	-	246,496	99.60 %	-
PT Bank Chinatrust Indonesia	16th Fl. Wisma Tamara, Jl Jenderal Sudirman Kev. 24 Jakarta 12920 Indonesia	Commercial banking and financing business	99.00 %	5,745,083	473,516	1	-	1	99.00 %	-
CTC Bank of Canada	1518 West Broadway, Vancouver, B.C., Canada, V6J 1W8	Commercial banking and financing business	100.00 %	1,162,117	51,941	2,312	-	2,312	100.00 %	-
ChinaTrust Capital Corp.	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505	Securities investment business	100.00 %	15,521,417	428,730	6	-	6	100.00 %	-
Grand Bills Finance Corporation	11F, No.560, Sec. 4, Jhongsiao E. Rd., Taipei City	Proprietary trading, brokerage of short-term bills, underwriting	21.15 %	1,718,709	76,242	114,399	-	114,399	21.15 %	-
GCB Finance (HK) Limited	Suite 2812, 28 th floor, Two International Finance Centre, 8 Finance Street, Central Hong Kong	Corporate loans and investment business	100.00 %	337,154	1,502	50,000	-	50,000	100.00 %	-
Chinatrust Bank (USA)	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505	Commercial banking and financing business	- %	-	-	Common shares 3 Preferred shares 100	-	Common shares 3 Preferred shares 100	100.00 %	-

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (b) Loans to other businesses or individuals: not applicable to banking subsidiaries; others: None.
- (c) Endorsements and guarantees for others: not applicable to banking subsidiaries; others: None.
- (d) Marketable securities held as of December 31, 2012: not applicable to banking subsidiaries; others:

Unit: In Thousands of New Taiwan Dollars/Thousands of shares

Name of company holding securities	Marketable securities type and name	Relationship with the securities issuer	Account	December 31, 2012				Remark
				Number of shares	Book value	Shareholding ratio	Market price	
ChinaTrust Capital Corp.	Chinatrust Bank (USA)	Sub-subsidiary, accounted for under equity method	Investments under equity method	Common shares 3 Preferred shares 100	8,078,650	100.00 %	8,079,117 (Note)	
GCB Finance (HK) Limited	Shares-Biodenta Corporation	-	Other financial assets—net	Common shares 8,300	219,390	7.73 %	340,300	
GCB Finance (HK) Limited	Shares-ChinaAMC CSI300 Index ETF	-	Available-for-sale financial assets—net	Common shares 670	79,208	0.12 %	79,208	

Note: The price of the non-listed or non-OTC-listed securities held by the Bank's subsidiaries will be equivalent to the securities' net equity on the balance sheet date determined by the shareholding ratio of the Bank's subsidiaries.

- (e) Accumulative purchases or sales of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: not applicable to banking subsidiaries; others: None.
- (f) Acquisition of real estate up to \$300,000 or 10% of paid-in capital: None.
- (g) Disposal of real estate up to \$300,000 or 10% of paid-in capital: None.
- (h) Discount on commission fees for transaction with related parties up to \$5,000: None.
- (i) Receivables from related parties up to \$300,000 or 10% of paid-in capital: None.
- (j) Financial derivative transactions: not applicable to banking subsidiaries; others: None.
- (k) Information on NPL disposal transaction: None.
- (l) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.
- (m) Other significant transactions that may have substantial influence upon the decisions made by financial statement users: None.

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(C) Related information on investments in Mainland China

(a) Related information on investee companies in Mainland China

Unit: In Thousands of New Taiwan Dollars/Thousands of US Dollars

Name of investee company in Mainland China	Main business	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2012	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2012	Percentage of ownership for direct or indirect investment	Investment gains (losses)	Book value as of December 31, 2012	Accumulated inward remittance of earnings as of December 31, 2012
					Outflow	Inflow					
Chinatrust Commercial Bank Co., Shanghai Branch	Commercial banking	3,816,778 USD 126,314	Open overseas branches	3,816,778 USD 126,314	-	-	3,816,778 USD 126,314	A branch in Shanghai; not an investee	49,182 USD 1,655	3,865,960 USD 127,969	None

(b) Upper limit on investment in Mainland China

Unit: In Thousands of New Taiwan Dollars/Thousands of US Dollars

Name of investor company	Accumulated outflow of investment from Taiwan to Mainland China as of December 31, 2012	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment to Mainland China authorized by Investment Commission, MOEA
Chinatrust Commercial Bank Co., Ltd.	3,816,778 USD 126,314	3,759,505 USD 129,033	85,207,442 USD 2,924,473

12. Operating Segment Information

Please refer to the consolidated financial statements for segment financial information.

