



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.

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

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I. Letter to Shareholders

Distinguished Shareholders of Chinatrust Bank

In 2010, the world returned to economic growth following the global crisis and financial turmoil from the past 2 years.

That said, the global recovery in 2010 has been distinctly uneven and inconsistent across regions and economic sectors – with continuing pessimism, debt crises and sluggish growth in the West set against robust growth and new wealth creation throughout much of Asia.

Asian growth seems set to continue for some time ahead and represent a profound change to the economic landscape. More importantly, Asian leadership is creating decisively different financial dynamics within our markets. We see this change as great opportunities for Asian banks, to grow and lead into the decade ahead. For Chinatrust, our unique position as an “international greater Chinese” bank (operating throughout Greater China, S/SE Asia and North America) – makes us particularly well-placed to lead in the emerging financial landscape – and through out 2010 we enlisted our entire organization in a large scale new growth strategy to espouse this exciting new world. We are committed to build the first truly international Chinese bank – to take on and take the lead at the center of growth, and to tap into the rapidly growing regional trade benefits, small businesses, wealth management and the likes.

At home, Taiwan’s 2010 local economy grew robustly, boosted in part by the enacting of the cross-strait MOU. In response, Chinatrust have been driving multiple strategies to accelerate our development in China as well as to sustain our domestic position resulting from increased competition at home. We have further integrated our international platforms and enhanced customer relationship management across the board.

Overall, we are seeing significant growth in the regional markets in which we service. The small and medium enterprises (SME) and high net worth (HNW) sectors, for examples, are both growing above 15% per annum across Asia. In view of this, the Bank established a new SME Division to provide small and medium business customers with comprehensive financial solutions. We have started to build our private banking offering and platform for Taiwan, Hong Kong & Singapore - leveraging on our market leadership in wealth management and our existing HNW customer base.

2010 was also a very strong year for Chinatrust financially - with consolidated pre-tax income amounting to NTD 16.26 billion, after-tax income of NTD 13.18 billion, pre-tax ROE at 13.08%, and after-tax ROE at 10.61%. Compared to last year, the net revenue increased by 14%, reaching NTD50.3 billion and the pretax net income increased by 595%. Going forward, we will continue to strengthen our leading position in the Taiwan market whilst increasing revenue from overseas operations.

Latest credit ratings and evaluation dates

Rating Type	Rating Facility	Credit Rating		Outlook	Other	Effective Date
		Long-term	Short-term			
International Rating	Moody's	A2	Prime-1	Stable	BFSR: C-	2010.10.14
	Standard & Poor's	A-	A-2	Stable	BFSR: C+	2010.11.01
	Fitch	A	F1	Stable	Individual: B/C Support: 3	2011.03.23
Local Rating	Taiwan rating	twAA	twA-1+	Stable	-	2010.10.15
	Fitch	AA+(twn)	F1+(twn)	Stable	Individual: B/C Support: 3	2011.03.23

2011 outlook

In 2011, we will continue to uphold our core values of caring, professional and trustworthy, and continue striving to become the first truly international Chinese bank. Based on this vision, our future strategies will focus on opportunities in three areas: new business development, geographic expansion and deeper customer integration.

A. New business development:

1. SME banking business and Private Banking: we will be extending our SME banking later on this year, and establishing a SME business and service model for potential overseas markets. We are also preparing to launch our new Private Bank by early 2012 both in Taiwan and offshore in Hong Kong and Singapore.

SME business and Private Banking represent key sources of business growth – in addition to providing end-to-end services to our customers; these businesses leverage our wealth management and private banking advantages and give us a significant step up in our presence at major international banking centers of Singapore and Hong Kong.

2. Mobile Banking: Chinatrust has long been a leader in adopting new innovative and technology in banking; and we see another major upheaval ahead with the wide spread consumer appreciation of mobile banking. In 2010, we launched our award winning consumer banking application – and have already become the market leader in the field. But this is an area we are striving for future leadership as consumer tastes mature and deepen in the years ahead.

B. Geographic expansion:

1. As we look to deepen and leverage our distinctive Pan-Pacific footprint, we will continue to build our capabilities and presence across our international network. In 2010, a key focus for us was to address the short term challenges at our US subsidiary – CTBUSA – and as businesses gain momentum, we are looking in 2011 to accelerate growth in a number of other key markets - particularly in Hong Kong, and Vietnam.
2. China is a long-term priority for us and we are looking to invest as rapidly as possible into China. This includes building our capabilities to serve the growing international demands of our customer base in China.

C. Customer Integration:

In 2010, we integrated our Retail and Consumer Finance businesses into a “one bank” retail group. This provides end-to-end banking services to our 6 million retail customers in Taiwan. This year, Chinatrust will further deepen the integration of these businesses and shift our focus to a truly distinctive customer-centric approach. Our leading industry customer databases provide us unparalleled opportunities to understand and better serve our customers across the board including wealth management, payments and loans.

As we look ahead, Chinatrust is confident that we are uniquely placed to assume the business opportunities in a new global market. We are optimistic we will exceed our growth targets from 2010 to 2011 and we commit to building from Chinatrust the first truly international Chinese Bank.



Jeffrey L. S. Koo
Chairman

II. Company Profile

A. Company Overview

1. Date of Establishment: March 14, 1966

2. History

Formerly known as China Securities Investment Corp., Chinatrust Commercial Bank (hereinafter referred to as the “Bank”) was established 45 years ago in 1966. It has undergone two major reforms. In 1971, it was restructured and renamed the Chinal Trust and Investment Company. In 1992, it was christened Chinatrust Commercial Bank. These changes were performed during milestones in Taiwan’s economy, including the launch, growth, and transformation of the island’s financial market.

To increase its scope of operations, the Bank merged with Grand Commercial Bank in December of 2003, acquired the Fengshan Credit Cooperative in July 2004, and won the bid to purchase the Enterprise Bank of Hualien in May 2007. In addition, to make our team more effective, the Bank formally merged with the Chinatrust Bills Finance Corporation in April 2008. By the end of 2010, we had 146 domestic branches, NT\$1.36 trillion in consolidated deposits, and NT\$1.79 trillion in consolidated total assets — the most of any privately operated bank in Taiwan.

3. Business Overview

Services currently offered by the Bank include savings accounts, loans, guarantees, foreign exchange, offshore banking units (OBU), trusts, credit cards, cash cards, securities, debentures, proprietary dealing in futures, derivatives, factoring, safety deposit boxes, and e-banking and the Bank also serves as an agent for the lottery. Driven by a spirit of innovation and change, the Bank has continued to be the first in the industry to introduce innovative services, such as ATMs in 7-11 convenience stores around the island. (Chinatrust has the largest number of ATMs in Taiwan with 3,950 units in 7-11s and 4,433 savings & withdrawal ATMs in branches nationwide.) The Bank also continues to work to merge credit card services and consumer practices by offering promotions when credit cards are used at gas stations, restaurants, and bookstores, in taxis, and for online shopping. The Bank also introduced the free Chinatrust iPhone application to help customers keep abreast of securities market developments.

In addition, with international securities markets facing turbulence, the Bank revived Taiwan’s leveraged financing market, using innovative capabilities and promoting a number of landmark transactions. Consequently, it was rated for the third time by *International Financial Review* as “Best Arranger of Taiwanese Loans” in 2009. In 2010, the Bank handled 64 syndicated loans transactions worth a total of US\$2.9 billion.

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 2010:

Domestic

- Trusted Brand: Gold Winner in Banking Industry & Credit Card issuing Bank by *Reader's Digest*
- Best Wealth Management Bank – Wealth Management Survey by *Global Views*
- Gold Winner for 10th Arts & Business Award by *Council for Culture Affairs*
- Best Corporate Image Award & Best Product Innovation Award – Financial Service Survey by *Excellence Monthly*
- 5th Best Practice Award: Best Risk Management & Honorable mention of International Business Development by *Taiwan Academy of Banking and Finance*
- Best Brand in Banking Brands & Internet Banking Brands – 3th Best Brand Survey for Business Men by *Business Today*

International

- 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 by *FinanceAsia*
- Best Foreign Exchange Bank in Taiwan/Best Emerging Market Bank in Taiwan/Best Consumer Internet Bank in Taiwan by *Global Finance*
- Best Domestic Custodian Bank in Taiwan/Best E-Commerce Bank in Taiwan/Triple A Investment Award 2010: Best Wealth Management House in Taiwan/Triple A Investment Award 2010: Best Derivative House in Taiwan/Best Domestic Bank in Taiwan/Best Debt House in Taiwan/Titanium Award for Corporate Governance, Social and Environmental Responsibility and Investor Relations in Banking and Finance in Taiwan by *The Asset*
- Best Domestic Bank/ Best Local Cash Management Bank in Taiwan as voted by Medium-sized and Large-sized Corporates by *Asiamoney*
- Best Private Bank in Taiwan/Best Local Private Bank in Taiwan by *Euromoney*
- Best Private Bank in Taiwan by *The Banker & Professional Wealth Management(PWM)*
- The Asian Banker Achievement Award for Cash Management in Taiwan/Technology Implementation Awards 2010 – Best Call Center Project by *The Asian Banker*
- House of the Year by *AsiaRisk*
- Best Direct Custody, Taiwan by *AsianInvestor Magazine*
- 6th Corporate Governance Asia Recognition Awards 2010 by *Corporate Governance Asia*
- The prestigious award "Top Ten Bank of 2010 in Taiwan" from among the top 300 Asian banks ranked by *Yazhou Zhoukan*

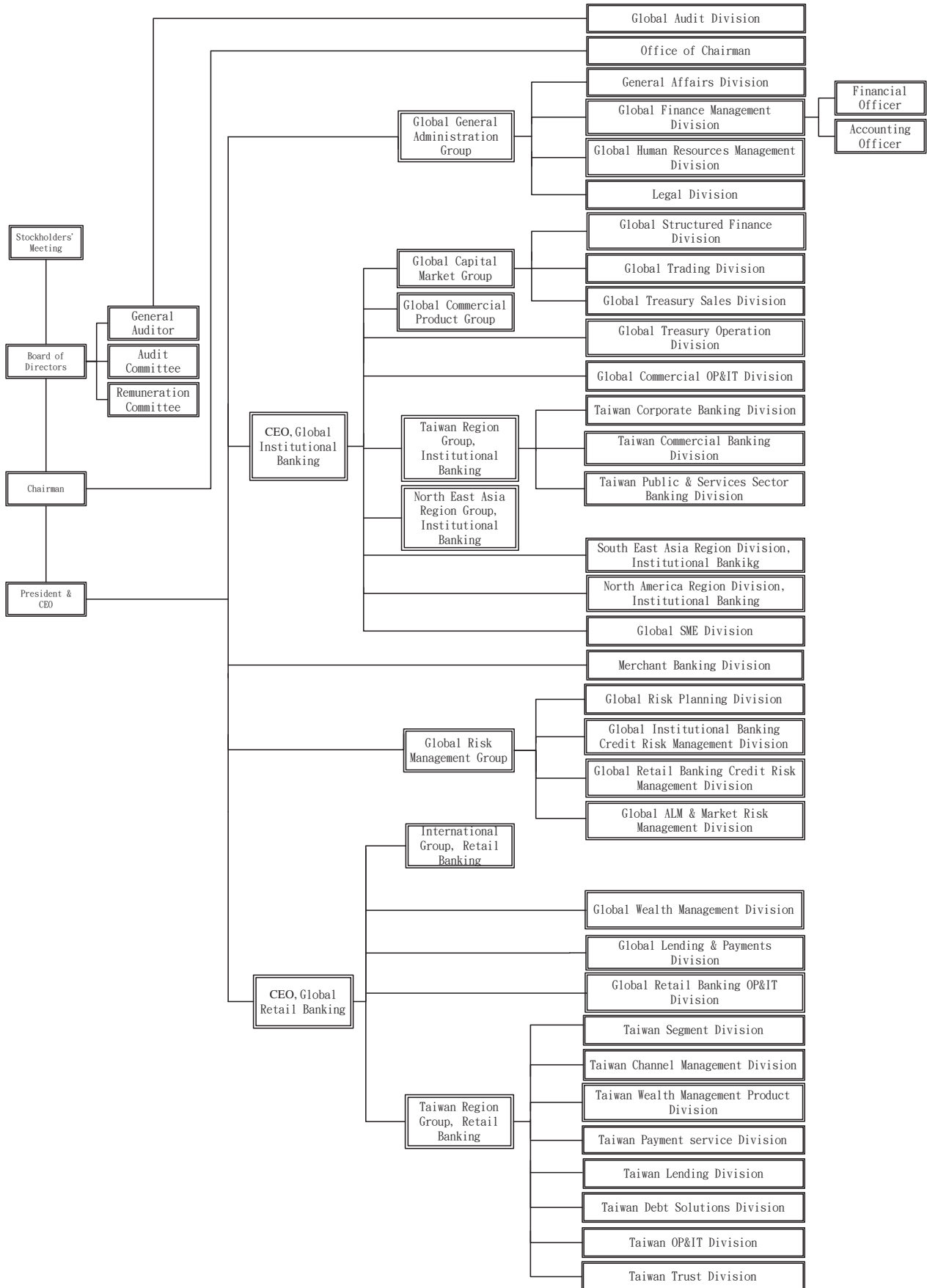
5. Global layout

Faced with financial liberalization and internationalization, the Bank also took the initiative to set up more offices both in Taiwan and abroad. In late 2010, it had a total of 146 offices in Taiwan and 66 points (branches, subsidiaries and their branches, and representative offices) abroad. The bank has overseas offices in the US, Canada, Japan, India, Indonesia, the Philippines, Hong Kong, Singapore, and China, of any bank originating in Taiwan—the most of any Taiwan-based bank.

Looking ahead, Chinatrust will continue to stand by its brand promise “We are family”. It will also adhere to its mission “protect and build” and core values of caring, professional, and trustworthy while providing customers with a complete variety of convenient services. In its turn, Chinatrust is set to make a “Taiwan Champion, Asia Leader, and American innovator”—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

April 25, 2011

Title	Name	Date of assignment	Office term	Significant experience	Education
Chairman	Jeffrey L. S. Koo	Jun. 16,2008	3	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	H. Steve Hsieh	Nov. 26,2010		Secretary General, Executive Yuan	Ph. D. in Biochemical Nutrition, University of Wisconsin, USA
Director	Paul T. C. Liang	Jan. 26,2011		Chinatrust Commercial Bank (shares), Deputy General Manager President of Chinatrust (Indonesia)	Department of International Trade, National Chengchi University.
Director	Song-Chi Chien			Ching Hing Joint Certified Public Accountants CPA Insurance Commissioner, Ministry of Finance Director Deputy Director, Department of Finance, Ministry of Finance Chairman, Singfor Life Insurance Co., Ltd.	Master of Public Finance, National Chengchi University.
Director	Yann-Ching Tsai			Chair, Department of Accounting, National Taiwan University Chair, Graduate Institute of Accounting, National Taiwan University	Ph.D. in Management(Accounting Major), University of California, Los Angeles, USA
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 Finance and Business Decision	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. Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of Morgan Stanley Formosa Holdings (Cayman) Limited (4.02%) 3. JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency (2.18%) 4. Fidelity Funds (1.80%) 5. Fubon Life Insurance Co., Ltd. (1.57%) 6. Chinatrust Commercial Bank Trust Account for CFHC Employee Welfare Savings Committee (1.50%) 7. Vanguard Emerging Markets Stock Index Fund , A Series Of Vanguard International Equity Index Funds (1.39%) 8. Government of Singapore (1.05%) 9. JPMorgan Chase Bank N.A. Taipei Branch in custody for Foreign Equity Series (a series of Templeton Institutional Funds , Inc.) (0.96%) 10. Kuwait Investment Authority , KIA--Global Custodian: Bank of New York Mellon SA/NV (0.91%)

4. Major Managers

April 8, 2011

Title	Name	Education	Significant Experience
President&CEO	Michael B. DeNoma	MBA,The Wharton School of the University of Pennsylvania, USA	Chairman of Chinatrust Commercial Bank
CEO, Global Institutional Banking	James Chen	MBA,The City University of New York, USA	President, Institutional Banking Group of Chinatrust Commercial Bank
Senior Executive Vice President	Thomas K.S. Chen	Bachelor of Public Finance, National Chengchi University	EVP 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
Executive Vice President	J.Alastair Campbell	MS, The London School of Economics and Political Science of University, UK	Group Chief Strategy Officer, SingTel
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 Cheng kung 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	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	MIBA, 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 Taipie University	SVP of Chinatrust Commercial Bank
Executive Vice President	C.C. Huang	MBA, Indiana University at Bloomington, USA	EVP of ABN AMRO Bank
Executive Vice President	Jack CP Wang	MBA, The U. of Western Ontario, Canada	Vice President of Citibank
Executive Vice President	Gary Chen	Bachelor of Banking and Insurance, Chinese Culture University	SVP of Chinatrust Commercial 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	Noor Menai	MBA, U. of Rochester, USA	CEO of Charles Schwab Bank
Senior Vice President	Matthew Liaw	MBA, University of Wisconsin at Madison, 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	Prudence Lin	MBA, Wichita State University, USA	VP of Chinatrust Commercial Bank
Senior Vice President	Amy HC Lin	Bachelor of Banking, National Chengchi University	VP of Chinatrust Commercial Bank
Senior Vice President	Albert Hu	MBA, George Washington University, USA	VP of Chinatrust Commercial Bank
Senior Vice President	CC Hong	International Trade, Chihlee College of Business	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

The firm offers a full range of capital markets products and services with strong client relationships and broad product capabilities in Asia. Capital Markets is responsible for structured finance business, including advising on corporate strategy and structure, syndication loans, capital-raising in debt markets, securitization, together with capital markets business, comprising the origination, sales and trading in cash and derivatives instruments with sophisticated risk management.

b. Retail Banking

i. Wealth Management

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

ii. Credit Cards

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

iii. Secured Lending

Providing individuals with residential mortgages, extending loans to small and medium-sized businesses, and designing repo-related products and services for other corporate clients.

iv. Unsecured Lending

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

2. Business Discussion:

a. Retail Banking Business

i. Wealth Management

Chinatrust entered the wealth management business in 2002. Chinatrust has been recognized with its shining accomplishments in Taiwan's wealth management market in terms of penetration in wealth management customers, abundance and sales volume in financial products. As of December 2010, Chinatrust again has taken the leading position in the market share of VIP customers (i.e., more than NT\$3 million in assets under management) with a shining ratio of 18%, which has made us number one in the market.

ii. Bancassurance

Chinatrust has enjoyed a lead position in the bancassurance market. For years, it has been devoted to innovating and customizing products to meet customer needs. It has developed a protection insurance sales strategy to maintain long-term fees and pioneered an “after service” mechanism for insurance among banks. In Q4 2010, Chinatrust generated some NT\$1 billion (US\$33 million) in sales volume over the course of three months—a record for protection-related products. Chinatrust is one of the top three bancassurance players in terms of premium income and revenue on the Taiwan market. In 2010, Chinatrust ranked number one in terms of premiums and in terms of commission, CTCB still ranks number one, receiving twice as much as the runner up.

iii. Credit Cards

Chinatrust was the market leader of both credit card circulation and credit card sales volume in 2010. The number of cards in circulation was 5,166,407— which was 16.8% of the total market. Also, CTCB owned 18.1% market share of sales volume in 2010. In 2010, Chinatrust launched “Multi-Merchant Preferential Program” to deepen customer usage through providing benefits of key merchants. Chinatrust also issued 3 high-end co-brand cards to fulfill affluent cardholder needs.

iv. Consumer Lending

Chinatrust is a market leader in unsecured lending and mortgage providing. As of December 2010, the outstanding balance of unsecured lending stood at NT\$79 billion (second only to the Bank of Taiwan). As of September 2010, its outstanding mortgage balance was NT\$307 billion (ranked six out of 67 banks in the mortgage industry) and Chinatrust’s NPL rate (0.28%) and NPL coverage rate (478%) is much better than the average of the industry’s top 11 banks (NPL % = 0.58%, NPL coverage % = 148%).

v. Mobile Banking

We launched Mobile Banking in January 2010 to create a friendly, secure and convenient transaction environment for customers. By December 2010, it had been downloaded over 200,000 times and attracted over 100,000 subscribers. So far, it is the most subscribed to mobile banking service in Taiwan and has the most satisfied customers. We won Best Enterprise Service for a Mobile Application at the 11th Click! Awards in December 2010.

vi. Internet Banking

Chinatrust Internet Banking has maintained the lead position in the industry, because of its devotion to developing distinctive services for customers. In 2010, we were named Best Consumer Internet Bank in Taiwan by Global Finance for the sixth time. Chinatrust Internet Banking has achieved double-digit revenue growth over the past three years, because its role has evolved from one in which it just focuses on branch support to one in which it also proactively provides services to customers and is engaged product sales.

vii. ATM Services

As a community financial center in Taiwan, Chinatrust has the most ATMs and has enjoys the highest volume in interbank withdrawal transactions of any bank.

- It has 4,433 ATMs, including 3,950 at 7-Eleven, commanding a 17.3% of the total of ATMs. Also, there are 638 recycling ATMs, which is the highest quantity of recycling ATMs in convenience stores.
- Around 76 million withdrawal transactions take place using Chinatrust ATMs each year, or about 33% of the total. This is the highest in Taiwan.

To summarize, survey results showed that among the top five ATM banks, Chinatrust ATMs were the most commonly used by 50% of the respondents. Overall customer satisfaction with Chinatrust ATMs was the highest, commanding at 88.3%, much higher than that of other banks.

b. Institutional Banking Business

i. Structured Finance Business

Chinatrust has a proven track record and is recognized as the leading bank in Taiwan's structured and syndicated loan market. With its superior distribution capabilities, structuring capabilities and agency services (after-deal services). By continued demonstration of consistent dedication to serve our clients and providing best total solutions with innovative structures to satisfy various funding needs, Chinatrust has maintained its lead in products, services and league tables. Some of our outstanding features are as follow.

- Market Leader:

Chinatrust continues to maintain its leading position as syndication power house using its impressive client base, investor base, structure diversity and geographical/sector diversification. Additionally, CTCB is devoted to assisting clients, such as China, Vietnam, and the US, with overseas financing needs.

- Eminent Position in Structured Financing:

In 2010, Chinatrust successfully closed 18 structured deals, taking the role of agent in eight of them. They included such important industries as cable TV, shipping & aviation, telecommunications, and real estate. They included such deal types as M&A financing, AR factoring, PE fund, real estate financing, project financing, subordinated loan financing, highlighting Chinatrust's ability to provide specialized advice to support businesses in various industries, using different deal types.

