

Annual Report 2009



Chinatrust Commercial Bank

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The notarization CPA of last few years

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Credit rating institution

Titles: Taiwan Ratings Co., Ltd.

Address: 49F., No. 7, Sec. 5, Sinyi Road, Taipei

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

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I. Letter to Shareholders

2009 Review

2009 proved to be another turbulent year for the global economy. While most of the world grappled with recession, the financial system fought to regain a stable footing after the tumultuous events of September 2008. Market volatility remained high throughout 2009. Consumers and companies worldwide remained cautious. The world's economic recovery began in the second half of 2009 and may yet falter again before we return to a period of sustained global growth and stability.

Like most other global markets, Taiwan's economy was hit hard by the downturn. 2009 GDP shrank 1.87% from a year earlier as a result of lower exports and consumption. Monetary policy designed to kick-start economic recovery kept interest rate spreads at historically low levels, limiting banks' ability to make profits on lending activity.

CTCB's own financial performance in 2009 mirrored that of the broader Taiwanese and global markets. We incurred two large losses during the year that depressed our otherwise strong underlying operating performance. In our Taiwan home market we made provisions of NT\$4.1 billion on sales of structured notes linked to the now-defunct Lehman Brothers. In the US market CTB-USA took an NT\$7.67 billion charge to cover losses on commercial real estate. These two items reduced total 2009 bank earnings to NT\$2.34 billion and bank ROE to 1.99%. Excluding these items total 2009 earnings of NT\$14.11 billion would have been up 2.55% on 2008. At the end of 2009, even after these losses, our Tier 1 capital ratio of 10.95% ranked among the highest of any Taiwanese bank.

While we focused on sustaining strong operating performance in our core Taiwan business in 2009, we also maintained a parallel emphasis on creating new paths to profitable growth. We opened our first branch in Singapore in July to complement CTCB's existing operations throughout Asia and North America. Our Singapore branch is already becoming a key component of our regional and global business, and serves both Taiwanese and overseas customers' commercial banking needs throughout the South East Asia region.

Closer to home, in mid-November the Taiwanese and Chinese governments signed a series of memoranda of understanding on cross-strait financial supervision. This historic and welcome development promises a host of new cross-strait opportunities for financial institutions in Greater China. We believe CTCB is uniquely well-positioned to take advantage of these opportunities, and we strive to be one of the first Taiwanese banks to be permitted to set up operations on the mainland.

Latest Credit Ratings

Type	Rating Agency	Credit Ratings		Outlook	Additional Notes	Effective Date
		Long-Term	Short-Term			
International	Moody's	A2	Prime-1	Stable	BFSR: C-	2009.09.30
	Standard & Poor's	A-	A-2	Stable	BFSR: C+	2009.10.07
	Fitch	A	F1	Stable	Individual: B/C Support: 3	2009.12.18
Domestic	Taiwan Ratings	TwAA	twA-1+	Stable	-	2009.10.07
	Fitch	AA+(twn)	F1+(twn)	Stable	Individual: B/C Support: 3	2009.12.18

* BFSR refers to Bank Financial Strength Rating

2010 Outlook

Looking forward to 2010, then, our outlook is one of cautious optimism. Whilst we are hopeful of sustained economic recovery we are prepared for renewed volatility and a potential 'double-dip' recession in Taiwan and overseas. In particular, we continue to closely monitor our USA operations which are likely to face significant additional stresses over the next eighteen months as the USA commercial real estate market continues to decline. Overall, we must be disciplined and nimble enough both to withstand a prolonged period of market turmoil and to seize new profitable growth opportunities as and when they arise.

No matter how rapid and how smooth the recovery turns out to be, we believe Greater China will be at the vanguard of global growth for the next decade. With our leading position in Taiwan, our strategic focus on Greater China, our disciplined expansion into selective Asian growth markets and our strong balance sheet, we are exceptionally well-positioned to seize the opportunities before us.

We have set a clear agenda that is grounded in a deep understanding of our markets, customers and sources of advantage. Executing this agenda will be our focus in 2010 and beyond. We will protect and build our position as the leading bank in Taiwan through renewed attention to creating value for our customers. We will aggressively pursue China market entry and strive to establish a material presence on the mainland. We will reinforce our overseas operations in the rest of Asia and in North America by investing in the talent, systems and processes we need to succeed. And, in parallel, we will move progressively to a new global organization and governance model that will allow us to achieve our ambitions.

These changes will not happen overnight. In pursuing our agenda, CTCB's leadership team has set itself clear goals for growing both customer value and shareholder value sustainably over the next five years. We have strengthened our governance and risk management functions in all parts of the bank. We have tightened our performance management processes and aligned managers' rewards with performance delivery over time. We are building a global team of general managers capable of creating customer and shareholder value across different parts of the bank. Our 10,000 employees, who have worked hard to sustain operating performance in a challenging year, are committed to help launch CTCB into the next decade and secure our future success.

We will remain true to our core values – caring, professional and trustworthy – as we pursue our agenda. We will protect and build our customers' assets, and regain their trust.

We have come through a difficult period, and we may yet meet further turbulence, but we believe our long term future is bright and our opportunities significant.

A handwritten signature in black ink, appearing to read 'Mike DeNoma', with a stylized flourish at the end.

Michael B. DeNoma
Chairman

II. Company Profile

A. Company Overview

1. Date of Establishment: March 14, 1966

2. History:

The predecessor of Chinatrust Commercial Bank (CTCB) was China Securities Investment Corp., which was founded in 1966. Two key events stand out in its 44-year history: reorganization as an investment trust company in 1971 and transformation into a commercial bank in 1992. This evolution coincides with the budding, growth, and metamorphosis of Taiwan's financial market, which in turn is a mirror of how the local economy has evolved.

With a mission to build a truly international, diversified entity capable of providing a complete range of financial services, Chinatrust Financial Holding Co., Ltd (CFHC) was initiated on May 17, 2002. Through a share swap, CTCB was made a wholly owned unit of the financial holding company.

To maximize economies of scale, CTCB merged with Grand Commercial Bank in December 2003 and acquired Fengshan Credit Cooperative in July 2004. These were followed by its successful bid in May 2007 for Enterprise Bank of Hualien. On April 2008, CTCB merged with Chinatrust Bills Finance Corp. As of the end of 2009, CTCB had 145 domestic outlets and a total of 4,368 ATMs installed across the country. With an outstanding base of NT\$1.32 trillion in deposits, it had assets of NT\$1.73 trillion, surpassing all other private banks in Taiwan.

3. Business Overview

CTCB is engaged in the following businesses: deposits, loans, guarantees, foreign exchange, OBU, trust, credit cards, cash cards, equities, bonds, proprietary dealing in futures, derivatives, factoring, safe deposit boxes, electronic banking, and the Public Welfare Lottery. In terms of wealth management, CTCB has opted to serve clients with professional counseling that centers on its financial advisory system, doing away with the conventional approach of promoting in-house products. In recognition of the constantly exquisite services delivered by the bank's reliable management team, *Euromoney* magazine has cited CTCB as the Best Private Bank in Taiwan for five years in a row.

When it comes to corporate banking, CTCB has made it a point to grow the e-commerce market. Special emphasis is placed on developing and perfecting an online banking platform fully protected by a well-rounded security mechanism. In 2007, the bank joined forces with Yahoo! Taiwan to install the "Yahoo! pay easy" payment platform. CTCB has also been keen

to develop and promote one-time password (OTP) certification services so as to provide consumers with a safer online shopping environment. With fraudulent practices effectively foiled, online shopping is that much easier and more convenient.

Additionally, CTCB has been highly proactive in getting involved in syndicated loans overseas. It was the first Taiwan bank to act as lead arranger of a syndicated loan in the South African market. In 2008, CTCB served as co-lead arranger of a syndicated loan to PT Protelindo of Indonesia; the exercise was later rated by *Project Finance* magazine as the Asia-Pacific Telecoms Deal of the Year. Looking ahead, CTCB is set to play an even bigger role in the international syndicated lending market through teaming up with more partners from around the world.

4. Honors/Awards

CTCB's proven track record in product development, business performance, and earnings capacity has not gone unnoticed. It has won extensive recognition among domestic and foreign rating agencies and well-respected financial publications. The number of honors and awards granted to CTCB is unparalleled by any other local peer. The following is a list of major prizes won in 2008:

Honors - Domestic

- (1) Trusted Brand 2009: Gold Winner in Banking Industry & Credit Card Issuing Bank – *Reader's Digest*
- (2) Cited as No. 1 in terms of operating performance by the Banking Education Association of Taiwan (BEAT) in its evaluation of 24 banks listed on the Taiwan Stock Exchange or GreTai Securities Market
- (3) Best Bank in Service Award 2009 – *Next Magazine*
- (4) Best Bank Awards for Preferred Brands of Businesspeople – *Business Today*

Honors – International

- (1) Best Foreign Exchange Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Emerging Market Bank in Taiwan, Best Investment Bank in Taiwan, Best Corporate / Institutional Internet Bank in Taiwan – *Global Finance*
- (2) Best Private Bank in Taiwan – *Euromoney*
- (3) Best Bank in Taiwan, Best Foreign Exchange Bank in Taiwan, Best Cash Management Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Private Bank in Taiwan) – *FinanceAsia*
- (4) Best Transaction Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Domestic Custodian Bank in Taiwan, Best Subcustodian Bank in Taiwan, No.1 of The Best Bank in Taiwan Dollar Corporate Bonds, Best Domestic Investment Bank in Taiwan, Best Debt House – *The Asset*
- (5) House of the Year – *AsiaRisk*

- (6) Best Local Currency Cash Management Service:TWD, Best Cash Management Bank in Taiwan (Small, Medium and Large size), Best Domestic Provider of FX Service in Taiwan as voted by corporates – *Asiamoney*
- (7) Deals of the Year 2009 in Asia, Bank of the Year 2009 in Taiwan – *The Banker*
- (8) The Asian Banker IT Implementation Awards – Best ATM Installation and Management Project Award – *The Asian Banker*
- (9) Asia Pacific Telecoms Deal of the Year – *Project Finance*
- (10)Taiwan Loan House – *IFR Asia*

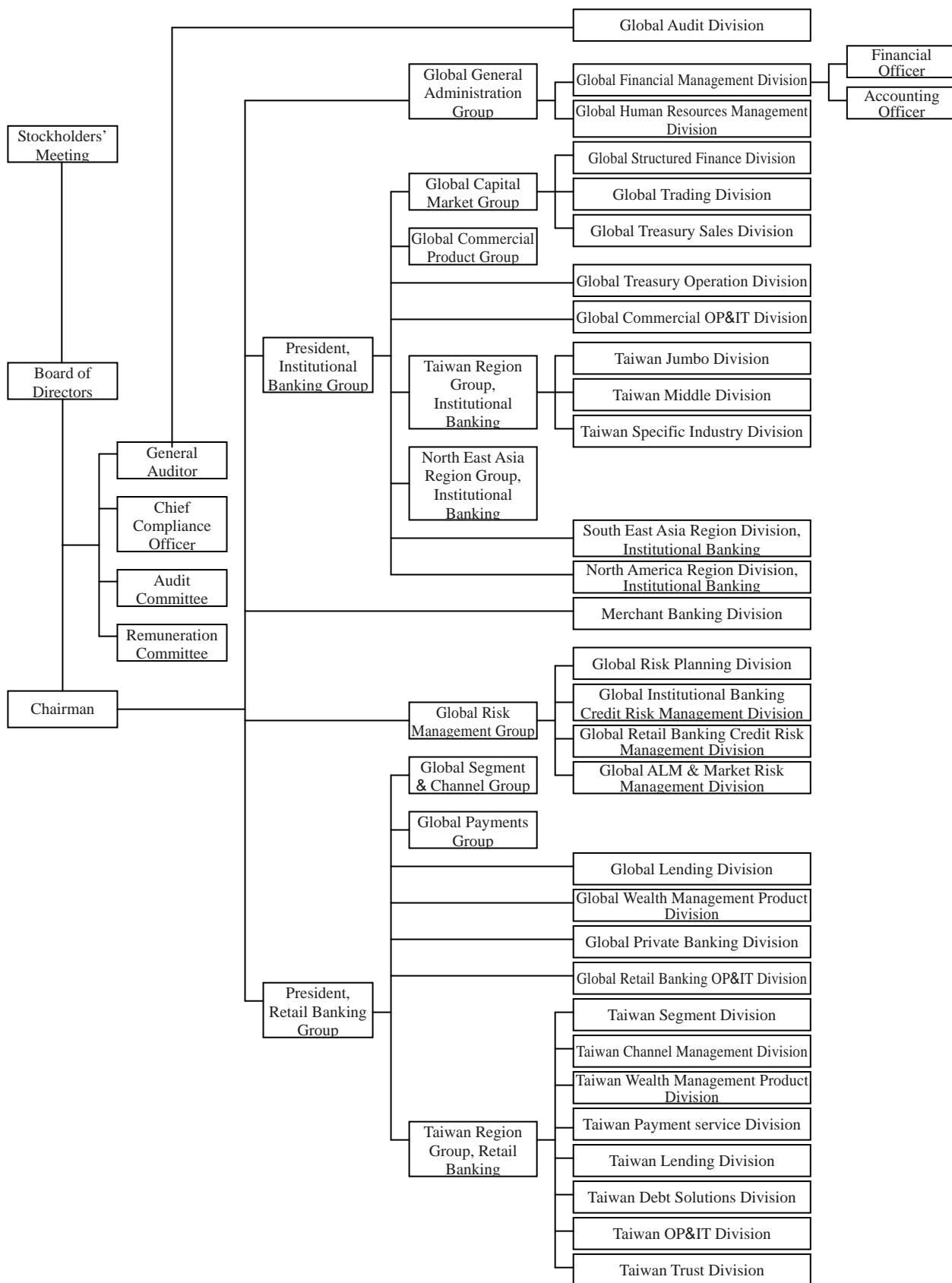
5. Going Global

As banks increasingly have to do business in a deregulated global market, CTCB has relentlessly endeavored to expand both at home and abroad. As of the end of 2009, CTCB had 145 domestic and 75 overseas outlets (branches, subsidiaries and their branches, and representative offices). As the Taiwanese bank with the most extensive international network, CTCB has branches, subsidiaries and representative offices in Hong Kong, Japan, India, Vietnam, Singapore Philippines, Indonesia, Thailand, China, America and Canada.

Looking ahead, Chinatrust considers “To Protect and Build” its corporate motto. It will team up with customers in a common quest for an ever-brighter future for everyone. In its turn, Chinatrust is set to make a “Taiwan Champion, Greater China & Asia Leader, and North America Innovator.” Ultimately, Chinatrust aims to become a premium brand name that is recognized by customers everywhere as the most trusted financial services institution.

B. Organization

1. Organization chart



2. Directors, supervisors, and major managers

(1) Directors and supervisors

March 31, 2010

Title	Name	Date of assignment	Office term	Significant experience	Education
Chairman	Michael B. DeNoma	Jun 30, 2009	3	Group Executive Director and CEO of Standard Chartered Bank	MBA, The Wharton School, University of Pennsylvania
Director	Jeffrey L. S. Koo	Jun 16, 2008		Chairman of CFHC Chairman of Chinese International Economic Cooperation Association	Honorary Ph.D., De La Salle University Philippines MBA, New York University, USA
Director	Wen-Long Yen			Chairman of United Real Estate Management Co., Ltd.	Department of Economics, Soochow University, Taiwan
Director	Charles L. F. Lo			Vice Chairman of CFHC Chairman of CTCB	Department of Economics, National Chung Hsing University, Taiwan
Director	James Chen			President of CFHC President of institutional Group, CTCB	MBA, The City University of New York, USA
Director	Chun-Ko Chen	Jun 30, 2009		Executive Vice President, Chinatrust Commercial Bank	National Chengchi University College of Law
Independent Director	Jih-Tsan Huang	Jun 16, 2008		Partner-in-Charge, Jones Day Taipei Office	S.J.D., Harvard University, USA
Independent Director	Chung-Yu Wang	Jun 16, 2008		Vice chairman of Tong Lung Metal Industry Co., LTD	Honorary Ph.D., Chung Yuan Christian University, Taiwan
Independent Director	Wen-Chih Lee	Jun 30, 2009		Professor, National Kaohsiung University of Applied Science Graduate Institute of Commerce	Ph.D., National Taiwan University Graduate Institute of Commerce

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. Jeffrey L. S. Koo (7.29%) 2. Morgan Stanley Formosa Holdings (Cayman) Limited. (4.18%) 3. Saudi Arabian Monetary Agency (2.48%) 4. Chinatrust Commercial Bank Trust Account for CFHC Employee Welfare Savings Committee (1.40%) 5. Farglory Life Insurance Co., Ltd. (1.32%) 6. Chunghwa Post Co., Ltd. (1.32%) 7. Bureau of Labor Insurance (1.10%) 8. Fubon Life Insurance Co., Ltd. (1.05%) 9. JPMorgan Chase Bank N.A. Taipei Branch in custody for Foreign Equity Series(a series of Templeton Institutional Funds, Inc.) (0.93%) 10. iShares · Inc. (IBT) (0.87%)

4. Major Managers

May 16, 2010

Title	Name	Education	Significant Experience
CEO, Global Institutional Banking	James Chen	MBA, The City University of New York, USA	President, Institutional Banking Group of Chinatrust Commercial Bank
CEO, Global Retail Banking	Oliver Shang	MBA, University of Delaware, USA	President, Retail Banking Group of Chinatrust Commercial Bank
Senior Executive Vice President	Daniel I.K. Wu	MBA, University of Rochester, USA	EVP of Chinatrust Commercial Bank
Senior Executive Vice President	Roger Kao	MS in Broadcast Journalism, Boston University, USA	EVP of Chinatrust Commercial Bank
Senior Executive Vice President	Jack T.K. Cheng	Bachelor of Business Administration, National Taiwan University	EVP of Chinatrust Commercial Bank
Senior Executive Vice President	Su-Kuo Huang	MBA, Takushoku University, Japan	EVP of Chinatrust Commercial Bank
Senior Executive Vice President	Larry Hsu	Bachelor of Business Administration, National Taiwan University	EVP of Chinatrust Commercial Bank
Chief Economic Advisor	Christina Y. Liu	PhD in Economics, University of Chicago, USA	Chief Economic Advisor of Daiwa Institute of Research
Executive Vice President	Eric Wu	Master of Business Administration, National Taiwan University	SVP of Chinatrust Commercial Bank
Executive Vice President	Aaron King	Master of Law, Georgetown University, USA	Partner, Lotus International Law Office, Taipei
Executive Vice President	Tim T. Chiu	Bachelor of Economics, Soochow University	SVP of Chinatrust Commercial Bank
Executive Vice President	Cliff Shen	Bachelor of Business Administration, National Chengkung University	SVP of Chinatrust Commercial Bank
Executive Vice President	Derek Lo	MBA, Madonna University, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Jeremy Ou	Master of Industrial Engineering, The Pennsylvania State University, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Joseph Shih	Bachelor of Accounting, Fu Jen Catholic University	SVP of Chinatrust Commercial Bank
Executive Vice President	Julie L. Yang	MBA, The City University of N.Y. Baruch College, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Miao-Chiu Hsu	MBA, ST. John's University, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Ignatius Chang	MBA, National University, USA	EVP of Standard Chartered Bank
Executive Vice President	Openmind Yeh	Bachelor of Economics, Tunghai University	SVP of Chinatrust Commercial Bank
Executive Vice President	Frank Shih	MBA, University of Texas at Austin, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Tony Yang	Master of International BA, United States International University, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	David Swei	MBA, University of Dallas, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Alex Chen	Master of Information Engineering, National Taiwan University	President of Visa International Taiwan
Executive Vice President	Mingjohn Lee	MBA, New York University, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	H.Y. Chen	MBA, Ohio State University, USA	SVP of Chinatrust Commercial Bank
Executive Vice President	Samantha Lin	MBA, National Taipei University	EVP of Standard Chartered Bank
Executive Vice President	William Han	MBA, Concordia University, Canada	President of Chinatrust Bank (U.S.A.)
Executive Vice President	Bell Chong	MBA, National Chengchi University	SVP of Chinatrust Commercial Bank
Executive Vice President	C.C. Huang	MBA, Indiana University at Bloomington, USA	EVP of ABN AMRO Bank
Senior Vice President	Eric Hsin	Executive MS in Finance, The City University of New York, USA	VP of Chinatrust Commercial Bank
Senior Vice President	Alex Chen	Bachelor of Economics, Chinese Culture University	VP of Chinatrust Commercial Bank
Senior Vice President	Eric Tsai	EMBA, National Chengchi University	VP of Chinatrust Commercial Bank
Senior Vice President	Amy Yang	International Trade, Chihlee College of Business	VP of Chinatrust Commercial Bank
Senior Vice President	Shirley Yang	MBA, Michigan State University, USA	VP of Chinatrust Commercial Bank
Senior Vice President	Matthew Liaw	MBA, University of Wisconsin at Madison, USA	EVP of ABN AMRO Bank
Senior Vice President	Prudence Lin	MBA, Wichita State University, USA	VP of Chinatrust Commercial Bank

III. Business Review

A. Business Performance

1. Scope of Business:

a. Institutional Banking

i. Commercial Banking

Provide flexible, tailor-made services, including loans, trade finance, cash management, trust and proxy services, and letters of credit for international trade.

ii. Capital Markets

● Corporate Finance Division:

Offer tailor-made services based on clients' specific funding and financial management needs, including syndicated and structured loans, planning of financial structure, and advisory services on domestic or overseas IPOs and secondary offerings.

● Financial Markets Division:

The operations in Financial Markets Division comprise the sales and trading of capital markets products including debt and equity securities, foreign exchanges and related derivatives. We provide tailored investment and hedging advise and solution to corporate and institutional clients to minimize their risk.

b. Retail Banking

i. Wealth Management

Provide target clients with financial planning and advisory services regarding asset allocation, as well as access to CFHC's large variety of financial products.

ii. Secured Lending

Provide individuals with residential mortgages, extend loans to small and medium-sized businesses, and design repo-related products and services for other corporate clients.

iii. Credit Cards

Offer stored value cards and VISA-ATM cards as well as credit cards.

iv. Unsecured Lending

Extend various unsecured loans, such as loans for cardholders, personal credit loans, cash cards, and revolving loans.

2. Business discussion:

a. Retail Banking Business

i. Wealth Management

Since entering the wealth management business eight years ago, Chinatrust has built the leading position across all five major wealth management product lines, including mutual funds, collective investment accounts, foreign structured notes, personal trusts, and bancassurance. Up to Dec. 2009, the market share of VIP clients (i.e. more than NTD 3 million of assets under management at Chinatrust) has remained at 18.26%, placing Chinatrust No.1 in the market. Following the global economic downturn in 2008, the

performance of Chinatrust's wealth management business improved in 2009, thereby improving Chinatrust's fee income. With strong sales in bancassurance and greater demand in mutual funds, fourth quarter 2009 wealth management fee income grew 37% when compared to third quarter 2009.

In 2009, in order to better understand customers' risk characteristics and provide effective portfolio management, Chinatrust developed an upgraded new investor risk attribute prediction model and a New Advisory Business Strategy. Meanwhile, Wealth Management also combined with the Overseas Asset Management Center to fulfill customer's offshore financial needs and provide globalized financial services.

New Advisory Business Strategy

The Chinatrust Investment Consulting Center evaluates all IPOs (Initial Public Offerings of stocks) as well as revised or updated investment products based on their historical performance and risks, and gives each one a Chinatrust Risk Label. The Product and Advisory Committee (PAC), a cross-functional forum, then examines the profiles of those products with higher standards than ordinary products. Furthermore, for structured products, Chinatrust has established a risk evaluation team to monitor the credit risk of issuers, the investors' potential profit and loss, and marketability. If the structured product does not pass the risk evaluation, the PAC will not approve the product for sale to Chinatrust customers. Chinatrust will also provide the appropriate investment portfolio recommendations for different investors individual risk-profiles and monitor the clients' investments regularly to make sure they won't face too much unnecessary risk.

ii. Internet Banking

Chinatrust Internet Banking has gradually moved its business function from the role of supporting the branch channel to stand on the frontline and proactively provide services to our customers. Chinatrust Internet Bank was awarded "The Best Consumer Internet Bank in Taiwan" by *Global Finance* in 2008 and was the only banking website in Taiwan that has been recognized with this award for five consecutive years since 2003. We were also recognized for the "2008 Online Banking Security Project of the Year" by *The Banker* magazine.

In summary, despite going through the global financial crisis, we still maintained high performance in Internet Banking. There were more than 4.2 million transactions performed online during in 2009, for which the fee income of mutual funds generated in excess of NTD 320 million, with additional benefits from other income and cost savings on top of that. The penetration rate of Internet customers has increased to 28%, and the annual growth rate was around 20% in 2009. With its large customer base, Internet Banking will play an important role in driving revenue for Chinatrust's overall business.

iii. ATM Services

“To provide the ATM services to everybody” is the mission of Chinatrust’s ATM channel. To achieve this objective, we have built up the biggest ATM network and provide 24 hour / 365 day service in Taiwan. As of December 2009, Chinatrust had set up a total of 4,359 ATMs and leads Taiwan’s ATM market, no matter whether it relates to network breadth or transaction volumes. Including branches and 7-Eleven convenience stores, Chinatrust captured 26.1% of interbank transaction volumes and continues to hold the No. 1 position in terms of the number of ATMs. Furthermore, since 2008, Chinatrust has installed more than 500 Recycle ATMs with deposit and withdrawal services in 7-Eleven convenience stores that service customers 24 hours a day instead of the restrictive service hours of branches. Total Recycle ATMs will up to 700 by the end of 2010. Under this program, Chinatrust was awarded “2009 Best ATM Installation and Management Project in Asia” by *The Asian Banker*.

iv. Bancassurance

For years, Chinatrust has leveraged the synergies across its units and with its partners, and has been devoted to product innovation, quality service and branding awareness in order to magnify customer benefits. Utilizing this strategy, Chinatrust has always been in a leading position in the bancassurance market. In first quarter 2009, Chinatrust created NT\$ 1.6 billion sales volume in 3 months, thereby setting a new historical record in Saving-oriented products in Taiwan Bancassurance. In late second quarter 2009, as the deposit interest rate was still low and capital from deposit customers was still high, Chinatrust started a marketing campaign geared toward customers seeking higher return than the deposit rate, along with capital liquidity. This marketing campaign, involving interest sensitive annuity and universal life products, resulted in over NTD 9 billion in sales volume within 3 months.

v. Credit Card

The global financial crisis slammed the credit card industry in Taiwan; in these tough times, Chinatrust has continuously practiced customer segmentation to identify underserved customers in the financial industry. For example, we aligned business units with segments to manage customers in different life stages and merchants in different fields.

In 2009, we launched the “Multi-Merchant Preferential Program”, which cooperates with leading brands in various industries, e.g. Watsons Your Personal Store, ULead gasoline stations, Ambassador movie theaters, and Eslite bookstore. This program not only increases cardholders’ usage and sales volume, but also strengthens customers’ preference and loyalty. Chinatrust is not only a leading brand in Taiwan but also outperformed the market in several key indicators of the credit card business, including spending volumes,

total cash advance amount and cards in circulation. The market share of cards in circulation was 16.2% and the total card sales volume market share was 18.5% throughout the year 2009.

vi. Integrated Call Center Function

Over the decades, Chinatrust has been consistently committed to deliver outstanding customer service experience and gets high recognition both from its customers and industries. Due to the influx of information technology, customers' expectations for service quality have grown more challenging. In order to meet customers' high expectations and stay ahead of ever-improving competitors, Chinatrust remains devoted to developing new client-centric service standards and state-of-the-art IT infrastructure to provide tailor-made customer services and to maintain our leading role in the financial industry. Therefore, we have built a New Call Center System to fulfill clients' needs as well as address current issues, including: poor stability for CTI (Computer Telephone Integration) inbound customer service system, and out of date IVR (Interactive Voice Response) infrastructure which could not support the new demand challenges.

After implementing this call center project, Chinatrust has experienced a NTD36.5 million increase in annual service charge from Gross Cross-Sale Volume and 12% increase in clients' satisfaction regarding their self-directing within the Interactive Voice Response System. In addition, The *Asian Banker* also honored us for the Best Call Centre Project of Technology Implementation Award in 2010.

b. Institutional Banking Business - Transactional Banking Business

i. Cash Management

Over the past year, many banks have faced such serious losses that they were forced to reorganization and recapitalize. With a strong value-proposition and product packages, and empowered by excellent sales services, Chinatrust has seized the opportunity to make a new road. From 2007 through 2009, we have had steady growth in both NT Dollar and foreign currency deposit volume and had year-over-year growth of up to 6%. Although the poor banking environment negatively influenced our total revenue, we have increased the portion of stable revenue sources. According to our portfolio data, the stable fee income accounted for 19% of corporate banking revenue in 2009, with year-over-year growth of 7%.

ii. Factoring/Trade Finance Business

● Factoring:

Chinatrust product offerings include both traditional factoring services as well as tailor-made structured products. This product breadth allows us to serve both

mainstream and niche markets as well as providing Chinatrust customers a range of choices regarding different levels of financing and credit protection. As a result, Chinatrust has maintained its leadership position in the Taiwanese factoring market while retaining an 18% market share at the end of 2009.

- Trade Finance:

Similar to factoring services, Chinatrust provides new products that combine traditional and innovative trade services to meet clients' requirements. For example, the forfeiting products help the LC beneficiary hedge country/credit risk, and thus obtain financing that would otherwise be too risky. In addition, in order to provide service promptly and efficiently, since 2009 Chinatrust has gradually upgraded the operations systems in Hong Kong, Ho Chi Minh City, Singapore and the New York Branch. The functions of the new system, such as image storage and electronic workflow, will help Chinatrust to centralize operations and deal with contingencies and overloading.

iii. Capital Market Business

Sales and Trading of financial market products

Our Financial Markets (FMD) business offers a wide range of capital markets products for corporations, governments, and institutional investors with a combination of global experience, product scope and expertise. Our comprehensive trading and distribution platform operates primarily in Taiwan, Hong Kong and Southeast Asia, including the Philippines and Indonesia, complemented by superior market-making capabilities and sales relationships. In 2009, the trading and distribution platform in New York was established and was marked as the first full-function treasury operation in New York among Taiwanese banks. In addition, our derivatives business was ranked number one among local banks. We have a significant lead over other competitors, according to statistics published by the Central Bank of China.