**CHINATRUST COMMERCIAL BANK CO., LTD.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

**AND
INDEPENDENT AUDITORS' REPORT**

**ADDRESS: NO. 3 SUNG-SHOU ROAD, TAIPEI, TAIWAN, R.O.C.
TELEPHONE NUMBER: 886-2-2722-2002**



安侯建業聯合會計師事務所

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Independent Auditors' Report

The Board of Directors
Chinatrust Commercial Bank Co., Ltd.

We have audited the accompanying consolidated balance sheets of Chinatrust Commercial Bank Co., Ltd. and its subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Chinatrust Commercial Bank Co., Ltd.'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 Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Those rules and 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 consolidated financial position of Chinatrust Commercial Bank Co., Ltd. and its subsidiaries as of December 31, 2012 and 2011, and the consolidated results of their operations and cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing Securities Firms, the Regulations Governing Futures Commission Merchants, and generally accepted accounting principles in the Republic of China.



The structured notes cases as stated in Note 7(C) are still under investigation by the judiciary, and the results remain uncertain.

A handwritten signature of the letters 'KPMG' in a cursive, stylized font.

Taipei, Taiwan, R.O.C.
March 27, 2013

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2012 AND 2011

(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change %
	2012 Amount	2011 Amount	
ASSETS			
Cash (Notes 2, 4(A), and 5)	\$ 37,258,838	36,847,941	1
Due from Central Bank and call loans to banks (Notes 4(B) and 5)	109,218,345	118,151,855	(8)
Financial assets measured at fair value through profit or loss—net (Notes 2, 4(C), (O) and (AB), and 5)	74,609,385	62,223,529	20
Securities purchased under resell agreements (Note 2)	-	754,915	(100)
Receivables—net (Notes 2, 4(D), 5, 6, and 10(C))	138,519,744	128,026,615	8
Loans—net (Notes 2, 4(E) and (AA), 5, and 10(C))	1,125,360,672	1,053,212,396	7
Available-for-sale financial assets—net (Notes 2, 4(F), (O) and (AB), 6, and 7(A))	308,287,286	321,225,166	(4)
Held-to-maturity financial assets—net (Notes 2, 4(G), (H) and (O), and 6)	70,965,629	95,932,513	(26)
Investments under equity method—net (Notes 2 and 4(I))	2,055,863	2,080,690	(1)
Other financial assets—net (Notes 2, 4(J), 6, and 10(C))	8,789,943	14,576,538	(40)
Premises and equipment—net (Notes 2, 4(K), 6, and 7(A))	37,394,575	33,963,877	10
Intangible assets—net (Notes 2 and 4(L))	12,190,876	12,234,901	-
Other assets—net (Notes 2 and 4(M), (T) and (U))	8,816,682	8,246,442	7
TOTAL ASSETS	\$ 1,933,467,838	1,887,477,378	2
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Note 5)	\$ 30,690,419	51,364,068	(40)
Due to Central Bank and other banks (Note 4(N))	5,008,601	7,527,128	(33)
Financial liabilities measured at fair value through profit or loss (Notes 2, 4(C), and 5)	24,652,431	25,379,616	(3)
Securities sold under repurchase agreements (Notes 2, 4(O), and 5)	60,777,839	74,680,985	(19)
Payables (Notes 2, 4(P) and (Y), and 5)	59,277,338	54,685,038	8
Deposits and remittances (Notes 4(Q) and 5)	1,525,115,648	1,459,527,462	4
Financial debentures (Notes 4(R) and (AA))	54,121,632	55,182,382	(2)
Other financial liabilities (Notes 2 and 4(S))	24,984,008	21,069,881	19
Other liabilities (Notes 2, 4(T), 7(A), and 10(C))	6,751,298	4,760,667	42
Total Liabilities	1,791,379,214	1,754,177,227	2
Stockholders' Equity			
Common stock (Note 4(W))	75,371,376	75,371,376	-
Capital surplus (Notes 4(W) and (Y))	17,182,059	16,892,141	2
Retained earnings:			
Legal reserve	34,142,459	29,082,575	17
Special reserve (Note 2)	1,975,805	205,584	861
Accumulated earnings (Note 4(X))	18,400,978	16,866,339	9
Other adjustments to stockholders' equity:			
Unrealized revaluation increment	12,533	12,533	-
Unrealized revaluation increment of premises and equipment(Notes 2 and 4(K))	416	416	-
Cumulative translation adjustments (Note 2)	(3,397,351)	(2,238,369)	(52)
Unrealized losses on financial instruments (Notes 2 and 4(F) and (AB))	(94,351)	(1,770,221)	95
Net loss not recognized as pension cost (Notes 2 and 4(T))	(1,581,520)	(1,205,927)	(31)
Subtotal for Stockholders' Equity—Parent Company	142,012,404	133,216,447	7
Minority Interest	76,220	83,704	(9)
Total Stockholders' Equity	142,088,624	133,300,151	7
Significant Commitments and Contingencies (Notes 2 and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,933,467,838	1,887,477,378	2