- Incomparable Distribution Ability:

In 2010, Chinatrust demonstrated superior distribution capabilities with oversubscription and average over-subscription rates at 94% and 66%, respectively.

- Leader in Taiwan Secondary Loan Market:

In 2010, Chinatrust successfully closed two transactions, including the 1st secondary transfer for subordinated loan deal in Taiwan secondary loan market (given that the secondary market was less active than in 2009). Chinatrust was also the only market maker to actively create secondary deals pipeline as well as transaction platform by playing the roles of both buyer and seller, significantly outperforming other top 10 syndication arrangers.

Facing fierce pricing competition from state-owned banks with abundant liquidity and being the first and only bank to comply strictly with Basel II, Chinatrust aims to offer a wide spectrum of structured products to provide value-added services to clients and to utilize bank capital in an efficient manner, allowing Chinatrust to take the position as an innovative and remarkable leader in Taiwan's financial industry.

- ii. Securitization Business

Chinatrust acted as sole lead arranger and joint underwriter for a NT\$5.275bn lease and installment receivables securitization. This transaction marked the first securitization issuance in Taiwan since the 2008 global financial crisis and it was an excellent example of Chinatrust's ability to provide a successful funding solution to its clients, combining ABS structuring expertise and placement capabilities in Taiwan's capital market.

- iii. All-around Treasury & Derivatives House

Chinatrust is an all-around in Taiwan derivatives market for league table leader as well as an innovative and complete derivatives product provider. Our strengths are demonstrated in the following areas:

- League Table leader in Taiwan

Chinatrust was the only bank to continually maintain number one market share among banks in Taiwan over past five years. For 2010, Chinatrust ranked number one in derivatives transaction volume for the whole year.

- Innovative and Complete Derivatives Product Provider

Chinatrust makes every endeavor to develop new products and services to satisfy the needs of clients. Its expertise in derivatives includes foreign exchange, interest rates, debt, equity, credit, and commodity derivatives, cross both domestic and overseas capital markets products.

Apart from developing new products and business in Taiwan's domestic market, Chinatrust has been developing overseas treasury business in the Philippines, Indonesia, Vietnam, and New York to provide comprehensive financial services to clients by leveraging the strengths of product development in its head office.

iv. Trade Finance Business

- Financial Performance:

During 2010, Chinatrust experienced 28% growth in corporate accounts over 2009. Currently, Chinatrust has over 1,400 corporate clients who conduct trade related business through our bank. Over 90% of these clients consider Chinatrust their primary trade bank. In 2010, our trade business had a year-end asset size of US\$2.076 billion, representing year over year growth of 66%. 2010 transaction volume reached US\$25.973 billion, representing year over year growth of 35%. As a result of exceptional product design, implementation, and customer service, Chinatrust was able to realize a robust increase in business volume, revenue, and asset quality in 2010.

- Key Capabilities and Services:

Chinatrust has dedicated significant resources to upgrading its global operation system to facilitate international business. New modules and functions (i.e., multi-country, multi-language, and multi-entity) have been introduced and are expected to significantly increase performance and efficiency with respect to international trade finance transaction support. These system upgrades have already been rolled out in Hong Kong, HCMC, and Tokyo branches with other branches to follow in the near future. In addition to back-end transaction systems, Chinatrust has developed several service channels including Fax Banking (Code-Fax) and E-Channel (e-Trust), enabling trade transactions to be performed through the Internet or by fax to accommodate customer needs and increase satisfaction. These types of channel transactions also allow more internal operational efficiency at Chinatrust as information is directly imported into the core system, thus removing human error from the operations process. Posttransaction systems are then used to assess both client level and portfolio level risk.

v. Custodian Business

Chinatrust has been making efforts in expanding custody services into other Asian countries with Hong Kong serving as the first destination. Chinatrust has obtained the membership of CCASS, the central depository in Hong Kong in 2009 and successfully set up HK custody services in 2010. We are in the process of building client base and have won several mandates, mainly from private funds and hedge funds. Other products like employee benefit plans and securities lending will be added when the time is right. This year, Chinatrust continues its leading position as Transfer Agency, FINI/FIDI custody of foreign companies listed in Taiwan, Securities Trust Custodian fields.

Revenue Breakdown

Unit: NT\$ million		
Item	Amount	%
Institutional Banking	18,567	37
Retail Banking	31,689	63
Total	50,256	100

B. Employees

Year	December 31,2009	December 31,2010	
Number of employees	8,971	9,538	
Average age	35.33	35.57	
Average tenure of employee	7.59	7.53	
Education	Graduate and up	16.19%	17.67%
	Bachelor	75.49%	73.07%
	High school	8.32%	9.26%

C. Corporate Responsibility & Code of Ethics

In accordance with the principle of “giving back,” the Bank has organized numerous activities that benefit the community. We at Chinatrust have held on to our slogan of “We Are Family” hoping to extend top-of-the-line services to our clients and to serve the best interests of our employees, shareholders, investors, suppliers, as well as consumers at large.

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\$970 million over the past 26 years. By aiding 35 charity groups, more than 210,000 needy children have benefited 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 devises 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.

Driven by its concern for vulnerable children, the Chinatrust Charity Foundation worked in coordination with government, academia, and social welfare organizations to launch the Chinatrust Early Intervention Support Service Project for Vulnerable Families to provide early intervention for children. The goal of this project is to develop resources for early intervention to advance studies in mental and physical disability education to provide practical project grants for early intervention projects or financial assistance to ensure that autistic children, slow developing children, and children with craniofacial issues receive early intervention and that these special children get financial assistance to receive the specialized education and medical assistance they need.

In 2009, the Chinatrust Charity Foundation cooperated with the First Social Welfare Foundation to provide grants to arrange for professional early intervention teachers to go to the homes of vulnerable families to provide intervention, toys, and books to help slow developing children learn daily routines as quickly as possible and help them keep pace with regular education. The majority of children receiving early intervention under this plan showed significant progress within months, alleviating the pressure of their parents in the process.

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 2010, the Chinatrust Charity Foundation had sponsored a total of 743 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 113,498 hours of their time serving more than 26,000 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. 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 in Sichuan, China.
- 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.
- 2010 – Donated CHY 1 million for rescue and relief of victims of the mud-rock flow in Gansu, China.

2. Sponsorship of Arts and Cultural Activities

a. Establishing Novel Hall

In order to promote cultural appreciation and improve quality of life, Chinatrust not only independently built the Novel Hall performance venue, but also provides financial support covering all operational costs. Through the end of 2010, Novel Hall has put on a total of 2,877 performances, attracting over 1.73 million attendees.

b. Sponsorship of the arts

To give the people of Taiwan, especially our cardholders, the opportunity to experience world-class cultural events, Chinatrust actively sponsors a wide variety of cultural exhibitions and performances. These have included our sole sponsorship of local performances of Disney's Winnie the Pooh musical, Broadway's *Jekyll & Hyde*, and *Varekai* by Cirque du Soleil, along with the fine arts exhibitions "The Flaming Soul: Van Gogh's Drawings and Paintings" and the British Museum's "The Body Beautiful in Ancient Greece". Bringing these to Taiwan has been an important contribution to a domestic cultural scene and improved the quality of local residents' leisure activities.

3. Care for the Environment

With the increasing severity of global warming, Chinatrust is not content to take a backseat on environmental protection. In addition to adopting a local park and planting trees, we also work within the company to protect our Earth. From sorting garbage, recycling food wastes, creating a paperless office, conserving energy, and designing our offices to save electricity and water, we hope to do our part to help the environment.

Beginning in 2006, Chinatrust adopted Songzhi Park located in Taipei's Xinyi District to provide residents with a soothing, green space in this bustling city. In addition, Chinatrust actively participates in a variety of environmental activities, encouraging our employees to take part in "Million Trees" planting activities and Lights Off Day to conserve energy on the summer solstice. We also led a drive for one million clients to switch to our electronic billing system. We hope to spread our enthusiasm for the environment to our customers and together help keep our planet green.

4. Protection of Consumer Interests

The customer has always been number one at Chinatrust and we do our best to provide thorough, reliable service at all times.

Chinatrust targets our services to customer needs. We not only provide a wide selection of diverse products, but each has also been strictly screened and vetted. Every one of our financial service professionals has a strong research team behind them, enabling Chinatrust to provide clients with excellent financial planning services.

In order to protect our client's rights and interests, Chinatrust keeps their personal information in the strictest confidence. Should our customers have any questions or concern about any product offered by Chinatrust, we have a variety of communications channels, including a 24 hour customer service hotline and an e-mailbox, open and ready. Inquiries are handled with extreme urgency and, should the situation require, we can also arrange for a company representative to visit the customer. Chinatrust puts ourselves in our clients' shoes and gains their trust through clear, open communication to solve any problems that may occur. We are confident that our customers will get the answers that they are looking for.

5. Emphasis on Human Rights; Care for Employees

Chinatrust treats employees as family and works to meet their every need. This commitment can be seen in the salary structure and benefits system that we provide, which also includes a variety of perks that aim to fulfill their financial, educational, entertainment, and even medical needs.

a. Remuneration policy:

A strong pay and benefits package is one of the keys to retaining outstanding talent and maintaining employee satisfaction. Chinatrust offers competitive salaries and comprehensive benefits that help our professionals grow along with the company.

b. Core benefits:

In order to meet our employees basic needs, we offer labor, health, and group life insurance to our employees, along with subsidies for marriage, bereavement, birth, and in the case of the hospitalization of dependents. In addition, the benefits also include child education subsidies and birthday and holiday bonuses.

c. Flexible benefits:

In 2003, Chinatrust began offering employees flexible benefits that break through the constraints of a traditional, standardized benefit scheme. Working on a point system, employees are free to choose the benefits that they want most from among the variety on offer. This provides them with a more diverse selection to meet an even wider variety of consumer, education, and leisure needs.

d. Caring Bank, Healthy Employees:

Chinatrust has offers a health checkup plan, health tracking, and specialized clinical services that surpass those outlined in the Labor Safety and Health Act. In addition, Chinatrust boasts a variety of employee perks to encourage a healthy lifestyle including gyms, company trips, healthy lunch options, exercise camps, parent-child outdoor experience camps, health-related lectures, organic vegetables for purchase, and our Relaxation Center offering stress-relieving massage therapy.

In light of the increasing gravity of global warming, Chinatrust is doing its part to protect the environment. In addition to adopting parks and planting trees to fight against global warming, it has taken steps internally, including separating refuse, recovering leftovers to feed farm animals, transforming offices into paperless environments, conserving power, and even designing devices for saving energy and water.

6. Maintaining a positive relationship with investors

To meet the needs of Chinatrust's domestic and international institutional shareholders, our company is committed to openness and transparency. We regularly hold investors conferences and participate in investor forums and road shows in Taiwan and abroad to discuss company operations, financial performance, and corporate strategic direction. Our company website provides investors with real-time access to important company information in both Chinese and English. Visitors to the site can download important documents such as our annual report and financial report.

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.

To make the earnings distribution more flexible, the Bank proposes in directors' meeting of May to modify Article 27 of the Article of Incorporation according to the Interpretation 09960000470 announced by Financial Supervisory Commission, Executive Yuan, R.O.C. and the Article 50-2 of the Banking Law.

2. The Board has approved the earnings appropriation proposal for Year 2010. It is proposed that total NT\$11,532,856 thousand from retained earnings of Year 2010 will be distributed in cash and in stock according to the record shown in the shareholder book on the distribution record date (Record Date). The dividends are NT\$1.4999 per share in cash and NT\$0.0357 per share in stock, total common stock dividends are NT\$1.5356 per share.

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 2011; therefore no disclosure of such information is needed.

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

1. The percentages or ranges with respect to employee bonuses and director/supervisor remuneration, as set forth in the company's articles of incorporation: The employee bonuses allocation range is between 0.01%~0.05%. However, the remuneration to directors and supervisors of the Board is not mentioned in the Article of Incorporation.
2. The basis for estimating the amount of employee bonuses and director/supervisor remuneration, for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Bank estimates the amount of employee bonuses and directors' and supervisors' remuneration according to Interpretation 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.

3. Information on any employee bonus distribution proposal approved by the board of directors:
 - a. Cash bonus of employee is NT\$4,613 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.
 - d. The discrepancy between the actual allocation amount and the estimated figures recognized as expense, its cause, and the status of treatment:
 - i. The discrepancy: Accrued expense of employee bonus is NT\$4,633 thousand. The discrepancy between the actual allocation amount and accrued expense for employee bonus is NT\$20 thousand.

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

- the monthly closing number of net income before tax and employee bonus used to calculate accrued expense is different from the final one provided to the auditor.
- the monthly closing effective tax rate used to calculate accrued expense is different from the final one provided to the auditor.

iii. Treatment: The difference would be treated as change in accounting estimates of year 2011.

4. The actual distribution of employee bonuses and director/supervisor remuneration for year 2009 (with an indication of the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor remuneration, additionally the discrepancy, cause, and how it is treated:

	Year 2009			
	Distributed with the resolution from the Annual General Meeting	Recognized expense	Difference (Note)	Explanation
1. Distribution status:				
A. Employee bonus distributed in the form of cash	NT\$421 thousand	NT\$926 thousand	NT\$505 thousand	The difference is because of the effective tax rate and the net income before tax and employee bonus on audited number different from the one used to estimate accrued expense.
B. Employee bonus distributed in the form of stock				
(1) Shares	-		-	
(2) Amount	-		-	
(3) stock price	-		-	
C. Remuneration to Directors and Supervisors	-		-	

Note: The difference amounting to NT\$505 thousand regarded as changes in accounting estimates and recognized as profit or loss of year 2010.

V. Internal Control Representation

Internal Control Representation

Financial Supervisory Commission, Executive Yuan

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 2010 have been implemented and audited by the independent internal auditors as to comply with "Implementation Rules for Internal Audit and Internal Control System of Financial Holding Companies & Banks", and the internal audit reports are periodically presented to the company's Board of Directors and the Audit Committee. For the securities business operations, the company has evaluated the effectiveness of related internal control system in accordance with requirements promulgated by "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets".

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

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

Sincerely yours,

Chairman



President



General Auditor



Chief Compliance Officer



Chinatrust Commercial Bank Co., Ltd.

Internal Control System - Items for Improvement/Improvement Plan

(Cut-off Date: 2010/12/31)

Items for Improvement	Improvement Measures	Scheduled Date of Completion
1. Chinatrust Commercial Bank (CTCB) was reprimanded by Financial Supervisory Commission (FSC) for consecutively buying from open market the shares of other companies which the independent director Mr. Huang served as an independent director or director. CTCB violated Article 74-1 of the Banking Act and FSC meted out a fine of NT\$1,000,000 against CTCB in accordance with Article 130, Subparagraph 4 of the Banking Act. < Letter No. Jin-Kuan-Yin-Kong-Zi- 09960004991 dated 2010.8.11 >	CTCB has enhanced the control mechanism to ensure the oversight of the securities transactions related to interested parties.	CTCB has completed the enhancement of control mechanism and reported the remedial actions taken to FSC on 2010.8.17.
2. CTCB was reprimanded by FSC for leasing out certain self-used properties exceeding 50% of their total floor space. It violated Article 75, Paragraph 2 of the Banking Act and FSC meted out a fine of NT\$1,000,000 against CTCB in accordance with Article 130, Subparagraph 4 of the Banking Act. < Letter No. Jin-Kuan-Yin-Kong-Zi-10060000811 dated 2011.3.1 >	CTCB has terminated the leases with tenants and will pay more attention afterward.	The leases with tenants were terminated on 2010.12.31.
3. CTCB was reprimanded by FSC that Ms. Wang, former staff of Global Treasury Sales Division, violated various internal guidelines such as holding position without authorization, which interfered with the sound operation of the Bank and shall be rectified in accordance with Article 61-1, Paragraph 1 of the Banking Act. In addition, Ms. Wang shall be discharged from the Bank in accordance with Subparagraph 3 of the said Article 61-1, Paragraph 1. < Letter No. Jin-Kuan-Yin-Kong-Zi-10000008930 dated 2011.2.8 >	CTCB has already discharged the said staff. Besides, CTCB has also conducted review on related operational processes, reinforced control procedures and reiterated the importance of adherence to staffs' moral and discipline.	CTCB has completed the review on related operational processes as well as the reinforcement of control procedures, and reported the remedial actions taken to FSC on 2010.10.27.
4. CTCB was reprimanded by Fair Trade Commission for a misleading advertisement of the Bank's Platinum Cards regarding upgrade to HSR (Taiwan High Speed Rail) business class by redeeming bonus points. As a result, Fair Trade Commission meted a fine of NT\$500,000 against CTCB.	1. The cooperation of the said business between CTCB and HSR was expired on 2010.5.31. 2. CTCB will specify rules and restrictions in all promotional advertisements in a more prudent manner afterward.	The cooperation of the said business between CTCB and HSR was expired on 2010.5.31.
5. Chinatrust (Philippines) Commercial Bank Corporation (CTP), a subsidiary of the Company, was defrauded by Mrs. Ponce, former staff of CTP, by transferring proceeds into the accounts of her family members without authorization, resulting in embezzlement totaling around PHP23millions (equivalent to NT\$15.98millions.)	CTP has conducted review on related operational procedures and enhanced checking of booking accuracy as well as detection of any irregular transactions after day-end processes.	CTP has completed the review on related operational processes as well as the reinforcement of control procedures, and CTCB has reported the remedial actions taken to FSC on 2010.10.27.

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

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 2010 along with the business report and earnings distribution plan submitted by the Board of Directors of Chinatrust Commercial Bank Co., Ltd.

Chinatrust Commercial Bank Co., Ltd

Audit Committee Convener

A handwritten signature in black ink that reads "Wen-Chih Lee". The signature is written in a cursive, flowing style.

Taipei, Taiwan, R.O.C.
April 25, 2011

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)27222002
Chengjhong Branch	1F., No.83, Sec. 1, Chongcing S. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)23818740
Daan Branch	1F., No.102, Sec. 2, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)33651988
Jhancian Branch	1F., No.4, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)	(02)23113598
Huashan Branch	1F., No.55, Sec. 1, Jhongsiao E. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)23413000
Dongmen Branch	1F.,No.213, Sec. 2, Sinyi Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)23958000
Chengde Branch	1F., No.17, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)25562088
Datong Mini Branch	1F.,No.196, Sec. 3, Chongcing N. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)25982366
Mincyuan west road Branch	1F.,No.104-1, Mincyuan W. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)25572919
Chengdong Branch	1F., No.88, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)25677377
Jhongshan Branch	1F., No.106-2, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)25235222
Nanjing East Road Branch	1F., No.16, Sec. 1, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)25232238
Chengbei Branch	1F., No.218, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan(R.O.C.)	(02)25623789
Minsheng Branch	1F., No.58, Sec.1, Minsheng E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)25641818
East Minsheng Branch	1F.,No.51, Sec. 3, Minsheng E. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)25093656
Longjiang Branch	1F., No.65, Sec. 3, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)25158811
Dazhi Branch	1F., No.638, Mingshuei Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)85026002
Dunbei Branch	1F., No.122, Dunhua N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)27133322
Jhunglun Branch	1F., No.85, Sec. 4, Bade Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)27672669
Sisong Branch	1F., No.161, Sec.4, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan, (R.O.C.)	(02)27177100
Fubei Branch	1F., No.363, Fusing N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)87705566
Fujin Branch	1F.,No.165, Sec. 5, Minsheng E. Rd., Songshan District., Taipei City 105, Taiwan (R.O.C.)	(02)27602766
Renai Branch	1F., No.341, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)27754600
Dunnan Branch	1F., No.68, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)23253616
Jhongsiao Branch	1F., No.71, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)27520310
Gungguan Branch	1F., No.281, Sec. 3, Roosevelt Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)23623377
Fusing Branch	1F., No.251, Sec. 1, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)27771988
Anhe Branch	1F., No.195, Sec. 2, Anhe Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)27386171
Yanji Branch	1F., No.298, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)27716000
Sinyi Branch	1F., No.236, Sec. 4, Sinyi Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)27079977
Wanhua Branch	1F., No.92, Sec. 2, Changsha St., Wanhua District, Taipei City 108, Taiwan (R.O.C.)	(02)23898188
Songshan Branch	1F., No.550, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)23466711
Yongji Branch	1F., No.18, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)27617999
Shinfu Branch	1F.,No.9, Songgao Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)27221668
Tianmu Branch	1F., No.90, Sec. 6, Jhongshan N. Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)28322888
Jiantan Branch	1F, No.150, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02)28827979