FMD revenue is generated primarily from interest on debt securities, fees, spread and trading income on foreign exchange, securities and related derivatives. Chinatrust has continued differentiating itself from competitors in the tough year since the financial crisis, with the proof of awards received since 2005 continuing until now. We have been recognized as the Best FX provider, Best Foreign Exchange Bank in Taiwan, Best Domestic Investment Bank in Taiwan, Derivatives House of Year in Taiwan from several well-known institutions such as *Euromoney*, *Global Finance*, and *Asia Risk*.

Besides being the leading bank specialized in interest rate derivatives trading, Chinatrust is also a major player in the NT Dollar swap market, and also holds the #1 market share in interest rate option trading and money market swaps. Chinatrust has kept up our pace in developing new business in order to maintain our commitment in continuous innovation

and business momentum in key areas, such as offshore Taiwan Dollar and Renminbi interest rate derivatives to offer our Taiwanese clients comprehensive hedging tools.

iv. Global Structured Finance - Syndicated Loans

Chinatrust has a proven track record of being recognized as the leading bank in the Taiwanese syndicated loan market. In addition to being a leading player in terms of deal volume and deal numbers, Chinatrust is also widely recognized for its deal quality and Agent bank services. In 2008 and 2009, Chinatrust was a Top 3 and Top 5 bookrunner, respectively, according to *IFR Asia*.

Beginning in the second half of 2008, momentum in the Taiwan loan market was inevitably affected by the financial crisis, resulting a 32% year on year drop in the market volume in 2009. While foreign banks and private banks are more risk averse, certain Taiwanese state-owned banks were obliged to increase lending to comply with the government's economic stimulus plan, focusing on real estate related financing and other key industries. Chinatrust has purposefully avoided some deals with higher risks but lower yields, in order to best utilize our capital. Instead, Chinatrust aims to pioneer in innovation and offers a wide spectrum of structured products to bring more value added services to our clients. Our outstanding features include:

- **Market Leading Position:**

Chinatrust continues to maintain its leading position as a syndication powerhouse thorough comprehensive coverage in depth and width of client base, investor base, structure diversity and geographic/sector diversification.

- **First Time Borrowers:**

By successfully introducing 18 first time borrowers to the syndication market, despite the financial turmoil, Chinatrust demonstrated unparalleled origination and distribution ability.

- **Unrivaled Distribution Ability:**

74% of deals arranged by Chinatrust are oversubscribed, with an average deal over-subscription rate of 26% in 2009, clearly demonstrating Chinatrust's strong distribution capability.

- **Leader in the Taiwanese Secondary Loan Market:**

Chinatrust successfully closed 11 transactions in the Taiwanese secondary loan market in 2009. Chinatrust is also the only market maker who actively created a secondary deal pipeline, outperforming other major syndication arrangers.

- **Eminent Position in Leveraged Finance:**

In 2009, only three leveraged deals were closed in Taiwan, and all of them were led by Chinatrust in a proficient and efficient manner, obtaining high satisfaction from both the acquirer and the target. Chinatrust's structuring capability was further evidenced by its completion of the most complicated LBO financing transaction in Taiwan (Eastern

Home Shopping & Leisure Co., Ltd. - NT\$5 Billion Term Loan Facility), which featured an innovative investment transaction and debt structure. This deal was also awarded *The Banker* “Deals of the Year” in Asia in 2009, among over 480 deals across the region.

To sum up, Chinatrust shows superior distribution capability, structuring capability and agent bank services by offering the best total solution, best execution and post-deal service to clients. Though Chinatrust’s bookrunning loan volume is lower than the aggressive state-owned banks, Chinatrust still stood out from peers by arranging more complex and innovative, quality deals. Chinatrust was once again (for the third time) recognized as “Taiwan Loan House” by *IFR Asia* in 2009, which indeed demonstrates that Chinatrust is a true leading bank in the Taiwanese syndicated loan market.

B. Employees

Year	December 31,2008	December 31,2009	
Number of employees	9,290	8,971	
Average age	34.27	35.33	
Average tenure of employee	6.84	7.59	
Education	Graduate and up	15.31%	16.19%
	Bachelor	76.09%	75.49%
	High school	8.60%	8.32%

C. Corporate Responsibility & Code of Ethics

At Chinatrust, corporate social responsibility is considered one of the company’s core values. Keenly aware of its duty to serve the community where it has thrived, Chinatrust has spared no funds and resources at its disposal to contribute a due share to public good. The company’s corporate motto “We are family” is best reflected by its heart-felt care for employees, the community, and the environment. Chinatrust’s active involvement in all kinds of social events, including charity, the arts, and environmental protection, is intended to make real the vision of creating a better tomorrow for everyone.

1. Pioneer in Charity Endeavors

The Chinatrust Charity Foundation was founded on November 2, 2004 to coordinate various charity projects already under way and expand their reach across the community. Special emphasis is placed on caring for the economically disadvantaged and physically or mentally disabled children. Volunteers from within Chinatrust are encouraged to take part in various activities all year round to make the vision of “Love for kids” a reality.

a. Care for Economically Disadvantaged Children

Chinatrust launched the “Light Up A Life” fund-raising campaign in 1985. The first such

campaign meant for disadvantaged children to be sponsored by a local private enterprise, it has received donations totaling about NT\$700 million over the past 24 years. By aiding 35 charity groups, more than 130,000 needy children have benefitted from the initiative.

The bulk of the funds raised from the “Light Up A Life” campaign are handed over to the Taiwan Fund for Children and Families (TFCF) that operates support centers throughout the country. Under the banner of the “Poverty-Relief Project,” the fund edevises programs to promote early education of pre-school children, and advance vocational training and self-enhancement of parents and youngsters. Relief efforts are continuously made toward enabling less fortunate families to have a fresh start.

b. Care for Physically/Mentally Disabled Children

According to an international study, a full year of early treatment given to children with developmental delay before they reach the age of three can be as effective as what one can expect to achieve in 10 years if such treatment is provided only after this “golden period” is already over. Thus, every dollar spent on early intervention programs promises to save three dollars in future expenditure on special education.

Over the years, the Chinatrust Charity Foundation has collaborated with charity groups to provide screening services meant to spot candidates deserving early treatment, as well as provide house calls and resident services. The objective is to take advantage of the “golden period” in making early treatment available to less fortunate children in remote areas. In particular, Chinatrust and the Eden Social Welfare Foundation have joined hands in offering early intervention screening services across faraway communities in nine counties and cities throughout Taiwan. A better-rounded early intervention process was put in place in the offshore county of Penghu, now that an early treatment van and a speech therapist are stationed there. In 2009, Chinatrust was involved in the screening of 993 children. Of the total, 142 or 14.3% were suspected of falling victim to developmental delay. Furthermore, 28 of the 142 children live in Penghu. Social workers, special education teachers and therapists jointly performed a second screening, two months after the first one, on the children identified as candidates for early intervention in the first screening. Meanwhile, they looked into the children’s family backgrounds, informed parents of subsequent steps to be taken and alerted social affairs agencies of local governments to ensure that these less fortunate children could secure all the care they need.

In 2009, Chinatrust rendered charity services to a total of 248,256 people. The feat was made possible only with assistance from such charity groups as the Eden Social Welfare Foundation, First Social Welfare Foundation, Maria Social Welfare Foundation, Yu-Cheng Social Welfare Foundation and Catholic Kuang Jen Social Welfare Foundation.

c. Volunteer Activities

From its beginning, the Chinatrust Charity Foundation has made it a point to solicit volunteers from within the Chinatrust Group to help in the care of and providing relief to economically disadvantaged children. A long-term counseling project was launched in September 2005 to help needy children in their after-school studies. In 2006, Chinatrust began dispatching volunteers to host financial management workshops at TFCF support centers across the country. Underprivileged children and their families, be they in Taitung or Hualien on Taiwan's eastern seaboard or on offshore islands like Penghu and Kinmen, were provided with a better understanding of the fundamentals of sound financial and debt management.

In March 2007, the Chinatrust Charity Foundation launched a volunteer English-teaching program. Teaching and game play are intertwined to give children a stronger incentive to learn English.

Separately, the Foundation joined forces with the Ministry of Interior's Northern Region Children's Home in launching a program that helps prepare orphans and abused children to better blend into society. During weekends between summer vacation from 2008 to 2009, Chinatrust volunteers offered these children such activities as company visits, sharing with job-market achievers, interview skills training, and financial planning.

As of the end of 2009, the Chinatrust Charity Foundation had sponsored a total of 597 volunteer events at hospitals, children's homes, and TFCF centers as well as other remote areas across the island. These include after-school counseling, reading of illustrated books to sick children, financial management workshops, and early intervention and screening services. In total, Chinatrust volunteers had contributed a combined 99,036 hours of their time serving more than 20,000 disadvantaged children.

d. Emergency Relief

There is no telling when a family may be impacted by natural disasters such as earthquakes, typhoons or other events. For children, these are invariably traumatic experience. Even worse, many of them will be rendered homeless or denied their chance of going to school after a disaster. Chinatrust recognizes that such children may need help from the community. Some recent disasters in the region include the devastating September 21, 1999 earthquake in central Taiwan; Typhoon Nari that ravaged the island in September 2001; the catastrophic May 12, 2008 quake in Sichuan, China; and the August 8, 2009 flooding that caused heavy casualties in southern Taiwan. Immediately after these calamities, Chinatrust responded by donating cash, financing reconstruction projects and offering psychological counseling to those impacted by the disasters.

Some of Chinatrust's disaster relief efforts include:

- 1999 – Donated NT\$24 million to be used by the government in its coordinated relief efforts after the September 21 earthquake.
- 2004 – Donated NT\$10 million for victims of the July 2 flooding.
- 2004 – Donated NT\$10 million for reconstruction in the wake of the Indian Ocean Tsunami.
- 2008 – Donated CHY 10 million for rescue and relief of victims of the May 12 earthquake.
- 2009 – Donated NT\$127 million to help with accommodation and schooling of children impacted by the August 8 flooding and to offer them psychological counseling.

2. Sponsorship of Arts and Cultural Activities

From January 2001 to December 2009, Chinatrust sponsored over 40 arts and cultural performances, including a concert by famous singer Michael Bolton, a piano concert by Richard Clayderman, the Golden Classics Concert, the International Children's Folk Game Festival of Yilan, 2008 Yilan International Rain Festival and exclusive exhibitions such as the "Ancient Egyptian Art of the Louvre", "Millet, The Beauty of Countryside", "ALEGRIA, Cirque de Soleil", "Arts from Van Gogh" and more. These activities contributed greatly by raising the arts and cultural standards of Taiwan as well as enhancing the leisure quality of its people.

To raise the appreciation for domestic arts as well as enhance the lifestyles of Taiwanese, Chinatrust led the business community in providing the funds for building the Novel Hall, which is currently used to launch and sponsor numerous art performances both from Taiwan and overseas. By the end of 2009 there had been a total of 2,668 performances held at the Novel Hall, attracting over 1,600 thousand people.

3. Care for the Environment

As global warming increasingly becomes an issue around the world, Chinatrust is keen on playing a due part in the cause of preserving the environment. In addition to sponsoring community parks and planting projects, it looks within to help uphold Taiwan's environmental integrity. Efforts made across the Chinatrust group include garbage and kitchen refuse recycling, paperless operations at the office, and energy conservation by means of special devices to save electricity and water consumption.

In 2006, Chinatrust became a patron of the Sungchi Park in Taipei's Xinyi District, which is designed to be a place where residents and visitors can rest and relax.

In step with rapidly unfolding global trends, in 2007 Chinatrust introduced a company-wide project to help with environmental protection and energy conservation. More than just reducing costs, it goes a long way toward reducing carbon dioxide emissions and keeping

elevators, lighting, and air-conditioning; the concept is also a key consideration in its deployment of facilities, procurement, and resource allocation.

4. Protection of Consumer Interests

Serving customers—who always come first—with the heart is constantly top-of-mind at Chinatrust.

Chinatrust offers a full package of products and services so that it can truly satisfy clients no matter what they may need and desire. All products must conform to the most stringent selection criteria before hitting the market. Every wealth management specialist at Chinatrust is fully supported by an elite research team so that he or she can provide the client with comprehensive, professional services people will expect of a true expert.

Chinatrust is absolutely committed to keeping personal data provided by its clients confidential. Clients are urged to take their case to Chinatrust if they think that the Company has been unfair in promoting or selling a given product, or that it has failed to adequately disclose the risks involved beforehand. For such and other disputes, clients can call the company, send email, write letters, or head directly to a Chinatrust counter. Chinatrust pledges to approach any such problem from the client's perspective. Acting with goodwill to help clients solve their problems, Chinatrust is keen to win trust and longtime support.

5. Emphasis on Human Rights; Care for Employees

Human rights constitute a key ingredient of Chinatrust's corporate values. Taking employees as family, it is committed to taking care of each and every one of them. This pledge is honored in the pay structure, welfare regime and other employee benefits—that is, every aspect of employee's daily necessities and medical needs.

a. Pay Structure:

A well-rounded pay structure and benefit package goes a long way toward retaining talent who must find it happy reporting to work every day. Chinatrust offers a highly competitive remuneration package so that a top-notch workforce can foster and share its growth.

b. Core Benefits:

Chinatrust makes sure that employees' basic needs are fully satisfied, including coverage by the national labor and health insurance program as well as the corporate insurance scheme. They are also entitled to grants for marriage, death, and child birth; subsidies for medical care of family members and children's education; gift money for birthday; and bonuses often paid ahead of three major Lunar calendar festivals: the Dragon Boat Festival, Moon Festival, and Lunar New Year.

c. Complementary Benefits:

Chinatrust put into force a complementary benefit scheme that features a point accumulation program in 2003. Employees are granted options to focus more heavily on benefit items they desire most and enjoy some shopping discounts, depending on their own specific needs in terms of everyday necessities.

d. “Bank of Love, Happy Enterprise”:

Chinatrust provides its employees with health checkup and follow-up programs and medical treatment services that go beyond what is required by pertinent government regulations. It also sponsors various sports clubs, employee travel, employee lunches, outdoor camps for employees and their families, lectures on various topics, and procurement of organic vegetables. There is even a massage parlor for employees to relax before returning to work.

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 legal reserve and maintain an equitable policy for distributing cash dividends. Dividends and bonuses for common stocks 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 set aside funds for taxes, be adjusted according to the principles of financial accounting, and set aside funds for losses, if any. Then it shall set aside 30% of the earnings as legal reserve. Before the total legal reserve reaches the amount of the total capital, the distributed cash dividends shall not exceed 15% of the total capital.

After setting aside the legal reserve, the Bank shall set aside the special reserve and then set aside 0.01% to 0.05% of the distributable earnings to employees as bonuses. The way of distributing the remainder and the retained earnings at year-end shall be proposed by the Board of Directors and approved by the Shareholders' Meeting.

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 payment procedures and the ratio of bonuses for employees.

2. The Board has approved the earnings appropriation proposal for Year 2009. It is proposed that NT\$4,581,299 thousand from retained earnings of Year 2009 will be distributed in cash according to the record shown in the shareholder book on the distribution record date (Record Date) respectively. The dividends is NT\$0.61 per share in cash.

B. The influence of dividend allocation this time to the operation performance, earnings per share and investment return rate for the stockholders: There was no announced financial forecast for the bank in Year 2010; 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 allocation percentage or range of employee bonuses and remuneration to directors and supervisors of the Board mentioned in the Articles of Incorporation: The employee bonuses allocation range is between 0.01%~0.05%. However, the remuneration to directors and supervisors of the Board is not mentioned in the Article of Incorporation.
2. The proposed resolution of dividend distribution for Year 2009 approved by the Board is as follows:
 - a. Cash bonus of employee is NT\$421 thousand.
 - b. No employee bonus distributed in the form of stock and the percentage of employee stock bonus over stock dividend distributed from earnings is 0%.
 - c. The assumptive earnings per share after allocation of employee bonuses and remuneration to directors and supervisors of the Board: 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.
3. The appropriation of employee bonus and remuneration to directors and supervisors for Year 2008:

	Year 2008			
	Distributed with the resolution from the Annual General Meeting	Distribution proposal approved by the Board of Directors	Difference	Explanation
1. Distribution status :				
A. Employee bonus distributed in the form of cash	NT\$1,895 thousand	NT\$1,895 thousand	-	
B. Employee bonus distributed in the form of stock				
(1) shares	-	-	-	
(2) amount	-	-	-	
(3) % of outstanding shares of the Year	-	-	-	
C. Remuneration to Directors and Supervisors	-	-	-	
2. EPS: (Note)				
A. Original EPS	NT\$1.75	NT\$1.75	-	
B. Pro forma EPS	NA	NA	-	

Note: Pro forma EPS is not applicable due to the employee bonuses and remuneration to directors of the Board has been expensed from January 1, 2008.

V. Internal Control Representation

Internal Control Representation

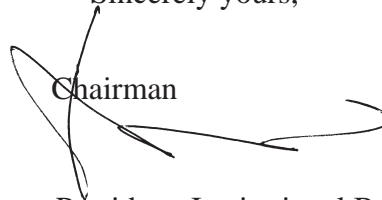
Financial Supervisory Commission

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 2009 have been implemented and audited by the independent internal auditors as to comply with "Implementation Rules for Bank Internal Audit and Internal Control System", 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 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, Institutional Banking Group



President, Retail Banking Group



General Auditor



Compliance officer



Chinatrust Commercial Bank Co., Ltd.
Internal Control System - Items for Improvement/Improvement Plan
(Cut-off Date: 2009/12/31)

Items for Improvement	Improvement Measures	Scheduled Date of Completion
<p>Chinatrust Commercial Bank (CTCB) was reprimanded by FSC in the accounts receivable factoring to Everskill Technology Co., Ltd. The factoring fraud exposed CTCB's oversights in related operational processes and subsequent management which caused the Bank to sustain a loss of about NT\$2.3 billions. This incident indicated that the enforcement of CTCB's internal control systems was inadequate and FSC meted out a fine of NT\$3,000,000 against CTCB pursuant to Subparagraph 7, Article 129 of the Banking Act. <Letter No. Jin-Kuan-Yin-Kong-Zi-09800036621 dated 2009.08.14></p>	<p>CTCB has conducted a full-scale review of related operational processes in reference to the fraudulent practices of Everskill Technology Co., Ltd. and enhanced the system functions.</p> <p>The remedial actions taken were reported to the FSC on 2009.09.08.</p>	<p>2009.9.8</p>

VI. Audit Committee's Report of the financial statements of the last year

Chinatrust Commercial Bank Co., Ltd

Audit Report from the Audit Committee

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 2009 submitted by the Board of Directors of Chinatrust Commercial Bank, which included the operating report, balance sheets, statements of income, statements of cash flows, statements of changes in stockholder's equity, and earning distribution.

Chinatrust Commercial Bank Co., Ltd

Audit Committee Convener



Wen-Chih Lee

Taipei, Taiwan, R.O.C.

April 15, 2010

VII. Head Office and Domestic Branches

Domestic Branches

Branch Office	Address	Tel
Head Office (Banking Department)	1F., No.3, Songshou Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2722-2002
Chengjhong Branch	1F., No.83, Sec. 1, Chongcing S. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2381-8740
Da-an Branch	1F., No.102, Sec. 2, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)3365-1988
Dongmen Branch	No.213, Sec. 2, Sinyi Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2395-8000
Huashan Branch	1F., No.55, Sec. 1, Jhongsiao E. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2341-3000
Datong Mini Branch	No.196, Sec. 3, Chongcing N.Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)2598-2366
Chengde Branch	1F., No.17, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)2556-2088
Mincyuan west road Branch	No.104-1, Mincyuan W. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)2557-2919
Jhongshan Branch	1F., No.106-2, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2523-5222
Minsheng Branch	1F., No.58, Sec. 1, Minsheng E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2564-1818
Chengbei Branch	1F., No.218, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan(R.O.C.)	(02)2562-3789
Nanjing East Road Branch	1F., No.16, Sec. 1, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2523-2238
Chengdong Branch	1F., No.88, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2567-7377
Long Jiang Branch	1F., No.65, Sec. 3, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2515-8811
Dazhi Brach	1F., No.638, Mingshuei Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)8502-6002
Jhunglun Branch	1F., No.85, Sec. 4, Bade Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2767-2669
Sisong Branch	1F, No.161, Sec.4, Nanjing E. Rd., Songshan Distric, Taipei, 105, Taiwan (R.O.C.)	(02)2717-7100
Fubei Branch	1F., No.363, Fusing N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)8770-5566
Dunbei Branch	1F., No.122, Dunhua N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2713-3322
Fujin Branch	No.165, Sec. 5, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2760-2766
Ren-ai Branch	1F., No.341, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2775-4600
Fusing Branch	1F., No.46, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2709-9009
Anhe Branch	1F., No.195, Sec. 2, Anhe Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2738-6171
Yanji Branch	1F., No.298, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2771-6000
Jhongsiao Branch	1F., No.71, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2752-0310
Sinyi Branch	1F., No.236, Sec. 4, Sinyi Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2707-9977
Dunnan Branch	1F., No.68, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2325-3616
Sinsheng South Road Branch	1F., No.111, Sec. 1, Sinsheng S. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)8773-6060
Gung-guan Branch	1F., No.281, Sec. 3, Roosevelt Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2362-3377
Wanhua Branch	1F., No.92, Sec. 2, Changsha St., Wanhua District, Taipei City 108, Taiwan (R.O.C.)	(02)2389-8188
Shinfu Branch	No.9, Songgao Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2722-1668
Yongji Branch	1F., No.18, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2761-7999
Songshan Branch	1F., No.550, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2346-6711
Tianmu Branch	1F., No.90, Sec. 6, Jhongshan N. Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2832-2888
North Tianmu Branch	No.10, Tianmu W. Rd., Shilin District, Taipei City 111, Taiwan (R.O.C.)	(02)2876-6100

Branch Office	Address	Tel
Shihlin Branch	IF., No.307, Jhongjheng Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2883-9900
Beitou Branch	IF., No.217, Guangming Rd., Beitou District, Taipei City 112, Taiwan(R.O.C.)	(02)2898-3039
Shihpai Branch	IF., No.46, Sec. 2, Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02)2821-3366
Neihu Branch	IF., No.358, Sec. 4, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)2793-8668
Donghu Mini Branch	IF., No.182, Sec. 3, Kangning Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)2631-2288
Rueiguang Branch	IF., No.32, Lane 513, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)2798-5600
Chenggong Branch	IF., No.161, Sec. 4, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)8791-1686
Wunshan Branch	IF., No.248, Sec. 4, Sinhai Rd., Wunshan District, Taipei City 116, Taiwan (R.O.C.)	(02)2933-5358
Mujha Branch	IF., No.69, Sec. 3, Mujha Rd., Wunshan District, Taipei City 116, Taiwan (R.O.C.)	(02)2937-5890
Keelung Branch	IF., No.150, Sinyi Rd., Sinyi District, Keelung City 201, Taiwan (R.O.C.)	(02)2422-1166
Bansin Branch	IF., No.293-1, Sec. 1, Jhongshan Rd., Banciao City, Taipei County 220, Taiwan (R.O.C.)	(02)8961-1500
Banciao Branch	IF., No.187, Sec. 1, Wunhua Rd., Banciao City, Taipei County 220, Taiwan (R.O.C.)	(02)2960-6600
Jiangcui Mini Branch	IF., No.8, Sec.3, Shuang 10th Rd., Banciao City, Taipei County 220, Taiwan (R.O.C.)	(02)2257-8999
Chong Cing Branch	IF., No.290, Chongcing Rd., Banciao City, Taipei County 220, Taiwan (R.O.C.)	(02)2963-4567
Sijhih Branch	IF., No.306, Sec. 1, Datong Rd., Sijhih City, Taipei County 221, Taiwan (R.O.C.)	(02)2648-9699
Sindian Branch	IF., No.6, Sec. 2, Beisin Rd., Sindian City, Taipei County 231, Taiwan (R.O.C.)	(02)2912-9988
North Sindian Branch	IF., No.25, Mincyuan Rd., Sindian City, Taipei County 231, Taiwan (R.O.C.)	(02)2913-5000
Yonghe Branch	IF., No.215, Sec. 1, Jhongshan Rd., Yonghe City, Taipei County 234, Taiwan (R.O.C.)	(02)8923-5008
Shuanghe Branch	IF., No.588, Jhongjheng Rd., Yonghe City, Taipei County 234, Taiwan (R.O.C.)	(02)2923-3333
Nashihjiao Branch	IF., No.65, Jhongjheng Rd., Yonghe City, Taipei County 234, Taiwan (R.O.C.)	(02)2949-8838
Jhonghe Branch	IF., No.66, Liancheng Rd., Jhonghe City, Taipei County 235, Taiwan (R.O.C.)	(02)2245-2277
Ban He Mini Branch	IF., No.726, Jhongjheng Rd., Jhonghe City, Taipei County 235, Taiwan (R.O.C.)	(02)8226-1288
Tucheng Branch	IF., No.304, Sec. 2, Jhongyang Rd., Tucheng City, Taipei County 236, Taiwan (R.O.C.)	(02)2263-0888
Jincheng Mini Branch	IF., No.14, Sec. 3, Jincheng Rd., Tucheng City, Taipei County 236, Taiwan (R.O.C.)	(02)2260-1177
Shulin Branch	IF., No.122, Sec.1, Jhongshan Rd., Shulin City, Taipei County 238, Taiwan (R.O.C.)	(02)2681-2345
Sanchong Branch	IF., No.208, Jhengyi N. Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.)	(02)2982-8121
Chongyang Branch	IF., No.66, Sec. 1, Chongyang Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.)	(02)8988-1199
Er chong Pu Mini Branch	IF., No.70-1, Sec. 1, Guangfu Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.)	(02)2995-9876
Chongsin Branch	No. 42, Sec. 2, Chongsin Rd., Sanchong City, Taipei County 241, Taiwan (R.O.C.)	(02) 89726189
Sinjhuang Branch	IF., No.320, Jhongjheng Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.)	(02)2992-9696
Danfong Branch	IF., No.879-15, Jhongjheng Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.)	(02)2906-6888
North Sinjhuang Branch	IF., No.57, Sec. 2, Jhonghua Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.)	(02)2277-6789
Min-an Mini Branch	IF., No.179, Min-an Rd., Sinjhuang City, Taipei County 242, Taiwan (R.O.C.)	(02)2206-8887
Lujhou Branch	IF., No.211, Jhongshan 1st Rd., Lujhou City, Taipei County 247, Taiwan (R.O.C.)	(02)2848-2008
East Lujhou Branch	IF., No.135, Minzu Rd., Lujhou City, Taipei County 247, Taiwan (R.O.C.)	(02)2283-9300
Danshuei Mini Branch	No.123, Jhongshan Rd., Danshuei Township, Taipei County 251, Taiwan (R.O.C.)	(02)8631-8822
Yilan Branch	No.271, Sec.2, Jhongshan Rd., Yilan City, Yilan County 260, Taiwan (R.O.C.)	(03)935-1122
Loh Dong Branch	No.232, Singdong S. Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03)957-4320

Branch Office	Address	Tel
Hsinchu Branch	1F., No.158, Zhongheng Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)522-2687
East Hsinchu Branch	No.32, Jianzhong Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	(03)574-9190
Jhuke Branch	1F., No.2, Jinshan St., Hsinchu City 300, Taiwan (R.O.C.)	(03)563-8080
Jingguo Branch	1F., No.375, Sec. 1, Jingguo Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)535-7655
Jhupei Branch	1F., No.49, Guangming 6th Rd., Jhupei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)656-0222
Jhongyuan Branch	1F., No.445, Sec. 2, Zhongbei Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	(03)466-2211
Jhongli Branch	1F., No.500, Yanping Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	(03)422-3131
Taoyuan Branch	1F., No.32, Sec. 1, Chenggong Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03)337-3266
South Taoyuan Branch	1F., No.389, Fusing Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03)338-8866
North Taoyuan Branch	1F., No.124, Jingguo Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03)315-0566
Linkou Branch	1F., No.233, Fuxing 1st Rd., Guishan, Taoyuan County 333, Taiwan (R.O.C.)	(03)396-2777
Bade Mini Branch	1F., No.965, Sec. 1, Jieshou Rd., Bade City, Taoyuan County 334, Taiwan (R.O.C.)	(03)371-6565
Nankan Branch	1F., No.257, Zhongheng Rd., Lujhu Township, Taoyuan County 338, Taiwan (R.O.C.)	(03)321-2211
Toufen Branch	1F., No.951, Zhonghua Rd., Toufen Township, Miaoli County 351, Taiwan (R.O.C.)	(037)69-5678
Taichung Branch	1F., No.50, Minzu Rd., Central District, Taichung City 400, Taiwan (R.O.C.)	(04)2229-2161
Chunggang Branch	1F., No.400, Sec. 1, Taichung Port Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04)2314-9999
Keboguan Branch	No.179, Sec. 1, Taichung Port Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04) 2310-1258
North Taichung Mini Branch	1F., No.77, Yucan N. Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04)2223-1666
Wunsin Branch	1F., No.875, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04)2246-9988
Situn Mini Branch	1F., No.111, Sec. 3, Taichung Port Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2355-1000
Fongjia Mini Branch	1F-1, No.275-2, Sec. 2, Situn Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2706-9706
Nantun Branch	1F., No.234, Sec. 2, Wucyuan W. Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04)2471-2268
Gongyi Branch	1F., No.53, Sec. 2, Gongyi Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04)2329-1111
Taiping Mini Branch	1F., No.312, Zhongxing E. Rd., Taiping City, Taichung County 411, Taiwan (R.O.C.)	(04)2278-9988
Dali Branch	1F., No.20, Dongrong Rd., Dali City, Taichung County 412, Taiwan (R.O.C.)	(04)2481-3333
Fongyuan Branch	1F., No.545, Zhongheng Rd., Fongyuan City, Taichung County 420, Taiwan (R.O.C.)	(04)2520-1010
Changhua Branch	1F., No.76, Siaoyang Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04) 727-9933
Yuanlin Branch	1F., No.372, Zhongheng Rd., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	(04) 836-8676
Nantou Mini Branch	1F., No.220, Zhongshan St., Nantou City, Nantou County 540, Taiwan (R.O.C.)	(049)220-7711
Chiayi Branch	1F., No.241, Minsheng N. Rd., Chiayi City 600, Taiwan (R.O.C.)	(05)228-6600
Douliou Branch	1F., No.2, Singhua St., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	(05)536-0099
Tainan Branch	1F., No.159, Sec. 1, Fucian Rd., Central District, Tainan City 700, Taiwan (R.O.C.)	(06)215-2345
Central Tainan Branch	1F., No.167, Sec. 1, Minsheng Rd., Central District, Tainan City 700, Taiwan (R.O.C.)	(06)241-2318
Jhonghua Branch	1F., No.195, Sec. 2, Zhonghua E. Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)335-3535
East Tainan Branch	1F., No.290, Sec. 2, Changrong Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)208-5522
South Tainan Mini Branch	1F., No.236, Sec. 2, Jiankang Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06)291-9999
West Tainan Branch	1F., No.212, Sec. 4, Jinhua Rd., West District, Tainan City 703, Taiwan (R.O.C.)	(06)226-3636
Yongkang Branch	1F., No.425, Zhonghua Rd., Yongkang City, Tainan County 710, Taiwan (R.O.C.)	(06)202-5787