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	For the year ended December 31,		Change %
	2012	2011	
	Amount	Amount	
Interest income (Note 2)	\$ 41,736,271	38,769,890	8
Less: Interest expenses	(13,737,554)	(11,831,181)	(16)
Net interest income	27,998,717	26,938,709	4
Non-interest income			
Service fee and commission income (Note 2)	23,706,305	22,373,798	6
Gains on financial assets or liabilities measured at fair value through profit or loss (Notes 4(C), (AA) and (AB))	2,163,966	560,258	286
Realized gains on available-for-sale financial assets (Note 4(AA))	980,448	1,845,411	(47)
Gains from investment under equity method (Note 4(I))	79,801	84,849	(6)
Foreign exchange gains	2,016,524	1,540,418	31
Reversal of (impairment losses) on assets (Notes 2 and 4(G), (J) and (M))	6,275	(123,121)	105
Public-welfare lottery payment (Note 7(A))	(2,086,800)	(2,086,800)	-
Gains on sale of loans held-for-sale (Note 4(J))	-	880,221	(100)
Gains on recovery of bad debt and non-performing loans	81,442	304,285	(73)
Other net non-interest income (Notes 2 and 10(A))	953,059	741,139	29
Net Revenue	55,899,737	53,059,167	5
Provision for bad debt expenses (Notes 4(D) and (E))	(495,531)	(535,553)	7
Operating expenses (Notes 2, 4(T), (W), (X) and (Y), and 10(A))			
Personnel expenses	(18,393,914)	(17,291,056)	(6)
Depreciation and amortization expenses	(1,898,311)	(2,111,783)	10
Other general and administrative expenses	(13,550,679)	(13,186,328)	(3)
Net Income Before Tax	21,561,302	19,934,447	8
Income tax expenses (Notes 2 and 4(U))	(3,154,869)	(3,060,742)	(3)
Consolidated Net Income	\$ 18,406,433	16,873,705	9
Consolidated Net Income Attributable to:			
Parent company (consolidated net income)	\$ 18,400,443	16,866,279	9
Minority interest	5,990	7,426	(19)
	\$ 18,406,433	16,873,705	9
	Before	After	Before
	income tax	income tax	income tax
Earnings per share (EPS) (Note 4(Z))	\$ 2.86	2.44	2.64
			2.24

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars)