Branch Office	Address	Tel
Shihlin Branch	1F., No.307, Zhongjheng Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)28839900
North Tianmu Branch	1F.,No.10, Tianmu W. Rd., Shilin District, Taipei City 111, Taiwan (R.O.C.)	(02)28766100
Shihpai Branch	1F., No.46, Sec. 2,Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02)28213366
Beitou Branch	1F., No.217, Guangming Rd., Beitou District, Taipei City 112, Taiwan(R.O.C.)	(02)28983039
Neihu Branch	1F., No.358, Sec. 4, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)27938668
Donghu Mini Branch	1F., No.182, Sec. 3, Kangning Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)26312288
Rueiguang Branch	No.514, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02)27985600
Chenggong Branch	1F., No.161, Sec. 4, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)87911686
Wunshan Branch	1F.,No. 248,Sec. 4,Sinhai Rd.,Wunshan District,Taipei City 116,Taiwan(R.O.C.)	(02)29335358
Mujha Branch	1F., No.69, Sec. 3, Mujha Rd., Wunshan District, Taipei City 116, Taiwan (R.O.C.)	(02)29375890
Jingmei Branch	No.405, Sec. 6, Roosevelt Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02)29329838
Keelung Branch	1F., No.150, Sinyi Rd., Sinyi District, Keelung City 201, Taiwan (R.O.C.)	(02)24221166
Banciao Branch	1F., No.187, Sec. 1, Wunhua Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	(02)29606600
Bansin Branch	1F., No.293-1, Sec. 1, Zhongshan Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	(02)89611500
Jiangcui Branch	1F., No.8, Sec.3, Shuang 10th Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	(02)22578999
Chongcing Branch	1F., No.290, Chongcing Rd., Banciao District , New Taipei City 220, Taiwan (R.O.C.)	(02)29634567
Sijhih Branch	1F., No.306, Sec. 1, Datong Rd., Sijhih District , New Taipei City 221, Taiwan (R.O.C.)	(02)26489699
Sindian Branch	1F., No.6, Sec. 2, Beisin Rd., Sindian District , New Taipei City 231, Taiwan (R.O.C.)	(02)29129988
North Sindian Branch	1F., No.25, Mincyuan Rd., Sindian District , New Taipei City 231, Taiwan (R.O.C.)	(02)29135000
Shuanghe Branch	1F., No.588, Zhongjheng Rd., Yonghe District , New Taipei City 234, Taiwan (R.O.C.)	(02)29233333
Yonghe Branch	1F., No.215, Sec. 1, Zhongshan Rd., Yonghe District , New Taipei City 234, Taiwan (R.O.C.)	(02)89235008
Nashihjiao Branch	1F., No.65, Zhongjheng Rd., Yonghe District , New Taipei City 234, Taiwan (R.O.C.)	(02)29498838
Jhonghe Branch	1F., No.66, Liancheng Rd., Zhonghe District , New Taipei City 235, Taiwan (R.O.C.)	(02)22452277
Banhe Mini Branch	1F., No.726, Zhongjheng Rd., Zhonghe District , New Taipei City 235, Taiwan (R.O.C.)	(02)82261288
Tucheng Branch	1F., No.304, Sec. 2, Zhongyang Rd., Tucheng District , New Taipei City 236, Taiwan (R.O.C.)	(02)22630888
Jincheng Branch	1F., No.16, Sec. 3, Jincheng Rd., Tucheng District , New Taipei City 236, Taiwan (R.O.C.)	(02)22601177
Shulin Branch	1F., No.122, Sec.1, Zhongshan Rd., Shulin District , New Taipei City 238, Taiwan (R.O.C.)	(02)26812345
Sanchong Branch	1F., No.208, Jhengyi N. Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)29828121
Chongyang Branch	1F., No.66, Sec. 1, Chongyang Rd., Sanchong District , New Taipei City 241, Taiwan (R.O.C.)	(02)89881199
Chongsin Branch	1F.,No.42-1, Sec. 2, Chongsin Rd., Sanchong District , New Taipei City 241, Taiwan (R.O.C.)	(02)89726189
Sanhe Branch	1F., No.119, Sec. 4, Sanhe Rd., Sanchong District , New Taipei City 241, Taiwan (R.O.C.)	(02)22863286
Erchongpu Mini Branch	1F., No.70-1, Sec. 1, Guangfu Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)29959876
Sinjhuang Branch	1F., No.320, Zhongjheng Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	(02)29929696
North Sinjhuang Branch	1F., No.57, Sec. 2, Zhonghua Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	(02)22776789
Danfong Branch	1F., No.879-15, Zhongjheng Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	(02)29066888
Minan Mini Branch	1F., No.179, Min-an Rd., Sinjhuang District , New Taipei City 242, Taiwan (R.O.C.)	(02)22068887
Lujhou Branch	1F., No.211, Zhongshan 1st Rd., Lujhou District , New Taipei City 247, Taiwan (R.O.C.)	(02)28482008
East Lujhou Branch	1F., No.135, Minzu Rd., Lujhou District , New Taipei City 247, Taiwan (R.O.C.)	(02)22839300
Danshuei Mini Branch	1F.,No.123, Zhongshan Rd., Danshuei District , New Taipei City 251, Taiwan (R.O.C.)	(02)86318822

Branch Office	Address	Tel
Yilan Branch	1F.,No.271,Sec.2,Jhongsan Rd.,Yilan City ,Yilan County 260,Taiwan(R.O.C.)	(03)9351122
Lohdong Branch	1F.,No.232, Singdong S. Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03)9574320
Hsinchu Branch	1F., No.158, Zhongheng Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)5222687
East Hsinchu Branch	1F., No.32, Jianjhong Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	(03)5749190
Jingguo Branch	1F., No.375, Sec. 1, Jingguo Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)5357655
Jhuke Branch	1F., No.2, Jinshan St., Hsinchu City300 , Taiwan (R.O.C.)	(03)5638080
Jhupei Branch	1F., No.49, Guangming 6th Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03)6560222
Jhongli Branch	1F., No.500, Yanping Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	(03)4223131
Jhongyuan Branch	1F., No.445, Sec. 2, Zhongbei Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	(03)4662211
Neili Mini Branch	1F.,No.262, Sec. 1, Zhonghua Rd., Zhongli City, Taoyuan County 320, Taiwan (R.O.C.)	(03)4611998
Taoyuan Branch	1F., No.32, Sec. 1, Chenggong Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03)3373266
South Taoyuan Branch	1F., No.389, Fusing Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03)3388866
North Taoyuan Branch	1F., No.124, Jingguo Rd., Taoyuan City , Taoyuan County 330 ,Taiwan (R.O.C.)	(03)3150566
Linkou Branch	1F., No.233, Fuxing 1st Rd., Guishan Township , Taoyuan County 333, Taiwan (R.O.C.)	(03)3962777
Bade Branch	1F., No.965, Sec. 1, Jieshou Rd., Bade City, Taoyuan County 334, Taiwan (R.O.C.)	(03)3716565
Nankan Branch	1F., No.257, Zhongheng Rd., Lujhu Township, Taoyuan County 338, Taiwan (R.O.C.)	(03)3212211
Toufen Branch	1F., No.951, Zhonghua Rd., Toufen Township, Miaoli County 351, Taiwan (R.O.C.)	(037)695678
Taichung Branch	1F., No.50, Minzu Rd., Central District, Taichung City 400, Taiwan (R.O.C.)	(04)22292161
Chunggang Branch	1F., No.400, Sec. 1, Taichung Port Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04)23149999
Keboguan Branch	1F.,No.179, Sec. 1, Taichung Port Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04)23101258
North Taichung Mini Branch	1F., No.77, Yucai N. Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04)22231666
Wunsin Branch	1F., No.875, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04)22469988
Situn Mini Branch	1F., No.111, Sec. 3, Taichung Port Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)23551000
Fongjia Mini Branch	1F-1, No.275-2, Sec. 2, Situn Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)27069706
Gongyi Branch	1F., No.53, Sec. 2, Gongyi Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04)23291111
Nantun Branch	1F., No.234, Sec. 2, Wucyuan W. Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04)24712268
Dali Branch	1F., No.20, Dongrong Rd., Dali District, Taichung City 412, Taiwan (R.O.C.)	(04)24813333
Fongyuan Branch	1F., No.545, Zhongheng Rd., Fongyuan District, Taichung City 420, Taiwan (R.O.C.)	(04)25201010
Changhua Branch	1F., No.76, Siaoyang Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04)7279933
Yuanlin Branch	1F., No.372, Zhongheng Rd., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	(04)8368676
Nantou Mini Branch	1F., No.220, Zhongshan St., Nantou City, Nantou County 540, Taiwan (R.O.C.)	(049)2207711
Chiayi Branch	1F., No.241, Minsheng N. Rd., Chiayi City 600, Taiwan (R.O.C.)	(05)2286600
Douliou Branch	1F., No.2, Singhua St., Douliou City, Yunlin County 640, Taiwan (R.O.C.)	(05)5360099
Tainan Branch	1F., No.159,Sec. 1,Fucian Rd.,West Central District, Tainan City 700, Taiwan (R.O.C.)	(06)2152345
Central Tainan Branch	1F., No.167, Sec. 1, Minsheng Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06)2412318
Jhonghua Branch	1F., No.195, Sec. 2, Zhonghua E. Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)3353535
East Tainan Branch	1F., No.290, Sec. 2, Changrong Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)2085522
South Tainan Branch	1F., No.236, Sec. 2, Jiankang Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06)2919999
West Tainan Branch	1F., No.212, Sec. 4, Jinhua Rd., West District, Tainan City 703, Taiwan (R.O.C.)	(06)2263636

Branch Office	Address	Tel
Yongkang Branch	1F., No.425, Jhonghua Rd., Yongkang District, Tainan City 710, Taiwan (R.O.C.)	(06)2025787
Rende Mini Branch	1F.,No.478, Zhongshan Rd., Rende District, Tainan City 717, Taiwan (R.O.C.)	(06)2798099
Jiali Branch	1F.,No.410, Jhongshan Rd., Jiali District , Tainan City 722, Taiwan (R.O.C.)	(06)7221335
Sinying Branch	1F., No.137, Jhongshan Rd., Sinying District , Tainan City 730, Taiwan (R.O.C.)	(06)6336789
Sinsing Branch	1F., No.206, Minsheng 1st Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07)2262325
Minzu Branch	1F., No.97, Minzu 2nd Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07)2386567
Kaohsiung Branch	1F., No.168, Jhongjheng 4th Rd., Cianjin District, Kaohsiung City 801, Taiwan (R.O.C.)	(07)2318141
East Kaohsiung Branch	1F., No.29, Cingnian 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)5351885
Cianjhen Mini Branch	1F., No.480, Rueilong Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07)7261066
South Kaohsiung Branch	1F., No.21, Yisin 2nd Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07)3366768
Sanmin Branch	1F., No.366, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)3161155
North Kaohsiung Branch	1F., No.52, Mingcheng 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)3461199
Jiouru Mini Branch	1F.,No.551,Jiouru 1st Rd.,Sanmin District,Kaohsiung City 807,Taiwan (R.O.C.)	(07)3805558
Youchang Mini Branch	1F.,No.803-3,Houchang Rd., Nanzih District, Kaohsiung City 811,Taiwan(R.O.C.)	(07)3681699
Boai Branch	1F.,No.88, Bo-ai 2nd Rd., Zuoying District., Kaohsiung City 813, Taiwan (R.O.C.)	(07)5567909
Gangshan Branch	1F.,NO.388, Gangshan Rd.,Gangshan District,Kaohsiung City 820,Taiwan (R.O.C.)	(07)6235500
Fongshan Branch	1F., No.85-1, Jhongshan Rd., Fongshan District , Kaohsiung City 830, Taiwan (R.O.C.)	(07)7451199
Wujia Branch	1F.,No. 699, Wujia 2nd Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)8215101
Cingnian Branch	1F., No.315, Sec. 2, Cingnian Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)7777668
Pingtung Branch	1F., No.450, Zihyou Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)7383000
Taitung Mini Branch	1F., No.279, Jhongshan Rd., Taitung City, Taitung County 950, Taiwan (R.O.C.)	(089)339898
East Hualien Branch	1F., No.1-7, Gongyuan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8351101
West Hualien Branch	1F., No.835, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8572161
Hualien Branch	1F., No.376, Jhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03)8340566

Overseas Service Outlets

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.	16th to 19th Floors, Fort Legend Towers, 31st Street corner 3rd Avenue, Bonifacio Global City, Taguig City, Philippines 1634.	63-2-9889287	63-2-5767935
CTC Bank of Canada	1518 West Broadway, Vancouver, B.C., Canada, V6J 1W8	1-604-6833882	1-604-6833723
Chinatrust Bank (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	Roppongi Hills Mori Tower, 37F 10-1 Roppongi 6-Chome, Minato-Ku, Tokyo 106-6137 Japan	81-3-54138168	81-3-54138140
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
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, Huagang Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)
Chia Nan University of Pharmacy	No.60, Sec. 1, Erren Road, Rende Dist., Tainan City 717, Taiwan (R.O.C.)

CHINATRUST COMMERCIAL BANK CO., LTD.
FINANCIAL STATEMENTS
December 31, 2010 and 2009
AND
INDEPENDENT AUDITORS' REPORT

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

CHINATRUST COMMERCIAL BANK CO., LTD.

FINANCIAL STATEMENTS

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安侯建業聯合會計師事務所

KPMG

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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, 2010 and 2009, 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, 2010 and 2009, and the results of its operations and cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing Securities Firms, the Regulations Governing Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the related financial accounting standards of the Business Accounting Act and of the Regulation on Business Accounting Handling, and generally accepted accounting principles in the Republic of China.



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

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

A handwritten signature in black ink, appearing to read 'KPMG'.

Taipei, Taiwan, R.O.C.
March 14, 2011

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.

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

CHINATRUST COMMERCIAL BANK CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change %
	2010 Amount	2009 Amount	
ASSETS			
Cash (Notes 2, 4(A) and 5)	\$ 26,551,474	27,729,371	(4)
Due from Central Bank and call loans to banks (Notes 4(B) and 5)	77,416,766	89,732,303	(14)
Financial assets measured at fair value through profit or loss—net (Notes 2, 4(C) and (AA), 5 and 7)	60,095,270	72,742,077	(17)
Securities purchased under resell agreements (Note 2)	960,613	-	-
Receivables—net (Notes 2, 4(D), 5 and 6)	122,858,724	109,027,952	13
Loans—net (Notes 2, 4(E) and 5)	936,164,624	841,060,104	11
Available-for-sale financial assets—net (Notes 2, 4(F), (J) and (AA), and 7)	246,224,365	99,589,363	147
Held-to-maturity financial assets (Notes 2, 4(G) and (H), 6 and 7)	174,493,209	320,138,625	(45)
Investments under equity method—net (Notes 2 and 4(I))	25,717,726	21,156,880	22
Other financial assets—net (Notes 2, 4(F), (H), and (J), and 6)	7,277,759	8,930,079	(19)
Premises and equipment—net (Notes 2 and 4(K))	32,435,957	33,229,270	(2)
Intangible assets (Notes 2 and 4(L))	11,975,033	11,750,630	2
Other assets—net (Notes 2, 4(K), (M), (S) and (T), and 7(B))	6,391,312	8,051,233	(21)
TOTAL ASSETS	\$ 1,728,562,832	1,643,137,887	5
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Note 5)	\$ 47,504,959	52,423,948	(9)
Due to Central Bank and other banks (Note 4(N))	3,526,606	4,132,903	(15)
Financial liabilities measured at fair value through profit or loss (Notes 2, 4(C) and 5)	32,199,212	35,087,334	(8)
Securities sold under repurchase agreements (Notes 2, 5 and 7)	91,942,868	78,056,521	18
Payables (Notes 2, 4(O) and (X), and 5)	49,651,394	43,139,694	15
Deposits and remittances (Notes 4(P) and 5)	1,305,497,853	1,230,544,633	6
Financial debentures (Note 4(Q))	60,371,538	74,293,965	(19)
Other financial liabilities (Notes 2 and 4(R))	4,372,394	2,166,077	102
Other liabilities (Notes 2 and 4(S))	4,673,545	3,646,325	28
Total Liabilities	1,599,740,369	1,523,491,400	5
Stockholders' Equity			
Common stock (Note 4(V))	75,103,257	75,103,257	-
Capital surplus (Notes 4(V) and (X))	16,657,747	16,405,044	2
Retained earnings:			
Legal reserve	25,128,194	24,767,678	1
Special reserve	2,269,635	6,021,536	(62)
Accumulated earnings (Note 4(W))	13,217,663	1,226,308	978
Other adjustments to stockholders' equity:			
Unrealized revaluation increment	12,949	12,949	-
Cumulative translation adjustments (Note 2)	(2,810,540)	(1,312,325)	(114)
Unrealized gains (losses) on financial instruments (Notes 2 and 4(F) and (AA))	123,983	(2,269,634)	105
Net loss not recognized as pension cost (Note 4(S))	(880,425)	(308,326)	(186)
Total Stockholders' Equity	128,822,463	119,646,487	8
Significant Commitments and Contingencies (Notes 2 and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,728,562,832	1,643,137,887	5

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, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	For the years ended December 31,		Change %	
	2010	2009		
	Amount	Amount		
Interest income	\$ 29,677,766	30,260,010	(2)	
Less: Interest expenses	(8,574,647)	(11,403,326)	25	
Net interest income	21,103,119	18,856,684	12	
Non-interest income				
Service fee and commission income	23,463,446	20,780,598	13	
Gains on financial assets or liabilities measured at fair value through profit or loss (Notes 4(C), (Z) and (AA))	1,631,246	2,870,086	(43)	
Realized gains on available-for-sale financial assets (Notes 4(J) and (Z))	955,369	1,456,786	(34)	
Losses from investment under equity method (Note 4(I))	(759,981)	(7,801,674)	90	
Foreign exchange gains	1,462,012	1,437,557	2	
(Impairment loss) reversal of impairment recognized in profit or loss on assets (Notes 2 and 4(G),(H), (J), (K) and (M))	(28,985)	454,396	(106)	
Public-welfare lottery payment (Note 7(B))	(2,086,800)	(2,086,800)	-	
Other losses (Note 4(O))	(7,578)	(4,133,260)	100	
Other net non-interest income	5,412	204,574	(97)	
Net Revenue	45,737,260	32,038,947	43	
Bad debt expenses (Notes 4(D) and (E))	(1,017,677)	(4,365,696)	77	
Operating expenses (Notes 4(V) and (X), and 10(A))				
Personnel expenses	(15,578,156)	(13,468,319)	(16)	
Depreciation and amortization expenses	(2,131,793)	(2,174,503)	2	
Other general and administrative expenses	(11,113,727)	(10,331,428)	(8)	
Net Income Before Tax	15,895,907	1,699,001	836	
Income tax expenses (Notes 2 and 4(T))	(2,714,637)	(497,281)	(446)	
Net Income	\$ 13,181,270	1,201,720	997	
	Before	After	Before	After
Earnings per share (EPS) (Notes 2 and 4(Y))	income tax	income tax	income tax	income tax
	\$ 2.12	1.76	0.23	0.16

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, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other adjustments to stockholders' equity				Total	
	Capital— common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation adjustments	Net loss not recognized as pension cost	Unrealized revaluation increment		Unrealized (losses) gains on financial instruments
Beginning Balance—January 1, 2009	\$ 71,731,860	16,000,568	21,002,127	1,025,945	12,587,518	(1,547,068)	-	12,949	(6,021,536)	114,792,363
Share-based payment transactions	-	404,476	-	-	-	-	-	-	-	404,476
Earnings appropriation and distribution (Note):										
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
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 net loss not recognized as pension cost	-	-	-	-	-	-	(308,326)	-	-	(308,326)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	138,856	-	-	-	138,856
Cumulative translation adjustments	-	-	-	-	-	95,887	-	-	-	95,887
Ending Balance—December 31, 2009	75,103,257	16,405,044	24,767,678	6,021,536	1,226,308	(1,312,325)	(308,326)	12,949	(2,269,634)	119,646,487
Reversal of special reserve	-	252,703	-	(3,751,901)	3,751,901	-	-	-	-	252,703
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-
Earnings appropriation and distribution (Note):										
Legal reserve	-	-	360,516	-	(360,516)	-	-	-	-	-
Cash dividends—common stock	-	-	-	-	(4,581,300)	-	-	-	-	(4,581,300)
Net income for the year ended December 31, 2010	-	-	-	-	13,181,270	-	-	-	-	13,181,270
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	-	2,425,127	2,425,127
Recognition of unrealized losses on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	(31,671)	(31,671)
Recognition of unrealized gains on cash flow hedges	-	-	-	-	-	-	-	-	161	161
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(572,099)	-	-	(572,099)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	887,706	-	-	-	887,706
Cumulative translation adjustments	-	-	-	-	-	(2,385,921)	-	-	-	(2,385,921)
Ending Balance—December 31, 2010	\$ 75,103,257	16,657,747	25,128,194	2,269,635	13,217,663	(2,810,540)	(880,425)	12,949	123,983	128,822,463

Note:
For the years ended December 31, 2010 and 2009, estimated employee bonuses of \$4,634 and \$926, respectively, were recognized as operating expense through profit or loss, but not recognized as distribution of earnings.

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

CHINATRUST COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2010	2009
Cash Flows from Operating Activities:		
Net Income	\$ 13,181,270	1,201,720
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation expense	1,431,500	1,569,505
Amortization expense	707,774	614,639
Provision for bad debt expenses	1,006,467	4,383,029
Provision for trading losses reserve	16,676	132,582
Provision for (charge-off) of guarantee reserve	11,210	(17,333)
Share-based payment transactions	252,703	404,476
Amortization of premiums on financial assets	900,466	269,385
Amortization of discounts on financial debentures	16,245	13,109
Investment losses accounted for under equity method in excess of cash dividends received	805,740	7,824,554
Losses on retirement of intangible assets	81	64
Losses on disposal and retirement of premises and equipment	16,830	12,140
Gains on disposal of idle premises and equipment	(59,185)	(9,467)
Gains on disposal of investments	(3,701)	(5,927)
Unrealized losses on valuation of financial assets	1,939,099	2,833,402
Impairment loss (reversal of impairment recognized in profit or loss) on assets	28,985	(454,396)
Losses on disposal of foreclosed properties	2,668	5,586
Other adjustments	(15,750)	(47,261)
Net Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets:		
Decrease in financial assets held for trading	10,854,832	89,103,909
(Increase) decrease in receivables	(16,257,635)	102,881
Decrease in other financial assets	2,184,716	11,318,356
Net Changes in Operating Liabilities:		
Decrease in financial liabilities held for trading	(2,888,122)	(56,232,402)
Increase (decrease) in payables	6,589,833	(231,396)
Increase in other financial liabilities	2,280,834	930,357
Net Cash Provided by Operating Activities	<u>23,003,536</u>	<u>63,721,512</u>
Cash Flows from Investing Activities:		
Increase in available-for-sale financial assets	(143,829,330)	(11,237,053)
Purchase of held-to-maturity financial assets	(29,073,840)	(158,200,284)
Proceeds from maturities and paydowns of held-to-maturity financial assets	173,432,011	5,921,255
Purchase of financial assets carried at cost	(10,125)	-
Proceeds from capital reduction of financial assets carried at cost	14,926	16,459
Increase in investments under equity method	(7,313,990)	(10,743,447)
Purchase of premises and equipment	(920,704)	(1,874,320)
Proceeds from disposal of premises and equipment	6,596	97,282
Proceeds from disposal of idle premises and equipment	471,784	148,871
Purchase of intangible assets	(915,313)	(643,406)
Proceeds from disposal of foreclosed properties	41,711	7,451
Decrease in due from Central Bank and call loans to banks	2,084,963	21,215,273
Increase in loans	(99,453,738)	(7,311,309)
Decrease in receivables	1,679,859	1,862,952
Decrease (increase) in other assets	438,374	(2,033,787)
Net Cash Used in Investing Activities	<u>(103,346,816)</u>	<u>(162,774,063)</u>
Cash Flows from Financing Activities:		
Repayment of financial debentures	(12,850,000)	(15,800,000)
Increase in securities sold under repurchase agreements	13,886,347	5,900,311
Decrease in payables	(78,133)	(111,771)
Increase in other liabilities	470,028	880,319
Cash dividends—common stock	(4,581,300)	(430,391)
(Decrease) increase in deposits from Central Bank and other banks	(2,843,958)	14,414,875
Increase in deposits and remittances	80,175,045	106,410,406
Decrease in due to Central Bank and other banks	(606,297)	(629,677)
Net Cash Provided by Financing Activities	<u>73,571,732</u>	<u>110,634,072</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(6,771,548)</u>	<u>11,581,521</u>
Cash and Cash Equivalents, at the Beginning of the Period	<u>84,873,649</u>	<u>73,292,128</u>
Cash and Cash Equivalents, at the End of the Period	<u>\$ 78,102,101</u>	<u>\$ 84,873,649</u>
Investing and Financing Activities Not Affecting Cash Flows:		
Stock dividends—common stock	\$ -	3,371,397
Premises and equipment acquired in exchange	\$ -	3,148
Cash and Cash Equivalents:		
Cash	\$ 26,551,474	27,729,371
Call loans to banks	42,777,341	30,006,785
Due from Central Bank	7,812,673	27,137,493
Financial instruments (cash equivalents)	960,613	-
	<u>\$ 78,102,101</u>	<u>\$ 84,873,649</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest (except for capitalized interest)	\$ 8,706,520	14,058,939
Income tax	\$ 732,368	1,390,672

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

CHINATRUST COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 AND 2009
(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 the overall operation of Chinatrust Financial Holding Company and to reduce operational risk and cost, the Bank merged with Chinatrust Bills Finance Corp., a wholly owned subsidiary of Chinatrust Financial Holding Company, Ltd., by issuing common shares in a 0.77-for-1 exchange for the shares of Chinatrust Bills Finance Corp. on April 26, 2008. The Bank is the surviving entity from this merger.