Branch Office	Address	Tel
Jiali Branch	No.410, Jhongshan Rd., Jiali Township, Tainan County 722, Taiwan (R.O.C.)	(06)722-1335
Sinying Branch	IF., No.137, Jhongshan Rd., Sinying City, Tainan County 730, Taiwan (R.O.C.)	(06)633-6789
Sinsing Branch	IF., No.206, Minsheng 1st Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07)226-2325
Minzu Branch	IF., No.97, Minzu 2nd Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07)238-6567
Kaohsiung Branch	IF., No.168, Jhongjheng 4th Rd., Cianjin District, Kaohsiung City 801, Taiwan (R.O.C.)	(07)231-8141
East Kaohsiung Branch	IF., No.29, Cingnian 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)535-1885
South Kaohsiung Branch	IF., No.21, Yisin 2nd Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07)336-6768
Cianjhen Mini Branch	IF., No.480, Rueilong Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07)726-1066
Jiouru Mini Branch	IF.,No.551,Jiouru 1st Rd.,Sanmin District, Kaohsiung City 807,Taiwan (R.O.C.)	(07)380-5558
Sanmin Branch	IF., No.366, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)316-1155
North Kaohsiung Branch	IF., No.52, Mingcheng 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)346-1199
Youchang Mini Branch	IF.,No.803-3,Houchang Rd., Nanzih District, Kaohsiung City 811, Taiwan(R.O.C.)	(07)368-1699
Bo-ai Branch	No.88, Bo-ai 2nd Rd., Zuoying District., Kaohsiung City 813, Taiwan(R.O.C.)	(07)556-7909
Gangshan Branch	IF.,NO.388, Gangshan Rd.,Gangshan Township, Kaohsiung County 820,Taiwan (R.O.C.)	(07)623-5500
Fongshan Branch	IF., No.85-1, Jhongshan Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.)	(07)745-1199
Wujia Branch	No. 699, Wujia 2nd Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.)	(07)821-5101
Cingnian Branch	IF., No.315, Sec. 2, Cingnian Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.)	(07)777-7668
Pingtung Branch	IF., No.450, Zihyou Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)738-3000
Taitung Branch	IF., No.279, Jhongshan Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	(089) 339898
Hualien Branch	IF., No.376, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)834-0566
East Hualien Branch	IF., No.1-7, Gongyuan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)835-1101
West Hualien Branch	IF., No.835, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)857-2161
Ren Li Branch	IF., No.112, Sec. 1, Jhongjheng Rd., Ji-an Township, Hualien County 973, Taiwan (R.O.C.)	(03)853-9577

Overseas Subsidiaries

Branch	Address	Tel	Fax
PT. Bank Chinatrust Indonesia	Tamara Center, 15th-17th Fl., J1 Jend. Sudirman Kav. 24, Jakarta, 12920, Indonesia	62-21-25578787	62-21-5206378
Chinatrust (Phils.) Commercial Bank Corp.	3rd Fl., Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue cor. Paseo De Roxas, Makati City, Philippines	63-2-8485519	63-2-7594983
CTC Bank of Canada	1518 West Broadway, Vancouver, B.C., Canada, V6J 1W8	1-604-6833882	1-604-6833723
Chinatrust Bank (U.S.A.)	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505	1-310-7912828	1-310-7912877

Branch	Address	Tel	Fax
Hong Kong Branch	28/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong	852-29161888	852-28109742
Kowloon Branch	26/F, One Peking, No.1 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong	852-29161688	852-28050899
New Delhi Branch	A1-16, Wenger House, Rajiv Chowk, Connaught Place, New Delhi-110 001	91-11-43688888	91-11-23731815
New York Branch	3rd Fl., 366 Madison Ave., NY, NY10017, USA	1-212-4578888	1-212-4576666
Tokyo Branch	7th Fl., AIG Building, 1-3, Marunouchi, 1-chome Chiyoda-ku, Tokyo 100-0005, Japan	81-3-32161108	81-3-32161090
Ho Chi Minh City Branch	Unit 107-111, 1st Floor, 1-5 Le Duan St., Dist 1, HCMC, Vietnam	848-3910-1888	848-3910-1999
Singapore Branch	1 Raffles Place #29-02/03 OUB Centre Singapore 048616	65-63514888	65-65325999
Los Angeles Rep. Office	17851 Colima Road, City of Industry, CA91748, USA.	1-626-8397660	1-626-8393562
London Rep. Office	7th Fl., Aldermay House, 15 Queen Street, London, EC4N 1TX, England	44-207-3290033	44-207-3290828
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	84-4-38249088	84-4-38249099
Beijing Rep. Office	B-111, The grand pacific building, 8a, Guanghua rd., Chao Yang district, Beijing, P.R.C. 100026	86-10-65813700	86-10-65815701
Manila Rep. Office	3rd Fl., Tower One, Ayala Triangle, Ayala Avenue cor Paseo De Roxas, Metro Manila, Makati , Philippines	63-2-8485519	63-2-7594983

Automation Service Outside Bank

Name of the Service	Address
Wenhwa University	No.56, Hwa-kang Rd., Peitou area, Taipei City 112, Taiwan (R.O.C.)
Chia Nan University of Pharmacy	No.60, Sec.1, Erren Road, Rende Township, Tainan County 717, Taiwan (R.O.C.)

**CHINATRUST COMMERCIAL BANK CO., LTD.
FINANCIAL STATEMENTS
December 31, 2009 and 2008
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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安侯建業會計師事務所

KPMG

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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, 2009 and 2008, 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, 2009 and 2008, 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 Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, and generally accepted accounting principles in the Republic of China.

As stated in Notes 3 and 4(AA), commencing from July 1, 2008, Chinatrust Commercial Bank Co., Ltd. has reclassified financial assets in accordance with the second amendment of Republic of China Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement". For the year ended December 31, 2008, this resulted in an increase in after-tax net income of NT\$6,242,549 thousand and an increase in EPS of NT\$0.87 (dollars).



As stated in Notes 1 and 10(F), Chinatrust Commercial Bank Co., Ltd. merged with Chinatrust Bills Finance Corp., a wholly owned subsidiary of Chinatrust Financial Holding Company, Ltd., in a stock conversion transaction on April 26, 2008. After the merger, Chinatrust Commercial Bank Co., Ltd. was the surviving entity and incorporated Chinatrust Bills Finance Corp., which was dissolved. Pursuant to Interpretations (91) No. 243 and 244 issued by the Accounting Research and Development Foundation, the merger could qualify as a reorganization, and thus both merging entities' assets and liabilities should be recorded at the book value on a consolidated basis. Additionally, in accordance with Interpretation (95) No. 141, when Chinatrust Commercial Bank Co., Ltd. prepared comparative financial statements, the financial statements of Chinatrust Commercial Bank Co., Ltd. reflected the merger assuming the two entities had merged on January 1, 2008.

As stated in Notes 5 and 7(D), Chinatrust Commercial Bank Co., Ltd. Hong Kong Branch was assessed an administrative fine and prohibited from engaging in certain business activities by the Financial Supervisory Commission (FSC) due to its flawed process for disposing of overseas structured notes. The FSC lifted the business restrictions described above in March 2007 after certain operating deficiencies had been corrected and improved by Chinatrust Commercial Bank Co., Ltd. This case, now under review by the court, has been filed with the FSC to examine if Chinatrust Commercial Bank Co., Ltd.'s parent company, Chinatrust Financial Holding Company, Ltd., had breached the regulations of the Financial Holding Company Law. The cases as stated in Note 7(D) are still under investigation by the authority and 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.

KPMG

Taipei, Taiwan, R.O.C.
February 3, 2010

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the 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.

CHINATRUST COMMERCIAL BANK CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change %
	2009 Amount	2008 Amount	
ASSETS			
Cash (Notes 2, 4(A) and 5)	\$ 27,729,371	\$ 35,547,192	(22)
Due from Central Bank and call loans to banks (Notes 4(B) and 5)	89,732,303	89,351,447	-
Financial assets measured at fair value through profit or loss—net (Notes 2, 4(C) and (AA), 5 and 7)	72,742,077	165,911,445	(56)
Securities purchased under resell agreements (Note 2)	-	2,196,787	(100)
Receivables—net (Notes 2, 4(D), 5 and 6)	109,027,952	112,063,399	(3)
Loans—net (Notes 2, 4(E) and 5)	841,074,844	837,211,803	-
Available-for-sale financial assets—net (Notes 2, 4(F), (J) and (AA), 6 and 7)	99,589,363	84,579,831	18
Held-to-maturity financial assets—net (Notes 2, 4(G) and (H), 6 and 7)	320,138,625	168,134,913	90
Investments under equity method—net (Notes 2 and 4(I))	21,156,880	17,748,664	19
Other financial assets—net (Notes 2, 4(F), (H) and (J), and 6)	8,915,339	20,007,604	(55)
Premises and equipment—net (Notes 2 and 4(K))	33,229,270	32,476,767	2
Intangible assets (Notes 2 and 4(L))	11,750,630	11,701,619	-
Other assets—net (Notes 2 and 4(K), (M), (S) and (T))	7,922,067	7,437,509	7
TOTAL ASSETS	\$ 1,643,008,721	\$ 1,584,368,980	4
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Note 5)	\$ 32,487,702	\$ 17,360,924	87
Due to Central Bank and other banks (Note 4(N))	4,132,903	4,762,580	(13)
Financial liabilities measured at fair value through profit or loss (Notes 2, 4(C) and 5)	35,087,334	91,319,736	(62)
Securities sold under repurchase agreements (Notes 2, 5 and 7)	78,056,521	72,156,210	8
Payables (Notes 2, 3, 4(O) and (X), and 5)	43,275,474	43,678,116	(1)
Deposits and remittances (Notes 4(P) and 5)	1,250,434,675	1,144,742,834	9
Financial debentures (Note 4(Q))	74,293,965	91,728,631	(19)
Other financial liabilities (Notes 2 and 4(R))	2,076,501	1,080,007	92
Other liabilities (Notes 2 and 4(S))	3,517,159	2,747,579	28
Total Liabilities	1,523,362,234	1,469,576,617	4
Stockholders' Equity			
Common stock (Note 4(V))	75,103,257	71,731,860	5
Capital surplus (Notes 4(V) and (X))	16,405,044	16,000,568	3
Retained earnings:			
Legal reserve	24,767,678	21,002,127	18
Special reserve	6,021,536	1,025,945	487
Accumulated earnings (Notes 3 and 4(W))	1,226,308	12,587,518	(90)
Other adjustments to stockholders' equity:			
Unrealized revaluation increment	12,949	12,949	-
Cumulative translation adjustments (Note 2)	(1,312,325)	(1,547,068)	15
Unrealized losses on financial instruments (Notes 2 and 4(F) and (AA))	(2,269,634)	(6,021,536)	62
Net loss not recognized as pension costs (Note 4(S))	(308,326)	-	-
Total Stockholders' Equity	119,646,487	114,792,363	4
Commitments and Contingencies (Notes 2 and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,643,008,721	\$ 1,584,368,980	4

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, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	For the years ended December 31,		Change %
	2009	2008	
	Amount	Amount	
Interest income	\$ 30,260,010	\$ 50,451,252	(40)
Less: Interest expenses	(11,403,326)	(24,945,924)	54
Net interest income	18,856,684	25,505,328	(26)
Non-interest income			
Service fee and commission income	20,808,956	19,224,609	8
Gains on financial assets or liabilities measured at fair value through profit or loss (Notes 3 and 4(C) and (AA))	2,850,049	5,064,237	(44)
Realized gains (losses) on available-for-sale financial assets (Notes 4(F), (J) and (Z))	1,456,786	(419,796)	447
Realized losses on held-to-maturity financial assets	-	(4)	100
Losses from investments under equity method (Note 4(I))	(7,801,674)	(364,820)	(2,038)
Foreign exchange gains	1,457,594	1,708,609	(15)
Reversal of impairment recognized in profit or loss (impairment loss on asset) (Notes 2 and 4(F), (G), (H), (J), (K), (L) and (M))	454,396	(811,103)	156
Public-welfare lottery payment (Note 7(B))	(2,086,800)	(2,086,800)	-
Other losses (Note 4(O))	(4,133,260)	(1,296,558)	(219)
Other miscellaneous income (Note 4(J))	-	3,165,301	(100)
Other non-interest net income	176,216	946,250	(81)
Net Revenue	32,038,947	50,635,253	(37)
Bad debt expenses (Notes 4(D) and (E))	(4,365,696)	(9,988,363)	56
Operating expenses (Notes 4(V) and (X), and 10(A))			
Personnel expenses	(13,468,319)	(12,489,959)	(8)
Depreciation and amortization expenses	(2,174,503)	(2,338,900)	7
Other general and administrative expenses	(10,331,428)	(11,476,753)	10
Net Income Before Tax	1,699,001	14,341,278	(88)
Income tax expenses (Notes 2 and 4(T))	(497,281)	(1,725,587)	71
Net income from continuing operations before extraordinary gain or loss and cumulative effect of changes in accounting principles	1,201,720	12,615,691	(90)
Cumulative effect of changes in accounting principles (after deducting income tax of \$19,644) (Note 3)	-	(63,850)	(100)
Net Income	\$ 1,201,720	\$ 12,551,841	(90)
Earnings per Share (EPS) (Notes 2 and 4(Y))			
Basic EPS			
Net income from continuing operations	\$ 0.23	\$ 0.16	\$ 2.00
Cumulative effect of changes in accounting principles	-	-	(0.01)
Net income	\$ 0.23	\$ 0.16	\$ 1.99
Basic EPS—retroactive adjustment			\$ 1.67

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, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other adjustments to stockholders' equity				Total	
	Capital stock	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Unrealized revaluation increment	Cumulative translation adjustments	Unrealized losses on financial instruments		Net loss not recognized as pension costs
Beginning Balance—January 1, 2008	\$ 62,607,126	\$ 13,944,819	\$ 17,671,542	\$ -	\$ 11,101,949	\$ 12,949	\$ (909,041)	\$ (1,025,945)	\$ -	\$ 103,403,399
Retrospective adjustment due to issue of new shares for a merger	3,141,600	2,055,749	-	-	-	-	-	(285,761)	-	4,911,588
Appropriation and distribution of 2007 earnings:										
Legal reserve	-	-	3,330,585	-	(3,330,585)	-	-	-	-	-
Special reserve	-	-	-	1,025,945	(1,025,945)	-	-	-	-	-
Employee bonuses	-	-	-	-	(3,372)	-	-	-	-	(3,372)
Cash dividends—common stock	-	-	-	-	(723,236)	-	-	-	-	(723,236)
Stock dividends—common stock	5,983,134	-	-	-	(5,983,134)	-	-	-	-	-
Net income for the year ended December 31, 2008	-	-	-	-	12,551,841	-	-	-	-	12,551,841
Recognition of unrealized losses on available-for-sale financial assets	-	-	-	-	-	-	-	(4,852,274)	-	(4,852,274)
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	-	199,197	-	199,197
Recognition of unrealized losses on cash flow hedges	-	-	-	-	-	-	-	(56,753)	-	(56,753)
Cumulative translation adjustments	-	-	-	-	-	-	(638,027)	-	-	(638,027)
Finding Balance—December 31, 2008	\$ 71,731,860	\$ 16,000,568	\$ 21,002,127	\$ 1,025,945	\$ 12,587,518	\$ 12,949	\$ (1,547,068)	\$ (6,021,536)	\$ -	\$ 114,792,363
Beginning Balance—January 1, 2009	71,731,860	16,000,568	21,002,127	1,025,945	12,587,518	12,949	(1,547,068)	(6,021,536)	-	114,792,363
Appropriation and distribution of 2008 earnings:										
Legal reserve	-	-	3,765,551	-	(3,765,551)	-	-	-	-	-
Special reserve	-	-	-	4,995,591	(4,995,591)	-	-	-	-	-
Cash dividends—common stock	-	-	-	-	(430,391)	-	-	-	-	(430,391)
Stock dividends—common stock	3,371,397	-	-	-	(3,371,397)	-	-	-	-	-
Transfer of parent company's treasury stock to employees	-	404,476	-	-	1,201,720	-	-	-	-	1,201,720
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	3,772,478	-	404,476
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	-	2,965	-	2,965
Recognition of unrealized losses on cash flow hedges	-	-	-	-	-	-	-	(23,541)	-	(23,541)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	-	138,856	-	-	138,856
Cumulative translation adjustments	-	-	-	-	-	-	95,887	-	-	95,887
Recognition of net loss not recognized as pension costs	-	-	-	-	-	-	-	-	(308,326)	(308,326)
Finding Balance—December 31, 2009	\$ 75,103,257	\$ 16,405,044	\$ 24,767,678	\$ 6,021,536	\$ 1,226,308	\$ 12,949	\$ (1,312,325)	\$ (2,269,634)	\$ (308,326)	\$ 119,646,487

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, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2009	2008
Cash Flows from Operating Activities:		
Net Income	\$ 1,201,720	\$ 12,551,841
Adjustments to Reconcile Net Income to Net Cash (Used in) Provided by Operating Activities:		
Cumulative effect of changes in accounting principles	-	63,850
Transfer of parent company's treasury stock to employees	404,476	-
Depreciation and amortization	2,174,503	2,338,900
Depreciation of idle premises and equipment (accounted for under other non-interest net income)	9,641	18,071
Net amortization of premiums and accretion of discounts on investments in held-to-maturity securities	269,385	122,559
Amortization of premium on financial debentures	13,109	9,862
Investment losses accounted for under equity method in excess of cash dividends received	7,824,554	364,820
Unrealized losses (gains) on valuation of financial instruments	2,819,946	(2,546,719)
Gains on disposal of financial assets carried at cost	(5,927)	(1,398,827)
(Reversal of impairment recognized in profit or loss) impairment loss on assets	(454,396)	811,103
Gains on disposal of premises and equipment (including idle premises and equipment) and foreclosed properties	(24,340)	(298,286)
Losses on asset retirement	32,663	24,972
Provision for bad debt expenses	4,383,029	10,183,294
Reversal of guarantee reserve	(17,333)	(194,931)
Provision for miscellaneous trading loss reserve	132,582	47,315
Others	(47,261)	86,850
Net Changes:		
Decrease in receivables	102,881	9,464,628
Decrease (increase) in financial assets measured at fair value through profit or loss	89,117,365	(75,931,645)
Decrease in payables	(290,871)	(11,181,956)
(Decrease) increase in financial liabilities measured at fair value through profit or loss	(56,232,402)	55,885,701
Decrease (increase) in other financial assets	11,298,918	(8,820,009)
Increase (decrease) in other financial liabilities	996,494	(1,422,909)
Net Cash Provided by (Used in) Operating Activities	63,708,736	(9,821,516)
Cash Flows from Investing Activities:		
Increase in loans	(7,291,871)	(48,846,215)
Decrease in due from Central Bank and call loans to banks	21,215,273	30,465,090
(Increase) decrease in available-for-sale financial assets	(11,237,053)	47,384,079
Purchase of held-to-maturity financial assets	(158,200,284)	(41,571,127)
Proceeds from maturities and paydowns of held-to-maturity financial assets	5,921,255	11,314,187
Purchase of investments under equity method	(10,743,447)	-
Proceeds from liquidation of investee	16,459	91,406
Proceeds from disposal of premises and equipment (including idle premises and equipment) and foreclosed properties	253,604	1,235,357
Purchase of premises and equipment	(1,874,320)	(1,141,007)
Purchase of intangible assets	(643,406)	(687,087)
(Increase) decrease in other assets	(986,108)	581,401
Decrease in receivables	1,862,952	9,993,132
Net Cash (Used in) Provided by Investing Activities	(161,706,946)	8,819,216
Cash Flows from Financing Activities:		
Increase (decrease) in deposit from Central Bank and other banks	15,126,778	(27,829,735)
Increase in deposits and remittances	105,691,841	43,585,159
Decrease in due to Central Bank and other banks	(629,677)	(436,427)
Increase (decrease) in securities sold under repurchase agreements	5,900,311	(15,976,455)
(Decrease) increase in financial debentures	(16,215,710)	4,210,108
Increase (decrease) in other liabilities	248,358	(4,452,893)
(Decrease) increase in payables	(111,771)	161,122
Cash dividends—common stock	(430,391)	(723,236)
Employee bonuses	-	(3,372)
Net Cash Provided by (Used in) Financing Activities	109,579,731	(1,465,729)
Net Increase (Decrease) in Cash and Cash Equivalents	11,581,521	(2,468,029)
Cash and Cash Equivalents, at the Beginning of the Period	73,292,128	75,760,157
Cash and Cash Equivalents, at the End of the Period	\$ 84,873,649	\$ 73,292,128
Cash and Cash Equivalents:		
Cash	\$ 27,729,371	\$ 35,547,192
Call loans to banks	30,006,785	28,878,729
Due from Central Bank	27,137,493	6,669,420
Financial instruments (cash equivalents)	-	2,196,787
	\$ 84,873,649	\$ 73,292,128
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 14,058,939	\$ 24,765,417
Income tax	\$ 1,390,672	\$ 1,370,874
Investing and Financing Activities Not Affecting Cash Flows:		
Stock dividends—common stock	\$ 3,371,397	\$ 5,983,134
Reclassification of financial assets (Notes 3 and 4(AA))	-	12,567,964
Premises and equipment acquired in exchange	\$ 3,148	-

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

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 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 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 Chinatrust Financial Holding Company’s operation as a whole, to integratedly utilize the resources and fundamental structure of the Bank from the perspective of information, operation, and risk management 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., upon the approval of the Bank’s board of directors on October 29, 2007. After the merger, the Bank was the surviving entity and incorporated Chinatrust Bills Finance Corp., which was dissolved. This merger was approved by the Financial Supervisory Commission (“FSC”) on January 15, 2008, and the date of record set for the stock conversion transaction was April 26, 2008. The Bank acquired all assets and liabilities of Chinatrust Bills Finance Corp. by issuing common shares in a 0.77-for-1 exchange for the shares of Chinatrust Bills Finance Corp. The calculation of the stock exchange ratio was based on the net value of the Bank and Chinatrust Bills Finance Corp. as of June 30, 2007, as audited and certified by certified public accountants. Please refer to Note 10(G) for further information.

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;

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

- (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 and corporate bonds, treasury bills, 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 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;
- (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;

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

- (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, 2009, the Bank had 145 domestic branches (including 11 business licenses which can establish new branches in the future), 7 foreign branches, and 6 overseas representative offices.

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

As of December 31, 2009, the Bank had 8,056 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Business Entity Accounting Act, the Regulation on Business Entity Accounting Handling, and generally accepted accounting principles of the Republic of China. The significant accounting policies and basis of measurement adopted in preparing these financial statements are summarized as follows:

(A) 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.

(B) 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.

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

(C) Financial instruments

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 plus transaction costs, except for financial instruments held for trading purposes, which are initially recognized at fair value. 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.

Subsequent to the initial recognition, the financial instruments held or issued by the Bank are classified according to the purpose of holding or issuing as follows:

- (a) 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 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.
- (b) 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 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 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 equity is charged to profit or loss.
- (c) 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.

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

- (d) 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.
- (e) 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.

Commencing from January 1, 2006, the fair value of financial assets held by the Bank is determined as follows:

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 criteria (a) or (b) listed below; financial assets 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:

- (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.
- (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.

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

- (c) Financial assets classified as available-for-sale that would have met the definition of loans and receivables shall be reclassified at their fair 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 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 equity.

(D) Hedge accounting

When a fair value hedge, cash flow hedge, and hedge of net investment in foreign operations 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 equity. When the hedged transaction actually affects the profit or loss, the gain or loss previously recognized in 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.
- (c) Hedge of net investment in foreign operations: 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 equity until the disposal of the foreign operation, at which time the cumulative gain or loss recognized directly in equity is recognized in profit or loss.

(E) Financial assets securitization

Under the Regulations for Financial Assets Securitization, the Bank, with the assistance of a trustee, securitized its financial assets for the purposes of offering asset-backed securities in the form of related beneficiary certificates through a special-purpose trust, and the trustee will deliver all of collected fund 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 thereon, 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.

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

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 are 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.

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.

(F) 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 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 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 factoring accounts receivable at period-end. As regards the factoring accounts, those sold by the account-selling companies which have not yet been paid for are accounted for under "payables."

(G) Loans

Loans are recorded by the amount of outstanding principal, with unearned income excluded. Interest income is recognized on an accrual basis using the interest method.

Recording of interest receivable of loans would be suspended 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 suspended is included in earnings only to the extent of cash actually received.

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

(H) Allowance for credit losses

Adequate allowance for credit losses is provided by assessing the balance, at the end of the accounting period of loans, accounts receivable, non-accrual accounts, guarantee reserves, and other related advances according to the default risk of specific claims and the inherent risk of overall claims.

In accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans,” the “Regulations Governing Institutions Engaging in Credit Card Business” issued by the FSC, and generally accepted accounting principles in the Republic of China, the management evaluates the expected default probabilities of the overall portfolio to determine the default risk of claims.

The inherent risk on overall claims is reviewed based on past experience.

Non-accrual loans and accounts receivable—non-accrual account deemed as uncollectible are written off upon approval of the board of directors. The recovery of written-off loans 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.

Provision for the accounts referred to above was accounted for under bad debt expenses.

(I) Investments under equity method

Investees in which the Bank and its 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.

Commencing from January 1, 2006, 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.

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

(J) Premises, equipment, and depreciation

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 over the government-prescribed useful lives. Premises and equipment still in use after their original estimated useful lives may be depreciated over their estimated remaining useful lives based on their residual value. 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.

(K) Intangible assets

(a) 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 SAFS No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements," goodwill previously recognized is no longer amortized commencing from January 1, 2006.

Goodwill relating to cash-generating units is tested for impairment in a fixed period each year. An impairment loss is recognized when the recoverable amount is less than the carrying amount. 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.

(b) Computer software

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)

(L) Asset impairment

In accordance with SFAS No. 35 “Impairment of Assets,” unless inapplicable, the recoverable amount (individual assets or cash generating units other than goodwill) of an asset 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.

(M) 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 non-interest income as well.

(N) Employee bonuses and directors’ and supervisors’ remuneration

Commencing from January 1, 2008, the Bank estimates the amount of employee bonuses and directors’ and supervisors’ 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 shareholders or a resolution of a shareholders’ meeting of the parent company, Chinatrust Financial Holding Company, Ltd., 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.

(O) Share-based payment

Effective January 1, 2008, the Bank adopted SFAS No. 39 “Share-based Payment” and applies it to the Bank’s share-based payment transactions for options that were granted after January 1, 2008.

(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 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.

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

(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.

(d) Other

The Bank need not apply SFAS No. 39 retroactively to the options under share-based payments agreements that were granted before January 1, 2008; the pro-forma net income and EPS information shall be disclosed based on the measurement principles for share-based payments ruled by SFAS No. 39.

(P) Retirement plan

The Bank maintains and funds a retirement plan covering all regular employees and recognizes pension expense based on the actuarial report. The annual contribution to this interest-bearing pension fund is made at rates ranging up to 15% of gross salary paid. This pension fund is not reflected in the financial statements.

The Bank maintains and funds a retirement plan covering all regular employees. Payments of pension benefits 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. The Labor Pension Act of the R.O.C. ("the Act"), which took effect from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Bank (who were hired before July 1, 2005) could elect to be subject to either the Act and maintain their service years before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Bank after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, 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 wages and to deposit the contribution in a personal retirement benefit account at the Council of Labor Affairs. The employee retirement plan maintained by the Bank has been amended in conformity with the Act, and the amendment has been approved by the board of directors.

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

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 SFB. 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.

Pursuant to the Act, the Bank also contributes cash at the rate of 6% of gross salary of each employee to the Council of Labor Affairs. This contribution is recognized as pension expense for the current period when the contribution is actually made.

(Q) Securities and futures trading loss reserve

In compliance with the Regulations Governing Securities Firms, the 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. It is reversed in the month when a loss is realized. Provision for or reversal of such reserve is accounted for under other non-interest income. An allowance is provided until the balance of the reserve reaches \$200,000.

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. The reserve for trading loss shall not be used for purposes other than covering trading loss in excess of trading profits. When the accumulated reserve for trading loss reaches the legally required level of minimum working capital, no additional reserve for trading loss is required to be set aside.

(R) Foreign currency translation

The non-derivative foreign currency transactions of the Bank 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 equity are accounted for under equity adjustments.

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

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.

(S) 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.

(T) 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 (benefit). 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.

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.

Income taxes separately levied on interest revenue from short-term bills are reported as current income tax expenses.