	Capital stock			Retained earnings				Other adjustments to stockholders' equity					Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated earnings	Cumulative translation adjustments	Net loss not recognized as pension cost	Unrealized revaluation increment	Unrealized revaluation increment of premises and equipment	Unrealized gains (losses) on financial instruments	Stockholders' equity-parent company	Minority interest	
Beginning Balance—January 1, 2011	75,103,257	16,657,747	25,128,194	2,269,635	13,217,663	(2,181,034)	(880,225)	12,533	416	123,983	128,822,463	73,609	128,896,072
Reversal of special reserve	-	234,394	-	-	2,269,635	-	-	-	-	-	234,394	-	234,394
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings appropriation and distribution (Note):	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends—common stock	-	-	3,954,381	-	(3,954,381)	-	-	-	-	-	(11,264,738)	-	(11,264,738)
Capital increase through capitalization of retained earnings	-	-	-	-	(1,264,738)	-	-	-	-	-	-	-	-
Consolidated net income for the year ended December 31, 2011	268,119	-	-	-	(268,119)	-	-	-	-	-	-	-	-
Recognition of unrealized losses on available-for-sale financial assets	-	-	-	-	16,866,279	-	-	-	-	(1,820,250)	16,866,279	-	16,866,279
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	-	(79,773)	(1,820,250)	-	(1,820,250)
Recognition of unrealized gains on cash flow hedges	-	-	-	-	-	-	-	-	-	5,819	(79,773)	-	(79,773)
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(325,502)	-	-	-	(325,502)	-	(325,502)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	(428,281)	-	-	-	-	(428,281)	-	(428,281)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	-	10,095	10,095
Cumulative translation adjustments	-	-	-	194,554	-	1,000,452	-	-	-	-	1,000,452	-	1,000,452
Trading loss reserve reclassified as special reserve	-	-	-	11,030	-	-	-	-	-	-	11,030	-	11,030
Ending Balance—December 31, 2011	75,371,376	16,892,141	29,082,575	205,584	16,866,339	(2,238,369)	(1,205,927)	12,533	416	(1,770,221)	133,216,447	83,704	133,300,151
Share-based payment transactions	-	292,691	-	-	-	-	-	-	-	-	292,691	-	292,691
Earnings appropriation and distribution (Note):	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	5,059,884	-	(5,059,884)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,770,221	(1,770,221)	-	-	-	-	-	-	-	-
Consolidated net income for the year ended December 31, 2012	-	-	-	-	(10,035,699)	-	-	-	-	-	(10,035,699)	-	(10,035,699)
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	18,400,443	-	-	-	-	1,608,631	18,400,443	-	18,400,443
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	-	67,239	1,608,631	-	1,608,631
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(375,593)	-	-	-	(375,593)	-	(375,593)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	-	(7,484)	(7,484)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	348,758	-	-	-	-	348,758	-	348,758
Cumulative translation adjustments	-	-	-	-	-	(1,507,740)	-	-	-	-	(1,507,740)	-	(1,507,740)
Recognition of capital surplus from subsidiaries' treasury stock buyback	-	(2,773)	-	-	-	-	-	-	-	-	-	-	(2,773)
Ending Balance—December 31, 2012	75,371,376	17,182,059	34,142,459	1,975,805	18,400,978	(3,397,351)	(4,581,520)	12,533	416	(94,351)	142,012,404	76,220	142,088,624

Note: The Bank's employee bonuses were recognized as operating expense through profit or loss, and not recognized as distribution of earnings.