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

- (a) Checking accounts, savings accounts, and time deposits;
- (b) Short-, medium-, and long-term loans;
- (c) Note discounting;
- (d) Investment in marketable securities;
- (e) Domestic foreign exchange business;
- (f) Banker’s acceptances;
- (g) Issuance of domestic standby letters of credit;
- (h) Domestic endorsement guarantees business;

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

- (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;
- (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.

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

The Bank's headquarters coordinates corporate-wide operations and establishes domestic and overseas banking units to expand business. As of December 31, 2010, the Bank had 146 domestic branches (including 10 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, 2010, the Bank had 9,538 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) 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.

(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.

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

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.
- (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.

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

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.
- (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.

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

(D) Hedge accounting

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

- (a) Fair value hedge: Changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments against the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment are recognized through profit or loss in the current period.
- (b) Cash flow hedge: Where a derivative financial instrument is designated as a hedge of the variability in cash flow of a recognized asset or liability or a highly probable forecast transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognized directly in 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 in the current period.
- (c) Hedge of a net investment in a foreign operation: The effective portion of any gain or loss on a hedging instrument relating to a hedge against foreign currency fluctuation in a foreign operation is recognized directly in 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 in the current period.

(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.

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.

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

(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.

(H) Allowance for and reversal of 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.

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

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.

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.

(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; the useful lives are calculated based on the normal use of economic lives. Useful lives of major premises and equipment are as follows:

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

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

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

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 periodically 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.

(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.

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

(N) Employee bonuses and directors' remuneration

Commencing from January 1, 2008, the Bank estimates the amount of employee bonuses and directors' (including independent directors') remuneration according to Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation and recognizes it as personnel expenses. If later the actual allocation amount pursuant to a resolution of the Bank's board of directors on behalf of 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 transactions

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

(a) Equity-settled share-based payments

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

(b) Cash-settled share-based payments

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

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

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

(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.

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

(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. 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.

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

(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.

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

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 \$200,000, 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.

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.

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

Income taxes separately levied on interest revenue from short-term bills issued before January 1, 2010 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 deducting 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.

3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES: None.

4. SUMMARY OF MAJOR ACCOUNTS

(A) CASH

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Cash on hand	\$ 10,275,832	9,908,268
Petty cash and revolving fund	13,558	11,441
Checks for clearance	2,275,230	2,830,622
Cash in transit	5,530,601	3,717,358
Due from other banks	8,456,253	11,261,682
Total	<u>\$ 26,551,474</u>	<u>27,729,371</u>

(B) DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Required reserve—Account A	\$ 7,342,570	27,060,415
Required reserve—Account B	29,809,096	28,521,778
Required reserve—Foreign currency	425,152	-
Due from Central Bank	44,951	77,078
Call loans to banks	39,794,997	34,073,032
Total	<u>\$ 77,416,766</u>	<u>89,732,303</u>

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

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, 2010 and 2009, the financial assets held for trading were as follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Commercial paper	\$ 19,556,520	23,928,176
Treasury bills	263,653	-
Government bonds	4,015,402	3,087,932
Corporate bonds	4,374	501,926
Financial debentures	551,774	1,379,024
Convertible bonds	4,589,136	3,547,362
Other securities and bonds	462,900	1,297,620
Listed and OTC securities	1,766,944	2,756,910
Asset-backed securities	782,996	1,450,457
Derivative financial instruments	27,392,598	34,103,614
Valuation adjustment of financial assets	708,973	689,056
Total	<u><u>\$ 60,095,270</u></u>	<u><u>72,742,077</u></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.

As of December 31, 2010 and 2009, financial liabilities held for trading were as follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Derivative financial instruments	\$ 31,233,936	34,815,496
Borrowed government bonds	965,276	-
Borrowed listed and OTC securities	-	271,838
Total	<u><u>\$ 32,199,212</u></u>	<u><u>35,087,334</u></u>

For the years ended December 31, 2010 and 2009, the net realized gains on financial assets and liabilities held for trading amounted to \$3,570,345 and \$5,703,488, respectively, and net unrealized losses amounted to \$1,939,099 and \$2,833,402, respectively.

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

(D) RECEIVABLES—NET

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Notes receivable	\$ 21,392	24,756
Accounts receivable	103,767,900	93,731,347
Interest receivable	3,404,692	3,025,243
Acceptances receivable	12,106,553	6,859,138
Accrued income	69,772	258,305
Tax refund receivable	1,159,819	873,207
Other receivables	3,751,385	5,162,578
Subtotal	<u>124,281,513</u>	<u>109,934,574</u>
Less: Allowance for credit losses	<u>(1,422,789)</u>	<u>(906,622)</u>
Total	<u><u>\$ 122,858,724</u></u>	<u><u>109,027,952</u></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, 2010 and 2009, accounts receivable which included the balance arising from factoring amounted to \$43,889,887 and \$32,302,965, 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, 2010</u>	<u>Inherent risk of overall claims</u>	<u>Default risk of specific claims</u>	<u>Total</u>
Beginning balance	\$ 609,429	803,840	1,413,269
Current provisions (reversal)	349,839	(120,473)	229,366
Current charge-off	-	(1,334,526)	(1,334,526)
Recovery of bad debts	-	1,401,387	1,401,387
Allowance for credit losses transferred from loans	45,692	-	45,692
Exchange rate effect	(7,465)	-	(7,465)
Ending balance	<u><u>\$ 997,495</u></u>	<u><u>750,228</u></u>	<u><u>1,747,723</u></u>

<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 (reversal) provisions	(209,572)	1,384,836	1,175,264
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><u>\$ 609,429</u></u>	<u><u>803,840</u></u>	<u><u>1,413,269</u></u>

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

(E) LOANS—NET

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Corporate loans	\$ 361,169,161	323,443,669
Micro-business loans	13,721,107	7,595,511
Mortgage loans	314,553,221	303,593,237
Automobile loans	19,353	254,043
Consumer loans	79,379,386	67,301,094
Subtotal of NTD loans	<u>768,842,228</u>	<u>702,187,554</u>
Foreign currency loans	173,739,601	143,370,282
Non-accrual loans	<u>3,628,795</u>	<u>4,853,768</u>
Subtotal	946,210,624	850,411,604
Less: Allowance for credit losses	<u>(10,046,000)</u>	<u>(9,351,500)</u>
Total	<u>\$ 936,164,624</u>	<u>841,060,104</u>

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, 2010 and 2009, non-performing loans amounted to \$4,106,678 and \$5,920,626, respectively.

For the years ended December 31, 2010 and 2009, suspended accrual of interest for all of non-accrual accounts amounted to \$23,742 and \$89,118, respectively.

For the years ended December 31, 2010 and 2009, 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:

<u>For the year ended December 31, 2010</u>	<u>Inherent risk of overall claims</u>	<u>Default risk of specific claims</u>	<u>Total</u>
Beginning balance	\$ 4,655,230	4,729,764	9,384,994
Current provisions (reversal)	1,464,644	(687,543)	777,101
Current charge-off	-	(3,744,327)	(3,744,327)
Recovery of bad debts	-	3,785,090	3,785,090
Allowance for credit losses transferred to receivables	(45,692)	-	(45,692)
Exchange rate effects	(95,154)	-	(95,154)
Ending balance	<u>\$ 5,979,028</u>	<u>4,082,984</u>	<u>10,062,102</u>
<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	\$ 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	<u>\$ 4,655,230</u>	<u>4,729,764</u>	<u>9,384,994</u>

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

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Commercial paper	\$ 2,893,432	-
Negotiable certificates of deposit	165,800,000	19,000,000
Treasury bills	111,549	1,312,291
Government bonds	44,985,591	52,841,731
Corporate bonds	10,208,080	9,525,456
Financial debentures	7,125,579	5,169,360
Beneficiary certificates	-	200,000
Listed and OTC securities	15,082,771	13,948,289
Valuation adjustment of financial assets	17,363	(2,407,764)
Total	<u>\$ 246,224,365</u>	<u>99,589,363</u>

Please refer to Note 7(A) for the information with regard to the 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.

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

Furthermore, for the year ended December 31, 2009, the Bank sold 334 thousand shares of VISA Inc.; for the year ended December 31, 2010, the Bank reclassified 390 thousand shares of VISA Inc. from other financial assets to available-for-sale financial assets. Please refer to Note 4(J) for more detailed information regarding the aforesaid reclassification.

(G) HELD-TO-MATURITY FINANCIAL ASSETS

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Negotiable certificates of deposit	\$ 127,741,000	272,291,000
Treasury bills	6,174,443	2,721,696
Government bonds	18,566,026	24,830,566
Corporate bonds	12,111,354	9,098,300
Financial debentures	9,778,643	11,062,133
Asset-backed securities	121,743	134,930
Total	<u>\$ 174,493,209</u>	<u>320,138,625</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.

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

(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 mortgage loan debtors default, neither the investor nor the Trustee has the right of recourse to the Bank. The repayment of the principal of Class E beneficiary certificates is subordinate to the investors' certificates, and their value is affected by the credit risk, prepayment and interest risk of the securitized loans. 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.

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:

	<u>December 31, 2010</u>	<u>August 10, 2004</u>
Prepayment rate (annual rate)		
Adjustable Rate Mortgage	34.00%	17.50%
Government Subsidized Mortgage	26.00%	7.00%
Weighted-average life (in years)	4.64	17.36
Expected credit default rate (annual rate)	1.60%	3.01%
Discounting rate for residual cash flows (annual rate)		
- principal	4.00%	5.70%
- interest	3.50%	2.34%

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

2. Sensitivity analysis

As of December 31, 2010, 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:

	<u>Mortgage loans securitization</u>	
Book value of retained interests	\$	121,743
Weighted-average life (in years)		4.64
Prepayment rate (annual rate)		
Adjustable Rate Mortgage		34.00%
Government Subsidized Mortgage		26.00%
Impact on fair value of 10% adverse change		(727)
Impact on fair value of 20% adverse change		(1,640)
Expected credit default rate (annual rate)		1.60%
Impact on fair value of 10% adverse change		(296)
Impact on fair value of 20% adverse change		(584)

3. Expected static pool weighted-default rate

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

4. Cash flows

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

	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Servicing fees received	\$ 2,205	2,740
Other cash flows received on retained interests	11,868	10,988
Recovery of cash reserve	728	852
Servicing advances	(5,508)	(9,502)
Repayment of servicing advances	6,656	12,143

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

(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 net 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 collateralized 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, and interest risk of the securitized loans.

As of April 21, 2010, all of the outstanding senior and mezzanine beneficiary certificates were amortized completely. In May 2010, the Bank exercised the right to purchase the remaining corporate loans securitization and received the terminated allocation of trust. Due to the above transaction, the Bank recognized a reversal of impairment loss on subordinated beneficiary certificates amounting to \$38,660, and recognized losses on disposal of other financial assets amounting to \$343 under other net non-interest income. Please refer to Note 4(J) for more information.

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

For the years ended December 31, 2010 and 2009, the cash flows received from securitization trusts were as follows:

	For the years ended December 31,	
	2010	2009
Amounts from securitization		
- principal	\$ 555,187	-
- interest	8,150	-
Other cash flows received on retained interests	-	18,839
Servicing fees received	19	200

(I) INVESTMENTS UNDER EQUITY METHOD—NET

	December 31, 2010		December 31, 2009	
	%	Book value	%	Book value
Chinatrust (Philippines) Commercial Bank Corporation (original investment at PHP 2,695,137 thousand)	99.41	\$ 4,032,174	99.41	3,911,505
PT Bank Chinatrust Indonesia (original investment at Rupiah 191 billion)	99.00	5,057,574	99.00	4,840,755
Chinatrust Forex Corporation (Note 1) (original investment at PHP 31,045 thousand)	60.00	19,998	60.00	20,799
CTC Bank of Canada (as of December 31, 2010 and 2009, original investment at CAD 18,000 thousand and CAD 15,000 thousand, respectively.)	100.00	758,319	100.00	647,241
Chinatrust Securities Investment Consultancy Co., Ltd. (Note 2) (as of December 31, 2010 and 2009, original investment at \$0 and \$9,940 thousand, respectively)	-	-	99.40	9,960
Chinatrust Capital Corporation (as of December 31, 2010 and 2009, original investment at \$22,808,844 thousand and \$15,586,229 thousand, respectively.)	100.00	13,766,392	100.00	9,593,067
Grand Bills Finance Corporation (original investment at \$1,010,880 thousand)	21.15	1,755,724	21.15	1,775,974
GCB Finance (HK) Limited (original investment at \$223,050 thousand)	100.00	327,545	100.00	357,579
Total		\$ 25,717,726		21,156,880

During the fourth quarter of 2010, the Bank subscribed for CAD2,999,988 of common stock of CTC Bank of Canada due to its increase in capital. A total of 203,527 shares of common stock of CTC Bank of Canada were issued at CAD14.74 per share.

During the second quarter of 2010 and the second and fourth quarters of 2009, the Bank subscribed for US\$225 million, 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 2,758.12 shares, 742.96 shares, and 1,593.20 shares, respectively, of common stock of the Bank's subsidiary Chinatrust Capital Corporation were issued at US\$81,577.39, US\$174,974.90, and US\$125,533.23, respectively, per share.

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

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, 2010 and 2009, losses from investments under the equity method were as follows:

	For the years ended December 31,	
	2010	2009
Chinatrust (Philippines) Commercial Bank Corporation	\$ 284,942	231,131
PT Bank Chinatrust Indonesia	484,391	552,981
CTC Bank of Canada	54,768	12,398
Chinatrust Securities Investment Consultancy Co., Ltd. (Note2)	(1)	13
Chinatrust Capital Corporation	(1,684,787)	(8,665,304)
Grand Bills Finance Corporation	97,307	67,920
GCB Finance (HK) Limited	3,399	(813)
Total	\$ (759,981)	(7,801,674)

Note 1: Company in liquidation.

Note 2: In January 2010, Chinatrust Securities Investment Consultancy Co., Ltd. completed its liquidation process.

(J) OTHER FINANCIAL ASSETS—NET

	December 31, 2010	December 31, 2009
Short-term advances — net	\$ 159,779	179,260
Refundable deposits — net	2,243,569	3,503,238
Hedging derivative financial assets	2,295,533	1,593,671
Deposits pledged	130,000	130,000
Debt investment without active market — net	242,395	782,381
Investments in equity instruments carried at cost — net	2,191,052	2,710,163
Accounts receivable — non-accrual account	312,753	497,574
Less: Allowance for uncollectible accounts — accounts receivable — non-accrual account	(312,753)	(497,574)
Others	15,431	31,366
Total	\$ 7,277,759	8,930,079

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. For the year ended December 31, 2010, the Bank exercised the right to purchase the remaining corporate loans securitization and received the terminated allocation of trust. Please refer to Note 4(H) for further 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. For the years ended December 31, 2010 and 2009, the Bank recognized an impairment loss amounting to \$4,609 and \$5,185, respectively, on its financial assets carried at cost.

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

For the years ended December 31, 2010 and 2009, the Bank realized the gains of \$3,701 and \$5,927, respectively, from liquidation of financial assets carried at cost and accounted for them under other net non-interest income.

As of December 31, 2009, the Bank had disposed of 11 thousand shares of MasterCard International restricted common stock. For the year ended December 31, 2009, the Bank recognized gains on disposal of such common stock amounting to \$51,694, accounted for under realized gains on available-for-sale financial assets.

During 2008, the Bank received 1,114 thousand shares 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. For the year ended December 31, 2009, the Bank had sold 334 thousand shares that met the transferable conditions. Gains from disposal of those shares amounting to \$491,450 were recognized and accounted for under realized gains on available-for-sale financial assets. For the year ended December 31, 2010, the Bank reclassified 390 thousand shares (with book value of \$513,402) which had met the transferable conditions to available-for-sale financial assets. Please refer to Note 4(F) for more information. The remaining 390 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.

(K) PREMISES AND EQUIPMENT—NET

December 31, 2010	Cost	Revaluation appreciation	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 16,637,059	52,812	-	41,383	16,648,488
Superficies	3,055,759	-	-	-	3,055,759
Buildings	14,303,418	416	5,451,206	26,142	8,826,486
Transportation equipment	40,080	-	36,961	-	3,119
Miscellaneous equipment	9,475,279	-	7,814,134	-	1,661,145
Construction in progress	2,055,407	-	-	-	2,055,407
Prepayment for equipment	27,642	-	-	-	27,642
Leased premises	357,352	-	199,441	-	157,911
Total	\$ 45,951,996	53,228	13,501,742	67,525	32,435,957

December 31, 2009	Cost	Revaluation appreciation	Accumulated depreciation	Accumulated impairment	Net
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

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

The depreciable assets were revalued on December 31, 1974 and 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 (including business tax and other related expenses of the superficieses). The rental is determined annually at the rate of 8% of the government-assessed present value. Please refer to Note 6 for information on performance guarantee deposits.

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, 2010 and 2009, 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.

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 described 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.

For the year ended December 31, 2009, 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, 2010</u>	<u>December 31, 2009</u>
Goodwill	\$ 10,152,835	10,152,835
Computer software	1,822,198	1,597,795
Total	<u>\$ 11,975,033</u>	<u>11,750,630</u>

As of December 31, 2010 and 2009, goodwill of the Bank was acquired from business combination.

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

(M) OTHER ASSETS—NET

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Prepayments	\$ 2,686,121	2,405,530
Deferred charges	70,473	92,222
Real estate investments	1,400	1,400
Foreclosed properties received	69,105	112,986
Less: Accumulated impairment	(62,522)	(72,562)
Deferred pension costs	54,853	97,647
Deferred income tax assets—net	2,300,114	4,190,704
Idle premises and equipment	1,387,777	1,670,394
Less: Accumulated impairment	(570,607)	(595,360)
Advance payment of provision for lottery prize	430,013	129,166
Temporary payments	22,033	16,288
Others	2,552	2,818
	<u>\$</u>	
Total	<u>6,391,312</u>	<u>8,051,233</u>

For the year ended December 31, 2009, idle premises and equipment with net book value of \$85,325, which had been reused, were reclassified under premises and equipment.

For the years ended December 31, 2010 and 2009, the Bank recognized an impairment loss of \$2,046 and \$1,550, respectively, on foreclosed properties received.

For the years ended December 31, 2010 and 2009, the Bank recognized an impairment loss of \$60,990 and \$1,217, respectively, on idle premises and equipment.

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

Please refer to Note 7(B) for further information on “advance payment of provision for lottery prize.”

(N) DUE TO CENTRAL BANK AND OTHER BANKS

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Financing from Central Bank	<u>\$ 3,526,606</u>	<u>4,132,903</u>

As of December 31, 2010 and 2009, the Bank had borrowed US\$116,129 thousand and US\$129,032 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.

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

(O) PAYABLES

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Accounts payable	\$ 14,027,688	12,047,160
Accrued expenses	10,332,888	8,295,558
Income taxes payable	313,701	339,284
Interest payable	1,957,904	2,089,777
Acceptances payable	9,884,243	6,854,679
Collection payable	1,256,024	1,273,644
Other tax payable	315,502	378,089
Dividends and bonuses payable	31,501	31,897
Checks for clearance	2,144,065	2,740,151
Interbank clearing payable	279,356	233,575
Non-discretionary monetary trust payable	727,907	133,322
Miscellaneous lottery accounts payable	5,031,489	4,577,205
Settlement payable to the National Credit Card Center	-	397,161
Fees payable to trustee for asset securitization	542,226	533,264
Settlement compensation payable	1,512,938	1,962,893
Other payables	1,293,962	1,252,035
Total	<u>\$ 49,651,394</u>	<u>43,139,694</u>

As of December 31, 2010 and 2009, accounts payable included the balances arising from factoring of \$11,849,878 and \$9,663,854, 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, 2010</u>	<u>December 31, 2009</u>
NTD deposits		
Checking accounts	\$ 7,017,753	7,135,646
Demand deposits		
Demand deposits	107,257,630	109,331,910
Demand savings deposits	403,672,939	363,211,936
Public treasury deposits	5,718,969	6,374,213
Subtotal of demand deposits	<u>516,649,538</u>	<u>478,918,059</u>
Time deposits		
Time deposits	233,261,501	192,471,816
Time savings deposits	234,850,297	235,708,488
Negotiable certificates of deposit	1,391,100	12,402,600
Public treasury deposits	6,355,000	4,039,997
Others	15,180,000	26,839,900
Subtotal of time deposits	<u>491,037,898</u>	<u>471,462,801</u>
Subtotal of NTD deposits	<u>1,014,705,189</u>	<u>957,516,506</u>
Foreign currency deposits	290,205,971	271,413,675
Stored value cards	53,266	46,204
Remittances under custody	68,778	53,400
Remittances outstanding	464,649	1,514,848
Total	<u><u>\$ 1,305,497,853</u></u>	<u><u>1,230,544,633</u></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 2010	Amount 2009
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
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
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
2004-2 (Note 2)	05/27/2004	05/27/2011	Tranche A: (6 mL+0.7000%)*n/N Tranche B: (6 mL+0.7001%)*n/N Tranche C: (6mL+0.7002%)*n/N (Note 4) The coupon rate zones of all bonds were as follows: 1 st year: 0.50% ≤ 6mL ≤ 2.00% 2 nd year: 0.50% ≤ 6mL ≤ 2.50% 3 rd year: 0.50% ≤ 6mL ≤ 3.00% 4 th year: 0.50% ≤ 6mL ≤ 3.50% 5 th year: 0.50% ≤ 6mL ≤ 4.00% 6 th year: 0.50% ≤ 6mL ≤ 4.50% 7 th year: 0.50% ≤ 6mL ≤ 5.00%	Secured financial debentures	1,500,000	1,500,000
2004-4 (Note 2)	01/28/2005	01/28/2010	2.30%	Unsecured financial debentures	-	700,000
5.625% Step-up Callable Perpetual Subordinated 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 6M LIBOR + 1.86%.	Perpetual accumulated subordinated financial debentures	14,564,402	16,014,282
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
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

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
					2010	2009
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.	Unsecured subordinated financial debentures	\$ 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
2008-2	04/25/2008	N/A	3.60%; if redemption right is not exercised 7 years after the issue date, the interest rate will be 4.60%.	Perpetual accumulated subordinated financial debentures	700,000	700,000
2008-3	04/25/2008	04/25/2015	A=3.10%, B=3.00%.	Unsecured subordinated financial debentures	3,350,000	3,350,000
2008-4	04/25/2008	10/25/2013	The single coupon rate is Bank of Taiwan's quoted floating interest rate for 3-year time deposit plus 0.28%; simple interest is accrued annually.	"	450,000	450,000
			Adjustment for fair value increase of hedged transactions		1,846,037	1,484,829
			Unamortized premium		111,099	94,854
					\$ 60,371,538	74,293,965

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 2nd domestic secured bonds and the 1st domestic unsecured bonds in 2004, and the 1st domestic unsecured corporate 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: 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, 2010</u>	<u>December 31, 2009</u>
Appropriated loan funds	\$ 94,830	126,000
Guarantee deposits received	3,997,076	1,942,991
Hedging derivative financial liabilities	121,010	7,510
Lease payable	87,166	89,576
Others	72,312	-
Total	<u>\$ 4,372,394</u>	<u>2,166,077</u>

(S) RETIREMENT PLAN

The pension funds and related accounts for the years ended December 31, 2010 and 2009, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Ending balance of pension fund	\$ 4,598,601	4,651,223
Net periodic pension cost:		
Defined benefit pension plan	773,161	263,706
Defined contribution pension plan	393,684	282,885

The Bank maintains a retirement plan covering all regular employees. Payments of pension benefits are calculated based on the employee's number of years of service and average salary of the last six months prior to approved retirement. The Bank contributes 8.75% 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 5.84% of monthly payroll to a designated depository account with Bank of Taiwan.