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

(U) EPS

Basic EPS are calculated by dividing net income, net of preferred stock dividends, by the weighted-average number of common shares outstanding during the period. In the event of capital increase through capitalization of retained earnings, capital surplus, or employee bonuses, the number of shares outstanding is retroactively adjusted by the capitalization ratio, regardless of the period when such incremental shares remain outstanding.

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

3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES

(A) Effect of changes in accounting principles through profit or loss

Effective January 1, 2008, the Bank adopted Republic of China Statement of Financial Accounting Standards (SFAS) No. 39 “Share-based Payment” and Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation. In accordance with SFAS No. 39 and the Interpretation, the Bank is required to classify, measure and disclose the share-based payment arrangements, employee bonuses, and directors’ and supervisors’ remuneration. This accounting principle change caused an increase in net income after tax of \$49,433 and an increase in EPS after tax of NT\$0.01 (dollars) for the year ended December 31, 2008.

Effective July 1, 2008, the Bank adopted the second amendment of SFAS No. 34 “Financial Instruments: Recognition and Measurement” and proceeded to reclassify its financial assets. The aforesaid change resulted in an increase in after-tax net income of \$6,242,579 and an increase in EPS of NT\$0.87 (dollars) for the year ended December 31, 2008. Please refer to Note 4(AA) for further information.

(B) Cumulative effect of change in accounting principles

Effective January 1, 2008, the Bank adopted the newly released SFAS No. 39 “Share-based Payment.” Pursuant to SFAS No. 39, for liabilities arising from share-based payment transactions existing at the application date of this standard, the Bank shall apply the standard retroactively. After the reevaluation, the cumulative effect of change in accounting principles amounted to \$(63,850).

4. SUMMARY OF MAJOR ACCOUNTS

(A) CASH

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Cash on hand	\$ 9,908,268	\$ 12,220,633
Petty cash and revolving fund	11,441	11,234
Checks for clearance	2,830,622	3,597,732
Cash in transit	3,717,358	3,938,633
Due from other banks	11,261,682	15,778,960
Total	<u>\$ 27,729,371</u>	<u>\$ 35,547,192</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, 2009</u>	<u>December 31, 2008</u>
Required reserve—Account A	\$ 27,060,415	\$ 6,598,449
Required reserve—Account B	28,521,778	24,075,687
Due from Central Bank	77,078	70,971
Call loans to other banks	34,073,032	58,606,340
Total	<u>\$ 89,732,303</u>	<u>\$ 89,351,447</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

As of December 31, 2009 and 2008, the financial assets held for trading were as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Commercial paper	\$ 23,928,176	\$ 41,527,451
Negotiable certificates of deposit	-	1,500,000
Treasury bills	-	1,971,758
Government bonds	3,087,932	9,335,769
Corporate bonds	501,926	5,328,902
Financial debentures	1,379,024	3,789,211
Convertible bonds	3,547,362	6,740,686
Other securities and bonds	1,297,620	2,672,630
Listed and OTC securities	2,756,910	381,528
Beneficiary certificates	-	572
Asset-backed securities	1,450,457	2,755,339
Derivative financial instruments	34,103,614	89,598,154
Valuation adjustment of financial assets	689,056	309,445
Total	<u>\$ 72,742,077</u>	<u>\$ 165,911,445</u>

Please refer to Note 7(A) 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(AA).

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, 2009 and 2008, financial liabilities held for trading were as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Derivative financial instruments	\$ 34,815,496	\$ 89,031,846
Borrowed government bonds	-	2,201,156
Borrowed listed and OTC securities	271,838	86,734
Total	<u>\$ 35,087,334</u>	<u>\$ 91,319,736</u>

For the years ended December 31, 2009 and 2008, the net realized gains on financial assets and liabilities held for trading amounted to \$5,669,995 and \$2,517,518, respectively, and net unrealized (losses) gains amounted to \$(2,819,946) and \$2,546,719, respectively.

(D) RECEIVABLES—NET

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Notes receivable	\$ 24,756	\$ 22,709
Accounts receivable	93,948,681	97,938,232
Interest receivable	2,807,909	4,491,592
Acceptances receivable	6,859,138	5,234,289
Accrued income	258,305	630,647
Tax refund receivable	873,207	1,404,054
Other receivables	5,162,578	2,972,149
Subtotal	<u>109,934,574</u>	<u>112,693,672</u>
Less: Allowance for credit losses	(906,622)	(630,273)
Total	<u>\$ 109,027,952</u>	<u>\$ 112,063,399</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, 2009 and 2008, accounts receivable which included the balance arising from factoring amounted to \$32,302,965 and \$33,956,943, respectively.

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

Allowance for credit losses attributed to the accounts receivable, accounts receivable — non-accrual account 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:

<u>For the year ended December 31, 2009</u>	<u>Inherent risk of overall claims</u>	<u>Default risk of specific claims</u>	<u>Total</u>
Beginning balance	\$ 824,007	\$ 663,658	\$ 1,487,665
Current provisions	191,643	983,621	1,175,264
Current transfer	(401,215)	401,215	-
Current charge-off	-	(2,520,248)	(2,520,248)
Recovery of bad debts	-	1,275,594	1,275,594
Exchange rate effect	(5,006)	-	(5,006)
Ending balance	<u>\$ 609,429</u>	<u>\$ 803,840</u>	<u>\$ 1,413,269</u>

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

For the year ended December 31, 2008	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 1,393,612	\$ 584,136	\$ 1,977,748
Current (reversal of) provisions	(76,954)	4,947,366	4,870,412
Current transfer	(496,560)	496,560	-
Current charge-off	-	(6,554,350)	(6,554,350)
Recovery of bad debts	-	1,189,946	1,189,946
Exchange rate effect	3,909	-	3,909
Ending balance	\$ 824,007	\$ 663,658	\$ 1,487,665

(E) LOANS—NET

	December 31, 2009	December 31, 2008
Corporate loans	\$ 323,443,669	\$ 311,858,520
Micro-business loans	7,595,511	5,349,245
Mortgage loans	303,593,237	301,301,405
Automobile loans	254,043	1,249,436
Consumer loans	67,301,094	67,165,863
Subtotal of NTD loans	702,187,554	686,924,469
Foreign currency loans	143,370,282	151,548,561
Non-accrual loans	4,868,508	7,294,748
Subtotal	850,426,344	845,767,778
Less: Allowance for loan losses	(9,351,500)	(8,555,975)
Total	\$ 841,074,844	\$ 837,211,803

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

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

As of December 31, 2009 and 2008, non-performing loans amounted to \$5,920,626 and \$8,976,525, respectively.

For the years ended December 31, 2009 and 2008, suspended accrual of interest for all of non-accrual accounts amounted to \$89,118 and \$93,523, respectively.

As of December 31, 2009 and 2008, there were no loans written off without prior recourse.

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, 2009	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 4,226,427	\$ 4,578,082	\$ 8,804,509
Current provisions	473,784	2,733,981	3,207,765
Current charge-off	-	(6,173,650)	(6,173,650)
Recovery of bad debts	-	3,591,351	3,591,351
Exchange rate effects	(44,981)	-	(44,981)
Ending balance	\$ 4,655,230	\$ 4,729,764	\$ 9,384,994

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

For the year ended December 31, 2008	Inherent risk of overall claims	Default risk of specific claims	Total
Beginning balance	\$ 5,147,212	\$ 4,856,696	\$ 10,003,908
Current provisions	-	5,312,882	5,312,882
Current transfer	(1,005,321)	1,005,321	-
Current charge-off	-	(10,279,096)	(10,279,096)
Recovery of bad debts	-	3,682,279	3,682,279
Exchange rate effects	84,536	-	84,536
Ending balance	<u>\$ 4,226,427</u>	<u>\$ 4,578,082</u>	<u>\$ 8,804,509</u>

(F) AVAILABLE-FOR-SALE FINANCIAL ASSETS—NET

	December 31, 2009	December 31, 2008
Commercial paper	\$ -	\$ 18,866,413
Negotiable certificates of deposit	19,000,000	2,700,000
Treasury bills	1,312,291	1,660,202
Government bonds	52,841,731	42,795,632
Corporate bonds	9,525,456	9,676,203
Financial debentures	5,169,360	1,041,960
Beneficiary certificates	200,000	-
Listed and OTC securities	13,948,289	14,033,745
Valuation adjustment of financial assets	(2,407,764)	(6,194,324)
Total	<u>\$ 99,589,363</u>	<u>\$ 84,579,831</u>

Please refer to Notes 6 and 7(A) for information with regard to the restrictions or repurchase conditions on available-for-sale financial assets shown above. In addition, please refer to Note 4(AA) for the information on reclassification of financial assets.

During the first quarter of 2008, the Bank recognized an impairment loss of \$139,256 on its structured investment vehicle (SIV) in light of the market situation. The Bank fully recognized an impairment loss on SIV and derecognized it from the balance sheet at its carrying amount during the second quarter of 2008.

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

As of December 31, 2009, the Bank had sold 334 thousand shares of VISA Inc.; please refer to Note 4(J) for more detailed information.

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

(G) HELD-TO-MATURITY FINANCIAL ASSETS—NET

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Negotiable certificates of deposit	\$ 272,291,000	136,641,000
Treasury bills	2,721,696	842,341
Government bonds	24,830,566	19,624,444
Corporate bonds	9,098,300	9,097,344
Financial debentures	11,062,133	1,413,033
Asset-backed securities	134,930	516,751
Total	<u>\$ 320,138,625</u>	<u>\$ 168,134,913</u>

For the year ended December 31, 2009, the Bank recognized an impairment loss of \$5,932 on its mortgage loan securitization. Please refer to Note 4(H) for more information.

Please refer to Notes 6 and 7(A) for information with regard to the restrictions or repurchase conditions on held-to-maturity financial assets shown above.

(H) FINANCIAL ASSETS SECURITIZATION

(a) Mortgage loans 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 loan debtors default, neither the investor nor Deutsche Bank 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 and the risks related to prepayment and change in interest rate of the securitized loans. For the year ended December 31, 2009, an impairment loss of \$5,932 was recognized as a result of the aforesaid risks; please refer to Note 4(G) for more information.

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

1. 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:

	Mortgage loan securitization	
	December 31, 2009	August 10, 2004
Prepayment rate (annual rate)		
Adjustable Rate Mortgage	30.00%	17.50%
Government Subsidized Mortgage	22.00%	7.00%
Weighted-average life (in years)	5.47	17.36
Expected credit default rate (annual rate)	1.61%	3.01%
Discounting rate for residual cash flows (annual rate)		
- principal	4.00%	5.70%
- interest	3.50%	2.34%

2. Sensitivity analysis

As of December 31, 2009, 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	
	December 31, 2009	August 10, 2004
Carrying amount of retained interests	\$	134,930
Weighted-average life (in years)		5.74
Prepayment rate (annual rate)		
Adjustable Rate Mortgage		30.00 %
Government Subsidized Mortgage		22.00 %
Impact on fair value of 10% adverse change		(959)
Impact on fair value of 20% adverse change		(2,114)
Expected credit default rate (annual rate)		1.61 %
Impact on fair value of 10% adverse change		(416)
Impact on fair value of 20% adverse change		(831)

3. Expected static pool weighted-default rate

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

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

4. Cash flows

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

	For the years ended December 31,	
	2009	2008
Servicing fees received	\$ 2,740	\$ 3,481
Other cash flows received on retained interests	10,988	18,135
Recovery of cash reserve	852	1,369
Servicing advances	(9,502)	(8,846)
Recovery of servicing advances	12,143	8,017

(b) Collateralized loan obligation securitization

During the first quarter of 2007, the Bank securitized a collateralized loan with a book value of \$8,273,187 with First Commercial Bank Co., Ltd. as Trustee, and offered security in the form of beneficiary certificates. The Bank acquired \$7,451,775 in cash from this transaction, with a gain of \$6,594 accounted for under other non-interest income. These beneficiary certificates have a redemption period from January 3, 2007, to January 12, 2014. The other terms of these beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount/ Face value	Issue price (price-per-hundred)	Interest rate	Payment frequency
Senior tranche A - certificate	1 st	\$ 5,323,000	\$ 99.794	- %	once a month
Senior tranche B - certificate	2 nd	379,000	94.933	- %	once a month
Senior tranche C - certificate	3 rd	1,092,000	93.131	- %	once a month
Senior tranche D - certificate	4 th	608,000	91.022	- %	once a month
Mezzanine tranche E - certificate	5 th	316,000	100	3.1509 %	once a month
Subordinated tranche F - certificate	6 th	270,000	100	3.3500 %	once a month
Subordinated tranche G - certificate	7 th	285,187	203.488	None	once a month

The Bank holds the subordinated beneficiary certificates and retains the right to interest (if any) in excess of the amount paid to the holders of senior and mezzanine beneficiary certificates. If the loan debtors default, neither the investor nor Trustee has the right of recourse to the Bank. The repayment of the principal of subordinated beneficiary certificates is subordinate to the investors' certificates, and their value is affected by the credit risk, prepayment rate, and change in interest rate of the securitized loans. For the year ended December 31, 2008, an impairment loss of \$38,660 was recognized as a result of the aforesaid risks; please refer to Note 4(J) for more information.

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

1. 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:

	Corporate loans securitization	
	December 31, 2009	January 3, 2007
Prepayment rate (annual rate)	1.19%	3.60%
Weighted-average life (in years)	0.51	1.96
Expected credit losses rate (annual rate)	3.08%	0.30%
Discounting rate for residual cash flows (annual rate)	4.11%	2.23%

2. Sensitivity analysis

As of December 31, 2009, 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:

	Corporate loans securitization	
	\$	
Carrying amount of retained interests	\$	527,075
Weighted-average life (in years)		0.51
Prepayment rate (annual rate)		1.19 %
Impact on fair value of 10% adverse change		(6)
Impact on fair value of 20% adverse change		(12)
Expected credit losses rate (annual rate)		3.08 %
Impact on fair value of 10% adverse change		(1,484)
Impact on fair value of 20% adverse change		(2,963)

3. Expected static pool credit losses rate

As the securitized collateralized loan obligation did not have actual credit losses as of the balance sheet date, the expected static pool credit losses rate is equal to the expected credit losses rate.

4. Cash flows

The cash flows received from securitization trusts were as follows:

	For the years ended December 31,	
	2009	2008
Other cash flows received on retained interests	\$ 18,839	\$ 101,186
Servicing fees received	200	200

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

(I) INVESTMENTS UNDER EQUITY METHOD—NET

	December 31, 2009		December 31, 2008	
	%	Book value	%	Book value
Chinatrust (Philippines) Commercial Bank Corporation (original investment at PHP 2,695,137 thousand)	99.41	\$ 3,911,505	99.41	\$ 3,625,552
PT Bank Chinatrust Indonesia (original investment at Rupiah 191 billion)	99.00	4,840,755	99.00	3,753,558
Chinatrust Forex Corporation (Note) (original investment at PHP 31,045 thousand)	60.00	20,799	60.00	20,760
CTC Bank of Canada (original investment at CAD 15,000 thousand)	100.00	647,241	100.00	561,941
Chinatrust Securities Investment Consultancy Co., Ltd. (Note) (original investment at \$9,940)	99.40	9,960	99.40	9,947
Chinatrust Capital Corporation (as of December 31, 2009 and 2008, investment at \$15,586,229 and \$4,842,782, respectively)	100.00	9,593,067	100.00	7,677,139
Grand Bills Finance Corporation (original investment at \$1,010,880)	21.15	1,775,974	21.15	1,731,854
GCB Finance (HK) Limited (original investment at \$223,050)	100.00	357,579	100.00	367,913
Total		\$ 21,156,880		\$ 17,748,664

During the second and fourth quarters of 2009, the Bank subscribed US\$130 million and US\$200 million of common stock, respectively, issued by the Bank's subsidiary Chinatrust Capital Corporation through private placement. A total of 742.96 shares and 1,593.20 shares, respectively, of common stock of the Bank's subsidiary Chinatrust Capital Corporation were issued at US\$174,974.90 and US\$125,533.23, respectively, per share. Aforesaid share subscription had been paid by the Bank in one lump sum at the subscription date.

During the second, third and fourth quarters of 2009, the Bank's subsidiary Chinatrust Capital Corporation invested US\$80 million, US\$42 million and US\$190 million, respectively, in Chinatrust Bank (U.S.A.), hence the total investment increase amounted to US\$312 million.

For the years ended December 31, 2009 and 2008, losses from investments under the equity method were as follows:

	For the years ended December 31,	
	2009	2008
Chinatrust (Philippines) Commercial Bank Corporation	\$ 231,131	\$ 43,610
PT Bank Chinatrust Indonesia	552,981	690,349
Chinatrust Forex Corporation (Note)	-	123
CTC Bank of Canada	12,398	21,231
Chinatrust Securities Investment Consultancy Co., Ltd. (Note)	13	(239)
Chinatrust Capital Corporation	(8,665,304)	(1,156,932)
Grand Bills Finance Corporation	67,920	33,817
GCB Finance (HK) Limited	(813)	3,221
Total	\$ (7,801,674)	\$ (364,820)

Note: Company in liquidation.

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

(J) OTHER FINANCIAL ASSETS—NET

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Short-term advances—net	\$ 179,260	\$ 399,542
Refundable deposits—net	3,503,238	12,581,663
Hedging derivative financial assets	1,593,671	2,754,664
Deposits pledged	130,000	91,150
Debt investment without active market—net	782,381	808,594
Financial assets carried at cost—net	2,710,163	3,177,261
Accounts receivable—non-accrual account	497,574	857,392
Less: Allowance for uncollectible accounts— accounts receivable—non-accrual account	(497,574)	(857,392)
Others	16,626	194,730
Total	\$ 8,915,339	\$ 20,007,604

The debt investments, comprising corporate and other bonds, without an active market held by the Bank are carried at amortized cost due to the lack of quoted market price. During the first quarter of 2008, the Bank recognized an impairment loss of \$510,545 on its structured investment vehicle (SIV) in light of the market situation. The Bank fully recognized an impairment loss on SIV and derecognized it from the balance sheet at its carrying amount during the second quarter of 2008. Furthermore, the Bank recognized an impairment loss of \$38,660 on collateralized loan obligation securitization for the year ended December 31, 2008. Please refer to Note 4(H) for more information.

Financial assets carried at cost include stock and equity investments of the Bank with no quoted market price and whose fair value cannot be reliably measured; such financial assets are carried at cost. During the years 2009 and 2008, the Bank recognized an impairment loss amounting to \$5,185 and \$9,500, respectively, on its financial assets carried at cost.

As of December 31, 2009, the Bank had disposed of all of its MasterCard International restricted common stock. For the years ended December 31, 2009 and 2008, the Bank recognized gains on disposal of such common stock amounting to \$51,694 and \$437,482, respectively, accounted for under realized gains on available-for-sale financial assets.

During May and July 2008, the Bank received a payment of \$1,856,703 and 1,114 thousand shares (\$1,466,863 of revenue was recognized) in connection with the redemption of VISA stock through the National Credit Card Center of the R.O.C. distributed by VISA Inc. as a result of VISA's global restructuring. Gains from the preceding transactions after deducting business tax were all accounted for under other miscellaneous income. As of December 31, 2009, the Bank had sold 334 thousand shares that met certain conditions and for which the restriction on transfer had been lifted. Gains from disposal of those shares amounting to \$491,450 were recognized and accounted for under realized gains on available-for-sale financial assets. Please refer to Note 4(F) for more information. The remaining 780 thousand shares of VISA Inc. held by the Bank are generally non-transferable until March 25, 2011.

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

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

(K) PREMISES AND EQUIPMENT—NET

<u>December 31, 2009</u>	<u>Cost</u>	<u>Revaluation appreciation</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net</u>
Land	\$ 16,833,758	\$ 61,649	\$ -	\$ 41,383	\$ 16,854,024
Superficies	3,123,042	-	-	-	3,123,042
Buildings	14,404,538	416	5,127,542	26,221	9,251,191
Transportation equipment	45,230	-	42,190	-	3,040
Miscellaneous equipment	9,626,256	-	7,649,135	-	1,977,121
Construction in progress	1,815,129	-	-	-	1,815,129
Prepayment for equipment	23,611	-	-	-	23,611
Leased premises	314,241	-	132,129	-	182,112
Total	\$ 46,185,805	\$ 62,065	\$ 12,950,996	\$ 67,604	\$ 33,229,270

<u>December 31, 2008</u>	<u>Cost</u>	<u>Revaluation appreciation</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net</u>
Land	\$ 16,506,215	\$ 61,649	\$ -	\$ 141,060	\$ 16,426,804
Superficies	3,190,325	-	-	-	3,190,325
Buildings	14,387,201	416	4,676,761	94,439	9,616,417
Transportation equipment	45,836	-	36,453	-	9,383
Miscellaneous equipment	10,329,276	-	7,732,645	-	2,596,631
Construction in progress	399,074	-	-	-	399,074
Prepayment for equipment	21,748	-	-	-	21,748
Leased premises	289,594	-	73,209	-	216,385
Total	\$ 45,169,269	\$ 62,065	\$ 12,519,068	\$ 235,499	\$ 32,476,767

The depreciable assets were revalued on December 31, 1974, and December 31, 1980, resulting in total appreciation of \$13,510 and \$53,123, respectively. In addition, land was revalued on September 30, 1987, based on the government-announced value, resulting in land appreciation of \$77,519.

In May 2006, the Bank acquired the superficieses 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 (include business tax and other related expenses of the superficieses). The rental is determined annually at the rate of 8% of the government district assessed present value. Please refer to Note 6 for information on performance guarantee deposits.

Following the acquisition of EBH, the Bank worked on a relocation plan for each branch office's operations. Due to the dissolution or relocation of branch offices, a portion of the premises became idle. For the years ended December 31, 2009 and 2008, the Bank reclassified these idle premises and equipment under other assets. Please refer to Note 4(M) for further information about the book value of idle premises and equipment.

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

In 2006, the book value of the second training center premises was deducted in the amount of \$87,821; please refer to Note 5(B) for more detailed information about the premises transactions describe above. As of December 31, 2007, the Bank reclassified the non-self-use part of the second training center premises under idle premises and equipment with net book value of \$471,371 after deduction of accumulated impairment. As of December 31, 2008, because the non-self-use part of the second training center premises with net book value \$210,544 had been reused, the Bank reclassified it under premises and equipment.

Due to the change in usage status of a portion of idle premises and equipment, the Bank reclassified it under premises and equipment. As of December 31, 2009, the Bank had executed an impairment test and a valuation, and found an indication that an impairment loss recognized in prior periods no longer existed; therefore the Bank recognized reversal of impairment loss on assets amounting to \$468,280 in compliance with SFAS No. 35 "Impairment of Assets."

(L) INTANGIBLE ASSETS

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Goodwill	\$ 10,152,835	\$ 10,152,835
Computer software	1,597,795	1,548,784
Total	<u>\$ 11,750,630</u>	<u>\$ 11,701,619</u>

As of December 31, 2009 and 2008, goodwill of the Bank was acquired from business combination.

During the year 2008, the Bank recognized an impairment loss of \$42,798 on computer software.

(M) OTHER ASSETS—NET

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Prepayments	\$ 2,405,530	\$ 2,335,008
Deferred charges	92,222	112,857
Real estate investments	1,400	1,400
Foreclosed properties received	112,986	205,868
Less: Accumulated impairment	(72,562)	(134,804)
Deferred pension costs	97,647	-
Deferred income tax assets—net	4,190,704	3,583,160
Idle premises and equipment	1,670,394	2,260,347
Less: Accumulated impairment	(595,360)	(951,121)
Temporary payments	16,288	21,942
Others	2,818	2,852
Total	<u>\$ 7,922,067</u>	<u>\$ 7,437,509</u>

During the years 2009 and 2008, idle premises and equipment with net book value of \$85,325 and \$798,011, respectively, which had been reused, were reclassified under premises and equipment.

During the years 2009 and 2008, the Bank recognized an impairment loss of \$1,550 and \$4,193, respectively, on foreclosed properties.

During the years 2009 and 2008, the Bank recognized an impairment loss of \$1,217 and \$66,151, respectively, on idle premises and equipment.

Please refer to Note 4(T) for further information on "deferred income tax assets—net."

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

(N) DUE TO CENTRAL BANK AND OTHER BANKS

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Financing from Central Bank	\$ 4,132,903	\$ 4,664,000
Financing from other banks	-	98,580
Total	<u>\$ 4,132,903</u>	<u>\$ 4,762,580</u>

Financing from Central Bank

As of December 31, 2009 and 2008, the Bank had borrowed US\$129,032 thousand and US\$141,935 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 on the maturity date.

Financing from other banks

As of December 31, 2008, the Bank had borrowed US\$3,000 thousand from other banks with an annual interest rate of 8.1325%. The financing amount was settled in March 2009, with interest payable quarterly.

(O) PAYABLES

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Accounts payable	\$ 12,047,160	\$ 12,914,649
Accrued expenses	8,295,558	7,818,591
Income taxes payable	339,284	314,145
Interest payable	2,089,777	4,745,390
Acceptances payable	6,854,679	5,235,928
Collection payable	1,273,644	1,743,832
Other tax payable	378,089	344,491
Dividends and bonuses payable	31,897	32,376
Checks for clearance	2,740,151	3,323,252
Interbank clearing payable	233,575	201,943
Non-discretionary monetary trust payable	133,322	814,600
Miscellaneous lottery accounts payable	4,577,205	3,345,166
Lease payable	89,576	155,713
Settlement payable to the National Credit Card Center	397,161	354,124
Fees payable to trustee for asset securitization	533,264	486,062
Settlement compensation payable	1,962,893	217,000
Other payables	1,298,239	1,630,854
Total	<u>\$ 43,275,474</u>	<u>\$ 43,678,116</u>

As of December 31, 2009 and 2008, accounts payable included the balances arising from factoring of \$9,663,854 and \$11,279,601, 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)**

(P) DEPOSITS AND REMITTANCES

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
NTD deposits		
Checking accounts	\$ 7,135,646	\$ 6,862,983
Demand deposits		
Demand deposits	109,331,910	77,184,929
Demand savings deposits	363,211,936	257,160,673
Public treasury deposits	6,374,213	4,020,933
Subtotal of demand deposits	<u>478,918,059</u>	<u>338,366,535</u>
Time deposits		
Time deposits	192,471,816	190,189,026
Time savings deposits	235,708,488	264,071,427
Negotiable certificates of deposit	12,402,600	5,242,300
Postal savings redeposits	19,936,246	20,648,149
Public treasury deposits	4,039,997	10,996,544
Others	26,839,900	32,964,800
Subtotal of time deposits	<u>491,399,047</u>	<u>524,112,246</u>
Subtotal of NTD deposits	<u>977,452,752</u>	<u>869,341,764</u>
Foreign currency deposits	271,413,675	274,957,645
Remittances under custody	53,400	43,475
Remittances outstanding	1,514,848	399,950
Total	<u>\$ 1,250,434,675</u>	<u>\$ 1,144,742,834</u>

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

(Q) FINANCIAL DEBENTURES

December 31						
Bonds	Terms of transactions			Type	Bond issued	
	Issue date	Maturity date	Interest rate		Amount	Amount
					2009	2008
2003-1	09/12/2003	09/12/2010	The single coupon rate is Bank of Taiwan's quoted floating interest rate for 2-year time deposit plus 80 basis points; simple interest is accrued annually.	Unsecured subordinated financial debentures	\$ 5,000,000	\$ 5,000,000
2003-2	10/13/2003	10/13/2010	The single coupon rate is Bank of Taiwan's quoted floating interest rate for 2-year time deposit plus 80 basis points; simple interest is accrued annually.	"	2,000,000	2,000,000
2003-3	10/13/2003	10/13/2010	The prime rate plus 100 basis points; simple interest is accrued at a floating rate. (Note 1)	"	2,000,000	2,000,000
2004-1 (Note 2)	03/15/2004	03/19/2009 (Note 4)	If 6M LIBOR < 1.10%, the coupon rate will be 6M LIBOR. If $1.10\% \leq 6M \text{ LIBOR} \leq 2.10\%$, the coupon rate will be 3.00%. If $6M \text{ LIBOR} > 2.10\%$, the coupon rates of A to E will be 5.0000%-6M LIBOR, 5.0001%-6M LIBOR, 5.0002%-6M LIBOR, 5.0003%-6M LIBOR and 5.0004%-6M LIBOR, respectively. (The coupon rates above are subject to a minimum of 0%.)	Secured financial debentures	-	1,300,000
2004-2 (Note 2)	05/27/2004	05/27/2011	Tranche A: $(6mL + 0.7000\%) * n/N$ Tranche B: $(6mL + 0.7001%) * n/N$ Tranche C: $(6mL + 0.7002%) * n/N$ The coupon rate zones of all bonds were as follows: 1 st year: $0.50\% \leq 6mL \leq 2.00\%$ 2 nd year: $0.50\% \leq 6mL \leq 2.50\%$ 3 rd year: $0.50\% \leq 6mL \leq 3.00\%$ 4 th year: $0.50\% \leq 6mL \leq 3.50\%$ 5 th year: $0.50\% \leq 6mL \leq 4.00\%$ 6 th year: $0.50\% \leq 6mL \leq 4.50\%$ 7 th year: $0.50\% \leq 6mL \leq 5.00\%$ (Note 6)	"	1,500,000	1,500,000
2004-3 (Note 2)	06/10/2004	06/10/2009	The coupon rate is $4.00\% * n/N$. The coupon rate zones of all bonds were as follows: 1 st year: $1.10\% \leq 6mL \leq 2.00\%$ 2 nd year: $1.10\% \leq 6mL \leq 2.50\%$ 3 rd year: $1.10\% \leq 6mL \leq 3.00\%$ 4 th year: $1.10\% \leq 6mL \leq 3.50\%$ 5 th year: $1.10\% \leq 6mL \leq 4.00\%$ (Note 6)	"	-	500,000
2004-4 (Note 2)	01/28/2005	01/28/2010	2.30%	Unsecured financial debentures	700,000	700,000

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

December 31

Bonds	Terms of transactions			Type	Bond issued	
	Issue date	Maturity date	Interest rate		Amount	Amount
					2009	2008
5.625% Step-up Callable Perpetual Subordinate Notes	03/17/2005	N/A	5.625%; an interest is payable semi-annually; if redemption right is not exercised 10 years after the issue date, the interest rate will be USD 6MLIBOR + 1.86%.	Perpetual accumulated subordinated financial debentures	\$ 16,014,282	\$ 16,430,000
2005-2 (Note 5)	06/06/2005	06/08/2015	A, F and M = 2.168% B, E and N = 2.169% H and J = 2.170% C, I and K = 2.171% D, G and L = 2.172%	Unsecured financial debentures	-	7,000,000
2005-3 (Note 5)	06/08/2005	06/09/2015	A = 2.60% * n/N (n represents the total days that USD 30y CMS - USD 2y CMS is greater than or equal to 0 within the interest period. N represents the total days within the interest period.) B = 2.170%	"	-	2,500,000
2005-4 (Note 5)	06/09/2005	06/09/2015	A = 2.62% * n/N (n represents the total days that USD 30y CMS - USD 2y CMS is greater than or equal to 0 within the interest period. N represents the total days within the interest period.) B = 2.170%, C = 2.003% D = 2.002%, E = 2.001% F = 2.000%, G = 1.999% H = 1.998%, I = 1.997%	"	-	4,500,000
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
2005-7 (Note 2)	04/12/2005	04/18/2010	2.09%	Unsecured financial debentures	2,500,000	2,500,000
2006-1	05/17/2006	05/17/2016	2.14%	"	3,100,000	3,100,000
2006-2 (Note 3)	10/05/2006	10/05/2016	A=2.75%. B=2.5%. From the 6 th year after the issue date, B=3.5%.	Unsecured subordinated financial debentures	12,900,000	12,900,000
2007-1	11/28/2007	11/28/2010	A=2.825%. B is floating rate; the single coupon rate is Bank of Taiwan's quoted floating interest rate for 3-year time deposit plus 0.25%; simple interest is accrued at a floating rate.	"	650,000	650,000
2007-2	12/11/2007	06/11/2011	Floating rate; the single coupon rate is Bank of Taiwan's quoted floating interest rate for 3-year time deposit plus 0.325%; simple interest is accrued at a floating rate.	"	4,350,000	4,350,000
2007-3	12/14/2007	12/14/2014	The prime rate plus 0.40% (Note 1)	"	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

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

December 31						
Bonds	Terms of transactions			Type	Bond issued	
	Issue date	Maturity date	Interest rate		Amount	Amount
					2009	2008
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. Adjustment for fair value increase of hedged transactions Unamortized premium	"	450,000 1,484,829 94,854	450,000 2,716,886 81,745
					<u>\$ 74,293,965</u>	<u>\$ 91,728,631</u>

Note 1: The prime rate is based on page code 6165 of Reuters (original: Associated Press), the fixed interest rate of 90-day CP/BA at 11:00am on the interest reset date.