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2012	2011
Cash Flows from Operating Activities:		
Consolidated Net Income	\$ 18,406,433	16,873,705
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation expenses	1,291,341	1,477,211
Amortization expenses	610,251	639,447
Provision for bad debt expenses	499,000	612,224
Provision for (reversal of) guarantee reserve	5,804	(78,696)
(Reversal of other provisions) other provisions	(9,273)	2,025
Share-based payment transactions	292,691	234,394
Amortization of premiums (discounts) on financial assets	558,619	(617,341)
Amortization of discounts (premiums) on financial debentures	14,486	(153,925)
Investment gains under equity method	(79,801)	(84,849)
Cash dividends received under equity method	52,765	68,639
Losses (gains) on disposal and retirement of premises and equipment	27,951	(13,814)
Losses on retirement of intangible assets	71	202
Gains on disposal of idle premises and equipment	(25,280)	(42,300)
Gains on disposal of equity investments carried at cost	(11,178)	(6,026)
Unrealized (gains) losses on valuation of financial assets	(442,004)	1,743,792
Impairment losses on financial assets	1,195	96,723
(Reversal of) impairment losses on non-financial assets	(7,470)	26,398
Losses (gains) on disposal of foreclosed properties	5,583	(44,625)
Other adjustments	66,603	(23,652)
Net Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets:		
Increase in financial assets held for trading	(12,444,699)	(2,678,253)
Increase in receivables	(10,711,072)	(7,131,433)
Decrease (increase) in other financial assets	5,959,554	(3,437,739)
Net Changes in Operating Liabilities:		
Decrease in financial liabilities held for trading	(727,185)	(6,923,285)
Increase in payables	4,593,290	3,404,245
Increase (decrease) in other financial liabilities	3,931,329	(22,999,648)
Net Cash Provided by (Used in) Operating Activities	<u>11,859,004</u>	<u>(19,056,581)</u>
Cash Flows from Investing Activities:		
Decrease (increase) in available-for-sale financial assets	14,612,512	(70,668,517)
Purchase of held-to-maturity financial assets	(39,704,518)	(58,356,772)
Proceeds from maturities and paydowns of held-to-maturity financial assets	64,193,796	140,846,475
Proceeds from disposal of financial assets carried at cost	133,317	80,537
Proceeds from capital reduction of financial assets carried at cost	7,586	276,512
Purchase of premises and equipment	(4,793,800)	(2,453,965)
Proceeds from disposal of premises and equipment	16,429	66,375
Proceeds from disposal of idle premises and equipment	332,863	224,940
Purchase of intangible assets	(335,751)	(546,957)
Proceeds from disposal of foreclosed properties	132,531	266,465
Decrease (increase) in due from Central Bank and call loans to banks	22,234,353	(7,315,882)
Increase in loans	(73,221,819)	(70,776,531)
Decrease in receivables	751,693	2,980,549
(Increase) decrease in other assets	(2,250,511)	330,968
Net Cash Used in Investing Activities	<u>(17,891,319)</u>	<u>(65,045,803)</u>

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS(CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2012	2011
Cash Flows from Financing Activities:		
Issuance of financial debentures	-	12,900,000
Repayment of financial debentures	\$ -	(18,750,000)
Decrease in securities sold under repurchase agreements	(13,903,146)	(17,261,883)
Decrease in payables	(990)	(120,065)
Increase (decrease) in other liabilities	1,614,221	(124,001)
Cash dividends—common stock	(10,035,699)	(11,264,738)
(Decrease) increase in deposits from Central Bank and other banks	(20,673,649)	3,452,411
Increase in deposits and remittances	65,588,186	138,903,901
(Decrease) increase in due to Central Bank and other banks	(2,518,527)	1,723,135
Change in minority interest	(8,198)	-
Net Cash Provided by Financing Activities	<u>20,062,198</u>	<u>109,458,760</u>
Effect of exchange rate changes	(1,073,057)	882,966
Net Increase in Cash and Cash Equivalents	12,956,826	26,239,342
Cash and Cash Equivalents, at the Beginning of the Period	98,583,377	95,372,735
Cash and Cash Equivalents, at the End of the Period	<u><u>\$ 111,540,203</u></u>	<u><u>121,612,077</u></u>
Investing and Financing Activities Not Affecting Cash Flows:		
Capital increase through capitalization of retained earnings	\$ -	<u>268,119</u>
Cash and Cash Equivalents:		
Cash	\$ 37,258,838	36,847,941
Call loans to banks	41,675,782	56,954,703
Due from Central Bank	32,605,583	27,054,518
Financial instruments (cash equivalents)	-	754,915
	<u><u>\$ 111,540,203</u></u>	<u><u>121,612,077</u></u>
Supplemental Disclosures of Cash Flow Information:		
Interest paid (except for capitalized interest)	<u>\$ 13,556,376</u>	<u>11,103,044</u>
Income tax paid	<u>\$ 2,865,769</u>	<u>1,069,830</u>

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