As of December 31, 2010 and 2009, the funding status was reconciled with accrued pension liabilities per books as follows:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Benefit obligation:		
Vested benefit obligation	\$ (992,980)	(840,385)
Non-vested benefit obligation	(4,822,106)	(4,270,399)
Accumulated benefit obligation	(5,815,086)	(5,110,784)
Additional benefit based on future salaries	(1,129,842)	(1,250,546)
Projected benefit obligation	(6,944,928)	(6,361,330)
Fair value of pension plan assets	4,598,601	4,651,223
Funding status	(2,346,327)	(1,710,107)
Unrecognized net transition obligation	-	37,808
Unrecognized gain on pension fund	2,119,973	1,501,181
Unrecognized prior service cost	(54,853)	117,530
Supplementary accrued pension liability	(935,278)	(405,973)
Accrued pension liability	<u>\$ (1,216,485)</u>	<u>(459,561)</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,	
	2010	2009
Discount rate	2.25%	2.25%
Incremental rate of future compensation levels	2.00%	2.00%
Expected long-term rate of return on plan assets	2.25%	2.25%

The components of net periodic pension costs were as follows:

	For the years ended December 31,	
	2010	2009
Service cost	\$ 181,516	186,128
Interest cost	147,974	124,217
Expected return on plan assets	(104,653)	(103,563)
Amortization and deferred amount	305,281	57,119
Net periodic pension cost	\$ 530,118	263,901

As of December 31, 2010 and 2009, the vested benefit obligation of the Bank's retirement plan amounted to \$1,001,361 and \$847,513, respectively.

(T) INCOME TAXES

In compliance with the amendment of the Income Tax Act which was published on June 15, 2010, the statutory income tax rate reduced to 17%. For the years ended December 31, 2010 and 2009, the Bank's applicable income tax rate is 17% and 25%, respectively; the Bank adopted the "Income Basic Tax Act" in determining the income basic tax.

The income tax expenses and related accounts for the years ended December 31, 2010 and 2009, were as follows:

	For the years ended December 31,	
	2010	2009
Current income tax expenses	\$ 2,840,326	2,158,286
Deferred income tax benefits	(126,870)	(1,661,005)
10% surtax on undistributed earnings	1,181	-
Income tax expenses	\$ 2,714,637	497,281

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

The components of deferred income tax benefits were as follows:

	For the years ended December 31,	
	2010	2009
Realized impairment loss on assets	\$ 5,278	25,522
Foreign investment losses recognized under equity method	(286,413)	(1,729,110)
(Allowance for market value decline) benefit on reversal of foreclosed properties	(3,112)	15,560
Net unrealized losses on foreign exchange and derivative instruments	(460,647)	(420,187)
Difference in pension provision for financial and tax purposes	(8,486)	(9,692)
Settlement compensation payable	76,492	(436,473)
Investment tax credit	-	(9,455)
Effects of change in income tax rate	550,018	902,830
Total	\$ (126,870)	(1,661,005)

For the years ended December 31, 2010 and 2009, the differences between income tax under the tax rate and income tax expenses were as follows:

	For the years ended December 31,	
	2010	2009
Income tax calculated on net income before tax	\$ 2,702,304	424,740
Income tax separately levied on interest income	(35,055)	(430,493)
Net income from domestic investment	(135,153)	(80,282)
Tax-exempt losses (gains) on disposal of land	1,829	(96,525)
Securities transaction income tax relief	(37,019)	(386,414)
Adjustment of securities under repurchase/resell agreements	-	(322,672)
Foreign investment (gains) losses recognized under equity method	(140,675)	238,292
Provision for miscellaneous loss reserve	2,835	32,288
Expenses and losses on futures proprietary trading	21,932	28,217
Net income from offshore banking unit	(530,662)	(553,252)
Imputed interest of separate trading of registered interest and principal securities (STRIPS)	3,490	9,779
Amortization of goodwill	(206,320)	(371,775)
Investment tax credit	-	(9,455)
Income tax separately levied	86,908	414,516
Effects of change in income tax rate	550,018	902,830
10% surtax on undistributed earnings	1,181	-
Income tax (gains) losses from repurchase/resell agreement transactions	(1,081)	241,386
Underestimated income tax for prior year	147,438	77,094
Effects of consolidated tax return	172,445	276,907
Effects of differences between domestic and foreign tax rates	66,819	-
Transfer of parent company's treasury stock to employees	42,960	101,119
Others	443	981
Total	\$ 2,714,637	497,281

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

As of December 31, 2010 and 2009, the temporary differences resulting in deferred income tax assets or liabilities, loss carryforward, and other tax effects were as follows:

	December 31, 2010		December 31, 2009	
	Amount	Tax effect	Amount	Tax effect
Deductible temporary difference due to provision for impairment loss on assets	\$ 194,962	33,144	226,009	45,202
Deductible temporary difference due to allowance for market value decline of foreclosed properties	62,522	10,629	44,217	8,843
Taxable temporary difference due to unrealized gains on foreign exchange and derivative instruments	(1,617,312)	(274,944)	(3,807,757)	(761,551)
Deductible temporary difference due to investment loss recognized under equity method	5,561,099	945,387	3,876,312	775,262
Taxable temporary difference due to provision for foreign investment loss reserve	(2,148,690)	(365,277)	-	-
Deductible temporary difference due to provision for cumulative translation adjustments	3,438,349	584,519	1,532,519	306,504
Deductible temporary difference due to settlement compensation payables	1,512,938	257,199	1,962,893	392,579
Deductible temporary differences due to other reasons	1,657,749	281,817	1,178,126	235,625
Effects of loss carryforward	4,389,362	746,192	15,534,906	3,106,981
Investment tax credit	479,105	81,448	406,296	81,259
Total	<u>\$ 13,530,084</u>	<u>2,300,114</u>	<u>20,953,521</u>	<u>4,190,704</u>

Information on loss carryforward:

The last year for loss carryforward	December 31, 2010	December 31, 2009
Year 2016 (Note)	<u>\$ 4,389,362</u>	<u>15,534,906</u>

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.

As of December 31, 2010 and 2009, under the consolidated corporate income tax return, the Bank recognized the difference between the consolidated income tax and its ordinary income tax amounting to \$1,040,497 and \$730,065, respectively, accounted for under receivables.

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

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

The Bank's income tax returns for the years through 2005 were examined by the Tax Authority. For the year ended December 31, 2005, 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 treatments.

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 re-examination 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 applied for re-examination according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

The Bank's income tax return for 2005 was examined by the Tax Authority. The Bank disagreed with the result regarding amortization of goodwill, interest income, and the balance of the imputation credit account (ICA), and applied for re-examination according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

Chinatrust Bills Finance Corp. (dissolved)

The income tax returns for the years through 2005 were examined by the Tax Authority. With regard to the interest on investments in bonds attributable to the preceding bondholders, Chinatrust Bills Finance Corp. reached an agreement with the National Tax Administration to receive a refund equal to 60% of the withholding taxes for accrued interest on bonds, and the effect on income tax was recorded with proper accounting treatment. Furthermore, Chinatrust Bills Finance Corp. disagreed with the result regarding the amount of interest income, and it intends to apply for re-examination according to the Tax Collection Act. The related effect on income tax will be recognized after the end of administrative remedies.

(U) IMPUTATION CREDIT ACCOUNT

As of December 31, 2010, the balance of the stockholders' imputation credit account amounted to \$122,677.

The actual tax-deductible ratio of cash dividends on distribution of earnings for year 2009 was 8.95%. 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. All of the ending balance of undistributed retained earnings arose from earnings in 1998 and thereafter.

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

(V) CAPITAL STOCK AND CAPITAL SURPLUS

(a) CAPITAL STOCK

A resolution on capitalizing undistributed retained earnings of \$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, 2010, 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, 2010</u>	<u>December 31, 2009</u>
Additional paid-in capital stock	\$ 16,000,568	16,000,568
Share-based payment transactions	657,179	404,476
Total	<u>\$ 16,657,747</u>	<u>16,405,044</u>

In compliance with 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, 15,620 and 36,152 thousand shares of treasury stock to the Bank's employees in July 2009 and March and September 2010, respectively. Pursuant to Interpretation (97) No. 17 issued by the Accounting Research and Development Foundation, the Bank recognized personnel expenses and capital surplus amounting to \$404,476, \$79,897 and \$172,806 in July 2009 and March and September 2010, respectively.

(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.

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

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 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 regarded as a change in accounting estimate and recognized as profit of year 2009.

A resolution on 2009 earnings distribution of the Bank was approved by the board of directors on behalf of shareholders on June 21, 2010, and the distribution of employee bonuses amounted to \$421. However, the distribution of employee bonuses which was disclosed in the financial report of 2009 amounted to \$926. The difference amounting to \$505 was regarded as a change in accounting estimate and recognized as profit of year 2010.

For the year ended December 31, 2010, employee bonuses were estimated amounting to \$4,634. 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 2010 distribution of employee bonuses and remuneration to directors 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.

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

(X) SHARE-BASED PAYMENT

- (a) As of December 31, 2010, the Bank had set out the measurement principles and specific requirements for the share-based payment transactions for the years 2006 and 2008:

Management stock appreciation rights plan for the years			
		2006	2008
Grant date		2007.02.14	2009.01.23
Grant number		45,537	66,299
Exercise period	(1)	2009.01.01~2009.06.30	2011.01.01~2011.12.31
	(2)	2010.01.01~2010.06.30	
Exercise price at grant date		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 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. Furthermore, on January 26, 2011, the Bank's board of directors resolved the management stock appreciation rights plan for the year 2010, the grand number of the shared-based payment is 100,445, and the exercise price is NT\$23.63 (dollars). The exercise period of 2010 management stock appreciation rights plan is from January 1, 2013 to December 31, 2013, and the Bank has the right to make settlement in cash. For the year ended December 31, 2010, the Bank has recognized current service costs in proportion to the vesting period.

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

For the year ended December 31, 2010					
Management stock appreciation rights plan for the years					
		2006		2008	
		Weighted-aver age exercise price		Weighted-aver age exercise price	
	Number	exercise price	Number	exercise price	exercise price
Outstanding at the beginning of the period	43,892	19.35	65,632	11.09	
Granted during the period	-	19.35	-	11.09	
Forfeited during the period	-	19.35	1,089	11.09	
Exercised during the period	416	19.35	481	11.09	
Expired during the period	43,476	19.35	-	11.09	
Outstanding at the end of the period	-	19.35	64,062	11.09	
Exercisable at the end of the period	-	19.35	-	11.09	

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

For the year ended December 31, 2009				
Management stock appreciation rights plan for the years				
2006			2008	
Weighted-aver age exercise price			Weighted-aver age exercise price	
	Number		Number	
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, 2010, the weighted-average stock prices on the date that the Bank's employees actually exercised the stock appreciation rights plan of 2006 and 2008 were NT\$20.79 (dollars) and NT\$16.01 (dollars), respectively. As of December 31, 2010, the weighted-average remaining contractual term for the share options outstanding as a result of the adoption of the employee stock appreciation rights plan of 2008 was 1 year.

- (b) Please refer to Note 4(V) for information related to the transfer of treasury stock of the Bank's parent company to the Bank's employees in March and September 2010 and July 2009.

(Y) EPS

For the years ended December 31,			
2010		2009	
	Before tax	After tax	After tax
Net income attributable to common shareholders	\$ 15,895,907	13,181,270	1,699,001
Weighted-average shares of common stock outstanding (in thousands)	7,510,326	7,510,326	7,510,326
Basic EPS (in dollars)	\$ 2.12	1.76	0.23
		0.16	

No diluted EPS have been presented for the year ended December 31, 2010, 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, 2010		December 31, 2009	
	Book value	Fair value	Book value	Fair value
Non-Derivative Financial Instruments				
Cash	\$ 26,551,474	26,551,474	27,729,371	27,729,371
Due from Central Bank and call loans to banks	77,416,766	77,416,766	89,732,303	89,732,303
Financial assets measured at fair value through profit or loss—net	32,702,672	32,702,672	38,638,463	38,638,463
Securities purchased under resell agreements	960,613	960,613	-	-
Receivables—net	122,858,724	122,858,724	109,027,952	109,027,952
Loans—net	936,164,624	936,164,624	841,060,104	841,060,104
Available-for-sale financial assets—net	246,224,365	246,224,365	99,589,363	99,589,363
Held-to-maturity financial assets	174,493,209	172,253,264	320,138,625	321,458,637
Other financial assets—net	4,982,226	4,982,226	7,336,408	7,359,363
Derivative Financial Instruments				
Trading purpose:				
Forwards	382,880	382,880	485,533	485,533
Non-delivery forwards	1,385,499	1,385,499	850,419	850,419
Currency swaps	1,832,187	1,832,187	2,034,184	2,034,184
Cross currency swaps	848,053	848,053	987,533	987,533
Interest rate swaps	17,139,951	17,139,951	23,938,155	23,938,155
Options	5,248,336	5,248,336	5,444,897	5,444,897
Asset swaps	202,818	202,818	1,474	1,474
Credit default swaps	152,653	152,653	161,169	161,169
Commodity-linked interest rate swaps	1	1	6,227	6,227
Commodity-linked forward contracts	177,646	177,646	125,019	125,019
Commodity futures	13,277	13,277	308	308
Equity swaps	1,711	1,711	42	42
Equity index futures	7,586	7,586	68,654	68,654
Hedging purpose:				
Non-delivery forwards	11,741	11,741	17,033	17,033
Interest rate swaps	1,906,398	1,906,398	1,476,007	1,476,007
Currency swaps	377,394	377,394	100,631	100,631

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

Financial liabilities	December 31, 2010		December 31, 2009	
	Book value	Fair value	Book value	Fair value
Non-Derivative Financial Instruments				
Deposits from Central Bank and other banks	\$ 47,504,959	47,504,959	52,423,948	52,423,948
Due to Central Bank and other banks	3,526,606	3,526,606	4,132,903	4,132,903
Financial liabilities measured at fair value through profit or loss	965,276	965,276	271,838	271,838
Securities sold under repurchase agreements	91,942,868	91,942,868	78,056,521	78,056,521
Payables	49,651,394	49,651,394	43,139,694	43,139,694
Deposits and remittances	1,305,497,853	1,305,497,853	1,230,544,633	1,230,544,633
Financial debentures	60,371,538	60,371,538	74,293,965	74,293,965
Other financial liabilities	4,251,384	4,251,384	2,158,567	2,158,567
Derivative Financial Instruments				
Trading purpose:				
Forwards	407,309	407,309	812,349	812,349
Non-delivery forwards	1,590,242	1,590,242	755,114	755,114
Currency swaps	4,887,260	4,887,260	2,624,227	2,624,227
Cross currency swaps	1,319,393	1,319,393	1,843,000	1,843,000
Interest rate swaps	17,034,078	17,034,078	22,054,546	22,054,546
Options	5,435,971	5,435,971	6,086,231	6,086,231
Asset swaps	250,176	250,176	303,069	303,069
Credit default swaps	125,632	125,632	182,156	182,156
Commodity-linked interest rate swaps	1	1	6,227	6,227
Commodity-linked forward contracts	174,409	174,409	125,088	125,088
Interest rate futures	5,860	5,860	17,637	17,637
Commodity futures	-	-	1,898	1,898
Equity swaps	1,711	1,711	42	42
Equity index futures	1,894	1,894	3,912	3,912
Hedging purpose:				
Non-delivery forwards	446	446	35	35
Interest rate swaps	7,010	7,010	7,475	7,475
Currency swaps	113,554	113,554	-	-

(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.

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

2. If there is a quoted price in an active market for the financial asset, including financial instruments measured at fair value through profit or loss, available-for-sale and held-to-maturity financial assets, and hedging derivative financial instruments, the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices provided by financial institutions. The discounted cash flow technique is used to estimate the fair value of a debt instrument where an active market does not exist. The estimates, hypotheses and discount rates for valuation refer to quoted prices, from financial institutions, of financial instruments having substantially the same terms and characteristics, including the credit quality of debtors, the remaining term over which the contractual interest rate is fixed, the remaining term to repayment of the principal, and the currency in which the payments are to be made. Fair value of debt investments without an active market accounted for under other financial assets is determined by the methods described above, and recorded in accordance with the “Regulations Governing the Preparation of Financial Reports by Publicly Held Banks” at 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. Derivatives usually adopt mark-to-model prices. The Discounted-Cash-Flow model is adopted for non-option derivatives and the Black-Scholes model is adopted for option derivatives.
6. If instrument trades on an exchange, apply the exchange price. For Over-the-counter (OTC) positions use the independent price/parameter quoted by reliable brokers or pricing services, such as Reuters, Bloomberg, etc.. In general market environment and trading strategy, trade price, settlement price, mid price at a fixed cut-off time, and average price of several independent brokers could be used as market data.

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

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

Financial assets	Based on quoted market prices		Determined by using valuation techniques	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Non-Derivative Financial Instruments				
Cash	\$ -	-	26,551,474	27,729,371
Due from Central Bank and call loans to banks	-	-	77,416,766	89,732,303
Financial assets measured at fair value through profit or loss—net	5,838,189	5,871,381	26,864,483	32,767,082
Securities purchased under resell agreements	-	-	960,613	-
Receivables—net	-	-	122,858,724	109,027,952
Loans—net	-	-	936,164,624	841,060,104
Available-for-sale financial assets—net	59,901,711	64,303,627	186,322,654	35,285,736
Held-to-maturity financial assets	12,536,795	15,146,352	159,716,469	306,312,285
Other financial assets—net	-	-	4,982,226	7,359,363
Derivative Financial Instruments				
Trading purpose:				
Forwards	-	-	382,880	485,533
Non-delivery forwards	-	-	1,385,499	850,419
Currency swaps	-	-	1,832,187	2,034,184
Cross currency swaps	-	-	848,053	987,533
Interest rate swaps	-	-	17,139,951	23,938,155
Options	73,208	102,513	5,175,128	5,342,384
Asset swaps	-	-	202,818	1,474
Credit default swaps	-	-	152,653	161,169
Commodity-linked interest rate swaps	-	-	1	6,227
Commodity-linked forward contracts	-	-	177,646	125,019
Commodity futures	13,277	308	-	-
Equity swaps	-	-	1,711	42
Equity index futures	7,586	68,654	-	-
Hedging purpose:				
Non-delivery forwards	-	-	11,741	17,033
Interest rate swaps	-	-	1,906,398	1,476,007
Currency swaps	-	-	377,394	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, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Non-Derivative Financial Instruments				
Deposits from Central Bank and other banks	\$ -	-	47,504,959	52,423,948
Due to Central Bank and other banks	-	-	3,526,606	4,132,903
Financial liabilities measured at fair value through profit or loss	965,276	271,838	-	-
Securities sold under repurchase agreements	-	-	91,942,868	78,056,521
Payables	-	-	49,651,394	43,139,694
Deposits and remittances	-	-	1,305,497,853	1,230,544,633
Financial debentures	-	-	60,371,538	74,293,965
Other financial liabilities	-	-	4,251,384	2,158,567
Derivative Financial Instruments				
Trading purpose:				
Forwards	-	-	407,309	812,349
Non-delivery forwards	-	-	1,590,242	755,114
Currency swaps	-	-	4,887,260	2,624,227
Cross currency swaps	-	-	1,319,393	1,843,000
Interest rate swaps	-	-	17,034,078	22,054,546
Options	138,404	326,326	5,297,567	5,759,905
Asset swaps	-	-	250,176	303,069
Credit default swaps	-	-	125,632	182,156
Commodity-linked interest rate swaps	-	-	1	6,227
Commodity-linked forward contracts	-	-	174,409	125,088
Interest rate futures	5,860	17,637	-	-
Commodity futures	-	1,898	-	-
Equity swaps	-	-	1,711	42
Equity index futures	1,894	3,912	-	-
Hedging purpose:				
Non-delivery forwards	-	-	446	35
Interest rate swaps	-	-	7,010	7,475
Currency swaps	-	-	113,554	-