Note 2: Due to the acquisition of Chinatrust Bills Finance Corp., the Bank assumed the 1st domestic secured bonds, 2nd domestic secured bonds, and 3rd domestic secured bonds in 2004, the 1st domestic unsecured bonds in 2004, and the 1st domestic unsecured bonds in 2005 previously issued by Chinatrust Bills Finance Corp.

Note 3: The Bank is authorized to redeem the Tranche A and Tranche B debentures in whole or in part (either one) on the date five years after its issue date, and at intervals of every three months thereafter, at a price equal to their principal plus unpaid interest, if any, and the holders or underwriters of the debentures may not refuse to accept the redemption.

Note 4: Tranche F, which was originally issued by Chinatrust Bills Finance Corp. and was to mature on March 22, 2009, was voided as a result of the merger for the six months ended June 30, 2008.

Note 5: The debentures were redeemed and the principal was refunded in March 2009.

Note 6: n represents the total days that 6mL is greater than or equal to the floor rate of the interest rate collar within the interest period, and less than or equal to the ceiling rate within the interest period. N represents the total days within the interest period.

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

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

(R) OTHER FINANCIAL LIABILITIES

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Appropriated loan funds	\$ 126,000	\$ 139,193
Guarantee deposits received	1,942,991	919,068
Hedging derivative financial liabilities	7,510	14,055
Others	-	7,691
Total	<u>\$ 2,076,501</u>	<u>\$ 1,080,007</u>

(S) RETIREMENT PLAN

The pension funds and related accounts for the years ended December 31, 2009 and 2008, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Ending balance of pension fund	\$ 4,651,223	\$ 4,602,787
Net periodic pension cost:		
Defined benefit pension plan	263,706	321,508
Defined contribution pension plan	282,885	279,006

The Bank maintains a retirement plan covering all regular employees. Payments of pension benefits are calculated based on the number of the employee's years of service and average salary of the last six months prior to approved retirement. The Bank contributes 3.75% 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 5.27% of monthly payroll to a designated depository account with Bank of Taiwan.

As of December 31, 2009 and 2008, the funding status was reconciled with accrued pension liabilities per books as follows:

	<u>For the years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Benefit obligation:		
Vested benefit obligation	\$ (840,385)	\$ (688,649)
Non-vested benefit obligation	(4,270,399)	(3,815,254)
Accumulated benefit obligation	(5,110,784)	(4,503,903)
Additional benefit based on future salaries	(1,073,176)	(1,016,847)
Projected benefit obligation	(6,183,960)	(5,520,750)
Fair value of pension plan assets	4,651,223	4,602,787
Funding status	(1,532,737)	(917,963)
Unrecognized net transition obligation	37,808	75,616
Unrecognized loss on pension fund	1,501,181	892,250
Unrecognized prior service cost	(59,840)	(64,826)
Supplementary accrued pension liability	(405,973)	-
Accrued pension liability	<u>\$ (459,561)</u>	<u>\$ (14,923)</u>

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

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

	For the years ended December 31,	
	2009	2008
Discount rate	2.25%	3.25%
Incremental rate of future compensation levels	2.00%	2.00%
Expected long-term rate of return on plan assets	2.25%	3.25%

Net periodic pension costs were as follows:

	For the years ended December 31,	
	2009	2008
Service cost	\$ 186,128	\$ 240,908
Interest cost	124,217	173,095
Expected return on plan assets	(103,563)	(146,661)
Amortization and deferred amount	57,119	47,631
Net periodic pension cost	\$ 263,901	\$ 314,973

As of December 31, 2009 and 2008, the vested benefit obligation of the Bank's retirement plan amounted to \$847,513 and \$694,445, respectively.

(T) INCOME TAXES

The income tax expenses and related accounts for the years ended December 31, 2009 and 2008, were as follows:

	For the years ended December 31,	
	2009	2008
Current income tax expenses	\$ 2,158,286	\$ 1,509,240
Deferred income tax (benefits) expenses	(1,661,005)	212,779
10% surtax on undistributed earnings	-	3,568
Income tax expenses	\$ 497,281	\$ 1,725,587

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

The components of deferred income tax (benefits) expenses were as follows:

	For the years ended December 31,	
	2009	2008
Realized (provision for) impairment loss on assets	\$ 25,522	\$ (13,658)
Foreign investment losses recognized under equity method	(1,729,110)	-
Reversal of allowance for market value decline on foreclosed properties	15,560	103,584
Net unrealized (losses) gains on foreign exchange and derivative instruments	(420,187)	205,517
(Provision for) reversal of difference in pension provision for financial and tax purposes	(9,692)	22
Settlement compensation payable	(436,473)	(54,250)
Investment tax credit	(9,455)	(28,436)
Effects of change in income tax rate	902,830	-
Total	\$ (1,661,005)	\$ 212,779

Commencing from January 1, 2006, the Bank adopted the “Income Basic Tax Act” in determining the income basic tax, and its income tax rate is 25%. In compliance with the amendment of the Income Tax Act which was published on May 27, 2009, the Bank’s income tax rate will be changed to 20% beginning in year 2010. For the years ended December 31, 2009 and 2008, the differences between income tax under the tax rate and income tax expenses were as follows:

	For the years ended December 31,	
	2009	2008
Income tax calculated on net income before tax	\$ 424,740	\$ 3,585,310
Income tax separately levied on interest income	(430,493)	(1,142,967)
Net income from domestic investment	(80,282)	(216,204)
Tax-exempt gains on disposal of land	(96,525)	(27,872)
Securities transaction income tax relief	(386,414)	(494,909)
Adjustment of securities under repurchase/resell agreements	(322,672)	(147,363)
Foreign investment losses recognized under equity method	238,292	99,599
Provision for miscellaneous loss reserve	32,288	11,828
Expenses and losses on futures proprietary trading	28,217	41,300
Net income from offshore banking unit	(553,252)	(403,003)
Imputed interest of separate trading of registered interest and principal securities (STRIPS)	9,779	13,786
Amortization of goodwill	(371,775)	(744,521)
Investment tax credit	(9,455)	(28,436)
Income tax separately levied	414,516	965,720
Effects of change in income tax rate	902,830	-
10% surtax on undistributed earnings	-	3,568
Difference between Basic Tax and Regular Income Tax	-	115,669
Underestimated income tax for prior year	76,020	57,325
Effects of consolidated tax return	276,907	40,717
Income tax losses from repurchase/resell agreement transactions	241,386	53,265
Transfer of parent company's treasury stock to employees	101,119	-
Others	2,055	(57,225)
Total	\$ 497,281	\$ 1,725,587

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

As of December 31, 2009 and 2008, the temporary differences resulting in deferred income tax assets (liabilities), loss carryforward, and other tax effects were as follows:

	December 31, 2009		December 31, 2008	
	Amount	Tax effect	Amount	Tax effect
Deductible temporary difference due to provision for impairment loss on assets	\$ 226,009	\$ 45,202	\$ 328,096	\$ 82,024
Deductible temporary difference due to allowance for market value decline of foreclosed properties	44,217	8,843	106,459	26,615
Taxable temporary difference due to unrealized gains on foreign exchange and derivative instruments	(3,807,757)	(761,551)	(5,345,823)	(1,336,456)
Deductible (taxable) temporary difference due to investment loss (income) recognized under equity method	3,876,312	775,262	(3,040,128)	(760,032)
Deductible temporary difference due to provision for cumulative translation adjustments	1,532,519	306,504	1,998,584	499,646
Deductible temporary difference due to settlement compensation payables	1,962,893	392,579	217,000	54,250
Deductible temporary differences due to other reasons	1,178,126	235,625	662,916	165,729
Effects of loss carryforward	15,534,906	3,106,981	19,072,851	4,768,213
Investment tax credit	406,296	81,259	332,684	83,171
Total	\$ 20,953,521	\$ 4,190,704	\$ 14,332,639	\$ 3,583,160

Information on loss carryforward:

The last year for loss carryforward Year 2016 (Note)	December 31, 2009	December 31, 2008
	\$ 15,534,906	\$ 19,072,851

Note: According to the amendment of the Income Tax Act published by Presidential Decree Letter No. 09800014571 of January 21, 2009, a revision of Article 39 of the Income Tax Act extends the period for loss carryforward from five to ten years. Under the new rules, the period of loss carryforward can be extended from year 2011 to 2016.

For the years ended December 31, 2009 and 2008, under the consolidated corporate income tax return, the Bank recognized the difference between the consolidated income tax and its ordinary income tax amounting to \$730,065 and \$1,371,342, respectively, accounted for under receivables.

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

The Bank's income tax returns through 2004 were examined by the Tax Authority. For the year ended December 31, 2004, 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.

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

The Bank's income tax return for 2002 was examined by the Tax Authority. The Bank disagreed with the result of the administrative appeal on non-taxable interest revenue of the OBU and initiated an administrative litigation. The Bank learned the judgment of the Taipei High Administrative Court on March 17, 2008, revealing that it had lost the administrative litigation regarding the income tax return for 2002 made to the Court of First Instance against the Taipei National Tax Administration. The effect on income tax was recorded with proper accounting treatment.

The Bank's income tax return for 2003 was examined by the Tax Authority. The Bank disagreed with the result regarding amortization of goodwill, investment tax credit and the balance of the imputation credit account (ICA), and applied for recheck according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

The Bank's income tax return for 2004 was examined by the Tax Authority. The Bank disagreed with the result regarding amortization of goodwill, interest income, foreign tax credit, and the balance of the imputation credit account (ICA), and intended to apply for recheck according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

Chinatrust Bills Finance Corp. (dissolved)

The income tax returns through 2004 were examined by the Tax Authority. With regard to the interest on investments in bonds attributable to the periods, 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.

(U) IMPUTATION CREDIT ACCOUNT

As of December 31, 2009, the balance of the stockholders' imputation credit account amounted to \$209,087. The actual tax-deductible ratios of cash dividends and stock dividends on distribution of earnings for year 2008 were 3.58% and 4.86%, respectively. The actual tax-deductible ratios of cash dividends and stock dividends on distribution of earnings for year 2007 were 13.32% and 27.46%, respectively. All of the ending balance of undistributed retained earnings arose from earnings in 1998 and thereafter.

(V) CAPITAL STOCK AND CAPITAL SURPLUS

(a) CAPITAL STOCK

On April 26, 2008, the Bank merged with Chinatrust Bills Finance Corp. by issuing 314,160 thousand common shares to exchange for the shares of Chinatrust Bills Finance Corp., and as of May 15, 2008, the Bank had completed the relevant registration process.

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

A resolution on the 2007 earnings distribution of the Bank was approved by the board of directors on behalf of shareholders on May 28, 2008. The resolution was changed by the board of directors on behalf of shareholders on August 13, 2008. As a result of the resolution, the Bank will capitalize undistributed retained earnings by issuing 598,313 thousand new shares, and as of October 24, 2008, the Bank had completed the relevant registration process.

A resolution on capitalizing undistributed retained earnings \$3,371,397 of the Bank by issuing 337,140 thousand new shares was approved by the board of directors on behalf of shareholders on May 21, 2009, and as of August 19, 2009, the Bank had completed the relevant registration process.

As of December 31, 2009, the Bank's authorized capital was \$80,000,000, and paid-in capital for common stock was \$75,103,257.

(b) **CAPITAL SURPLUS**

The components and sources of capital surplus were as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Additional paid-in capital— stock	\$ 16,000,568	\$ 16,000,568
Treasury stock of the Bank's parent company transferred to employees	404,476	-
Total	<u>\$ 16,405,044</u>	<u>\$ 16,000,568</u>

Under the Company Act, capital surplus can only be used to offset a deficit when legal reserve is not sufficient to offset losses or be capitalized 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 additional paid-in capital 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 its 54,770 thousand shares of treasury stock to the Bank's employees in August 2009, and pursuant to Interpretation (97) No. 17 issued by the Accounting Research and Development Foundation, the Bank has recognized personnel expenses and capital surplus amounting to \$404,476.

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

(W) 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.

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, the above restriction no longer applies.

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 shareholders 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 2007 earnings distribution of the Bank was approved by the board of directors on behalf of shareholders on May 28, 2008, and the resolution was changed by the board of directors on behalf of shareholders during a board meeting on August 13, 2008. The distribution of employee bonuses after adjustment amounted to \$3,372.

A resolution on 2008 earnings distribution of the Bank was approved by the board of directors on behalf of shareholders on May 21, 2009, and the distribution of employee bonuses amounted to \$1,895. However, the distribution of employee bonuses which was disclosed in the financial report of 2008 amounted to \$2,339. The difference amounting to \$444 was accounted for as changes in accounting estimates and recognized as profit or loss of year 2009.

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

For the year ended December 31, 2009, employee bonuses were estimated amounting to \$926. 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 in the profit or loss of the next year.

The relevant information on employee bonuses approved by the board of directors on behalf of shareholders 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 2009 distribution of employee bonuses and remuneration to directors and supervisors is still waiting for the approval of the board of directors on behalf of shareholders of the Bank in a meeting next year. The related information can be accessed through the Market Observation Post System or other sites after the related meeting takes place.

(X) SHARE-BASED PAYMENT

- (a) As of December 31, 2009, the Bank had set out the measurement principles and specific requirements for the share-based payment transactions for the four years from 2004 to 2008:

	Management stock appreciation rights plan for the years			
	2004	2005	2006	2008
Grant date	2005.2.4	2006.1.26	2007.2.14	2009.1.23
Grant number	85,573	44,003	45,537	66,299
Exercise period	(1) 2007.1.1~2007.6.30 (2) 2008.1.1~2008.6.30	2008.1.1~2008.6.30	(1) 2009.1.1~2009.6.30 (2) 2010.1.1~2010.6.30	2011.1.1~2011.12.31
Exercise price at grant date	\$ 33	\$ 25.86	\$ 20.14	\$ 13.01

Regarding the implementation of the preceding plan, with the exception of cash settlement for the management stock appreciation rights plan for the year 2008, the Bank could choose to proceed with the delivery of treasury stock of Chinatrust Financial Holding Company, Ltd. or cash settlement according to the quantity of treasury stock it currently holds. When rights are exercised, the Bank has the right to make settlement in cash if an employee retires or is disqualified from receiving shares. When employees terminate their employment or are on leaves of absence without pay, they forfeit their stock appreciation rights.

As of December 31, 2008, due to the recent volatility in stock prices, the Bank had decided to extend the exercise period of the 2006 management stock appreciation rights plan from January 1 to June 30, 2010.

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

Disclosures for the Bank's stock appreciation rights plan:

	For the year ended December 31, 2009			
	Management stock appreciation rights plan for the years			
	2006		2008	
	Number	Weighted-average exercise price	Number	Weighted-average exercise price
Outstanding at the beginning of the period	44,697	\$ 20.14	66,299	\$ 13.01
Granted during the period	1,410	20.14	109	13.01
Forfeited during the period	1,031	20.14	566	13.01
Exercised during the period	933	20.14	210	13.01
Expired during the period	251	20.14	-	13.01
Outstanding at the end of the period	43,892	20.14	65,632	13.01
Exercisable at the end of the period	-	20.14	-	13.01

	For the year ended December 31, 2008					
	Management stock appreciation rights plan for the years					
	2004		2005		2006	
	Number	Weighted-average exercise price	Number	Weighted-average exercise price	Number	Weighted-average exercise price
Outstanding at the beginning of the period	16,972	\$ 23.29	36,078	\$ 22.56	45,184	\$ 22.00
Granted during the period	-	23.29	-	22.56	3,971	22.00
Forfeited during the period	-	23.29	-	22.56	3,755	22.00
Exercised during the period	15,548	23.29	34,442	22.56	703	22.00
Expired during the period	1,424	23.29	1,636	22.56	-	22.00
Outstanding at the end of the period	-	23.29	-	22.56	44,697	22.00
Exercisable at the end of the period	-	23.29	-	22.56	-	22.00

For the year ended December 31, 2009, the weighted-average stock prices on the date that the Bank's employees actually exercised the stock appreciation rights of 2006 and 2008 were NT\$21.57 (dollars) and NT\$16.01 (dollars), respectively. As of December 31, 2009, the weighted-average remaining contractual terms for the share options outstanding as a result of the adoption of the stock appreciation rights plan of 2006 and 2008 were 0.5 and 2 years, respectively.

- (b) Please refer to Note 4(V)(b) for information related to the transfer of treasury stock of the Bank's parent company to the Bank's employees in August 2009.

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

(Y) EPS

	For the years ended December 31,			
	2009		2008	
	Before tax	After tax	Before tax	After tax
Net income from continuing operations	\$ 1,699,001	\$ 1,201,720	\$ 14,341,278	\$ 12,615,691
Cumulative effect of changes in accounting principles	-	-	(83,494)	(63,850)
Net income attributable to common shareholders	<u>\$ 1,699,001</u>	<u>\$ 1,201,720</u>	<u>\$ 14,257,784</u>	<u>\$ 12,551,841</u>
Weighted-average shares of common stock outstanding (in thousands)	<u>7,510,326</u>	<u>7,510,326</u>	<u>7,173,186</u>	<u>7,173,186</u>
Basic EPS (in dollars):				
Net income from continuing operations	\$ 0.23	\$ 0.16	\$ 2.00	\$ 1.76
Cumulative effect of changes in accounting principles	-	-	(0.01)	(0.01)
Net income	<u>\$ 0.23</u>	<u>\$ 0.16</u>	<u>\$ 1.99</u>	<u>\$ 1.75</u>
Basic EPS—retroactive adjustment				
Weighted-average shares of common stock outstanding—retroactive adjustment (in thousands)			<u>7,510,326</u>	<u>7,510,326</u>
Basic EPS—after retroactive adjustment (in dollars)			<u>\$ 1.90</u>	<u>\$ 1.67</u>

No diluted EPS have been presented for the year ended December 31, 2009, as the Bank's implementation of share-based payment transactions would proceed with the delivery of stock of the parent company, Chinatrust Financial Holding Company, Ltd., or cash settlement.

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

(Z) FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

Financial assets	December 31, 2009		December 31, 2008	
	Book value	Fair value	Book value	Fair value
Non-Derivative Financial Instruments				
Cash	\$ 27,729,371	\$ 27,729,371	\$ 35,547,192	\$ 35,547,192
Due from Central Bank and call loans to banks	89,732,303	89,732,303	89,351,447	89,351,447
Financial assets measured at fair value through profit or loss—net	38,638,463	38,638,463	76,313,291	76,313,291
Securities purchased under resell agreements	-	-	2,196,787	2,196,787
Receivables—net	109,027,952	109,027,952	112,063,399	112,063,399
Loans—net	841,074,844	841,074,844	837,211,803	837,211,803
Available-for-sale financial assets—net	99,589,363	99,589,363	84,579,831	84,579,831
Held-to-maturity financial assets	320,138,625	321,458,637	168,134,913	168,949,621
Other financial assets—net	7,321,668	7,344,623	17,252,940	17,271,184
Derivative Financial Instruments				
Trading purpose:				
Forwards	485,533	485,533	1,858,229	1,858,229
Non-delivery forwards	850,419	850,419	2,891,650	2,891,650
Currency swaps	2,034,184	2,034,184	4,083,958	4,083,958
Cross currency swaps	987,533	987,533	1,955,949	1,955,949
Interest rate swaps	23,938,155	23,938,155	62,106,699	62,106,699
Options	5,444,897	5,444,897	16,093,138	16,093,138
Warrants	-	-	6,331	6,331
Asset swaps	1,474	1,474	102,446	102,446
Credit default swaps	161,169	161,169	391,784	391,784
Commodity-linked interest rate swaps	6,227	6,227	4,812	4,812
Commodity-linked forward contracts	125,019	125,019	61,531	61,531
Commodity futures	308	308	241	241
Equity swaps	42	42	32,398	32,398
Equity index futures	68,654	68,654	8,988	8,988
Hedging purpose:				
Non-delivery forwards	17,033	17,033	15,614	15,614
Interest rate swaps	1,476,007	1,476,007	2,739,050	2,739,050
Currency swaps	100,631	100,631	-	-

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

Financial liabilities	December 31, 2009		December 31, 2008	
	Book value	Fair value	Book value	Fair value
Non-Derivative Financial Instruments				
Deposits from Central Bank and other banks	\$ 32,478,702	\$ 32,478,702	\$ 17,360,924	\$ 17,360,924
Due to Central Bank and other banks	4,132,903	4,132,903	4,762,580	4,762,580
Financial liabilities measured at fair value through profit or loss	271,838	271,838	2,287,890	2,287,890
Securities sold under repurchase agreements	78,056,521	78,056,521	72,156,210	72,156,210
Payables	43,275,474	43,275,474	43,678,116	43,678,116
Deposits and remittances	1,250,434,675	1,250,434,675	1,144,742,834	1,144,742,834
Financial debentures	74,293,965	74,293,965	91,728,631	91,728,631
Other financial liabilities	2,068,991	2,068,991	1,065,952	1,065,952
Derivative Financial Instruments				
Trading purpose:				
Forwards	812,349	812,349	1,322,179	1,322,179
Non-delivery forwards	755,114	755,114	2,933,599	2,933,599
Currency swaps	2,624,227	2,624,227	4,440,675	4,440,675
Cross currency swaps	1,843,000	1,843,000	2,182,030	2,182,030
Interest rate swaps	22,054,546	22,054,546	59,901,303	59,901,303
Options	6,086,231	6,086,231	17,483,326	17,483,326
Asset swaps	303,069	303,069	360,160	360,160
Credit default swaps	182,156	182,156	286,635	286,635
Commodity-linked interest rate swaps	6,227	6,227	4,812	4,812
Commodity-linked forward contracts	125,088	125,088	61,252	61,252
Interest rate futures	17,637	17,637	21,826	21,826
Commodity futures	1,898	1,898	444	444
Equity swaps	42	42	32,398	32,398
Equity index futures	3,912	3,912	1,207	1,207
Hedging purpose:				
Non-delivery forwards	35	35	-	-
Interest rate swaps	7,475	7,475	14,055	14,055

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

(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-term maturities, the book value is adopted as a reasonable basis in estimating the fair value. The method is applied to cash, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, deposits from 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, and available-for-sale, held-to-maturity and hedging derivative financial assets, 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 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 “Regulation Government the Preparation of Financial Reports by Publicly Held Banks” at cost after amortization. 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 and liabilities; therefore, the book value of both financial assets and liabilities 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. Fair value of financial derivatives is established by the amount of cash to be paid or to be received, assuming that the contract will be terminated on the balance sheet date. In general, it includes unrealized gains or losses on outstanding contracts of the current period. There are reference reports from financial institutions for most financial derivatives.

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

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

Financial assets	Based on quoted market prices		Determined by using valuation techniques	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Non-Derivative Financial Instruments				
Cash	\$ -	\$ -	\$ 27,729,371	\$ 35,547,192
Due from Central Bank and call loans to banks	-	-	89,732,303	89,351,447
Financial assets measured at fair value through profit or loss—net	5,871,381	9,617,492	32,767,082	66,695,799
Securities purchased under resell agreements	-	-	-	2,196,787
Receivables—net	-	-	109,027,952	112,063,399
Loans—net	-	-	841,074,844	837,211,803
Available-for-sale financial assets—net	64,303,627	50,563,675	35,285,736	34,016,156
Held-to-maturity financial assets	15,146,352	1,954,175	306,312,285	166,995,446
Other financial assets—net	-	-	7,344,623	17,271,184
Derivative Financial Instruments				
Trading purpose:				
Forwards	-	-	485,533	1,858,229
Non-delivery forwards	-	-	850,419	2,891,650
Currency swaps	-	-	2,034,184	4,083,958
Cross currency swaps	-	-	987,533	1,955,949
Interest rate swaps	-	-	23,938,155	62,106,699
Options	102,513	94,405	5,342,384	15,998,733
Warrants	-	6,331	-	-
Asset swaps	-	-	1,474	102,446
Credit default swaps	-	-	161,169	391,784
Commodity-linked interest rate swaps	-	-	6,227	4,812
Commodity-linked forward contracts	-	-	125,019	61,531
Commodity futures	308	241	-	-
Equity swaps	-	-	42	32,398
Equity index futures	68,654	8,988	-	-
Hedging purpose:				
Non-delivery forwards	-	-	17,033	15,614
Interest rate swaps	-	-	1,476,007	2,739,050
Currency swaps	-	-	100,631	-

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

Financial liabilities	Based on quoted market prices		Determined by using valuation techniques	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Non-Derivative Financial Instruments				
Deposits from Central Bank and other banks	\$ -	\$ -	\$ 32,487,702	\$ 17,360,924
Due to Central Bank and other banks	-	-	4,132,903	4,762,580
Financial liabilities measured at fair value through profit or loss	271,838	2,287,890	-	-
Securities sold under repurchase agreements	-	-	78,056,521	72,156,210
Payables	-	-	43,275,474	43,678,116
Deposits and remittances	-	-	1,250,434,675	1,144,742,834
Financial debentures	-	-	74,293,965	91,728,631
Other financial liabilities	-	-	2,068,991	1,065,952
Derivative Financial Instruments				
Trading purpose:				
Forwards	-	-	812,349	1,322,179
Non-delivery forwards	-	-	755,114	2,933,599
Currency swaps	-	-	2,624,227	4,440,675
Cross currency swaps	-	-	1,843,000	2,182,030
Interest rate swaps	-	-	22,054,546	59,901,303
Options	326,326	107,617	5,759,905	17,375,709
Asset swaps	-	-	303,069	360,160
Credit default swaps	-	-	182,156	286,635
Commodity-linked interest rate swaps	-	-	6,227	4,812
Commodity-linked forward contracts	-	-	125,088	61,252
Interest rate futures	17,637	21,826	-	-
Commodity futures	1,898	444	-	-
Equity swaps	-	-	42	32,398
Equity index futures	3,912	1,207	-	-
Hedging purpose:				
Non-delivery forwards	-	-	35	-
Interest rate swaps	-	-	7,475	14,055

- (d) For the years ended December 31, 2009 and 2008, unrealized (losses) gains recognized from the fair value evaluation of financial instruments by using valuation techniques amounted to \$(2,845,729) and \$1,531,020, respectively.
- (e) For the years ended December 31, 2009 and 2008, 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 \$29,803,030 and \$49,540,752, respectively, while the interest expenses amounted to \$11,403,326 and \$24,945,924, respectively. For the years ended December 31, 2009 and 2008, adjustments of available-for-sale financial assets recognized as adjustments of stockholders' equity amounted to \$5,229,264 and \$(5,157,206), respectively; realized gains (losses) resulting from such adjustments were recognized in current profit or loss on available-for-sale financial assets amounting to \$1,456,786 and \$(419,796), respectively.

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

(f) Financial risk information

1. Market risk

Unit: In Thousands of New Taiwan Dollars

<u>Currency/ Country</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<u>FX factor sensitivity (FX Delta)</u>		
AUD	\$ 913,394	\$ 9,606
CNY	1,265,680	646,865
EUR	667,040	441,416
GBP	425,605	(494,882)
HKD	(173,750)	(28,293)
JPY	(1,527,552)	30,624
KRW	597,846	(65,177)
USD	(7,344,979)	2,520,538
Others	909,630	97,761
<u>Interest rate factor sensitivity (PVBP)</u>		
Cross currency swaps curve		
CNY	29	(4)
EUR	(2)	-
NTD	3,090	993
Others	1,594	(17)
Interest rate swaps curve		
CNY	(368)	-
EUR	4	(58)
KRW	(1,556)	(882)
NTD	1,000	1,868
USD	(2,338)	(401)
Others	226	(1,097)
Forward curve		
CNY	(41)	42
EUR	-	(88)
KRW	(8)	3
NTD	618	(545)
Others	(11)	544
Bond yields curve		
EUR	(814)	(424)
KRW	(30)	-
NTD	(24,581)	(31,573)
USD	(4,921)	(2,266)
Others	(131)	(42)
<u>Equity factor sensitivity (Equity Delta)</u>		
Taiwan	4,053,874	542,071
U.S.A.	-	(73,466)
Others	(67,916)	-
<u>Commodity factor sensitivities (Commodity Delta)</u>		
Crude oil	135,919	-
Gold	223,369	45,586
<u>Credit spread factor sensitivity (CR01)</u>		
	(3,287)	(5,029)

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

The Bank is exposed to market risk via trading and non-trading activities, including spot and derivative financial instrument transactions, bound by market risk limits approved by the board. The objectives of such exposures are mainly to satisfy its customers' financing, hedging or investment needs and to establish the Bank's proprietary positions. The Bank takes proprietary positions to manage its own exposures as well as to generate profits.

The Bank utilizes market risk factor sensitivity as a tool to manage market risk. Market risk factor sensitivity of a position is defined as the change in the value of the position with respect to a unit shift of a particular market risk factor. Market risk factors include foreign exchange rates, interest rates, equity, credit spread and commodity. The calculation of the market risk factor sensitivity is obtained by measuring the effect of one unit increase in market risk factor, including foreign exchange rates, interest rates, equity, credit spread and commodity. The difference in the before and after position is referred to as market risk factor sensitivity, which is used to disclose the effect of value changes due to having various positions with market risk.

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. The FX Delta risk is composed of the FX exposure of derivatives, the foreign exchange positions for hedging purposes, and the foreign currency cash position.

Interest rate factor sensitivity (PVBP, present value of one basis point) represents the change in the net present value of the interest rate positions with respect to a parallel shift of 0.01% (1 bp) in the term structure of yield curves. The Bank's interest rate products include bonds, interest rate swaps, interest rate options, and structured products composed of such products.

Equity factor sensitivity (Equity Delta) represents the change in the net present value of the equity positions with respect to a 100% change in the underlying stock or index prices. The Bank's equity portfolios include stocks, convertible bonds, equity index options and equity options. Nationality recognition is determined by the country of the stock exchange where the underlying stocks of the equity portfolios are traded.

Credit spread factor sensitivity (CR01) represents the change in the net present value of the credit-related positions with respect to a parallel shift of 0.01% (1bp) in credit spread. The Bank's implied credit risk product portfolios include corporate bonds, convertible bond and credit derivatives.

Commodity factor sensitivity (Commodity Delta) represents the change in the net present value of the commodity-related positions with respect to a 100% change in the underlying commodity prices. The Bank's commodity portfolios include gold and crude oil.

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

The Bank sets the market risk limits by first taking into consideration the market movement prediction, its net worth, and the revenue budgets of the risk-taking units to estimate its exposure to market risk. The Bank then incorporates correlation coefficients estimation among different market risk factors along with a value-at-risk approach to analyze whether the potential loss is justifiable based on the revenue budgets. The market risk limits are determined based on the above analysis, the experience of the trader, and the risk appetites of the Bank.

2. Credit risk

Possible loss may occur in the event of non-performance by 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, loan commitments and certain guarantees. Moreover, the sufficiency of collateral provided by counterparties will also be evaluated. If the counterparty or third party fails to perform the obligation, the Bank is granted the right to request an injunction regarding that collateral. Therefore, the credit risk is reduced. Such procedures have effectively reduced the credit risk of the Bank. Furthermore, the transaction amount is within the range of the credit rating, so the possibility of breaching the contract is low. The possible reduction of the fair value of the credit line and the net settlement of collateral received are not considered when disclosing the maximum exposure to credit risk. 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, 2009</u>		<u>December 31, 2008</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	\$ 38,638,463	\$ 38,638,463	\$ 76,313,291	\$ 76,313,291
Securities purchased under resell agreements	-	-	2,196,787	2,196,787
Receivables—net	109,027,952	109,027,952	112,063,399	112,063,399
Loans—net	841,074,844	841,074,844	837,211,803	837,211,803
Available-for-sale financial assets—net	99,589,363	99,589,363	84,579,831	84,579,831
Held-to-maturity financial assets	320,138,625	320,138,625	168,134,913	168,134,913
Other financial assets—net	7,321,668	7,321,668	17,252,940	17,252,940
Derivative Financial Instruments				
Trading purpose:				
Forwards	485,533	485,533	1,858,229	1,858,229
Non-delivery forwards	850,419	850,419	2,891,650	2,891,650
Currency swaps	2,034,184	2,034,184	4,083,958	4,083,958
Cross currency swaps	987,533	987,533	1,955,949	1,955,949
Interest rate swaps	23,938,155	23,938,155	62,106,699	62,106,699
Options	5,444,897	5,444,897	16,093,138	16,093,138
Warrants	-	-	6,331	6,331
Asset swaps	1,474	1,474	102,446	102,446
Credit default swaps	161,169	161,169	391,784	391,784
Commodity-linked interest rate swaps	6,227	6,227	4,812	4,812
Commodity-linked forward contracts	125,019	125,019	61,531	61,531
Commodity futures	308	308	241	241
Equity swaps	42	42	32,398	32,398
Equity index futures	68,654	68,654	8,988	8,988
Hedging purpose:				
Non-delivery forwards	17,033	17,033	15,614	15,614
Interest rate swaps	1,476,007	1,476,007	2,739,050	2,739,050
Currency swaps	100,631	100,631	-	-

Information on concentrations 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.

There is no significant concentration of credit risk within the Bank in terms of a single client or counterparty to a transaction, or clients located in nearby regions, except for clients being in a single industry with similar industrial characteristics.

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

Contracts with concentration of credit risk were as follows:

<u>By Industry</u>	(In Millions of New Taiwan Dollars)	
	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Individual Clients	\$ 398,311	\$ 395,632
Manufacturing Sector	169,883	178,701
Finance, Insurance and Real Estate	82,455	61,900
Transportation, Storage and Communication Sector	52,725	45,213
Public Sector	49,598	35,659

Financial instruments with off-balance-sheet credit risk

Since the Bank provides loans and issues credit cards, it has substantial credit commitments, most of which are confined to one year. 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 (included in loan commitments).

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Unused lines of credit	\$ 684,766,491	\$ 631,165,475
Unused credit card commitments	401,989,997	403,428,472
	<u>\$ 1,086,756,488</u>	<u>\$ 1,034,593,947</u>

As of December 31, 2009 and 2008, non-cancelable credit limits of unused credit facilities were \$135,014,356 and \$133,410,678, 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 lines of credit are reached and collateral or other guarantees are completely worthless, credit risk is equivalent to the contract amount, 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 lines of credit based upon review results.

For credit card facilities, no collateral is required, but the credit status of the credit card holder is closely monitored, and the credit limit 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.

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

3. Liquidity risk

Since notional principals of financial derivatives, rather than the amounts actually paid or received, are generally used to calculate payables or receivables of parties to transactions, amounts settled are generally lower than notional principals. 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.

The Bank sets a maximum cumulative outflow (MCO) benchmark in monitoring the maturity of the assets and liabilities on the settlement date. In order to prevent over-reliance on short-term funds, the management sets a benchmark in monitoring the short-term borrowings and repurchase transactions. Those indexes are within the benchmark pre-set; therefore, liquidity risk is considered low.

4. Cash flow risk and fair value risk arising from interest rate fluctuation

The Bank uses interest-rate factor sensitivity, which includes $1\text{bp}\Delta\text{NII}$, $1\text{bp}\Delta\text{EVE}$ and PVBP , as core risk measures to quantify and manage cash flow risk and fair value risk arising from interest rate fluctuation. The interest rate risk exposures on the Bank's assets and liabilities can be estimated through the distribution or gap information regarding the expected rate repricing date of rate-sensitive assets and liabilities (repricing gap analysis). To effectively manage interest rate risk, the Bank applies the Fund Transfer Pricing mechanism and uses securities or derivatives to optimize the structure of assets and liabilities.

A. Information on expected interest rate reset date and maturity date

As of December 31, 2009 and 2008, 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 market value. The aforesaid assets and liabilities are allocated to time bands by reference to the earlier of the next interest rate repricing date or maturity date.

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

	December 31, 2009				
	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	\$ 40,523,295	\$ 30,699,276	\$ 1,580,565	\$ -	\$ 72,803,136
Non-derivative financial assets measured at fair value through profit or loss	35,192,497	-	-	-	35,192,497
Derivative financial assets measured at fair value through profit or loss	25,547,412	2,309,688	1,611,206	2,048,453	31,516,759
Loans	710,032,961	62,226,919	25,860,967	47,436,989	845,557,836
Available-for-sale financial assets	5,990,276	23,291,337	2,185,427	56,381,798	87,848,838
Held-to-maturity financial assets	258,220,962	31,667,493	1,630,240	28,628,286	320,146,981
Other financial assets	4,326,034	(976,991)	(553,414)	(246,000)	2,549,629
Liabilities					
Interest-rate-sensitive liabilities					
Deposit from Central Bank and other banks	\$ 27,970,765	\$ 4,263,996	\$ -	\$ -	\$ 32,234,761
Due to Central Bank and other banks	4,132,903	-	-	-	4,132,903
Derivative financial liabilities measured at fair value through profit or loss	25,791,663	2,240,571	1,172,422	3,103,745	32,308,401
Securities sold under repurchase agreements	76,765,506	1,291,015	-	-	78,056,521
Deposits	529,754,924	619,254,430	76,806,493	12,275,798	1,238,091,645
Financial debentures	31,501,596	6,942,030	443,108	33,922,402	72,809,136
Other financial liabilities	35	7,475	-	126,000	133,510

	December 31, 2009				
	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	\$ 65,069,833	\$ 5,712,569	\$ 3,062,012	\$ 23,981,691	\$ 97,826,105
Non-derivative financial assets measured at fair value through profit or loss	75,221,746	400,000	-	-	75,621,746
Derivative financial assets measured at fair value through profit or loss	65,361,997	7,065,983	3,168,931	3,162,446	78,759,357
Securities purchased under resell agreements	2,196,787	-	-	-	2,196,787
Loans	706,446,438	35,898,524	25,035,015	71,093,053	838,473,030
Available-for-sale financial assets	21,949,293	2,848,105	5,647,975	46,295,037	76,740,410
Held-to-maturity financial assets	118,865,269	18,991,000	3,404,787	26,876,281	168,137,337
Other financial assets	8,502,666	(2,711,549)	(359,796)	(1,543,524)	3,887,797
Liabilities					
Interest-rate-sensitive liabilities					
Deposit from Central Bank and other banks	\$ 15,869,168	\$ 1,312,205	\$ 36,000	\$ -	\$ 17,217,373
Due to Central Bank and other banks	4,762,580	-	-	-	4,762,580
Non-derivative financial liabilities measured at fair value through profit or loss	2,201,156	-	-	-	2,201,156
Derivative financial liabilities measured at fair value through profit or loss	62,883,760	7,611,375	2,372,993	5,386,971	78,255,099
Securities sold under repurchase agreements	71,267,549	757,110	131,551	-	72,156,210
Deposits	499,897,643	477,592,644	142,311,688	14,203,084	1,134,005,059
Financial debentures	45,613,377	5,079,067	-	38,319,301	89,011,745
Other financial liabilities	14,055	-	-	139,193	153,248

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, 2009 and 2008, the effective interest rates of financial instruments held or issued by the Bank classified by the currencies, were as follows:

Financial instruments	NTD		USD	
	December 31,		December 31,	
	2009	2008	2009	2008
Assets:				
Due from Central Bank	0.29 %	0.93 %	-	-
Due from and call loans to banks	0.28 %	2.01 %	0.24 %	1.56 %
Securities purchased under resell agreements	(0.08)%	2.37 %	-	-
Available-for-sale financial assets	1.37 %	2.42 %	1.01 %	1.81 %
Held-to-maturity financial assets	0.88 %	2.15 %	2.39 %	4.57 %
Debt investment without active market	-	-	1.73 %	-
Loans	2.43 %	3.79 %	2.43 %	3.73 %
Receivables—credit card	12.10 %	15.63 %	-	-
Liabilities:				
Deposits	0.72 %	1.47 %	0.16 %	0.59 %
Due to other banks	0.11 %	1.74 %	0.21 %	0.87 %
Borrowing and other financing	2.57 %	2.91 %	0.33 %	0.79 %
Securities sold under repurchase agreements	0.18 %	1.89 %	-	4.28 %

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:

Hedged items	Hedging instruments	PVBP	
		December 31,	
		2009	2008
Fair value hedge			
Financial debentures in NTD	Interest rate swaps	NTD (1,819)	(3,187)
Subordinate debentures in USD	"	USD (245)	(285)
Cash flow hedge			
Financial debentures in NTD	Interest rate swaps	NTD 1	(2)
"	"	USD 7	6

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

(g) Fair value hedge, cash flow hedge and hedge of a net investment in foreign operations

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 the floating interest rate to reduce such interest risk. The Bank further entered into non-delivery forwards; these contracts are principally to hedge against the foreign exchange fluctuation of USD working capital of the domestic banking unit.

Hedged items	Financial instruments designated as hedging instruments	Designated hedging instruments	
		Fair value	
		December 31,	
		2009	2008
Perpetual subordinated debentures in USD	Interest rate swaps	\$ 1,382,366	\$ 2,471,242
Subordinated debentures in NTD	"	-	(14,055)
Financial debentures in NTD	"	93,641	244,393
Capital of domestic banking unit in USD	Non-delivery forwards	16,998	15,614

2. Cash flow hedge

In order to minimize the uncertainty of future cash flow risk from future market interest rate fluctuation, 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.

Hedged items	Financial instruments designated as hedging instruments	Designated hedging instruments		Expected period of cash flow	Expected recognition period of gain or loss
		Fair value			
		December 31,			
		2009	2008		
Financial debentures in NTD	Interest rate swaps	\$ (7,475)	\$ 23,415	2009~2011	2009~2011

Items	For the years ended December 31,	
	2009	2008
Amount of current adjustment to equity	\$ (23,541)	\$ 4,416

3. Hedge of a net investment in foreign operations

In order to minimize the risk from investing in Chinatrust Capital Corporation, the Bank entered into currency swaps to hedge against the fluctuation of the USD.

Hedged items	Financial instruments designated as hedging instruments	Designated hedging instruments	
		Fair value	
		December 31,	
		2009	2008
Chinatrust Capital Corporation	Currency swaps	\$ 100,631	\$ -

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

(h) Risk control and hedging strategy

The objective of market risk management is to set a reasonable market risk allowance to attain the maximum economic benefit. In order to achieve the goal of risk management, the Bank applies various risk controls, which include estimating a reasonable risk allowance, setting an appropriate market risk quota, and constructing efficient hedging strategies, to lower the potential adverse impacts on net interest revenue and market price fluctuation.

The Bank's hedging mechanisms include cash flow hedge, fair value hedge and hedge of a net investment in foreign operations. Under cash flow hedge, transactions with variable future cash flows arising from interest-earning assets and interest-bearing liabilities will be converted into transactions with more constant cash flows in order to minimize the variability in cash flows. Under fair value hedge, the exposure to transactions with fixed income or structured transactions will be mitigated through the use of derivative financial instruments, which will minimize the exposure to change in fair value of an asset or liability. Hedge of a net investment in foreign operations is to minimize the risk from foreign exchange fluctuation.

(AA) INFORMATION ON RECLASSIFICATION OF FINANCIAL ASSETS

- (a) Commencing from July 1, 2008, the Bank 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:

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

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,			
	2009		2008	
	Book value	Fair value	Book value	Fair value
Available-for-sale financial assets	\$10,220,103	\$10,220,103	\$ 6,325,415	\$ 6,325,415

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

- (c) Recognizing reclassification of financial assets measured at fair value through profit or loss in gain or loss or in 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	The amount recognized in profit or loss under reclassification
For the year ended December 31, 2009	\$ 3,894,688	\$ -
For the year ended December 31, 2008	\$ (6,242,549)	\$ -

For the year ended December 31, 2008, gains on the Bank's financial assets prior to the reclassification of financial assets from the trading category amounted to \$1,546,826.

5. RELATED-PARTY TRANSACTIONS

- (A) Names of the related parties and their 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 Corporation	An investee company carried under the equity method
PT Bank Chinatrust Indonesia	//
CTC Bank of Canada	//
Chinatrust Capital Corporation	//
Grand Bills Finance Corporation	//
GCB Finance (HK) Limited	//
Chinatrust Forex Corporation	// (Liquidating)
Chinatrust Securities Investment Consultancy Co., Ltd.	//
Chinatrust Bank (U.S.A.)	An investee company carried under the equity method by Chinatrust Capital Corporation
Overseas Investment & Development Co., Ltd.	The Bank is its Chairman
China Development Industrial Bank	An immediate family member of the Chairman of the parent company is its Chairman (resigned in May 2009)
Chinatrust Securities Co., Ltd.	Controlled by the same company which controls the Bank
CTCB (Mauritius) Holding Company, Ltd.	//
Chinatrust Asia Limited	//
Chinatrust Insurance Brokers Corp., Ltd.	//
Chinatrust Venture Capital Corp.	//
Chinatrust Asset Management Co., Ltd.	//
Chinatrust Security Co., Ltd.	//
CT Opportunity Investment Company	//
Tuo Yu Asset Management Servicing Co., Ltd.	//
Chung Shin-1 Asset Management Co., Ltd.	//
Taiwan Lottery Co., Ltd.	//

**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	"
Chailease Finance Co., Ltd.	Related party in substance
Chinatrust Recreation Company, Ltd.	"
Tectonics Laboratories Co., Ltd.	Related party in substance (Note 1)
Advanced Synchronous Solutions Company Limited	"
Linearity Company Limited	"
Doppler Precision Co., Ltd.	"
Other related parties	Including directors, supervisors, managers and their families, spouses, etc. (Notes 2 and 7(D))

Note 1: Steven C. Z. Cheng, the former general manager 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. The Bank and its parent company, Chinatrust Financial Holding Company, Ltd., were not 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 general manager of the Institutional Group of the Bank, resigned in March 2007.

Note 2: According to the 2007 Chong-Su-Zi No. 19 Criminal Judgment delivered by the 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 general manager 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.

(B) Significant transactions between related parties and the Bank

(a) Lease

For the years ended December 31, 2009 and 2008, rental revenue the Bank received from related parties for the rental of buildings and parking spaces amounted to \$40,136 and \$46,136, constituting 32.56% and 30.42%, respectively, of total rental income. For the years ended December 31, 2009 and 2008, the guarantee deposit for the use of space and machinery received from related parties amounted to \$3,265 and \$4,520, respectively.

For the years ended December 31, 2009 and 2008, the guarantee deposit for renting a safe deposit box amounted to \$6 and \$5, respectively, the rental of a safe deposit box from related parties amounted to \$11 and \$9, respectively, and the advance rent receipts for buildings from related parties amounted to \$225 and \$944, respectively.

For the years ended December 31, 2009 and 2008, the Bank paid Chailease Finance Co., Ltd. copier rental amounting to \$15,271 and \$22,232 (\$304 and \$942, respectively, accounted for under payables), respectively.

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

(b) Commissions and service fees

For the years ended December 31, 2009 and 2008, the Bank traded listed and OTC securities through Chinatrust Securities Co., Ltd. and paid brokerage fees to Chinatrust Securities Co., Ltd. amounting to \$2,777 and \$11,085, respectively.

(c) Site usage fee

For the years ended December 31, 2009 and 2008, the Bank paid Chinatrust Securities Co., Ltd. site usage fees and other related expenses for operations amounting to \$23,997 and \$24,198 (\$2,212 and \$1,890, respectively, accounted for under payables), respectively.

(d) Donations

<u>Related party</u>	<u>For the years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Chinatrust Culture Foundation	\$ 43,000	\$ 42,060
Chinatrust Charity Foundation	30,700	68,983
Total	<u>\$ 73,700</u>	<u>\$ 111,043</u>

(e) Guarantees

<u>Related party</u>	<u>For the year ended December 31, 2009</u>				
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Guarantee reserve</u>	<u>Interest rate</u>	<u>Collateral</u>
Grand Bills Finance Corporation	\$ 1,533,000	\$1,533,000	\$ -	0.10%	Central government bonds, financial debentures and structural deposits
<u>Related party</u>	<u>For the year ended December 31, 2008</u>				
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Guarantee reserve</u>	<u>Interest rate</u>	<u>Collateral</u>
Grand Bills Finance Corporation	\$ 1,533,000	\$1,533,000	\$ -	0.10%	Central government bonds, financial debentures and structural deposits
Chailease Finance Co., Ltd.	122,400	-	-	0.90%	None
PT Bank Chinatrust Indonesia	23,651	-	-	0.00%	None

The above commission and service rates are substantially the same as for comparable transactions with third-party counterparties.

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

(f) Loans

For the year ended December 31, 2009							
Categories	Number/name of related parties	Maximum balance	Ending balance	Settlement status		Collateral	Loan conditions
				Normal loans	Overdue loans		
Consumer loan— employee	39	\$ 19,867	\$ 10,261	\$ 10,261	\$ -	Automobile	(Note)
Home loan mortgage	168	668,492	582,511	582,511	-	Real estate/others	"
Others	Chailease Finance Co., Ltd.	137,757	87,627	87,627	-	Real estate	"
"	Others	5,894	397	397	-	None	"

For the year ended December 31, 2008							
Categories	Number/name of related parties	Maximum balance	Ending balance	Settlement status		Collateral	Loan conditions
				Normal loans	Overdue loans		
Consumer loan— employee	40	\$ 19,934	\$ 10,926	\$ 10,926	\$ -	Automobile	(Note)
Home loan mortgage	143	573,768	450,445	450,445	-	Real estate	"
Others	Chailease Finance Co., Ltd.	339,000	138,162	138,162	-	Real estate and machinery	"
"	Chinatrust Securities Co., Ltd.	30,000	-	-	-	None	"
"	Others	12,519	3,962	3,962	-	None	"

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

(g) Deposits

For the year ended December 31, 2009				
Related party	Maximum balance	Ending balance	Range of interest rates	Interest expenses
CT Opportunity Investment Company	\$ 3,845,274	\$ 3,845,274	0.01~0.35%	\$ 5,016
Chinatrust Financial Holding Company, Ltd.	10,001,654	8,520,554	0~2.14%	22,995
Chinatrust Securities Co., Ltd.	1,627,612	1,386,148	0~2.60%	8,648
Grand Bills Finance Corporation	767,493	753,168	0~1.20%	7,769
Taiwan Lottery Co., Ltd.	415,888	282,820	0~1.86%	2,147
Chinatrust Charity Foundation	506,857	255,283	0~0.43%	394
Chinatrust Asia Limited	201,578	144,287	0~1.00%	55
Chinatrust Insurance Brokers Corp. Ltd.	2,011,143	525,249	0~0.10%	739
GCB Finance (HK) Limited	354,890	333,625	0~0.01%	5
Others	5,073,922	1,410,406		12,157
Total	<u>\$ 24,806,311</u>	<u>\$ 17,456,814</u>		<u>\$ 59,925</u>

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

<u>Related party</u>	<u>For the year ended December 31, 2008</u>			
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest expenses</u>
CT Opportunity Investment Company	\$ 4,092,938	\$ 3,457,762	0.01~4.30%	\$ 77,380
Chinatrust Financial Holding Company, Ltd.	8,598,680	3,735,644	0~2.19%	52,962
Chinatrust Securities Co., Ltd.	2,008,881	1,130,631	0~2.71%	18,266
Grand Bills Finance Corporation	1,753,991	752,030	0~1.30%	13,849
Chinatrust Venture Capital Corp.	802,447	427,740	0~3.90%	8,613
Taiwan Lottery Co., Ltd.	767,881	278,256	0~1.86%	4,237
Chailease Finance Co., Ltd.	307,310	191,139	0~2.73%	2,344
Chinatrust Asset Management Co., Ltd.	3,209,038	192,198	0.01~3.90%	3,570
Chinatrust Charity Foundation	279,046	212,609	0~1.74%	625
Chinatrust Asia Limited	152,187	146,209	0~7.55%	3,653
Overseas Investment & Development Co., Ltd.	148,094	126,782	0~4.20%	3,150
Chinatrust Insurance Brokers Corp. Ltd.	1,682,754	885,469	0~0.10%	507
Chinatrust (Philippines) Commercial Bank Corporation	208,762	208,762	0.01~0.35%	46
GCB Finance (HK) Limited	428,092	343,263	0~2.00%	109
Others	3,470,327	1,122,806		14,736
Total	<u>\$ 27,910,428</u>	<u>\$ 13,211,300</u>		<u>\$ 204,047</u>

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

(h) Call loans from banks

<u>Related party</u>	<u>For the year ended December 31, 2009</u>		
	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest expenses</u>
Grand Bills Finance Corporation	<u>\$ -</u>	0.11%	<u>\$ 3</u>

(i) Call loans to banks

<u>Related party</u>	<u>For the year ended December 31, 2009</u>		
	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest income</u>
Chinatrust (Philippines) Commercial Bank Corporation	\$ 288,270	0.45~1.45%	\$ 727
Chinatrust Bank (U.S.A.)	-	0.26%	70
Grand Bills Finance Corporation	-	0.12~0.20%	8
Total	<u>\$ 288,270</u>		<u>\$ 805</u>

<u>Related party</u>	<u>For the year ended December 31, 2008</u>		
	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest income</u>
Chinatrust (Philippines) Commercial Bank Corporation	\$ 657,200	0.75~8.25%	\$ 2,057
PT Bank Chinatrust Indonesia	-	2.35~5.50%	1,252
Chinatrust Bank (U.S.A.)	-	0.50%	46
Grand Bills Finance Corporation	-	1.51~2.07%	120
Total	<u>\$ 657,200</u>		<u>\$ 3,475</u>

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

(j) Due to banks

<u>Related party</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
PT Bank Chinatrust Indonesia	\$ 4,724	\$ 24,874
Chinatrust (Philippines) Commercial Bank Corporation	34,334	103,850
Total	\$ 39,058	\$ 128,724

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

(k) Due from banks

<u>Related party</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Chinatrust (Philippines) Commercial Bank Corporation	\$ 26,944	\$ 13,242
Chinatrust Bank (U.S.A.)	7,990,080	1,639,856
CTC Bank of Canada	6,254	1,870
PT Bank Chinatrust Indonesia	919	-
Total	\$ 8,024,197	\$ 1,654,968

(l) Financial derivatives

<u>Related party</u>	<u>Derivative financial instruments</u>	<u>Contract period</u>	<u>Notional principal</u>	<u>Unrealized profit (loss)</u>	<u>December 31, 2009</u>	
					<u>Account</u>	<u>Ending balance</u>
China Development Industrial Bank	Interest rate swaps	2006.09.27~2014.03.06	NTD 13,894,000	\$ (62,803)	(Note 1)	\$ 234
"	Interest rate swaps	2008.03.13~2013.03.11	KRW 94,000,000	34,688	(Note 2)	(4,433)
Grand Bills Finance Corporation	Interest rate swaps	2004.12.22~2010.01.25	NTD 1,500,000	(7,728)	(Note 2)	(24,679)
PT Bank Chinatrust Indonesia	Non-delivery forwards	2009.02.24~2010.11.10	NTD 1,262,000	37,546	(Note 1)	37,546
"	Non-delivery forwards	2009.12.24~2010.01.04	USD 1,242	89	(Note 1)	89

<u>Related party</u>	<u>Derivative financial instruments</u>	<u>Contract period</u>	<u>Notional principal</u>	<u>Unrealized profit (loss)</u>	<u>December 31, 2008</u>	
					<u>Account</u>	<u>Ending balance</u>
China Development Industrial Bank	Swaption	2008.09.04~2009.05.11	NTD 9,000,000	\$ (153,242)	(Note 2)	\$ (96,242)
"	Interest rate swaps	2008.03.13~2012.03.14	KRW 50,000,000	(37,122)	(Note 2)	(37,122)
"	Interest rate swaps	2006.09.27~2013.11.25	NTD 11,994,000	81,276	(Note 1)	63,037
"	Currency swaps	2008.06.05~2009.06.09	NTD 1,926,100	(4,185)	(Note 2)	(4,185)
"	Currency swaps	2008.12.23~2009.09.28	USD 60,000	537	(Note 1)	537
"	Sopt foreign exchange	2008.12.31~2009.01.06	USD 1,000	(59)	(Note 2)	(59)
Grand Bills Finance Corporation	Interest rate swaps	2004.12.22~2010.01.25	NTD 1,500,000	(20,369)	(Note 2)	(16,951)

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)

(m) Trading of bills and bonds

<u>Related party</u>	For the year ended December 31, 2009	
	Bills and bonds purchased	Bills and bonds sold
Chinatrust Securities Co., Ltd.	\$ 1,011,888	\$ 209,686
Grand Bills Finance Corporation	7,293,032	6,922,537
China Development Industrial Bank	1,062,214	1,057,171
Chinatrust Insurance Brokers Corp., Ltd.	-	52,673
Chinatrust Financial Holding Company, Ltd.	-	2,648,942

<u>Related party</u>	For the year ended December 31, 2008	
	Bills and bonds purchased	Bills and bonds sold
Chinatrust Securities Co., Ltd.	\$ 4,771,107	\$ 3,793,147
Grand Bills Finance Corporation	5,643,702	4,240,251
China Development Industrial Bank	4,232,307	5,497,621
Chinatrust Financial Holding Company, Ltd.	-	9,486,364

(n) Securities sold under repurchase agreements

<u>Related party</u>	For the year ended December 31, 2009		
	Ending balance	Interest payable	Interest expenses
Chinatrust Financial Holding Company, Ltd.	\$ -	\$ -	\$ 61
Chinatrust Insurance Brokers Corp., Ltd.	-	-	309
Chinatrust Asset Management Co., Ltd.	-	-	564
Chinatrust Venture Capital Corp.	-	-	339
Chung Shin-1 Asset Management Co., Ltd.	-	-	417

<u>Related party</u>	For the year ended December 31, 2008		
	Ending balance	Interest payable	Interest expenses
Chinatrust Financial Holding Company, Ltd.	\$ -	\$ -	\$ 9,247
Chinatrust Insurance Brokers Corp., Ltd.	423,058	77	3,416
Chinatrust Securities Co., Ltd.	-	-	16
Chinatrust Asset Management Co., Ltd.	717,146	720	5,441
Chinatrust Venture Capital Corp.	487,400	517	2,073
Chung Shin-1 Asset Management Co., Ltd.	361,937	416	2,033

(o) Others

For the years ended December 31, 2009 and 2008, the Bank received payments of transaction fees from PT Bank Chinatrust Indonesia amounting to \$48,200 and \$55,341, respectively, for loans to Indonesian workers.