- (d) For the years ended December 31, 2010 and 2009, unrealized losses recognized from the fair value evaluation of financial instruments by using valuation techniques amounted to \$2,057,481 and \$2,859,185, respectively.
- (e) For the years ended December 31, 2010 and 2009, 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 \$29,344,566 and \$29,803,030, respectively, while the interest expenses amounted to \$8,574,647 and \$11,403,326, respectively. For the years ended December 31, 2010 and 2009, adjustments of available-for-sale financial assets recognized as adjustments of stockholders' equity amounted to \$3,380,496 and \$5,229,264, respectively; realized gains resulting from such adjustments were recognized in current profit or loss on available-for-sale financial assets amounting to \$955,369 and \$1,456,786, 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, 2010</u>	<u>December 31, 2009</u>
<u>FX factor sensitivity (FX Delta)</u>		
AUD \$	92,809	913,394
CNY	3,540,554	1,265,680
EUR	51,665	667,040
GBP	(14,332)	425,605
HKD	(589,575)	(173,750)
JPY	(5,878)	(1,527,552)
KRW	683,707	597,846
USD	(3,749,453)	(7,344,979)
Others	(98,931)	909,630
<u>Interest rate factor sensitivity (PVBP)</u>		
Cross currency swaps curve		
CNY	13	29
EUR	(26)	(2)
NTD	2,662	3,090
Others	(340)	1,594
Interest rate swaps curve		
CNY	1,078	(368)
EUR	(2)	4
KRW	609	(1,556)
NTD	3,139	1,000
USD	(2,020)	(2,338)
Others	(78)	226
Forward curve		
CNY	(88)	(41)
KRW	181	(8)
NTD	(50)	618
Others	10	(11)
Bond yields curve		
EUR	(493)	(814)
KRW	(184)	(30)
NTD	(21,282)	(24,581)
USD	(1,203)	(4,921)
Others	(398)	(131)
<u>Equity factor sensitivity (Equity Delta)</u>		
Taiwan	4,619,316	4,053,874
Others	137,436	(67,916)
<u>Commodity factor sensitivity (Commodity Delta)</u>		
Crude oil	191,200	135,919
Gold	198,345	223,369
Copper	344,426	-
Silver	233,226	-
Others	44,934	-
<u>Credit spread factor sensitivity (CR01)</u>		
	(3,214)	(3,287)

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

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

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

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

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

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

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

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

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. 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, 2010</u>		<u>December 31, 2009</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	\$ 30,858,880	30,858,880	35,834,425	35,834,425
Securities purchased under resell agreements	960,613	960,613	-	-
Receivables—net	122,858,724	122,858,724	109,027,952	109,027,952
Loans—net	936,164,624	936,164,624	841,060,104	841,060,104
Available-for-sale financial assets—net	231,536,147	231,536,147	88,487,319	88,487,319
Held-to-maturity financial assets	174,493,209	174,493,209	320,138,625	320,138,625
Other financial assets—net	2,791,174	2,791,174	4,626,245	4,626,245
Derivative Financial Instruments				
Trading purpose:				
Forwards	382,880	382,880	485,533	485,533
Non-delivery forwards	1,385,499	1,385,499	850,419	850,419
Currency swaps	1,832,187	1,832,187	2,034,184	2,034,184
Cross currency swaps	848,053	848,053	987,533	987,533
Interest rate swaps	17,139,951	17,139,951	23,938,155	23,938,155
Options	5,248,336	5,248,336	5,444,897	5,444,897
Asset swaps	202,818	202,818	1,474	1,474
Credit default swaps	152,653	152,653	161,169	161,169
Commodity-linked interest rate swaps	1	1	6,227	6,227
Commodity-linked forward contracts	177,646	177,646	125,019	125,019
Commodity futures	13,277	13,277	308	308
Equity swaps	1,711	1,711	42	42
Equity index futures	7,586	7,586	68,654	68,654
Hedging purpose:				
Non-delivery forwards	11,741	11,741	17,033	17,033
Interest rate swaps	1,906,398	1,906,398	1,476,007	1,476,007
Currency swaps	377,394	377,394	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>	Unit: In Millions of New Taiwan Dollars	
	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Individual Clients	\$ 432,767	398,311
Manufacturing Sector	205,328	169,883
Finance, Insurance and Real Estate	86,512	82,455
Public Sector	86,070	49,598
Transportation, Storage and Communication Sector	37,948	52,725

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, 2010</u>	<u>December 31, 2009</u>
Unused lines of credit	\$ 694,265,647	684,766,491
Unused credit card commitments	427,264,163	401,989,997
	<u>\$ 1,121,529,810</u>	<u>1,086,756,488</u>

As of December 31, 2010 and 2009, non-cancelable credit limits of unused credit facilities were \$127,734,923 and \$135,014,356, 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 various limits for managing liquidity risk, including the degree of maturity mismatch on assets and liabilities as well as funding concentration. This is to assure the Bank maintains adequate liquidity status to accommodate matured cash outflows. In addition, the Bank has the Liquidity Contingency Plan as the guidance when emergency liquidity events occur. Therefore, the funding liquidity risk of the Bank is closely monitored and properly managed.

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

The Bank quantifies and controls the bankwide interest rate risk exposure through sensitivity analysis and limit setting. To further effectively manage and harness the risk to be within a tolerable level, the Bank applies the Matched-term Fund Transfer Pricing mechanism and utilizes securities or derivatives to guide or adjust its risk profile and optimize the structure of assets and liabilities.

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

As of December 31, 2010 and 2009, the interest rate risk exposures on assets and liabilities of the Bank were as shown below. Non-derivative financial assets and liabilities are presented at book value (prior to deducting allowance for bad debts, evaluation adjustments, and accumulated impairment), and derivative financial assets and liabilities are presented at book value. The aforesaid assets and liabilities are allocated to time bands by reference to the earlier of the next interest rate repricing date or maturity date.

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

	December 31, 2010				
	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	\$ 44,757,964	29,933,415	1,959,846	-	76,651,225
Non-derivative financial assets measured at fair value through profit or loss	30,226,755	-	-	-	30,226,755
Derivative financial assets measured at fair value through profit or loss	20,099,371	2,039,587	1,093,224	1,100,733	24,332,915
Securities purchased under resell agreements	960,613	-	-	-	960,613
Loans	825,952,024	45,095,471	16,385,996	55,148,338	942,581,829
Available-for-sale financial assets	175,782,134	546,766	8,441,245	46,354,086	231,124,231
Held-to-maturity financial assets	137,939,133	11,872,088	5,294,795	19,395,549	174,501,565
Other financial assets	2,538,833	2,000	-	128,000	2,668,833
Liabilities					
Interest-rate-sensitive liabilities					
Deposits from Central Bank and other banks	45,252,593	2,090,595	-	-	47,343,188
Due to Central Bank and other banks	3,526,606	-	-	-	3,526,606
Non-derivative financial liabilities measured at fair value through profit or loss	965,276	-	-	-	965,276
Derivative financial liabilities measured at fair value through profit or loss	23,383,878	2,488,139	1,033,315	1,437,394	28,342,726
Securities sold under repurchase agreements	91,590,239	352,629	-	-	91,942,868
Deposits	488,090,931	716,721,502	68,958,259	19,273,661	1,293,044,353
Financial debentures	20,678,515	5,706,311	-	32,140,675	58,525,501
Other financial liabilities	114,000	7,010	-	94,830	215,840
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					
Deposits from Central Bank and other banks	47,907,011	4,263,996	-	-	52,171,007
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	509,818,678	619,254,430	76,806,493	12,275,798	1,218,155,399
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

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, 2010 and 2009, 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,	
	2010	2009	2010	2009
Assets:				
Due from Central Bank	0.29%	0.29%	-	-
Due from and call loans to banks	0.32%	0.28%	0.26%	0.24%
Securities purchased under resell agreements	0.31%	(0.08)%	-	-
Available-for-sale financial assets	0.84%	1.37%	2.98%	1.01%
Held-to-maturity financial assets	0.91%	0.88%	1.62%	2.39%
Debt investment without active market	-	-	1.41%	1.73%
Loans	2.29%	2.43%	2.18%	2.43%
Receivables—credit card	11.95%	12.10%	-	-
Liabilities:				
Deposits	0.47%	0.72%	0.12%	0.16%
Due to other banks	0.15%	0.11%	0.27%	0.21%
Borrowing and other financing	2.52%	2.57%	0.08%	0.33%
Securities sold under repurchase agreements	0.32%	0.18%	0.16%	-

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,	
		2010	2009
Fair value hedge			
Financial debentures in NTD	Interest rate swaps	NTD (1,570)	(1,819)
Subordinated debentures in USD		USD (190)	(245)
Cash flow hedge			
Financial debentures in NTD	Interest rate swaps	NTD 37	1
		USD 3	7

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 a foreign operation

1. Fair value hedge

In order to minimize the risk from future market interest rate fluctuation, the Bank entered into interest rate swap transactions, where the interest rate payable on fixed-interest-rate debts issued has been swapped with 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 capital of the domestic banking unit.

Hedged items	Designated hedging instruments		
	Financial instruments designated as hedging instruments	Fair value	
		December 31,	
		2010	2009
Perpetual subordinated debentures in USD	Interest rate swaps	\$ 1,757,026	1,382,366
Financial debentures in NTD		149,372	93,641
Capital of domestic banking unit in USD	Non-delivery forwards	11,295	16,998

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 the fixed interest rate and paid the amount by fixed future interest.

Hedged items	Designated hedging instruments			Expected period of cash flow	Expected recognition period of gain or loss
	Financial instruments designated as hedging instruments	Fair value			
		December 31,			
		2010	2009		
Financial debentures in NTD	Interest rate swaps	\$ (7,010)	(7,475)	2009~2011	2009~2011

Items	For the years ended December 31,	
	2010	2009
Amount of current adjustment to equity	\$ 161	(23,541)

3. Hedge of a net investment in a foreign operation

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

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

<u>Hedged items</u>	<u>Designated hedging instruments</u>		
	<u>Financial instruments designated as hedging instruments</u>	<u>Fair value</u>	
		<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Chinatrust Commercial Bank, Ho Chi Minh City Branch	Currency swaps	\$ (113,554)	-
Chinatrust Capital Corporation		377,394	100,631

(h) Risk control and hedging strategy

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

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

The hedging instruments of the Bank are mainly interest rate swap(IRS), money market swap(FX swap) and non-delivery forward(NDF).

(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:

	<u>Available-for-sale financial assets</u>
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

	<u>December 31,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Available-for-sale financial assets	<u>\$12,402,233</u>	<u>12,402,233</u>	<u>10,220,103</u>	<u>10,220,103</u>

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, 2010	\$ 2,182,130	-
For the year ended December 31, 2009	\$ 3,894,688	-
For the year ended December 31, 2008	\$ (6,242,549)	-

5. RELATED-PARTY TRANSACTIONS

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

<u>Name of Related Party</u>	<u>Relationship with the Bank</u>
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.	// (Completed liquidation process in January 2010.)
Chinatrust Bank (U.S.A.)	An investee company carried under the equity method by Chinatrust Capital Corporation.
National Credit Card Center of R.O.C.	The Chairman of the Bank is its Chairman. (resigned in November 2010)
Taiwan Institute of Economic Research	The Chairman of the Bank is its Chairman.
CTC Group Inc.	//
Chinese International Economic Cooperation Association	//
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 Co., 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.	//

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

<u>Name of Related Party</u>	<u>Relationship with the Bank</u>
Chung Shin-1 Asset Management Co., Ltd.	Controlled by the same company which controls the Bank.
Taiwan Lottery Co., Ltd.	
Chinatrust Charity Foundation	The Bank contributed over 1/3 of its total funds.
Chinatrust Culture Foundation	
Chailease Finance Co., Ltd.	Related party in substance.
Grand Pacific Investment & Development Co., Ltd.	
Sunghung Investment Co., Ltd.	
Sunpak Co., 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 (including independent directors), managers and their families, spouses, etc. (Notes 2 and 7(D))

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

Note 2: According to the 2007 Chong-Su-Zi No. 19 Criminal Judgment delivered by Taiwan Taipei District Court on October 7, 2008, Red Fire Developments Limited (Red Fire), a counterparty to the Bank's structured notes transaction, was substantially controlled by Mr. Steven C.Z. Cheng, the former Chief Executive Officer of the Institutional Group of the Bank, at the time, hence the transaction was deemed a related-party transaction between Red Fire and the Bank. However, regarding the relationship described as aforesaid, Mr. Steven C.Z. Cheng had never reported it to the board members of the Bank or of the Bank's parent company, Chinatrust Financial Holding Company, Ltd. at the time. Pursuant to the judgment and the principle of substantial recognition, the Bank deemed Red Fire a related party in substance. Furthermore, in accordance with the 2009 Chin-Chong-Su-Zi No.40 Judgment delivered by Taiwan Taipei District Court, Red Fire is a SPV substantially controlled by the Bank's parent company, Chinatrust Financial Holding Company, Ltd.

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

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

(B) Significant transactions between related parties and the Bank

(a) Lease

For the years ended December 31, 2010 and 2009, rental revenue the Bank received from related parties for the rental of buildings and parking spaces amounted to \$39,892 and \$40,136 constituting 26.30% and 26.47%, respectively, of total rental income. For the years ended December 31, 2010 and 2009, the guarantee deposit for the use of space and machinery received from related parties amounted to \$10,401 and \$3,265, respectively.

For the years ended December 31, 2010 and 2009, the guarantee deposit for renting a safe deposit box to related parties both amounted to \$6, the rental of a safe deposit box from related parties both amounted to \$11, and the advance rent receipts for buildings from related parties amounted to \$2,845 and \$225, respectively.

For the years ended December 31, 2010 and 2009, the Bank paid Chailease Finance Co., Ltd. \$8,623 and \$15,271 (\$304 accounted for under payables for the year ended December 31, 2009), respectively, for renting copy machines.

(b) Commissions and service fees

For the eleven months ended November 30, 2010, the Bank paid National Credit Card Center of R.O.C. \$340,443.

For the years ended December 31, 2010 and 2009, the Bank traded listed and OTC securities through Chinatrust Securities Co., Ltd. and paid brokerage fees to Chinatrust Securities Co., Ltd. amounting to \$1,939 and \$2,777, respectively.

(c) Site usage fee

For the years ended December 31, 2010 and 2009, the Bank paid Chinatrust Securities Co., Ltd. site usage fees and other related expenses for operations amounting to \$24,834 and \$23,997, respectively (\$5,514 and \$2,212, respectively, accounted for under payables).

(d) Donations

<u>Related party</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Chinatrust Culture Foundation	\$ 47,000	43,000
Chinatrust Charity Foundation	32,700	30,700
Total	<u>\$ 79,700</u>	<u>73,700</u>

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

(e) Guarantees

<u>Related party</u>	<u>December 31, 2010</u>					<u>Collateral</u>
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Guarantee reserve</u>	<u>Interest rate</u>		
Grand Bills Finance Corporation	\$1,533,000	-	-	0.10%		Central government bonds, financial debentures, and capital guaranteed structural deposits
Grand Pacific Investment & Development Co., Ltd.	50,000	-	-	1.00%		Stocks, securities under central custody

<u>Related party</u>	<u>December 31, 2009</u>					<u>Collateral</u>
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Guarantee reserve</u>	<u>Interest rate</u>		
Grand Bills Finance Corporation	\$1,533,000	1,533,000	-	0.10%		Central government bonds, financial debentures and structural deposits

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

(f) Loans

<u>Categories</u>	<u>Number/name of related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Settlement status</u>		<u>Collateral</u>	<u>Loan conditions</u>
				<u>Normal loans</u>	<u>Overdue loans</u>		

<u>Categories</u>	<u>Number/name of related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Settlement status</u>		<u>Collateral</u>	<u>Loan conditions</u>
				<u>Normal loans</u>	<u>Overdue loans</u>		

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

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

(g) Deposits

<u>Related party</u>	<u>For the year ended December 31, 2010</u>			
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest expenses</u>
CT Opportunity Investment Company	\$ 3,888,477	3,685,074	0.001~0.30%	5,450
Chinatrust Financial Holding Company, Ltd.	16,794,951	3,276,811	0~0.51%	22,213
Chinatrust Securities Co., Ltd.	2,719,742	1,657,996	0~1.42%	4,946
Grand Bills Finance Corporation	774,076	753,316	0~0.12%	1
Taiwan Lottery Co., Ltd.	391,382	340,739	0~0.36%	686
GCB Finance (HK) Limited	336,630	318,745	0~0.001%	2
National Credit Card Center of R.O.C.	4,553,168	382,891	0~1.17%	1,033
Chinatrust Charity Foundation	655,981	468,459	0~1.13%	1,826
Chinatrust Insurance Brokers Co., Ltd.	1,408,528	371,815	0~0.12%	547
Taiwan Institute of Economic Research	290,990	220,951	0~1.42%	748
Others	4,309,401	1,964,444		11,745
Total	<u>\$ 36,123,326</u>	<u>13,441,241</u>		<u>49,197</u>

<u>Related party</u>	<u>For the year ended December 31, 2009</u>			
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest expenses</u>
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 Co., 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>

The above interest rates 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	\$ -	0.11%	<u>3</u>

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

(i) Call loans to banks

For the year ended December 31, 2010			
<u>Related party</u>	<u>Ending balance</u>	<u>Range of interest rates</u>	<u>Interest income</u>
Chinatrust (Philippines) Commercial Bank Corporation	\$ 394,784	0.5~1.03%	1,600
CTC Bank of Canada	-	0.27%	6
Total	\$ 394,784		1,606

For the year ended December 31, 2009			
<u>Related party</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	\$ 288,270		805

(j) Due to banks

<u>Related party</u>	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
PT Bank Chinatrust Indonesia	\$ 9,530	4,724
Chinatrust (Philippines) Commercial Bank Corporation	21,247	34,334
Total	\$ 30,777	39,058

Note: 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>2010</u>	<u>2009</u>
Chinatrust (Philippines) Commercial Bank Corporation	\$ 29,106	26,944
Chinatrust Bank (U.S.A.)	16,487	7,990,080
CTC Bank of Canada	2,742	6,254
PT Bank Chinatrust Indonesia	-	919
Total	\$ 48,335	8,024,197

(l) Financial derivatives

<u>Related party</u>	<u>Derivative financial instruments</u>	<u>December 31, 2010</u>				
		<u>Contract period</u>	<u>Notional principal</u>	<u>Unrealized profit</u>	<u>Balance sheet</u>	<u>Ending balance</u>
PT Bank Chinatrust Indonesia	Non-delivery forwards	2010.01.11~2011.11.17	NTD 1,304,000	43,683	(Note 1)	43,683

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

December 31, 2009						
Related party	Derivative financial instruments	Contract period	Notional principal	Unrealized profit (loss)	Balance sheet	
					Account	Ending balance
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	USD 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

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.

(m) Trading of bills and bonds

Related party	For the year ended December 31, 2010	
	Bills and bonds purchased	Bills and bonds sold
Chinatrust Securities Co., Ltd.	\$ 492,964	100,548
Grand Bills Finance Corporation	1,049,769	1,096,327

Related party	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 Co., Ltd.	-	52,673
Chinatrust Financial Holding Company, Ltd.	-	2,648,942

(n) Securities sold under repurchase agreements

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

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

(o) Others

For the years ended December 31, 2010 and 2009, the Bank received payments of transaction fees from PT Bank Chinatrust Indonesia amounting to \$40,015 and \$48,200, respectively, for loans to Indonesian workers.

For the year ended December 31, 2010, the Bank received payments of computer information fees from Chinatrust (Philippines) Commercial Bank Corporation amounting to \$32,186 (accounted for under receivables).

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information and related fees from Chinatrust Financial Holding Company, Ltd. amounting to \$21,954 and \$19,996, respectively (\$2,021 and \$1,908, respectively, accounted for under receivables). Furthermore, for the year ended December 31, 2010, the Bank reimbursed Chinatrust Financial Holding Company, Ltd. for the out-of-pocket insurance expenses of \$13,195 that it had paid on behalf of the Bank.

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information and other handling fees from Chinatrust Securities Co., Ltd. amounting to \$2,664 and \$3,160, respectively (\$553 and \$1,820, respectively, accounted for under receivables). Furthermore, for the years ended December 31, 2010 and 2009, the Bank paid computer system information fees, trust-service fees and inquiry fees to Chinatrust Securities Co., Ltd. amounting to \$8,035 and \$6,813, respectively (\$2,699 and \$2,022, respectively, accounted for under payables).

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information fees from Tuo Yu Asset Management Servicing Co., Ltd. amounting to \$16 and \$17 (accounted for under receivables for the year ended December 31, 2009), respectively.

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information fees from Chung Shin-1 Asset Management Co., Ltd. amounting to \$17 and \$18 (accounted for under receivables for the year ended December 31, 2009), respectively.

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information fees from Chinatrust Venture Capital Corp. amounting to \$18 and \$20 (accounted for under receivables for the year ended December 31, 2009), respectively.

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information fees from Chinatrust Asset Management Co., Ltd. amounting to \$17 and \$19 (accounted for under receivables for the year ended December 31, 2009), respectively.

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information integration fees, bond maintenance fees, and allocation of fees and profits from Chinatrust Insurance Brokers Co., Ltd. amounting to \$3,443,058 and \$2,896,508 (\$311,805 and \$307,993, respectively, accounted for under other receivables), respectively. Furthermore, for the years ended December 31, 2010 and 2009, the Bank

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

paid property insurance fees and information inquiry fees to Chinatrust Insurance Brokers Co., Ltd. amounting to \$247 and \$97, respectively.

For the years ended December 31, 2010 and 2009, the Bank paid Chinatrust Security Co., Ltd. security fees amounting to \$77,441 and \$76,858, respectively (\$5,850 and \$5,411, respectively, accounted for under payables).

The Bank signed a management consulting contract with Taiwan Lottery Co., Ltd. For the years ended December 31, 2010 and 2009, the Bank paid Taiwan Lottery Co., Ltd. management consulting service fees amounting to \$769,732 and \$729,365 (\$128,066 and \$87,698, respectively, accounted for under payables), respectively. Pursuant to the supplementary agreement, in October 2009, Taiwan Lottery Co., Ltd. returned to the Bank excess management consulting service fees amounting to \$117,312. Please refer to Note 7(B) for more detailed information about the supplementary agreement. For the years ended December 31, 2010 and 2009, the Bank received payments for machine relocation and other service fees from Taiwan Lottery Co., Ltd. amounting to \$4,944 and \$5,042, respectively (\$296 and \$925, respectively, accounted for under payables). For the year ended December 31, 2009, the Bank received payments of computer information fees from Taiwan Lottery Co., Ltd. amounting to \$255.

For the years ended December 31, 2010 and 2009, the Bank received payments of computer information fees and management fees from CT Opportunity Investment Company amounting to \$17 and \$20 (\$17 accounted for under receivables for the year ended December 31, 2009), respectively.