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information and related fees from Chinatrust Financial Holding Company, Ltd. amounting to \$19,996 and \$21,085, respectively (\$1,908 and \$3,479, respectively, accounted for under receivables).

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

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information and other handling fees from Chinatrust Securities Co., Ltd. amounting to \$3,160 and \$6,846, respectively (\$1,820 and \$4,799, respectively, accounted for under receivables). Furthermore, for the years ended December 31, 2009 and 2008, the Bank paid computer system information fees, trust-service fees and consultant and inquiry fees to Chinatrust Securities Co., Ltd. amounting to \$6,813 and \$9,954, respectively (\$2,022 and \$4,126, respectively, accounted for under payables).

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information integration fees, bond maintenance fees, and allocation of fees and profits from Chinatrust Insurance Brokers Corp., Ltd. amounting to \$2,896,508 and \$1,014,065, respectively (\$307,993 and \$74,311, respectively, accounted for under other receivables). Furthermore, for the years ended December 31, 2009 and 2008, the Bank paid property insurance fees to Chinatrust Insurance Brokers Corp., Ltd. amounting to \$97 and 110, respectively.

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information fees from Chinatrust Venture Capital Corp. amounting to \$20 (accounted for under receivables) and \$20, respectively.

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information fees from Chinatrust Asset Management Co., Ltd. amounting to \$19 (accounted for under receivables) and \$18, respectively.

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information fees from Chung Shin-1 Asset Management Co., Ltd. amounting to \$18 (accounted for under receivables) and \$18, respectively.

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information fees from Tuo Yu Asset Management Servicing Co., Ltd. amounting to \$17 (accounted for under receivables) and \$16, respectively.

For the years ended December 31, 2009 and 2008, the Bank paid Chinatrust Security Co., Ltd. security fees amounting to \$76,858 and \$82,919 (\$5,411 and \$8,356, respectively, accounted for under payables), respectively.

For the year ended December 31, 2008, the Bank paid Chinatrust Recreation Company, Ltd. sponsor fees and credit card rewards amounting to \$118,650 and \$3,288, respectively.

The Bank signed a management consulting contract with Taiwan Lottery Co., Ltd. in 2006 and received a guarantee deposit of \$500,000 during the fourth quarter of 2006 according to the contract (returned in July 2008; please refer to Note 7(B)). For the years ended December 31, 2009 and 2008, the Bank paid Taiwan Lottery Co., Ltd. management consulting service fees amounting to \$729,365 and \$834,448, respectively, of which \$87,698 and \$84,469, respectively, were accounted for under payables. Pursuant to the supplementary agreement, for the years ended December 31, 2009 and 2008, Taiwan Lottery Co., Ltd. returned excess management consulting service fees amounting to \$117,312 and \$85,748 (which were received in October 2009 and July 2008), respectively. Please refer to Note 7(B) for more detailed information about the

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

supplementary agreement. In addition, for the years ended December 31, 2009 and 2008, the Bank received payments for machine relocation, system usage fees, and other service fees from Taiwan Lottery Co., Ltd. amounting to \$5,042 and \$6,288 (\$925 and \$334, respectively, accounted for under receivables), respectively.

For the years ended December 31, 2009 and 2008, the Bank received payments of computer information fees and management fees from CT Opportunity Investment Company amounting to \$20 (\$17 accounted for under receivables) and \$20, respectively.

For the years ended December 31, 2009 and 2008, the Bank received payments of trust service, human resources and equipment fees from Chinatrust Asia Limited amounting to \$12,008 and \$14,041, respectively.

For the years ended December 31, 2009 and 2008, the Bank paid Chailease Finance Co., Ltd. training material printing fees amounting to \$134 and \$130, 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, 2009 and 2008, the loans which had not yet been repaid amounted to \$723,552 and \$523,984, respectively. For the years ended December 31, 2009 and 2008, the Bank paid related business services fees amounting to \$41,525 and \$4,718, respectively, and received service income amounting to \$4,835 and \$771, respectively.

For the five months ended May 31, 2009, the Bank paid China Development Industrial Bank management fees for the collateral for syndicated loans amounting to \$327.

With regard to the transfer of the right to claim for repayment from Red Fire between the Bank and the corporate directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., please refer to Note 7(D) for more information.

(p) 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 General Manager 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(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.

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

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 the 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, 2009 and 2008, the aggregate fees and compensation paid to the directors, supervisors, general managers, vice general managers and other senior management of the Bank were as follows:

	For the years ended December 31,	
	2009	2008
Salaries	\$ 159,734	\$ 222,757
Cash awards and special allowances	328,271	307,363
Transportation allowances and business expenses	1,140	720
Employee bonuses	690	2,140
	\$ 489,835	\$ 532,980

The aggregate amounts above include supervisors' remuneration and estimated employee bonuses; please refer to Note 4(W) 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:

<u>Assets</u>	<u>Type of securities</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>	<u>Purpose of collateral</u>
Available-for-sale financial assets	Government bond	\$ -	\$ 3,620,000	Deposits for issuing financial debentures
Held-to-maturity financial assets	NCD	17,000,000	17,200,000	Daytime overdrafts
	"	50,000	50,000	Deposits for bills dealer
	"	391,000	391,000	Guarantee fulfilment of superfcies
	Government bond	50,000	50,000	Trust funds reserve
	"	1,550,000	-	Deposits for issuing financial debentures
	"	150,000	150,000	Bond settlement reserves
	"	487,600	685,200	Deposits for litigation and other deposits
	"	-	40,000	Underwriting guarantee deposit for securities dealer
Other financial assets	Time deposit	70,000	70,000	Operational guarantee deposit for securities dealer
	"	40,000	-	Underwriting guarantee deposit for securities dealer
	"	10,000	10,000	Guarantee deposit for futures dealer
	"	10,000	10,000	Chunghwa Telecom Co., Ltd. guarantee fulfilment
	"	-	1,150	Other deposits
Receivables	Matured securities classified under other receivable	165,100	108,700	Deposits for litigation and other deposits

As of December 31, 2009 and 2008, the Bank's non-cancellable letter of credit of \$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) Securities sold under repurchase agreements

Assets	December 31, 2009			
	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets measured at fair value through profit or loss	\$ 22,326,600	\$ 22,311,120	\$ 22,313,160	Prior to January 28, 2010
Available-for-sale financial assets	28,703,100	30,771,290	30,775,237	Prior to March 26, 2010
Held-to-maturity financial assets	23,195,000	24,974,111	24,981,623	Prior to June 30, 2010
Total	\$ 74,224,700	\$ 78,056,521	\$ 78,070,020	

Assets	December 31, 2008			
	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets measured at fair value through profit or loss	\$ 6,876,200	\$ 6,844,785	\$ 6,846,672	Prior to February 2, 2009
Available-for-sale financial assets	40,821,200	44,095,017	44,130,650	Prior to June 1, 2009
Held-to-maturity financial assets	19,738,300	21,216,408	21,250,128	Prior to July 27, 2009
Total	\$ 67,435,700	\$ 72,156,210	\$ 72,227,450	

Note: Accounted for under securities sold under repurchase agreements.

(B) Major commitments and contingencies

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Contingent liabilities from guarantee and letter of credit business	\$ 61,530,456	\$ 66,807,731
Commercial paper to Central Bank for banks' clearance	4,451,458	4,486,039
Client notes in custody	96,638,980	101,208,822
Receivables for other banks from syndicated loans	42,220,381	42,520,602
Marketable securities in custody	162,519,935	212,506,137
Travellers' cheques in custody available for sale	338,219	317,482
Special purpose trust accounts	938,273,501	1,079,022,106
Total	\$ 1,305,972,930	\$ 1,506,868,919

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

On July 31, 2007, the Bank renewed the services contract for information resources supply with International Business Machines in replacement of the original contract initially signed in 2005, and this action authorized a five-year contract term commencing July 31, 2007, and ending July 30, 2012, for the amount of \$1,654 million, which includes a fixed monthly fee of \$19,301 comprising a host computer lease fee, an authorization fee, and an annual software maintenance fee.

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 utilize 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 \$78.3 billion, then the Bank needs to pay 26.75% of the shortage between the promised and actual sales amount to the government.

On May 18, 2006, the Bank signed a purchase contract for lottery software, hardware and maintenances services with LotRich Information Co. for the amount of \$1,159,185, which includes a six-year maintenance services contract term commencing August 2008 and ending July 2014 for 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, to 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 September 30, 2008, the Bank awarded the contract for its new headquarters building project located in NanKang to Da Cin Construction Co., Ltd. with a total construction cost of \$1.48 billion. From the date of contract, different percentages of the total construction cost will be paid at different stages: 10% for pre-payment, 80% for progress payment (monthly payment made as work progresses under a contract), and 10% for final payment (pay separately 5%, 1.5%, 2%, 1%, and 0.5%).

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

On April 17, 2009, in order to show the determination to dispose of Mega Financial Holding Company's (Mega Financial) shares, the Bank authorized Bank of Taiwan (BOT) as the trustee to dispose 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.

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

Trust Balance Sheets		
Trust assets	December 31, 2009	December 31, 2008
Cash in banks	\$ 30,118,731	\$ 32,030,031
Bonds	106,110,881	150,578,324
Stocks	173,607,656	82,346,836
Funds	274,684,215	441,592,106
Short-term notes and securities under resell agreements	-	337,016
Other investments	11,650,117	1,926,546
Receivables	16,191,630	7,955,944
Real estate—net	7,796,086	8,185,943
Securities in custody	317,516,026	352,770,230
Other assets	598,159	1,299,130
Total trust assets	\$ 938,273,501	\$ 1,079,022,106

Trust Balance Sheets		
Trust liabilities	December 31, 2009	December 31, 2008
Payables	\$ 317,607,081	\$ 354,843,657
Other liabilities	3,256,335	755,598
Trust capital	527,063,993	740,147,902
Reserves and accumulated earnings (deficit)	90,346,092	(16,725,051)
Total trust liabilities	\$ 938,273,501	\$ 1,079,022,106

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

Trust Account Property Catalogue		
Investment items	December 31, 2009	December 31, 2008
Bonds	\$ 106,110,881	\$ 150,578,324
Stocks	173,607,656	82,346,836
Funds	274,684,215	441,592,106
Short-term notes and securities under resell agreements	-	337,016
Securities under custody	317,516,026	352,770,230
Other investments	11,650,117	1,926,546
Real estate—net		
Land	7,594,060	7,965,686
Buildings	212,587	249,831
Construction in progress	21,800	-
Accumulated depreciation— Buildings	(32,361)	(29,574)
Subtotal	<u>7,796,086</u>	<u>8,185,943</u>
Other assets		
Other prepayments	11,526	9,008
Deferred expenses	-	138
Loan claims	584,521	1,246,138
Refundable deposits	2,112	43,846
Total	<u>\$ 891,963,140</u>	<u>\$ 1,039,036,131</u>

Trust Account Statement of Income		
	For the years ended December 31,	
	2009	2008
Trust income	\$ 157,764,760	\$ 53,062,666
Trust expenses	(91,614,665)	(72,674,034)
Net income (loss) before tax	66,150,095	(19,611,368)
Income tax expense	(5,036)	(10,489)
Net income (loss) after tax	<u>\$ 66,145,059</u>	<u>\$ (19,621,857)</u>

(D) 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) 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 (the 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) No. 09560003930 and Jin-Kuan-Yin (6) 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 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

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

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 Chen Investment Co., Ltd. (hereinafter Chung Chen 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 Chen 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.

On October 7, 2008, the judgment of the court of first instance (the 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."

On December 24, 2009, the Special Investigation Division of the Supreme Court Prosecutors Office indicted Jeffery J.L. Koo Jr. with regard to the additional investigation concluded on Red Fire. According to the opinion letter prepared by the advisory lawyers appointed by the Bank and its parent company, Chinatrust Financial Holding Company, Ltd., this case is a criminal case and Jeffery J.L. Koo Jr. did not occupy any position in Chinatrust Financial Holding Company, Ltd., and as a result, the responsibility of a corporate entity was not mentioned in the indictment. With regard to the price gap of the aforesaid redemption of structured notes mentioned in the indictment, it has been advanced by the Directors of Chinatrust Financial Holding Company, Ltd. in order to recover it, and no claim for its return will be made. In respect of legislation, there is no significant disadvantageous effect on the current financial or business affairs of Chinatrust Financial Holding Company, Ltd.

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

The Taipei District Court Prosecutors Office has also filed this case with the FSC to examine if the Bank's parent company, Chinatrust Financial Holding Company, Ltd., had violated the law or the Company's constitutions or had hindered sound risk management under Article No. 54 of the Financial Holding Company Act before the prosecutor indicted the former management on February 15, 2007. According to the appointed advisory lawyers' opinion, because the information that prosecutors conveyed to the FSC is unknown, it is impossible to judge the consequences of that action upon the Bank's parent company, Chinatrust Financial Holding Company, Ltd. However, there should be no other disadvantageous effects upon the Bank and its parent company if that conveyed information is the same as the previous information based on which the FSC punished the Bank.

(b) Others

The judiciary has requested the Bank to provide related information on the transactions between the Bank and Tectonics Laboratories Co., Ltd. and other related parties (please refer to Note 5(B) for further information); however, the Bank was not informed of the content and subject matter of the judicial investigation. In addition, as indicated by the legal consultant of the Bank's parent company, pursuant to the regulations related to "Secret Investigation Principle" of the Code of Criminal Procedure, any persons involved in the investigation shall not disclose any information about the investigation during the investigation period.

Despite various statements that have been made in public after the Bank's request for clarification of those matters from the defense attorney of the Bank's former Chairman, Jeffery J.L. Koo Jr., the attorney remarked that "the case now is under investigation by the Special Investigation Division of the Supreme Court Prosecutors Office, and is not yet closed. Pursuant to Article 245, Paragraph 1 of the Code of Criminal Procedure "Secret Investigation Principle," it is inadvisable to disclose the related transaction details information to any institutions other than investigation agents or any other person." Therefore, the impact of the aforesaid legal matters upon the Bank remains uncertain.

8. SIGNIFICANT CATASTROPHIC LOSSES: None.

9. SIGNIFICANT SUBSEQUENT EVENTS: None.

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

10. OTHERS

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

Nature	For the years ended December 31,	
	2009	2008
	Operating expenses	Operating expenses
Personnel expenses		
Salary expenses	\$ 11,057,395	\$ 10,689,946
Insurance expenses	593,293	558,482
Retirement expenses	570,309	618,917
Other personnel expenses	1,247,322	622,614
Total personnel expenses	13,468,319	12,489,959
Depreciation expenses	1,559,864	1,746,566
Amortization expenses	614,639	592,334
	\$ 15,642,822	\$ 14,828,859

Note: Excluding the depreciation of idle premises and equipment amounting to \$9,641 and \$18,071 for the years ended December 31, 2009 and 2008, respectively (accounted for under other 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:

	December 31, 2009				
	Within 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Assets					
Due from banks	\$ 11,261,682	\$ -	\$ -	\$ -	\$ 11,261,682
Due from Central Bank and call loans to banks	38,524,077	3,558,395	913,359	46,736,472	89,732,303
Financial assets measured at fair value through profit or loss (Note 1)	35,192,497	-	-	-	35,192,497
Loans (Note 2)	190,042,135	78,906,571	74,744,455	501,864,675	845,557,836
Available-for-sale financial assets (Note 1)	19,152,009	12,644,142	(3,421,223)	59,473,910	87,848,838
Held-to-maturity financial assets (Note 3)	249,970,378	29,211,300	1,952,403	39,012,900	320,146,981
Other financial assets – debt investments without active market (Note 3)	-	-	-	821,041	821,041
Liabilities					
Deposits from Central Bank and other banks	\$ 26,719,082	\$ 4,704,870	\$ 910,620	\$ 153,130	\$ 32,487,702
Due to Central Bank and other banks	206,645	-	206,645	3,719,613	4,132,903
Securities sold under repurchase agreements	76,765,506	1,291,015	-	-	78,056,521
Deposits and remittances	499,817,019	156,240,888	550,665,388	43,711,380	1,250,434,675
Financial debentures (Note 3)	700,000	2,500,000	9,650,000	59,959,136	72,809,136

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

	December 31, 2008				Total
	Within 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	
Assets					
Due from banks	\$ 15,778,960	\$ -	\$ -	\$ -	\$ 15,778,960
Due from Central Bank and call loans to banks	49,892,409	8,179,355	3,135,447	28,144,236	89,351,447
Financial assets measured at fair value through profit or loss (Note 1)	73,643,884	-	1,977,862	-	75,621,746
Securities purchased under resell agreements	2,196,787	-	-	-	2,196,787
Loans (Note 2)	194,720,378	79,625,547	62,441,804	501,685,301	838,473,030
Available-for-sale financial assets (Note 1)	25,021,244	2,339,410	5,560,000	43,819,756	76,740,410
Held-to-maturity financial assets (Note 3)	119,641,439	18,991,000	3,350,000	26,154,898	168,137,337
Other financial assets – debt investments without active market (Note 3)	-	-	-	847,254	847,254
Liabilities					
Deposits from Central Bank and other banks	\$ 11,592,304	\$ 4,704,870	\$ 910,620	\$ 153,130	\$ 17,360,924
Due to Central Bank and other banks	310,580	-	212,000	4,240,000	4,762,580
Securities sold under repurchase agreements	71,267,549	757,110	131,551	-	72,156,210
Deposits and remittances	425,794,427	149,673,219	480,994,252	88,280,936	1,144,742,834
Financial debentures (Note 3)	1,300,000	500,000	-	87,211,745	89,011,745

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

Note 2: Excluding non-accrual accounts.

Note 3: Excluding hedging 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:

Nature	For the year ended December 31, 2009	
	Average value	Average interest rate (%)
Assets:		
Due from Central Bank	\$ 41,108,725	0.29
Due from and call loans to banks	116,800,793	0.35
Financial assets measured at fair value through profit or loss	50,990,991	0.90
Securities purchased under resell agreements	1,005,332	(0.08)
Available-for-sale financial assets	102,812,857	1.30
Held-to-maturity financial assets	236,167,552	0.94
Debt investment without active market	833,552	0.55
Loans— NTD	707,863,602	2.43
Loans— foreign currency	145,719,230	2.75
Credit card receivable	23,227,082	12.10
Liabilities:		
Deposits— NTD	933,423,209	0.72
Deposits— foreign currency	271,077,298	0.56
Call loans from banks	75,816,260	0.11
Borrowing and other financing	82,916,450	3.10
Securities sold under repurchase agreements	79,205,114	0.18
Nature	For the year ended December 31, 2008	
	Average value	Average interest rate (%)
Assets:		
Due from Central Bank	\$ 40,034,847	0.93
Due from and call loans to banks	136,502,303	2.59
Financial assets measured at fair value through profit or loss	43,904,600	2.06
Securities purchased under resell agreements	824,843	2.37
Available-for-sale financial assets	79,852,428	2.60
Held-to-maturity financial assets	192,488,529	2.16
Debt investment without active market	996,918	-
Loans— NTD	682,690,019	3.79
Loans— foreign currency	142,752,001	4.43
Credit card receivable	27,881,859	15.63
Liabilities:		
Deposits— NTD	891,582,034	1.47
Deposits— foreign currency	254,293,423	2.07
Call loans from banks	75,035,837	0.88
Borrowing and other financing	90,972,580	3.41
Securities sold under repurchase agreements	69,339,498	1.89

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

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

December 31, 2009		December 31, 2008	
Foreign currency amount	NTD amount	Foreign currency amount	NTD amount
USD	379,920	USD	138,644
INR	1,214,124	KRW	20,168,902
AUD	27,198	EUR	5,971
JPY	1,640,948	CNY	43,913
EUR	10,053	PHP	238,437
	12,168,839		4,555,846
	834,103		524,391
	783,752		276,601
	569,901		211,442
	463,959		164,999

(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

(In Thousands of New Taiwan Dollars, %)

Month/Year		December 31, 2009					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	\$ 1,006,943	\$ 99,654,877	1.01%	\$ 4,543,347	170.04%	
	Unsecured	1,665,012	377,156,978	0.44%			
Consumer finance	Residential mortgages	1,906,583	298,962,154	0.64%	2,491,096	130.66%	
	Cash cards	216,846	7,565,936	2.87%	307,536	141.82%	
	Micro-credit loans	Original	356,106	22,345,455	1.59%	731,868	205.52%
		Purchase	322	2,747	11.72%	-	-
	Others	Secured	85,687	10,817,700	0.79%	1,277,653	166.18%
Unsecured	683,127	33,905,757	2.01%				
Total loan business		\$ 5,920,626	\$ 850,411,604	0.70%	\$ 9,351,500	157.95%	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit cards business		\$ 495,308	60,801,550	0.81%	863,476	174.33%	
Without-recourse factoring		-	32,302,965	-	116,786	-	

Month/Year		December 31, 2008					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	\$ 1,108,462	\$ 102,730,114	1.08%	\$ 3,397,288	123.01%	
	Unsecured	1,653,355	368,566,873	0.45%			
Consumer finance	Residential mortgages	4,522,543	304,521,800	1.49%	2,728,521	60.33%	
	Cash cards	287,432	9,901,692	2.90%	295,640	102.86%	
	Micro-credit loans	Original	587,065	22,646,733	2.59%	865,510	147.43%
		Purchase	720	5,315	13.55%	-	-
	Others	Secured	38,264	4,959,532	0.77%	1,269,016	155.34%
Unsecured	778,684	32,401,541	2.40%				
Total loan business		\$ 8,976,525	\$ 845,733,600	1.06%	\$ 8,555,975	95.32%	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit cards business		\$ 781,175	63,431,974	1.23%	918,929	117.63%	
Without-recourse factoring		-	34,030,179	-	77,803	-	

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.

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

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 = 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 cards, 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.

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.

(In Thousands of New Taiwan Dollars)

	December 31, 2009		December 31, 2008	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note A)	\$ 1,646,690	\$ 2,528,382	\$ 2,172,539	\$ 3,359,350
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note B)	598,920	1,938,145	-	-
Total	\$ 2,245,610	\$ 4,466,527	\$ 2,172,539	\$ 3,359,350

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

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

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

(b) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2009			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders' equity (%)
1	A group. Liquid crystal panel and components manufacturing	\$ 13,967,946	11.67 %
2	B group. Liquid crystal panel and components manufacturing	10,823,102	9.05 %
3	C group. Other retail sale in general merchandise stores	8,971,023	7.50 %
4	D group. Bare printed circuit boards manufacturing	8,933,307	7.47 %
5	E group. General warehousing and storage	7,493,246	6.26 %
6	F group. Petroleum and coal products manufacturing	7,297,653	6.10 %
7	G group. Integrated circuits manufacturing	7,254,766	6.06 %
8	H group. Other nonstore retailers not elsewhere classified	6,576,212	5.50 %
9	I group. Liquid crystal panel and components manufacturing	5,943,222	4.97 %
10	J group. Other fabricated metal products manufacturing not elsewhere classified	5,594,298	4.68 %

December 31, 2008			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders' equity (%)
1	K group. Railway transportation	\$ 19,488,317	16.98 %
2	A group. Liquid crystal panel and components manufacturing	15,771,468	13.74 %
3	C group. Other retail sale in general merchandise stores	14,424,090	12.57 %
4	B group. Liquid crystal panel and components manufacturing	12,840,630	11.19 %
5	F group. Petroleum and coal products manufacturing	11,525,573	10.04 %
6	E group. Retail sale in general merchandise stores with food, beverages or tobacco predominating	9,388,357	8.18 %
7	G group. Integrated circuits manufacturing	8,208,757	7.15 %
8	D group. Bare printed circuit boards manufacturing	7,586,154	6.61 %
9	L group. Liquid crystal panel and components manufacturing	5,829,905	5.08 %
10	M group. Monitors and terminals manufacturing	5,569,773	4.85 %

Note 1: The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding loan balance of enterprise group. 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.

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

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.”

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, receivables from securities lending, 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)

(In Thousands of New Taiwan Dollars, %)

December 31, 2009					
	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 876,794,758	\$ 132,938,266	\$ 25,669,678	\$ 116,889,315	\$ 1,152,292,017
Interest-rate-sensitive liabilities	484,007,387	520,570,662	64,250,672	46,974,154	1,115,802,875
Interest rate sensitivity gap	392,787,371	(387,632,396)	(38,580,994)	69,915,161	36,489,142
Net worth					119,646,487
Ratio of interest-rate-sensitive assets to liabilities (%)					103.27
Ratio of interest rate sensitivity gap to net worth (%)					30.50

(In Thousands of New Taiwan Dollars, %)

December 31, 2008					
	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 819,057,794	\$ 31,670,172	\$ 32,286,239	\$ 162,490,922	\$ 1,045,505,127
Interest-rate-sensitive liabilities	427,412,824	403,583,862	129,358,298	52,642,429	1,012,997,413
Interest rate sensitivity gap	391,644,970	(371,913,690)	(97,072,059)	109,848,493	32,507,714
Net worth					114,792,363
Ratio of interest-rate-sensitive assets to liabilities (%)					103.21
Ratio of interest rate sensitivity gap to net worth (%)					28.32

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit, 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 rates 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)

December 31, 2009

(In Thousands of U.S. Dollars, %)

	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 5,490,701	\$ 431,814	\$ 89,419	\$ 325,973	\$ 6,337,907
Interest-rate-sensitive liabilities	4,762,270	2,899,237	359,208	234	8,020,949
Interest rate sensitivity gap	728,431	(2,467,423)	(269,789)	325,739	(1,683,042)
Net worth					3,735,451
Ratio of interest-rate-sensitive assets to liabilities (%)					79.02
Ratio of interest rate sensitivity gap to net worth (%)					(45.06)

December 31, 2008

(In Thousands of U.S. Dollars, %)

	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 5,163,957	\$ 719,414	\$ 128,662	\$ 108,486	\$ 6,120,519
Interest-rate-sensitive liabilities	5,321,198	2,160,119	303,577	307	7,785,201
Interest rate sensitivity gap	(157,241)	(1,440,705)	(174,915)	108,179	(1,664,682)
Net worth					3,493,377
Ratio of interest-rate-sensitive assets to liabilities (%)					78.62
Ratio of interest rate sensitivity gap to net worth (%)					(47.65)

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 rates 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, 2009	December 31, 2008
Return on assets ratio (annual)	Before income tax	0.11	0.91
	After income tax	0.07	0.81
Return on equity ratio (annual)	Before income tax	1.45	12.79
	After income tax	1.03	11.26
Net income ratio		3.75	24.79

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

Note 2: Return on equity ratio = Net income (loss) before/after income tax ÷ average total equity.