For the year ended December 31, 2010, the Bank received payments of computer information fees from Chinatrust Charity Foundation amounting to \$583.

For the years ended December 31, 2010 and 2009, the Bank bought the client gift from Sunpak Co., Ltd. amounting to \$1,703 and \$1,206, respectively.

For the year ended December 31, 2010, the Bank received payments of trust service and venue rental from Chinatrust Asia Limited amounting to \$1,049. For the year ended December 31, 2009, the Bank received payments of trust service, venue rental, and human resources and equipment fees from Chinatrust Asia Limited amounting to \$12,008.

For the years ended December 31, 2010 and 2009, the Bank paid Chailease Finance Co., Ltd. training material printing fees amounting to \$11 and \$134, 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, 2010 and 2009, the loans which had not yet been repaid amounted to \$1,201,375 and \$723,552, respectively. For the years ended December 31, 2010 and 2009, the Bank paid related business services fees amounting to \$58,540 and \$41,525, respectively, and received service income amounting to \$5,032 and \$4,835, respectively. Furthermore, for the year ended December 31, 2010, the Bank paid Chailease Finance Co., Ltd. compensation for removal, guarantee deposits for capital

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

leasing of official vehicles, and value-added marketing expenses for airport parking amounting to \$982, \$652, and \$357, respectively.

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

For the year ended December 31, 2010, the Bank paid Sunhung Investment Co., Ltd. venue rental amounting to \$2,362.

For the years ended December 31, 2010 and 2009, the Bank paid financial research and industrial consultancy research fees to the Taiwan Institute of Economic Research amounting to \$8,250 and \$9,250, respectively.

For the years ended December 31, 2010 and 2009, the Bank paid membership fees and conference fees to the Chinese International Economic Cooperation Association amounting to \$220 and \$110, respectively.

With regard to the transfer of the right to claim for repayment from Red Fire to 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 Chief Executive Officer of the Institutional Group and Senior Vice President of the Finance Department were involved in inadequate authorization of the US\$390 million structured notes transaction with Red Fire Developments Limited. For the legal information related to this case, please refer to Note 7(D).

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

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

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

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

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, 2010 and 2009, the aggregate fees and compensation paid to the directors (including independent directors), supervisors, general managers, vice general managers and other senior management of the Bank were as follows:

	For the years ended December 31,	
	2010	2009
Salaries	\$ 214,829	159,734
Cash awards and special allowances	340,529	328,271
Transportation allowances and business expenses	1,755	1,140
Employee bonuses	4,634	690
	\$ 561,747	489,835

The aggregate amounts above include directors' (including independent directors') 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:

Unit: In Thousands of New Taiwan Dollars

Assets	Type of securities	December 31, 2010 Par value of refundable deposits	December 31, 2009 Par value of refundable deposits	Purpose of collateral
Held-to-maturity financial assets	NCD of Central Bank	20,400,000	17,000,000	Daytime overdrafts of Central Bank
		1,600,000	-	Deposits for issuing financial debentures
	NCD	100,000	50,000	Deposits for bills dealer
		391,000	391,000	Guarantee fulfilment of superficies
	Government bond	560,000	50,000	Trust funds reserve
			-	1,550,000
Other financial assets	Time deposit	150,000	150,000	Bond settlement reserves
		286,200	487,600	Deposits for litigation and other deposits
		70,000	70,000	Operational guarantee deposit for securities dealer
		40,000	40,000	Underwriting guarantee deposit for securities dealer
		10,000	10,000	Guarantee deposit for futures dealer
Receivables	Matured securities classified under other receivables	10,000	10,000	Chunghwa Telecom Co., Ltd. guarantee fulfilment
		52,000	165,100	Deposits for litigation and other deposits

As of December 31, 2010 and 2009, the Bank's non-cancellable secured letter of credit of \$750,000 was a guarantee deposit to serve as lottery contractor.

7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(A) Securities sold under repurchase agreements

Unit: In Thousands of New Taiwan Dollars

Assets	December 31, 2010			
	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets measured at fair value through profit or loss	\$ 19,945,400	19,925,795	19,929,934	Prior to February 24, 2011
Available-for-sale financial assets	38,805,400	41,783,800	41,793,118	Prior to May 2, 2011
Held-to-maturity financial assets	28,445,100	30,233,273	30,243,585	Prior to June 29, 2011
Total	\$ 87,195,900	91,942,868	91,966,637	

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

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	

Note: Accounted for under securities sold under repurchase agreements.

(B) Major commitments and contingencies

	December 31, 2010	December 31, 2009
Contingent liabilities from guarantee and letter of credit business	\$ 47,991,247	61,530,456
Promissory note to Central Bank for banks' clearance	3,961,316	4,451,458
Client notes in custody	94,517,084	96,638,980
Marketable securities in custody	172,714,840	162,519,935
Consigned travellers' cheques in custody	792,154	338,219
Designated purpose trust accounts	880,797,386	938,273,501
Total	\$ 1,200,774,027	1,263,752,549

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 from July 31, 2007, and ending on 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 \$79.4 billion, then the Bank needs to pay 26.75% of the shortage between the promised and actual sales amount to the government. Furthermore, in order to ensure that the lottery prize pay-out rate is not greater than 60% of the lottery issuing amount, the Bank created a transitional monitoring account, provision for the lottery prize. By creating the account, the Bank also helps the Government to settle and distribute the public welfare earnings. The amount of provision for the lottery prize may be negative (debit) or positive (credit), depending on the possibility of winning the lottery. In

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

accordance with Ministry of Finance Tai-Cai-Ku No. 09800050290, the Bank has the financial responsibility for the negative provision for the lottery prize. When the period designated by the MOF ends and the amount of provision for the lottery prize is negative, the Bank has to absorb it. However, the Bank has already adopted appropriate risk control strategies in order to control the aforesaid financial risk.

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

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

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

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

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

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

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

Trust Balance Sheets

Trust assets	December 31, 2010	December 31, 2009
Cash in banks	\$ 49,706,119	30,118,731
Bonds	72,876,758	106,110,881
Stocks	158,481,657	173,607,656
Funds	271,050,571	274,684,215
Other investments	9,995,442	11,650,117
Receivables	11,556,291	16,191,630
Real estate net	7,715,946	7,796,086
Marketable securities in custody	299,410,134	317,516,026
Other assets	4,468	598,159
Total trust assets	\$ 880,797,386	938,273,501

Trust liabilities	December 31, 2010	December 31, 2009
Payables	\$ 299,478,546	317,607,081
Other liabilities	1,354,930	3,256,335
Trust capital	507,641,277	527,063,993
Reserves and accumulated earnings	72,322,633	90,346,092
Total trust liabilities	\$ 880,797,386	938,273,501

Trust Account Property Catalogue

Investment items	December 31, 2010	December 31, 2009
Bonds	\$ 72,876,758	106,110,881
Stocks	158,481,657	173,607,656
Funds	271,050,571	274,684,215
Other investments	9,995,442	11,650,117
Marketable securities in custody	299,410,134	317,516,026
Real estate net		
Land	7,526,976	7,594,060
Buildings	200,354	212,587
Construction in progress	23,610	21,800
Accumulated depreciation Buildings	(34,994)	(32,361)
Subtotal	7,715,946	7,796,086
Other assets		
Other prepayments	2,006	11,526
Loan claims	-	584,521
Refundable deposits	2,462	2,112
Total	\$ 819,534,976	891,963,140

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

Trust Account Statement of Income

	For the years ended December 31,	
	2010	2009
Trust income	\$ 15,651,597	85,629,719
Trust expenses	(464,910)	(1,753,594)
Net income before tax	15,186,687	83,876,125
Income tax expenses	(7,507)	(5,036)
Net income after tax	\$ 15,179,180	83,871,089

(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.

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.

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

In order to sustain the operation of overseas and domestic businesses, the directors of the Bank's parent company, Chinatrust Financial Holding Company, Ltd., resolved to advance the aforesaid price difference amounting to \$1,003,533, which was accounted for under other revenues of the Bank in September 2006. On October 7, 2008, the judgment of the court of first instance (Taiwan Taipei District Court) indicated that the loss and damage that were inflicted on the Hong Kong Branch of Chinatrust Commercial Bank Co., Ltd. were as a result of a benefit obtained by Red Fire in connection with the redemption of structured notes. However, in the opinion of the advisory attorney appointed by the Bank and its parent company, Chinatrust Financial Holding Company, Ltd., "regardless of the fact that the judgment on the recognition of the "loss or damage" concept and the criterion for damage under the Civil Law and interests lost are not exactly identical, the Directors of Chinatrust Financial Holding Company, Ltd. had complied with FSC, Executive Yuan Rulings Jin-Kuan-Yin (6) 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 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.

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

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

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

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

judgment, the financial loss has been totally compensated by the aforesaid Directors' advances, and as a result, the financial loss does not exist. The aforesaid criminal case is uncertain and the truth and related responsibility are still waiting for the result of court judgment in the future. In respect of legislation, the aforesaid judgment should not have any significant disadvantageous effects on the current financial or business affairs of the Bank's parent company, Chinatrust Financial Holding Company, Ltd.

(b) Others

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 the "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

On January 11, 2011, the Financial Supervisory Commission revoked the rules regarding provision for trading losses reserve for securities firms and futures commission merchants contained in the "Regulations Governing Securities Firms" and the "Regulations Governing Futures Commission Merchants" in FSC Jin-Kuan-Cheng-Chuan No. 0990073857 and FSC Jin-Kuan-Cheng-Chi No. 1000000289. As of December 31, 2010, the amount of trading losses reserve which securities firms and futures commission merchants had made provision for should be reclassified as special reserve. The special reserve can only be used to offset a deficit or when special reserve reaches 50% of total paid-in capital, of which 50% can be capitalized.

On March 14, 2011, the Bank received indictment from Evergreen Construction Corporation regarding the performance of the contract for the Bank's new headquarters building project. Evergreen Construction Corporation indicted the Bank and RSEA Engineering Corporation (RSEA Corporation) and sought compensation for \$316 million. The Bank dealt the contract according to the related regulations and terms in the contract and there was no breach of the contract. The Bank has appointed lawyers to take necessary legal procedures in order to protect shareholder rights and goodwill. Furthermore, responding to the dispute, the Bank got written commitment on November 15, 2011 that RSEA Corporation will bear all losses and expenses for the Bank resulted from the lawsuit.

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

In order to activate the value of the non-performing loans, the Bank auctioned non-performing loans of \$10,288 million to a non-related party in public on March 11, 2011. The tentative signing date of Loan Sale and Purchase Agreement (“SPA”) will be on March 22, 2011 and the tentative closing date will be on the ninetieth day after the SPA signing date or another date agreed by both parties. Furthermore, in order to improve the asset quality of the Bank’s subsidiary, Chinatrust Capital Corporation (CCC), the board of directors of the Bank and CCC resolved to sell non-performing loans and foreclosed properties to a non-related party of CCC on February 25, 2011. The principal of the loan amounted to US\$185,040 thousand for non-performing assets and US\$13,817 thousand for foreclosed properties.

10. OTHERS

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

Nature	For the years ended December 31,	
	2010	2009
	Operating expenses	Operating expenses
Personnel expenses		
Salary expenses	\$ 12,567,762	11,057,395
Insurance expenses	660,127	593,293
Retirement expenses	1,197,611	570,309
Other personnel expenses	1,152,656	1,247,322
Total personnel expenses	15,578,156	13,468,319
Depreciation expenses (Note)	1,424,019	1,559,864
Amortization expenses	707,774	614,639
	\$ 17,709,949	15,642,822

Note: Excluding the depreciation of idle premises and equipment amounting to \$7,481 and \$9,641 for the years ended December 31, 2010 and 2009, respectively (accounted for under other non-interest income).

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

(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, 2010				
	Within 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Assets					
Due from banks	\$ 8,456,253	-	-	-	8,456,253
Due from Central Bank and call loans to banks	39,535,347	-	1,958,533	35,922,886	77,416,766
Financial assets measured at fair value through profit or loss (Note 1)	30,226,755	-	-	-	30,226,755
Securities purchased under resell agreements	960,613	-	-	-	960,613
Loans (Note 2)	232,761,020	82,273,233	78,219,126	549,328,450	942,581,829
Available-for-sale financial assets (Note 1)	171,030,818	3,975,762	9,149,345	46,968,306	231,124,231
Held-to-maturity financial assets (Note 3)	132,069,630	12,539,464	6,579,462	23,313,009	174,501,565
Other financial assets – debt investments without active market	-	-	-	242,395	242,395
Liabilities					
Deposits from Central Bank and other banks	\$ 41,942,210	1,597,123	3,965,626	-	47,504,959
Due to Central Bank and other banks	195,922	-	195,923	3,134,761	3,526,606
Securities sold under repurchase agreements	91,590,239	352,629	-	-	91,942,868
Deposits and remittances	506,984,673	163,334,624	578,918,546	56,260,010	1,305,497,853
Financial debentures (Note 3)	-	5,850,000	-	52,675,501	58,525,501

	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	\$ 30,373,683	8,532,526	13,364,609	153,130	52,423,948
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	496,173,969	152,424,783	538,234,501	43,711,380	1,230,544,633
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)

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

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

Note 3: Excluding hedging adjustments or accumulated impairment losses.

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

	For the year ended December 31, 2010	
	Average value	Average interest rate (%)
Assets:		
Due from Central Bank	\$ 45,147,194	0.29
Due from and call loans to banks	125,371,193	0.29
Financial assets measured at fair value through profit or loss	36,085,372	0.92
Securities purchased under resale agreements	2,300,149	0.31
Available-for-sale financial assets	231,392,160	0.95
Held-to-maturity financial assets	176,758,336	0.96
Debt investment without active market	412,982	1.41
Loans NTD	747,890,027	2.29
Loans foreign currency	164,657,968	2.39
Credit card receivable	20,766,549	11.95
Liabilities:		
Deposits NTD	996,924,946	0.47
Deposits foreign currency	276,289,815	0.33
Call loans from banks	112,391,167	0.16
Borrowing and other financing	74,337,511	3.01
Securities sold under repurchase agreements	88,134,385	0.32

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

	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 resale 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

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

A. Significant net positions in foreign currencies:

December 31, 2010			December 31, 2009		
Currency	Foreign currency amount	NTD amount	Currency	Foreign currency amount	NTD amount
USD	326,080	9,902,385	USD	379,920	12,168,839
JPY	3,831,658	1,430,358	INR	1,214,124	834,103
CNY	172,668	795,654	AUD	27,198	783,752
AUD	23,371	722,944	JPY	1,640,948	569,901
KRW	19,117,059	510,425	EUR	10,053	463,959

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

B. Financial assets and liabilities of significant positions in foreign currencies:

	December 31, 2010			December 31, 2009		
	Foreign currency amount	Spot rate	NTD amount	Foreign currency amount	Spot rate	NTD amount
Financial assets						
Monetary items						
USD	9,129,418	29.1300	265,939,945	8,016,023	32.0300	256,753,226
JPY	70,970,427	0.3581	25,414,510	60,082,708	0.3473	20,866,724
CNY	403,037	4.4198	1,781,341	51,937	4.6920	243,690
AUD	543,356	29.6718	16,122,360	281,232	28.8170	8,104,269
KRW	203,458,450	0.0257	5,228,882	36,016,339	0.0274	986,848
Investment under equity method						
USD	472,585	29.1300	13,766,392	299,503	32.0300	9,593,067
Financial liabilities						
Monetary items						
USD	10,053,755	29.1300	292,865,875	8,603,070	32.0300	275,556,341
JPY	70,866,312	0.3581	25,377,226	59,982,829	0.3473	20,832,037
CNY	402,988	4.4198	1,781,125	51,936	4.6920	243,685
AUD	544,450	29.6718	16,154,801	280,582	28.8170	8,085,535
KRW	204,164,073	0.0257	5,247,017	36,076,779	0.0274	988,504

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

(a) Asset quality

Unit: In Thousands of New Taiwan Dollars, %

Month/Year		December 31, 2010					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	750,019	114,675,533	0.65%	4,585,431	190.15%	
	Unsecured	1,661,489	436,375,130	0.38%			
Consumer finance	Residential mortgages	878,411	309,700,876	0.28%	2,964,724	337.51%	
	Cash cards	81,888	5,833,466	1.40%	315,443	385.21%	
	Micro-credit loans	Original	269,430	25,919,326	1.04%	777,848	288.70%
		Purchase	196	1,135	17.27%	-	- %
	Others	Secured	20,956	11,485,561	0.18%	1,402,554	301.47%
	Unsecured	444,289	42,219,597	1.05%			
Total loan business		4,106,678	946,210,624	0.43%	10,046,000	244.63%	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit cards business		309,975	58,991,971	0.53%	1,179,557	380.53%	
Without-recourse factoring		515	43,890,402	- %	148,056	28,784.74%	

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

Unit: In Thousands of New Taiwan Dollars, %

Month/Year Categories/Items		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	- %	

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

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

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

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

Note 9: Supplemental disclosures:

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

Unit: In Thousands of New Taiwan Dollars

	December 31, 2010		December 31, 2009	
	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 1)	1,277,787	1,912,846	1,646,690	2,528,382
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	624,634	2,220,274	598,920	1,938,145
Total	1,902,421	4,133,120	2,245,610	4,466,527

Note 1: 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.

Note 2: 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

Unit: In Thousands of New Taiwan Dollars, %

December 31, 2010			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/stockholders' equity (%)
1	A group. Liquid crystal panel and components manufacturing	21,976,970	17.06%
2	B group. Liquid crystal panel and components manufacturing	13,770,079	10.69%
3	C group. Yarn spinning mills, man-made fibers	10,833,209	8.41%
4	D group. Petroleum and coal products manufacturing	9,783,949	7.59%
5	E group. Bare printed circuit boards manufacturing	9,757,806	7.57%
6	F group. Monitors and terminals manufacturing	8,826,323	6.85%
7	G group. Integrated circuits manufacturing	7,528,829	5.84%
8	H group. Other Chemical Products Manufacturing	6,225,065	4.83%
9	I group. Other nonstore retailers not elsewhere classified	5,604,019	4.35%
10	J group. Motor Vehicles Manufacturing	5,411,815	4.20%

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

Unit: In Thousands of New Taiwan Dollars, %

December 31, 2009			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders' equity (%)
1	B group. Liquid crystal panel and components manufacturing	13,967,946	11.67%
2	K 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	E group. Bare printed circuit boards manufacturing	8,933,307	7.47%
5	L group. General warehousing and storage	7,493,246	6.26%
6	D group. Petroleum and coal products manufacturing	7,297,653	6.10%
7	G group. Integrated circuits manufacturing	7,254,766	6.06%
8	M group. Other nonstore retailers not elsewhere classified	6,576,212	5.50%
9	N group. Liquid crystal panel and components manufacturing	5,943,222	4.97%
10	O group. Other fabricated metal products manufacturing not elsewhere classified	5,594,298	4.68%

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.

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, margin loans receivable, and non-accrual loans), bills purchased, without-recourse factoring, acceptances receivable, and guarantees receivable.

(c) Interest rate sensitivity information

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

December 31, 2010

Unit: In Thousands of New Taiwan Dollars, %

	1~90 days (inclusive)	91~180 days (inclusive)	181 days~ 1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$1,000,033,776	72,730,857	27,703,737	117,495,252	1,217,963,622
Interest-rate-sensitive liabilities	507,885,475	566,150,857	55,709,671	52,537,442	1,172,283,445
Interest rate sensitivity gap	492,148,301	(483,420,000)	(28,005,934)	64,957,810	45,680,177
Net worth					128,822,463
Ratio of interest-rate-sensitive assets to liabilities (%)					103.90
Ratio of interest rate sensitivity gap to net worth (%)					35.46

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

December 31, 2009

Unit: In Thousands of New Taiwan Dollars, %

	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

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).

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

December 31, 2010

Unit: 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	\$ 6,472,757	467,623	67,988	103,176	7,111,544
Interest-rate-sensitive liabilities	4,054,701	4,797,916	390,726	339	9,243,682
Interest rate sensitivity gap	2,418,056	(4,330,293)	(322,738)	102,837	(2,132,138)
Net worth					4,422,330
Ratio of interest-rate-sensitive assets to liabilities (%)					76.93
Ratio of interest rate sensitivity gap to net worth (%)					(48.21)

December 31, 2009

Unit: 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)

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

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).

(d) Profitability

Unit: %

Items		December 31, 2010	December 31, 2009
Return on assets ratio (annual)	Before income tax	0.94	0.11
	After income tax	0.78	0.07
Return on equity ratio (annual)	Before income tax	12.80	1.45
	After income tax	10.61	1.03
Net income ratio		28.82	3.75

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

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

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

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

(e) Analysis of assets and liabilities time to maturity

1. Structure analysis of New Taiwan Dollars time to maturity

December 31, 2010

Unit: 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	\$ 1,888,822	622,007	289,963	189,875	143,440	643,537
Major capital outflow at maturity	1,813,378	435,214	311,092	222,240	277,774	567,058
Gap	75,444	186,793	(21,129)	(32,365)	(134,334)	76,479

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

December 31, 2009

Unit: 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

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

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

December 31, 2010

Unit: 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	\$ 24,034,726	8,254,510	6,350,062	3,964,478	2,409,369	3,056,307
Major capital outflow at maturity	24,723,614	9,109,428	5,551,718	5,874,671	1,900,612	2,287,185
Gap	(688,888)	(854,918)	798,344	(1,910,193)	508,757	769,122

December 31, 2009

Unit: 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

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

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

(f) Capital adequacy

Capital adequacy ratios of the Bank:

Unit: In Thousands of New Taiwan Dollars, %

Analysis item		Period	December 31, 2010	December 31, 2009	
Eligible capital	Tier1capital		109,012,637	100,475,966	
	Tier2captial		15,783,789	23,693,793	
	Tier3captial		2,518,832	3,085,102	
	EligibleCapital		127,315,258	127,254,861	
Risk-weighted assets	Credit risk	Standardized approach	821,444,091	766,949,626	
		Internal ratings-based approach	-	-	
		Securitization	-	-	
	Operational risk	Basic indicator approach	-	-	
		Standardize dapproach/ Alternative standardize dapproach	75,696,986	89,743,423	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	44,079,563	53,989,285	
		Internal model approach	-	-	
	Total			941,220,640	910,682,334
	Capital adequacy ratio			13.53%	13.97%
Tier 1 capital / Risk-weighted assets ratio			11.58%	11.03%	
Tier 2 capital / Risk-weighted assets ratio			1.68%	2.60%	
Tier 3 capital / Risk-weighted assets ratio			0.27%	0.34%	
Common stock equity / Total assets ratio			4.34%	4.57%	
Leverage ratio			6.59%	6.35%	

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

Capital adequacy ratios of the Bank and its subsidiaries:

Unit: In Thousands of New Taiwan Dollars, %

Analysis item		Period	December 31, 2010	December 31, 2009	
Eligible capital	Tier 1 capital		121,450,079	112,592,536	
	Tier 2 capital		27,994,518	32,756,975	
	Tier 3 capital		3,571,444	4,448,202	
	Eligible Capital		153,016,041	149,797,713	
Risk-weighted assets	Credit risk	Standardized approach	891,450,162	851,629,255	
		Internal ratings-based approach	-	-	
		Securitization	338,309	573,471	
	Operational risk	Basic indicator approach	-	-	
		Standardized approach/ Alternative standardized approach	89,651,667	98,651,279	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	62,500,263	77,843,526	
		Internal model approach	-	-	
	Total			1,043,940,401	1,028,697,531
	Capital adequacy ratio			14.66%	14.56%
Tier 1 capital / Risk-weighted assets ratio			11.64%	10.95%	
Tier 2 capital / Risk-weighted assets ratio			2.68%	3.18%	
Tier 3 capital / Risk-weighted assets ratio			0.34%	0.43%	
Common stock equity / Total assets ratio			4.20%	4.35%	
Leverage ratio			6.98%	6.66%	

(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 Co., Ltd. (Chinatrust Insurance Brokers) were allocated to the Bank's management division costs and bonuses based on input labor hours and profitability of insurance products. Furthermore, the ratios of realized commission earned from insurance companies for the Bank and Chinatrust Insurance Brokers are 70% and 30%, respectively. For the years ended December 31, 2010 and 2009, the Bank received the allocation of fees and profits from Chinatrust Insurance Brokers amounting to \$3,442,619 and \$2,895,881, respectively (\$311,657 and \$307,472, respectively, accounted for under receivables).