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

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

(e) Analysis of assets and liabilities time to maturity

1. Structure analysis of New Taiwan Dollars time to maturity

December 31, 2009

(In Millions of New Taiwan Dollars)

	Total	Amount remaining to due date				
		1~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major capital inflow at maturity	\$ 1,716,778	\$ 533,546	\$ 217,950	\$ 191,754	\$ 156,671	\$ 616,857
Major capital outflow at maturity	1,623,375	382,098	259,497	179,061	260,990	541,729
Gap	93,403	151,448	(41,547)	12,693	(104,319)	75,128

December 31, 2008

(In Millions of New Taiwan Dollars)

	Total	Amount remaining to due date				
		1~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major capital inflow at maturity	\$ 1,713,810	\$ 465,683	\$ 280,670	\$ 185,619	\$ 152,371	\$ 629,467
Major capital outflow at maturity	1,650,149	369,596	298,644	224,761	281,901	475,247
Gap	63,661	96,087	(17,974)	(39,142)	(129,530)	154,220

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, 2009

(In Thousands of U.S. Dollars)

	Total	Amount remaining to due date				
		1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	\$ 19,036,845	\$ 5,869,228	\$ 4,759,706	\$ 2,698,534	\$ 2,162,925	\$ 3,546,452
Major capital outflow at maturity	19,502,740	7,787,410	4,488,840	3,469,247	2,142,678	1,614,565
Gap	(465,895)	(1,918,182)	270,866	(770,713)	20,247	1,931,887

December 31, 2008

(In Thousands of U.S. Dollars)

	Total	Amount remaining to due date				
		1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	\$ 24,240,413	\$ 7,717,543	\$ 6,155,698	\$ 3,930,806	\$ 2,136,178	\$ 4,300,188
Major capital outflow at maturity	24,194,710	8,363,328	5,963,726	4,801,923	2,660,034	2,405,699
Gap	45,703	(645,785)	191,972	(871,117)	(523,856)	1,894,489

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

(f) Capital adequacy

Capital adequacy ratios of the Bank:

(In Thousands of New Taiwan Dollars,%)

Analysis item		Period	December 31, 2009	December 31, 2008
Eligible capital	Tier 1 capital		\$ 100,475,966	\$ 96,241,954
	Tier 2 capital		23,693,793	29,537,215
	Tier 3 capital		3,085,102	3,772,222
	Eligible Capital		127,254,861	129,551,391
Risk-weighted assets	Credit risk	Standardized approach	766,949,626	890,069,040
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/ Alternative standard approach	89,743,423	94,465,785
		Advanced measurement approach	-	-
	Market risk	Standardized approach	53,989,285	66,013,883
		Internal model approach	-	-
Total			\$ 910,682,334	\$ 1,050,548,708
Capital adequacy ratio			13.97%	12.33%
Tier 1 capital / Risk-weighted assets ratio			11.03%	9.16%
Tier 2 capital / Risk-weighted assets ratio			2.60%	2.81%
Tier 3 capital / Risk-weighted assets ratio			0.34%	0.36%
Common stock equity / Total assets ratio			4.57%	4.53%
Leverage ratio			6.35%	6.29%

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

Capital adequacy ratios of the Bank and its subsidiaries:

(In Thousands of New Taiwan Dollars,%)

Analysis item		Period	December 31, 2009	December 31, 2008
Eligible capital	Tier 1 capital		\$ 112,592,536	\$ 106,752,997
	Tier 2 capital		32,756,975	37,326,673
	Tier 3 capital		4,448,202	4,805,713
	Eligible Capital		149,797,713	148,885,383
Risk-weighted assets	Credit risk	Standardized approach	851,629,255	992,352,539
		Internal ratings-based approach	-	-
		Securitization	573,471	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/ Alternative standard approach	98,651,279	101,833,525
		Advanced measurement approach	-	-
		Total	77,843,526	84,099,972
	Market risk	Standardized approach	77,843,526	84,099,972
		Internal model approach	-	-
			Total	\$ 1,028,697,531
Capital adequacy ratio			14.56%	12.64%
Tier 1 capital / Risk-weighted assets ratio			10.95%	9.06%
Tier 2 capital / Risk-weighted assets ratio			3.18%	3.17%
Tier 3 capital / Risk-weighted assets ratio			0.43%	0.41%
Common stock equity / Total assets ratio			4.35%	4.25%
Leverage ratio			6.66%	6.49%

(D) Significant contracts: Please refer to Note 7(B) 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 Corp., Ltd. (Chinatrust Insurance Brokers) for 2008 and before were allocated to each project item based on the insurance revenue ratio, actual marketing costs of insurance products, labor hours, profitability, etc. In order to optimize the benefits efficiently and effectively, the Bank and Chinatrust Insurance Brokers share and use each other's information for operations, whereas both companies individually recognize their own profits from the sales of products and services. Commencing from January 1, 2009, the allocation of the preceding joint marketing expenses was revised so that the Bank's management division costs and bonuses are allocated based on input labor hours and profitability of insurance products. Furthermore, the ratios of realized commission acquired from insurance companies for the Bank and Chinatrust Insurance Brokers are 70% and 30%, respectively. For the year ended December 31, 2009, the Bank received the allocation of fees and profits from Chinatrust Insurance Brokers amounting to \$2,895,881 (\$307,472 accounted for under receivables). For the year ended December 31, 2008, the Bank received the allocation of fees from Chinatrust Insurance Brokers amounting to \$1,013,903 (\$74,302 accounted for under receivables).

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

- (F) Disclosure of the Bank's merging of all the assets and liabilities including operations of another financial institution:

The Bank merged with Chinatrust Bills Finance Corp. on April 26, 2008, and since both merging entities were wholly owned subsidiaries of Chinatrust Financial Holding Company, Ltd., pursuant to Interpretations (91) No. 243 and 244 issued by the Accounting Research and Development Foundation, the merger of the Bank and Chinatrust Bills Finance Corp. could qualify as a reorganization, and thus both merging entities' assets and liabilities were recorded at the book value on a consolidated basis. Additionally, in accordance with Interpretation (95) No. 141, when the Bank prepared comparative financial statements, the financial statements of the Bank reflected the merger assuming the two entities had merged on January 1, 2008, and the assets and liabilities of Chinatrust Bills Finance Corp. were merged into the Bank's assets and liabilities at the book value. The Bank acquired all assets and liabilities of Chinatrust Bills Finance Corp. by issuing 314,160 thousand common shares in a 0.77-for-1 exchange for the shares of Chinatrust Bills Finance Corp. The net assets of Chinatrust Bills Finance Corp. acquired by the Bank amounted to \$4,971,744, and the composition of net assets was as follows:

Item	Amount
Cash and cash equivalents	\$ 44,379
Due from central bank	3,510,000
Financial assets measured at fair value through profit or loss	11,111,376
Available-for-sale financial assets—net	11,638,105
Other receivables—net	394,150
Other financial assets—net	144,017
Premises and equipment—net	1,663
Intangible assets—net	2,159
Other assets	16,502
Securities sold under repurchase agreements	(14,808,015)
Payables	(110,233)
Corporate bonds payable	(6,700,000)
Financial liabilities measured at fair value through profit or loss	(89,189)
Other liabilities	(183,170)
	<u>\$ 4,971,744</u>

Each major asset, which increased due to the merger of the Bank and Chinatrust Bills Finance Corp., is provided for future operational use; therefore, there are no current plans for any significant disposal of these assets. In addition, the operating results of Chinatrust Bills Finance Corp. for the year ended December 31, 2008, have been included in the income statements of the Bank for the year ended December 31, 2008.

- (G) Account reclassification

Certain accounts in the financial statements for the year ended December 31, 2008, 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)**

11. DISCLOSURES 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:

(In Thousands of New Taiwan Dollars/ Thousands of shares)

Trading company	Marketable securities type and name	Account	Counter-party	Relation-ship	Beginning balance		Purchases (Note)		Sales				Ending balance	
					Number	Amount	Number	Amount	Number	Sale Price	Book value	Gains (losses) on disposal	Number	Amount
Chinatrust Commercial Bank Co., Ltd.	Chinatrust Capital Corporation	Investments under equity method	Chinatrust Capital Corporation	Investee carried under equity method	1	\$7,677,139	3	\$1,915,928	-	-	-	-	4	\$9,593,067

Note: Including the Bank's subscription of \$10,743,447 of common stock issued by Chinatrust Capital Corporation this year, income/losses on investments under the equity method, unrealized gains/losses on financial instruments, and cumulative translation adjustments.

(b) Acquisition of real estate up to \$300,000 or 10% of paid-in capital: None.

(c) Disposal of real estate up to \$300,000 or 10% of paid-in capital: None.

(d) Discount on commission fees for transactions with related parties up to \$5,000: None.

(e) Receivables from related parties up to \$300,000 or 10% of paid-in capital: None.

(f) The transaction information on NPL disposition:

(1) Summary table of NPL disposal: 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 asset 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.

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

(B) Related information on investee companies

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

(In Thousands of New Taiwan Dollars/Thousands of shares)

Names of investee company	Address	Main business scope	Shareholding ratio	Carrying value	Investment gain (loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Remark
						Number of shares	Number of pro forma shares	Total		
								Number of shares	Shareholding ratio	
Chinatrust (Philippines) Commercial Bank Corporation	3rd Fl., Tower One, Ayala Triangle, Ayala Avenue cor. Paseo De Roxas, Metro Manila, Makati, Philippines	Commercial banking and financing business	99.41 %	\$3,911,505	\$231,131	246,497	-	246,497	99.41 %	-
PT Bank Chinatrust Indonesia	16th F1, Wisma Tamara, Jl Jenderal Sudirman Kev. 24 Jakarta 12920, Indonesia	Commercial banking and financing business	99.00 %	4,840,755	552,981	1	-	1	99.00 %	-
Chinatrust Forex Corporation	3rd Fl., Tower One, Ayala Triangle, Ayala Avenue cor. Paseo De Roxas, Metro Manila, Makati, Philippines	Foreign exchange brokerage	60.00 %	20,799	-	50,000	-	50,000	100.00 %	Company in liquidation
CTC Bank of Canada	1518 West Broadway, Vancouver, B.C., Canada, V6J 1W8	Commercial banking and financing business	100.00 %	647,241	12,398	1,500	-	1,500	100.00 %	-
Chinatrust Securities Investment Consultancy Co., Ltd.	7F, No. 3 Sung-Shou Road, Taipei	Investment and consultancy services	99.40 %	9,960	13	998	-	998	99.80 %	Company in liquidation
Chinatrust Capital Corporation	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505	Investment business	100.00 %	9,593,067	(8,665,304)	4	-	4	100.00 %	-
Grand Bills Finance Corporation	11F, No.560, Sec. 4, Jhongsiao E. Rd., Taipei City	Proprietary trading of short-term bills and securities	21.15 %	1,775,974	67,920	114,399	-	114,399	21.15 %	-
GCB Finance (HK) Limited	Suite 2812, Two International Finance Centre, 8 Finance Street, Central Hong Kong	Corporate loans	100.00 %	357,579	(813)	50,000	-	50,000	100.00 %	-
Chinatrust Bank (U.S.A.)	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 Capital Statutory Trust II	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505	Special Purpose Entity ("SPE")	-	-	-	774	-	774	Note	-

Note: 100% of common shares of the SPEs are held by the Bank's subsidiary Chinatrust Capital Corporation; the common shares of the SPEs account for approximately 3% of the SPE's total equity.

(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.

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

(d) Marketable securities held as of December 31, 2009: not applicable to banking subsidiaries; others:

(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	June 30, 2009				Remark
				Number of shares	Book value	Shareholding ratio	Market price (Note 2)	
Chinatrust Capital Corporation	Chinatrust Bank (U.S.A.)	An investee of the bank accounted for under equity method	Investments under equity method	Common shares 3 Preferred shares 100	\$9,300,833	100.00%	\$9,300,833	-
"	Chinatrust Capital Statutory Trust II	"	"	Common shares 774	24,791	Note 1	24,791	-

Note 1: 100% of common shares of the SPE are held by the Bank's subsidiary Chinatrust Capital Corporation; the common shares of the SPE account for approximately 3% of the SPE's total equity.

Note 2: 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) Cumulative purchase or sale 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:

Acquiring company	Name of property	Transaction date	Transaction amount	Payment status	Counter-party	Relationship	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 Bank (U.S.A.)	Building-1220 Boren Avenue Seattle, Washington, U.S.A	2009.05.28	USD 18,076 thousand	-	Marlborough Houses Building LLC	Borrower	None	None	None	-	None	Transfer from loan to OREO asset	None
Chinatrust Bank (U.S.A.)	750 Garland LLC: The Flat, 206-unit apartment building	2009.08.19	USD 19,320 thousand	-	750 Garland LLC	Borrower	None	None	None	-	None	Transfer from loan to OREO asset	None
Chinatrust Bank (U.S.A.)	Hacienda Del Mar, 12625 High Bluff; office building	2009.09.18	USD 14,288 thousand	-	12625 High Bluff Partners LLC	Borrower	None	None	None	-	None	Transfer from loan to OREO asset	None

(g) Disposal of real estate up to \$300,000 or 10% of paid-in capital:

Name of disposing company	Name of property	Transaction date	Original acquisition date	Book value	Transaction amount (Note 1)	Collection status	Gains on disposal	Counter-party	Relationship	Disposition purpose	Reference for disposition price	Other additional terms
Chinatrust Bank (U.S.A.)	750 Garland LLC: The Flat, 260-unit apartment building	2009.09.30	2009.08.19	USD 19,320 thousand	USD 20,385 thousand	The transaction amounts were fully received.	USD 1,065 thousand	SA Properties Holdings Garland Avenue LLC	None	Sell OREO asset	None	None
Chinatrust Bank (U.S.A.)	Hacienda Del Mar, 12625 High Bluff; office building	2009.12.30	2009.09.18	USD 14,288 thousand	USD 16,027 thousand	The transaction amounts were fully received.	USD 1,740 thousand	DLGP Real Estate Investment Fund LLC	None	Sell OREO asset	None	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.

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

(k) Information on NPL disposal transaction

(1) Summary table of NPL disposal:

Trade date	Counterparty	Debt component	Book value	Sale price	Gains on disposal	Additional term	Relationship
2009.01.22	Mabuhay Capital Corp.	Secured loans	USD 52 thousand	USD 119 thousand	USD 67 thousand	None	None
2009.11.26	Steniel Manufacturing	Secured loans	PHP 31,794 thousand	PHP 47,286 thousand	PHP 15,492 thousand	None	None
2009.12.04	Ivy Garden Investment LLC	Secured loans	USD 825 thousand	USD 825 thousand	-	None	None
2009.12.31	Shapell Mortgage Inc.	Secured loans	USD 11,570 thousand	USD 12,390 thousand	USD 820 thousand	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.

(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.

12. BUSINESS SEGMENT FINANCIAL INFORMATION

(A) Industry segment information:

The Bank's operation is only for commercial banking business. Therefore, no disclosure of industry segment information is required.

(B) Geographic information:

Disclosure of financial information of the Bank's International Department is not required since its revenues or identifiable assets represent less than 10% of the Bank's total operating revenues or total assets, respectively. Therefore, no disclosure of geographic segment information is required.

(C) Export sales information: Not applicable.

(D) Information on major customers: Not applicable.

**CHINATRUST COMMERCIAL BANK CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008
AND
INDEPENDENT AUDITORS' REPORT**

**ADDRESS: NO. 3 SUNG-SHOU ROAD, TAIPEI, TAIWAN, R.O.C.
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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 subsidiaries as of December 31, 2009 and 2008, 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 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chinatrust Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2009 and 2008, 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 Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and generally accepted accounting principles in the Republic of China.

As stated in Notes 3 and 4(AA), commencing from July 1, 2008, Chinatrust Commercial Bank Co., Ltd. has reclassified financial assets in accordance with the second amendment of Republic of China Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement". For the year ended December 31, 2008, this resulted in an increase in after-tax net income of NT\$6,242,549 thousand and an increase in EPS of NT\$0.87 (dollars).

As stated in Notes 1 and 10(F), Chinatrust Commercial Bank Co., Ltd. merged with Chinatrust Bills Finance Corp., which is a wholly owned subsidiary of Chinatrust Financial Holding Company, Ltd., in a stock conversion transaction on April 26, 2008. After the merger, Chinatrust Commercial Bank Co., Ltd. was the surviving entity and Chinatrust Bills Finance Corp. dissolved. Pursuant to Interpretations (91) No. 243 and 244 issued by the Accounting Research and Development Foundation, the merger could qualify as a reorganization, and thus both merging entities' assets and liabilities should be recorded at the book value on a consolidated basis. Additionally, in accordance with Interpretation (95) No. 141, when Chinatrust Commercial Bank Co., Ltd. prepared comparative financial statements, the financial statements of Chinatrust Commercial Bank Co., Ltd. reflected the merger assuming the two entities had merged on January 1, 2008.



As stated in Notes 5 and 7(D), Chinatrust Commercial Bank Co., Ltd. Hong Kong Branch was assessed an administrative fine and prohibited from engaging in certain business activities by the Financial Supervisory Commission (FSC) due to its flawed process for disposing of overseas structured notes. The FSC lifted the business restrictions described above in March 2007 after certain operating deficiencies had been corrected and improved by Chinatrust Commercial Bank Co., Ltd. This case, now under review by the court, has been filed with the FSC to examine if Chinatrust Commercial Bank Co., Ltd.'s parent company, Chinatrust Financial Holding Company, Ltd., had breached the regulations of the Financial Holding Company Law. The cases as stated in Note 7(D) are still under investigation by the authority and the judiciary, and the results remain uncertain.

KPMG

Taipei, Taiwan, R.O.C.
February 3, 2010

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the 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.

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF December 31, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change %
	2009 Amount	2008 Amount	
ASSETS			
Cash (Notes 2, 4(A) and 5)	\$ 21,978,581	\$ 37,289,702	(41)
Due from Central Bank and call loans to banks (Notes 4(B) and 5)	113,851,985	96,863,876	18
Financial assets measured at fair value through profit or loss—net (Notes 2, 4(C) and (AA), 5 and 7)	75,753,076	166,992,740	(55)
Securities purchased under resell agreements (Note 2)	-	2,196,787	(100)
Receivables—net (Notes 2, 4(D), 5 and 6)	111,340,916	114,398,997	(3)
Loans—net (Notes 2, 4(E) and 5)	905,880,405	921,675,255	(2)
Available-for-sale financial assets—net (Notes 2, 4(F), (J) and (AA), 6 and 7)	106,846,447	100,243,512	7
Held-to-maturity financial assets—net (Notes 2, 4(G) and (H), 6 and 7)	322,763,622	170,713,825	89
Investments under equity method—net (Notes 2 and 4(I))	2,202,969	2,169,748	2
Other financial assets—net (Notes 2, 4(F), (H) and (J), and 6)	9,472,739	20,558,966	(54)
Premises and equipment—net (Notes 2 and 4(K))	33,843,069	33,171,288	2
Intangible assets (Notes 2 and 4(L))	12,064,993	11,934,675	1
Other assets—net (Notes 2 and 4(K), (M), (S) and (T))	11,135,747	10,696,304	4
TOTAL ASSETS	\$ 1,727,134,549	\$ 1,688,905,675	2
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Note 5)	\$ 32,929,546	\$ 17,070,983	93
Due to Central Bank and other banks (Note 4(N))	12,328,735	13,830,249	(11)
Financial liabilities measured at fair value through profit or loss (Notes 2, 4(C) and 5)	35,174,540	91,590,692	(62)
Securities sold under repurchase agreements (Notes 2, 5 and 7)	78,056,521	72,156,210	8
Payables (Notes 2, 3, 4(O) and (X), and 5)	45,114,860	46,056,784	(2)
Deposits and remittances (Notes 4(P) and 5)	1,322,541,711	1,236,505,215	7
Financial debentures (Note 4(Q))	75,119,506	92,575,565	(19)
Other financial liabilities (Notes 2 and 4(R))	2,114,030	1,080,190	96
Other liabilities (Notes 2 and 4(S))	4,037,910	3,189,400	27
Total Liabilities	1,607,417,359	1,574,055,288	2
Stockholders' Equity			
Common stock (Note 4(V))	75,103,257	71,731,860	5
Capital surplus (Notes 4(V) and (X))	16,405,044	16,000,568	3
Retained earnings:			
Legal reserve	24,767,678	21,002,127	18
Special reserve	6,021,536	1,025,945	487
Accumulated earnings (Notes 3 and 4(W))	1,226,308	12,587,518	(90)
Other adjustments to stockholders' equity:			
Unrealized revaluation increment	12,949	12,949	-
Cumulative translation adjustments (Note 2)	(1,312,325)	(1,547,068)	15
Unrealized losses on financial instruments (Notes 2 and 4(F) and (AA))	(2,269,634)	(6,021,536)	62
Net loss not recognized as pension cost (Note 4(S))	(308,326)	-	-
Subtotal for Stockholders' Equity—Parent Company	119,646,487	114,792,363	4
Minority Interest	70,703	58,024	22
Total Stockholders' Equity	119,717,190	114,850,387	4
Commitments and Contingencies (Notes 2 and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,727,134,549	\$ 1,688,905,675	2

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	For the years ended December 31,		Change %	
	2009	2008		
	Amount	Amount		
Interest income	\$ 36,187,300	\$ 57,863,281	(37)	
Less: Interest expenses	(13,803,031)	(28,367,919)	51	
Net interest income	22,384,269	29,495,362	(24)	
Non-interest income				
Service fee and commission income	21,321,416	19,593,178	9	
Gains on financial assets or liabilities measured at fair value through profit or loss (Notes 3 and 4(C) and (AA))	2,957,156	5,283,475	(44)	
Realized gains (losses) on available-for-sale financial assets (Notes 4(F), (J) and (Z))	1,533,398	(452,069)	439	
Realized losses on held-to-maturity financial assets	-	(4)	100	
Income from equity investments under equity method (Note 4(I))	67,120	36,922	82	
Foreign exchange gains	1,686,984	1,805,499	(7)	
Reversal of impairment recognized in profit or loss (impairment loss on assets) (Notes 2 and 4(F), (G), (H), (J), (K), (L) and (M))	51,808	(1,062,204)	105	
Public-welfare lottery payment (Note 7(B))	(2,086,800)	(2,086,800)	-	
Other losses (Note 4(O))	(4,133,260)	(1,328,143)	(211)	
Other miscellaneous income (Note 4(J))	-	3,165,301	(100)	
Other non-interest net income	245,002	1,030,393	(76)	
Net Revenue	44,027,093	55,480,910	(21)	
Bad debt expenses (Notes 4(D) and (E))	(12,433,086)	(12,612,200)	1	
Operating expenses (Notes 4(V) and (X), and 10(A))				
Personnel expenses	(14,889,152)	(13,834,804)	(8)	
Depreciation and amortization expenses	(2,334,141)	(2,498,292)	7	
Other general and administrative expenses	(12,032,418)	(12,792,114)	6	
Net Income Before Tax	2,338,296	13,743,500	(83)	
Income tax expenses (Notes 2 and 4(T))	(1,129,098)	(1,121,066)	(1)	
Net income from continuing operations before extraordinary gain or loss and cumulative effect of changes in accounting principles	1,209,198	12,622,434	(90)	
Cumulative effect of changes in accounting principles (after deducting income tax of \$19,644) (Note 3)	-	(63,850)	(100)	
Consolidated Net Income	\$ 1,209,198	\$ 12,558,584	(90)	
Consolidated Net Income Attributable To:				
Parent company (consolidated net income)	\$ 1,201,720	\$ 12,551,841	(90)	
Minority interest	7,478	6,743	11	
	\$ 1,209,198	\$ 12,558,584	(90)	
Earnings per Share (EPS) (Notes 2 and 4(Y))	Before	After	Before	After
	income tax	income tax	income tax	income tax
Basic EPS				
Net income from continuing operations	\$ 0.31	\$ 0.16	\$ 1.91	\$ 1.76
Cumulative effect of changes in accounting principles	-	-	(0.01)	(0.01)
Net income	\$ 0.31	\$ 0.16	\$ 1.90	\$ 1.75
Basic EPS—retroactive adjustment			\$ 1.82	\$ 1.67

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings			Other adjustments to stockholders' equity			Total			
	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Unrealized revaluation increment	Cumulative translation adjustments		Unrealized losses on financial instruments	Net losses not recognized as pension cost	Minority interest
Beginning Balance—January 1, 2008	\$ 13,944,819	\$ 17,671,542	\$ -	\$ 11,101,949	\$ 12,949	\$ (909,041)	\$ (1,025,945)	\$ -	\$ 58,605	\$ 103,462,004
Retrospective adjustment due to issue of new shares for a merger	2,055,749	-	-	-	-	-	(285,761)	-	-	4,911,588
Appropriation and distribution of 2007 earnings:										
Legal reserve	-	3,330,585	-	(3,330,585)	-	-	-	-	-	-
Special reserve	-	-	1,025,945	(1,025,945)	-	-	-	-	-	-
Employee bonuses	-	-	-	(3,372)	-	-	-	-	-	(3,372)
Cash dividends—common stock	-	-	-	(723,236)	-	-	-	-	-	(723,236)
Stock dividends—common stock	5,983,134	-	-	(5,983,134)	-	-	-	-	-	-
Net income for the year ended December 31, 2008	-	-	-	12,551,841	-	-	-	-	-	12,551,841
Recognition of unrealized losses on available-for-sale financial assets	-	-	-	-	-	-	(4,852,274)	-	-	(4,852,274)
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	199,197	-	-	199,197
Recognition of unrealized losses on cash flow hedges	-	-	-	-	-	-	(56,753)	-	-	(56,753)
Cumulative translation adjustments	-	-	-	-	-	(638,027)	-	-	-	(638,027)
Change in minority interest	-	-	-	-	-	-	-	-	(581)	(581)
Ending Balance—December 31, 2008	\$ 16,000,568	\$ 21,002,127	\$ 1,025,945	\$ 12,587,518	\$ 12,949	\$ (1,547,068)	\$ (6,021,536)	\$ -	\$ 58,024	\$ 114,850,387
Beginning Balance—January 1, 2009	16,000,568	21,002,127	1,025,945	12,587,518	12,949	(1,547,068)	(6,021,536)	-	58,024	114,850,387
Appropriation and distribution of 2008 earnings:										
Legal reserve	-	3,765,551	-	(3,765,551)	-	-	-	-	-	-
Special reserve	-	-	4,995,591	(4,995,591)	-	-	-	-	-	-
Cash dividends—common stock	-	-	-	(430,391)	-	-	-	-	-	(430,391)
Stock dividends—common stock	3,371,397	-	-	(3,371,397)	-	-	-	-	-	-
Net income for the year ended December 31, 2009	-	-	-	1,201,720	-	-	-	-	-	1,201,720
Transfer of parent company's treasury stock to employees	404,476	-	-	-	-	-	-	-	-	404,476
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	3,772,478	-	-	3,772,478
Recognition of unrealized gains on financial instruments of subsidiaries	-	-	-	-	-	-	2,965	-	-	2,965
Recognition of unrealized losses on cash flow hedges	-	-	-	-	-	-	(23,541)	-	-	(23,541)
Recognition of hedges of net investment in foreign operations	-	-	-	-	-	138,856	-	-	-	138,856
Cumulative translation adjustments	-	-	-	-	-	95,887	-	-	-	95,887
Recognition of net losses not recognized as pension cost	-	-	-	-	-	-	(308,326)	-	-	(308,326)
Change in minority interest	-	-	-	-	-	-	-	-	12,679	12,679
Ending Balance—December 31, 2009	\$ 16,405,044	\$ 24,767,678	\$ 6,021,536	\$ 12,266,908	\$ 12,949	\$ (1,312,225)	\$ (2,269,654)	\$ (308,326)	\$ 70,703	\$ 119,717,190

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2009	2008
Cash Flows from Operating Activities:		
Net Income	\$ 1,201,720	\$ 12,551,841
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Minority interest	7,478	6,743
Cumulative effect of changes in accounting principles	-	63,850
Transfer of parent company's treasury stock to employees	404,476	-
Depreciation and amortization	2,334,141	2,498,292
Depreciation of idle premises and equipment (accounted for under other non-interest net income)	9,641	18,071
Net amortization of premiums and accretion of discounts on investments in held-to-maturity securities	163,381	(19,436)
Amortization of premium on financial debentures	13,109	9,862
Investment income accounted for under equity method in excess of cash dividends received	(44,240)	(36,922)
Unrealized losses (gains) on valuation of financial instruments	3,045,970	(2,791,326)
Gains on disposal of financial assets carried at cost	(5,927)	(1,398,827)
(Reversal of impairment recognized in profit or loss) impairment loss on assets	(51,808)	1,062,204
Gains on disposal of premises and equipment (including idle premises and equipment) and foreclosed properties	(124,239)	(298,267)
Losses on asset retirement	32,758	25,056
Provision for bad debt expenses	12,367,626	12,807,131
Provision for (reversal of) guarantee reserve	75,307	(194,931)
Provision for miscellaneous trading loss reserve	132,582	47,315
Others	(490,039)	220,928
Net Changes:		
Decrease in receivables	124,183	9,250,579
Decrease (increase) in financial assets measured at fair value through profit or loss	86,961,637	(73,806,115)
Decrease in payables	(826,335)	(11,565,778)
(Decrease) increase in financial liabilities measured at fair value through profit or loss	(56,416,152)	56,124,600
Decrease (increase) in other financial assets	11,284,187	(8,085,410)
Increase (decrease) in other financial liabilities	1,033,840	(1,450,114)
Net Cash Provided by (Used in) Operating Activities	<u>61,233,296</u>	<u>(4,960,654)</u>
Cash Flows from Investing Activities:		
Decrease (increase) in loans	2,325,379	(53,625,312)
Decrease in due from Central Bank and call loans to banks	21,201,011	30,795,913
(Increase) decrease in available-for-sale financial assets	(2,900,812)	52,246,112
Purchase of held-to-maturity financial assets	(175,134,208)	(62,963,871)
Proceeds from maturities and paydowns of held-to-maturity financial assets	23,093,556	32,434,551
Purchase of investments under equity method	(7,223)	-
Proceeds from disposal of investments under equity method	4,360	-
Proceeds from capital reduction or liquidation of investee	18,419	91,406
Proceeds from disposal of premises and equipment (including idle premises and equipment) and foreclosed properties	1,883,539	1,246,781
Purchase of premises and equipment	(2,105,554)	(1,223,310)
Purchase of intangible assets	(669,298)	(687,087)
(Increase) decrease in other assets	(374,688)	229,247
Decrease in receivables	1,862,952	9,993,132
Net Cash (Used in) Provided by Investing Activities	<u>(130,802,567)</u>	<u>8,537,562</u>
Cash Flows from Financing Activities:		
Increase (decrease) in deposit from Central Bank and other banks	15,858,563	(30,902,032)
Increase in deposits and remittances	86,036,496	49,294,359
Decrease in due to Central Bank and other banks	(1,501,514)	(1,201,348)
Increase (decrease) in securities sold under repurchase agreements	5,900,311	(15,976,455)
(Decrease) increase in financial debentures	(16,237,111)	4,220,856
Increase (decrease) in other liabilities	234,648	(4,884,803)
(Decrease) increase in payables	(111,771)	161,122
Cash dividends—common stock	(430,391)	(723,236)
Employee bonuses	-	(3,372)
Net Cash Provided by (Used in) Financing Activities	<u>89,749,231</u>	<u>(14,909)</u>
Effect of exchange rate changes	501,252	(988,273)
Net Increase in Cash and Cash Equivalents	20,681,212	2,573,726
Cash and Cash Equivalents, at the Beginning of the Period	82,849,599	80,275,873
Cash and Cash Equivalents, at the End of the Period	<u>\$ 103,530,811</u>	<u>\$ 82,849,599</u>
Cash and Cash Equivalents:		
Cash	\$ 21,978,581	\$ 37,289,702
Call loans to banks	30,837,554	30,058,399
Due from Central Bank	50,714,676	13,304,711
Financial instruments (cash equivalents)	-	2,196,787
	<u>\$ 103,530,811</u>	<u>\$ 82,849,599</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 16,876,199	\$ 27,955,079
Income tax	\$ 1,749,484	\$ 1,752,592
Investing and Financing Activities Not Affecting Cash Flows:		
Stock dividends—common stock	\$ 3,371,397	\$ 5,983,134
Reclassification of financial assets (Notes 3 and 4(AA))	-	12,567,964
Premises and equipment acquired in exchange	\$ 3,148	-

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



Chinatrust Commercial Bank