(F) Account reclassification

Certain accounts in the financial statements for the year ended December 31, 2009, 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:

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

Trading company	Marketable securities type and name	Account	Counterparty	Relationship	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	Investment under equity method	Chinatrust Capital Corporation	Investee carried under equity method	4	9,593,067	2	4,173,325	-	-	-	-	6	13,766,392

Note: Including the Bank's subscription of \$7,222,615 of common stock issued by Chinatrust Capital Corporation this year, income/losses from investments under 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:

Unit: In Thousands of New Taiwan Dollars

Trade date	Counterparty	Debt component	Book value	Sale price	Gains (losses) on disposal	Additional term	Relationship
2010.08.03	Merrill Lynch International	International Syndicated Loan (medium-term loan)	617,697	247,079	(370,618)	Note	None

Note: To acquire the debtor's (JSC BTA Bank) approval.

- (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:

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

Name of investee company	Address	Main business scope	Shareholding ratio	Book value	Investment gains (losses) recognized	Aggregate shareholding of the Company and its subsidiaries				Remark
						No. of shares	No. 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 %	4,032,174	284,942	246,497	-	246,497	99.41 %	-
PT Bank Chinatrust Indonesia	16th Fl., Wisma Tamara, Jl Jenderal Sudirman Kev. 24 Jakarta 12920, Indonesia	Commercial banking and financing business	99.00 %	5,057,574	484,391	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 %	19,998	-	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 %	758,319	54,768	1,704	-	1,704	100.00 %	-
Chinatrust Capital Corporation	22939 Hawthorne Boulevard, 2nd Floor, Torrance, CA 90505	Securities investment business	100.00 %	13,766,392	(1,684,787)	6	-	6	100.00 %	-
Grand Bills Finance Corporation	11F, No.560, Sec. 4, Jhongsiao E. Rd., Taipei City	Proprietary trading, brokerage of short-term bills, underwriting	21.15 %	1,755,724	97,307	114,399	-	114,399	21.15 %	-
GCB Finance (HK) Limited	Suite 2812, 28 th floor, Two International Finance Centre, 8 Finance Street, Central Hong Kong	Corporate loans	100.00 %	327,545	3,399	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 %	-

(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, 2010: not applicable to banking subsidiaries; others:

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

Name of company holding securities	Marketable securities type and name	Relationship with the securities issuer	Account	December 31, 2010				Remark
				Number of shares	Book value	Shareholding ratio	Market price (Note)	
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	6,873,490	100.00%	6,882,812	-

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

(e) 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	Relation-ship	Previous transfer data when counterparty is a related party				Reference for acquisition price	Acquisition purpose and use status	Other additional term
							Owner	Relationship with issuer	Transfer date	Amount			
Chinatrust Capital Corporation	Marlborough Building (OREO) 114 1/2 First Ave S #1, Seattle, WA 98104	2010.06.28	USD 12,115 thousand	The transaction amounts were fully paid	Chinatrust Bank (U.S.A.)	Subsidiary carried under equity method	Marlborough House Building LLC	None	2009.05.28	USD 18,076 thousand	None	To strengthen Chinatrust Bank (U.S.A.)'s asset quality and in compliance with the directions of the competent authorities	None

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

Name of disposal company	Name of property	Transaction date	Original acquisition date	Book value	Transaction amount	Receipt status	Gains (losses) on disposal	Counter-party	Relation-ship	Disposal purpose	Reference for acquisition price	Other additional term
Chinatrust Bank (U.S.A.)	Marlborough Building (OREO) 114 1/2 First Ave S #1, Seattle, WA 98104	2010.06.28	2009.05.28	USD 12,115 thousand	USD 12,115 thousand	The transaction amounts were fully received	USD - thousand	Chinatrust Capital Corporation	Parent company	To strengthen asset quality and in compliance with the directions of the competent authorities	None	None
Chinatrust Capital Corporation	Marlborough Building (OREO) 114 1/2 First Ave S #1, Seattle, WA 98104	2010.09.30	2010.06.28	USD 12,115 thousand	USD 12,750 thousand	The transaction amounts were fully received	USD 635 thousand	HF Marlborough House LLC	None	To strengthen asset quality and in compliance with the directions of the competent authorities	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 (losses) on disposal	Additional term	Relationship
2010.03.25	Frenkel, Hershkowitz & Shafran LLP	Loans held for sale	USD 2,735 thousand	USD 3,000 thousand	USD 265 thousand	None	None
2010.04.30	Chuster Management LLC	"	USD 1,678 thousand	USD 1,791 thousand	USD 113 thousand	"	"
2010.04.30	Starburst Partners, LLC	"	USD 2,127 thousand	USD 2,600 thousand	USD 473 thousand	"	"
2010.05.18	Sam Goldstein	"	USD 2,043 thousand	USD 2,500 thousand	USD 457 thousand	"	"
2010.06.11	City View Woodbridge 45, LLC	"	USD 7,236 thousand	USD 8,300 thousand	USD 1,064 thousand	"	"
2010.06.16	WSB Funding Corp	"	USD 3,800 thousand	USD 3,950 thousand	USD 150 thousand	"	"
2010.06.24	Frenkel Hershkowitz & Shafran, LLP	"	USD 612 thousand	USD 1,000 thousand	USD 388 thousand	"	"
2010.06.28 & 2010.06.29	Chinatrust Capital Corporation	"	USD 127,487 thousand	USD 127,487 thousand	USD - thousand	"	An investee of the bank accounted for under equity method
2010.08.17	Robin Cheping Yuan	"	USD 2,333 thousand	USD 3,100 thousand	USD 767 thousand	"	None
2010.09.15	The Dean Developer LLC	"	USD 893 thousand	USD 1,600 thousand	USD 707 thousand	"	"
2010.09.30	Hewitt	"	USD 4,758 thousand	USD 6,688 thousand	USD 1,930 thousand	"	"
2010.12.07	Lenox 126 Realty LLC	"	USD 4,427 thousand	USD 5,950 thousand	USD 1,523 thousand	"	"
2010.12.10	Weho Partners LLC	"	USD 3,544 thousand	USD 5,950 thousand	USD 2,406 thousand	"	"

(2) Disposal of a single batch of NPL up to \$1,000,000, and information on each transaction:

Counterparty: Chinatrust Capital Corporation

Disposal date: 2010.06.28 and 2010.06.29

Debt component		Debt amount	Book value	Sale price allocation	
Corporation	Secured	USD 300,312 thousand	USD 127,487 thousand	USD 127,487 thousand	
	Unsecured	-	-	-	
Individual	Secured	Residential mortgages	-	-	
		Car loans	-	-	
		Others	-	-	
	Unsecured	Credit cards	-	-	-
		Cash cards	-	-	-
		Micro-credit loans	-	-	-
		Others	-	-	-
Total		USD 300,312 thousand	USD 127,487 thousand	USD 127,487 thousand	

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

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

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

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 segment 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 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:

For the years ended December 31, 2010 and 2009, the Bank's revenues from a customer were less than 10% of the Bank's revenues in the statements of income.

**CHINATRUST COMMERCIAL BANK CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009
AND
INDEPENDENT AUDITORS' REPORT**

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



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Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Chinatrust Commercial Bank Co., Ltd. and its subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Chinatrust Commercial Bank Co., Ltd.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chinatrust Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2010 and 2009, and the consolidated results of their operations and cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and generally accepted accounting principles in the Republic of China.



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

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

Taipei, Taiwan, R.O.C.
March 14, 2011

Notice to Readers

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

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change %
	2010	2009	
	Amount	Amount	
ASSETS			
Cash (Notes 2, 4(A) and 5)	\$ 27,767,235	21,978,581	26
Due from Central Bank and call loans to banks (Notes 4(B) and 5)	93,471,639	113,851,985	(18)
Financial assets measured at fair value through profit or loss—net (Notes 2, 4(C) and (AA), 5 and 7)	60,781,875	75,753,076	(20)
Securities purchased under resell agreements (Note 2)	960,613	-	-
Receivables—net (Notes 2, 4(D), 5 and 6)	124,037,637	111,340,916	11
Loans—net (Notes 2, 4(E) and 5)	983,754,983	905,865,665	9
Available-for-sale financial assets—net (Notes 2, 4(F), (J) and (AA), 6 and 7)	252,294,368	106,846,447	136
Held-to-maturity financial assets (Notes 2, 4(G) and (H), 6 and 7)	177,142,876	322,763,622	(45)
Investments under equity method—net (Notes 2 and 4(I))	2,116,599	2,202,969	(4)
Other financial assets—net (Notes 2, 4(F), (H) and (J), and 6)	11,865,235	9,487,479	25
Premises and equipment—net (Notes 2 and 4(K))	33,020,569	33,843,069	(2)
Intangible assets (Notes 2 and 4(L))	12,306,047	12,064,993	2
Other assets—net (Notes 2, 4(K), (M), (S) and (T), and 7(B))	8,847,053	11,264,913	(21)
TOTAL ASSETS	\$ 1,788,366,729	1,727,263,715	4
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Note 5)	\$ 47,911,657	52,865,792	(9)
Due to Central Bank and other banks (Note 4(N))	5,803,993	12,328,735	(53)
Financial liabilities measured at fair value through profit or loss (Notes 2, 4(C) and 5)	32,302,901	35,174,540	(8)
Securities sold under repurchase agreements (Notes 2, 5 and 7)	91,942,868	78,056,521	18
Payables (Notes 2, 4(O) and (X), and 5)	51,400,858	44,979,080	14
Deposits and remittances (Notes 4(P) and 5)	1,360,262,380	1,302,651,669	4
Financial debentures (Note 4(Q))	60,371,538	75,119,506	(20)
Other financial liabilities (Notes 2 and 4(R))	4,433,608	2,203,606	101
Other liabilities (Notes 2 and 4(S))	5,040,854	4,167,076	21
Total Liabilities	1,659,470,657	1,607,546,525	3
Stockholders' Equity			
Common stock (Note 4(V))	75,103,257	75,103,257	-
Capital surplus (Notes 4(V) and (X))	16,657,747	16,405,044	2
Retained earnings:			
Legal reserve	25,128,194	24,767,678	1
Special reserve	2,269,635	6,021,536	(62)
Accumulated earnings (Note 4(W))	13,217,663	1,226,308	978
Other adjustments to stockholders' equity:			
Unrealized revaluation increment	12,949	12,949	-
Cumulative translation adjustments (Note 2)	(2,810,540)	(1,312,325)	(114)
Unrealized gains (losses) on financial instruments (Notes 2 and 4(F) and (AA))	123,983	(2,269,634)	105
Net loss not recognized as pension cost (Note 4(S))	(880,425)	(308,326)	(186)
Subtotal for Stockholders' Equity—Parent Company	128,822,463	119,646,487	8
Minority Interest	73,609	70,703	4
Total Stockholders' Equity	128,896,072	119,717,190	8
Significant Commitments and Contingencies (Notes 2 and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,788,366,729	1,727,263,715	4

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	For the years ended December 31,		Change %	
	2010	2009		
	Amount	Amount		
Interest income	\$ 34,766,554	36,187,300	(4)	
Less: Interest expenses	(10,084,730)	(13,803,031)	27	
Net interest income	24,681,824	22,384,269	10	
Non-interest income				
Service fee and commission income	23,851,927	21,293,058	12	
Gains on financial assets or liabilities measured at fair value through profit or loss (Notes 4(C), (Z) and (AA))	1,891,386	2,977,193	(36)	
Realized gains on available-for-sale financial assets (Notes 4(J) and (Z))	1,013,583	1,533,398	(34)	
Income from investments under equity method (Note 4(I))	100,705	67,120	50	
Foreign exchange gains	1,603,811	1,666,947	(4)	
(Impairment loss) reversal of impairment recognized in profit or loss on assets (Notes 2 and 4(G),(H), (J), (K) and (M))	(1,549,675)	51,808	(3,091)	
Public-welfare lottery payment (Note 7(B))	(2,086,800)	(2,086,800)	-	
Other losses (Note 4(O))	(7,578)	(4,133,260)	100	
Other net non-interest income	756,850	273,360	177	
Net Revenue	50,256,033	44,027,093	14	
Bad debt expenses (Notes 4(D) and (E))	(1,863,160)	(12,433,086)	85	
Operating expenses (Notes 4(V) and (X), and 10(A))				
Personnel expenses	(17,013,002)	(14,889,152)	(14)	
Depreciation and amortization expenses	(2,302,393)	(2,334,141)	1	
Other general and administrative expenses	(12,815,048)	(12,032,418)	(7)	
Net Income Before Tax	16,262,430	2,338,296	595	
Income tax expenses (Notes 2 and 4(T))	(3,073,627)	(1,129,098)	(172)	
Consolidated Net Income	<u>\$ 13,188,803</u>	<u>1,209,198</u>	991	
Consolidated Net Income Attributable To:				
Parent company (consolidated net income)	\$ 13,181,270	1,201,720	997	
Minority interest	7,533	7,478	1	
	<u>\$ 13,188,803</u>	<u>1,209,198</u>	<u>991</u>	
Earnings per share (EPS) (Notes 2 and 4(Y))	<u>Before</u> <u>income tax</u>	<u>After</u> <u>income tax</u>	<u>Before</u> <u>income tax</u>	<u>After</u> <u>income tax</u>
	\$ 2.16	1.76	0.31	0.16

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

CHINA TRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other adjustments to stockholders' equity				Total		
	Capital— common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation adjustments	Net loss not recognized as pension cost	Unrealized revaluation increment		Unrealized (losses) gains on financial instruments	Minority interest
Beginning Balance—January 1, 2009	\$ 71,731,860	16,000,508	21,002,127	1,025,945	12,587,518	(1,547,068)	-	12,949	(6,021,536)	58,024	114,850,387
Share-based payment transactions	-	404,476	-	-	-	-	-	-	-	-	404,476
Earnings appropriation and distribution (Note):	-	-	-	-	-	-	-	-	-	-	-
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
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	-	3,772,478	-	3,772,478
Recognition of unrealized losses on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	(2,965)	-	(2,965)
Recognition of unrealized losses on cash flow hedges	-	-	-	-	-	-	-	-	(23,541)	-	(23,541)
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(308,326)	-	-	-	(308,326)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	138,856	-	-	-	-	138,856
Cumulative translation adjustments	-	-	-	-	-	95,887	-	-	-	-	95,887
Change in minority interest	-	-	-	-	-	-	-	-	-	12,679	12,679
Ending Balance—December 31, 2009	75,103,257	16,405,044	24,767,678	6,021,536	1,226,308	(1,312,325)	(308,326)	12,949	(2,269,634)	70,703	119,717,190
Reversal of special reserve	-	-	-	(3,751,901)	3,751,901	-	-	-	-	-	-
Share-based payment transactions	-	252,703	-	-	-	-	-	-	-	-	252,703
Earnings appropriation and distribution (Note):	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	360,516	-	(360,516)	-	-	-	-	-	-
Cash dividends—common stock	-	-	-	-	(4,581,300)	-	-	-	-	-	(4,581,300)
Net income for the year ended December 31, 2010	-	-	-	-	13,181,270	-	-	-	-	-	13,181,270
Recognition of unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	-	2,425,127	-	2,425,127
Recognition of unrealized losses on financial instruments of subsidiaries	-	-	-	-	-	-	-	-	(31,671)	-	(31,671)
Recognition of unrealized gains on cash flow hedges	-	-	-	-	-	-	-	-	161	-	161
Recognition of net loss not recognized as pension cost	-	-	-	-	-	-	(572,099)	-	-	-	(572,099)
Recognition of hedge of net investment in foreign operations	-	-	-	-	-	887,706	-	-	-	-	887,706
Cumulative translation adjustments	-	-	-	-	-	(2,385,921)	-	-	-	-	(2,385,921)
Change in minority interest	-	-	-	-	-	-	-	-	-	2,906	2,906
Ending Balance—December 31, 2010	\$ 75,103,257	16,657,747	25,128,194	2,569,635	13,217,663	(2,810,540)	(880,425)	12,949	123,583	73,609	128,856,072

Note:
For the years ended December 31, 2010 and 2009, estimated employee bonuses of \$4,634 and \$926, respectively, were recognized as operating expense through profit or loss, but not recognized as distribution of earnings.

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

CHINATRUST COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2010	2009
Cash Flows from Operating Activities:		
Consolidated Net Income	\$ 13,188,803	1,209,198
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation expenses	1,567,324	1,686,095
Amortization expenses	742,550	657,687
Provision for bad debt expenses	1,933,407	12,367,626
Provision for trading loss reserve	16,676	132,582
(Reversal) provision for guarantee reserve	(70,974)	75,307
Share-based payment transactions	252,703	404,476
Amortization of premiums on financial assets	759,770	163,381
Amortization of premiums on financial debentures	16,245	13,109
Investment loss accounted for under equity method in excess of cash dividends received	(54,946)	(44,240)
Losses on retirement of intangible assets	194	121
Losses on disposal and retirement of premises and equipment	25,785	2,259
Gains on disposal of idle premises and equipment	(59,185)	(9,467)
Gains on disposal of investments	(3,701)	(5,927)
Unrealized losses on valuation of financial instruments	1,898,399	3,059,426
Impairment loss (reversal of impairment recognized in profit or loss) on assets	1,549,675	(51,808)
Gains on disposal of foreclosed properties	(31,592)	(84,394)
Other adjustments	(117,787)	(490,039)
Net Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets:		
Decrease in financial assets held for trading	13,188,915	86,948,181
(Increase) decrease in receivables	(15,181,837)	124,183
Decrease in other financial assets	746,939	11,303,625
Net Changes in Operating Liabilities:		
Decrease in financial liabilities held for trading	(2,865,378)	(56,416,152)
Increase (decrease) in payables	6,575,049	(766,860)
Increase in other financial liabilities	2,307,120	967,703
Net Cash Provided by Operating Activities	<u>26,384,154</u>	<u>61,246,072</u>
Cash Flows from Investing Activities:		
Increase in available-for-sale financial assets	(142,821,708)	(2,900,812)
Purchase of held-to-maturity financial assets	(43,241,327)	(175,134,208)
Proceeds from maturities and paydowns of held-to-maturity financial assets	187,585,543	23,093,556
Purchase of financial assets carried at cost	(37,950)	(7,223)
Proceeds from disposal of financial assets carried at cost	-	4,360
Proceeds from capital reduction of financial assets carried at cost	21,519	18,419
Proceeds from disposal of investments under equity method	24,791	-
Purchase of premises and equipment	(1,112,787)	(2,105,554)
Proceeds from disposal of premises and equipment	35,116	226,549
Proceeds from disposal of idle premises and equipment	471,784	148,871
Purchase of intangible assets	(968,576)	(669,298)
Proceeds from disposal of foreclosed properties	41,711	1,508,119
Decrease in due from Central Bank and call loans to banks	1,097,796	21,201,011
(Increase) decrease in loans	(89,259,642)	2,305,941
Decrease in receivables	1,679,859	1,862,952
Decrease (increase) in other assets	1,019,987	(1,422,367)
Net Cash Used in Investing Activities	<u>(85,463,884)</u>	<u>(131,869,684)</u>
Cash Flows from Financing Activities:		
Repayment of financial debentures	(13,675,541)	(15,800,000)
Increase in securities sold under repurchase agreements	13,886,347	5,900,311
Decrease in payables	(78,133)	(111,771)
Increase in other liabilities	414,370	866,609
Cash dividends—common stock	(4,581,300)	(430,391)
(Decrease) increase in deposit from Central Bank and other banks	(2,843,759)	15,146,660
Increase in deposits and remittances	65,165,652	86,755,061
Decrease in due to Central Bank and other banks	(6,427,958)	(1,501,514)
Net Cash Provided by Financing Activities	<u>51,859,678</u>	<u>90,824,965</u>
Effect of exchange rate changes	(938,024)	479,859
Net (Decrease) Increase in Cash and Cash Equivalents	(8,158,076)	20,681,212
Cash and Cash Equivalents, at the Beginning of the Period	103,530,811	82,849,599
Cash and Cash Equivalents, at the End of the Period	<u>\$ 95,372,735</u>	<u>103,530,811</u>
Investing and Financing Activities Not Affecting Cash Flows:		
Stock dividends—common stock	\$ -	3,371,397
Premises and equipment acquired in exchange	\$ -	3,148
Cash and Cash Equivalents:		
Cash	\$ 27,767,235	21,978,581
Call loans to banks	46,627,391	30,837,554
Due from Central Bank	20,017,496	50,714,676
Financial instruments (cash equivalents)	960,613	-
	<u>\$ 95,372,735</u>	<u>103,530,811</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest (except for capitalized interest)	\$ 10,389,747	16,876,199
Income tax	\$ 1,047,101	1,749,484

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



Chinatrust Commercial Bank